INDEPENDENT ADVISORY BOARD (IAB) FOR ISSUES RELATING TO THE FUNCTIONING OF THE WORLD BANK GROUP’S DEPARTMENT OF INSTITUTIONAL INTEGRITY (INT)

TERMS OF REFERENCE

Background

1. The World Bank Group is implementing a Governance and Anti-Corruption Strategy (GAC) which outlines a comprehensive approach to addressing issues of governance that are crucial to the WBG’s efforts to promote economic growth and alleviate poverty in developing countries. A key element in the GAC is the need to maintain program integrity in the WBG’s own operations to ensure the effective use of the funds it disburses.

2. In addressing issues of program integrity, the Department of Institutional Integrity (INT) serves as the institutional focal point for the investigation and management of allegations of fraud, corruption, collusion, coercion and obstruction in the WBG and in WBG-supported activities. With a direct reporting line to the President and a concurrent responsibility to report to the Board of Executive Directors through the Audit Committee, INT has been mandated to operate “in an atmosphere free of improper influence or even the perception of improper influence” as well as to act “in a fair and professional manner” while ensuring that its “procedures are consistent with externally recognized practices for conducting investigations in international organizations”.

3. An Independent Panel Review of INT, chaired by Mr. Paul Volcker, was constituted in 2007 to review the work of INT and to place that work in the context of the GAC. Its report of September 13, 2007, set forth a number of recommendations, including the need for an Independent Advisory Board (IAB) to help protect the independence and strengthen the accountability of INT. Based on the findings of an internal working group, the Bank has adopted the recommendations of the Panel. The following sets forth the Terms of Reference for the IAB.

Objectives

4. The IAB has been established to help protect the independence and strengthen the accountability of INT. It provides advice on INT-related issues to the President, the Audit Committee (on behalf of the Executive Directors) and the Vice President of INT. It is intended to complement and strengthen existing governance structures and responsibilities within the WBG, including the respective roles of the President and the Audit Committee, as well as enhance the credibility of WBG efforts on fighting corruption, both inside and outside the WBG. The IAB is not intended to undertake a supervisory or oversight role.
Functions

5. The following are the key functions of the IAB:

- Advises on policies and procedures relating to INT in the carrying out of its mandated functions and its interactions within the WBG, including investigative policy matters and issues arising from collaboration across units, at the request of the President, the Audit Committee or the Vice President of INT;

- Advises the President and the Audit Committee, annually, and more frequently as requested, on the performance of INT, including caseload, aging of cases, staffing, resources, strategic focus and impact; and

- Advises and submits reports annually to the President and the Audit Committee on progress in implementation of agreed WBG actions on key recommendations of the Volcker Panel report relating to INT\(^1\).

6. The IAB will focus on systemic issues. It is not an investigative body and will not be involved in individual cases, nor is it a vehicle for receiving individual complaints.

Organization and Reporting

7. The IAB will be comprised of three widely-respected individuals. Appointments to the IAB will be for a three-year term, with the possibility of a one-time renewal.

8. Administrative services for the IAB will be provided by staff located within OPCS.

9. It is expected that the IAB will meet about three times per year, perhaps more in the first year, requiring about up to 20 days per year from each member.

10. The agenda for the initial IAB meeting will be determined by the President in consultation with the Audit Committee. Thereafter, the agenda for each IAB meeting will be determined by the IAB based upon (1) specific requests made by the President, the Audit Committee or the Vice President of INT, and (2) the responsibilities specified in paragraph 5 above.

11. All advice provided by the IAB upon request of the President or the Audit Committee will be shared with the other party, and all advice provided by the IAB upon request of the Vice President of INT will be shared with the other two parties.

\(^1\) The IAB will not advise on cases not involving fraud and corruption once they are transferred to the Office of Ethics and Business Conduct.
12. The IAB will prepare and submit to the President and the Audit Committee, an annual report on its work, including progress in implementing the agreed WBG actions on key recommendations of the Volcker Panel, and such other reports from time to time as requested by the President or the Audit Committee. IAB annual reports will be publicly disclosed, in accordance with the Bank's Policy on Disclosure of Information. Other IAB reports will be publicly disclosed on a case-by-case basis, subject to the approval of the Executive Directors.

13. IAB members will meet with the President and the Audit Committee as requested. Meetings are expected to be held once or twice per year.

**Evaluation of the IAB**

14. An independent evaluation of the organization, effectiveness, and continued adequacy of the mandate of the IAB will be carried out at the direction of the President and the Audit Committee prior to the end of the first three years of the IAB.
SELECTION CRITERIA AND PROFILE FOR INDEPENDENT ADVISORY BOARD

The Independent Advisory Board (IAB) should be diverse in its membership, with a balanced representation from borrowing and non-borrowing countries, and composed of individuals with strong professional credentials, backgrounds in areas relevant to INT's work and international reputation of outstanding integrity. IAB members as a group would be expected to have prior or current experience in the following areas:

- Expert level of legal and/or investigative knowledge and experience in managing a wide range of corporate, governmental or transnational investigations of fraud, corruption and misconduct.
- Expert level of experience in multilateral development assistance, including familiarity with international development organizations and preferably with experience in program and project delivery.
- Practical experience in the management of sensitive and confidential information.

IAB members will be selected by the President, in consultation with the Audit Committee.

For a person to be eligible for appointment to the IAB, the World Bank Group must be satisfied that no real or apparent conflict of interest exists between the person and the interests of the World Bank Group. In addition, IAB members shall be responsible for avoiding situations and activities that would lead to real or apparent conflicts of interest, as required of staff by the World Bank's Principles of Staff Employment, Staff Rules and Code of Professional Ethics. In that regard, IAB members may not currently hold a position within the World Bank Group, have been employed by or provided services to the World Bank Group within the two years immediately preceding their appointment to the IAB with respect to any matter relating to an INT investigation, or be employed by or provide services to the World Bank Group for the two years immediately following the termination of their appointment to the IAB. An IAB member shall recuse himself or herself by withdrawing from attendance and participation in deliberations or decision-making if any project with which the IAB member has ever been associated were to become the subject of an INT review.