

# ACCOUNTABILITY AND OVERSIGHT

Getting accountability right is critical for IFC and our clients. IFC has taken several actions in recent years to allow us to better address negative impacts felt by communities. This year, we gathered input from stakeholders on the proposed approach to remedial action and responsible exit principles. The consultation on the proposed IFC/MIGA Approach to Remedial Action took place from February to April 2023 and included options for stakeholders to attend meetings in various languages and time zones, as well as submit written feedback. IFC is in the process of analyzing the feedback we received from a broad spectrum of stakeholders, including civil society organizations (CSOs), international financing institutions, clients, and independent accountability mechanisms (IAMs) of multilateral development banks.

In addition to enhancing its accountability, IFC is also continuing its journey toward greater transparency, recognizing that this is one of the most important actions we can take as a development institution to

maintain the trust of our stakeholders and engage them in developing new solutions to complex development challenges. We remain focused on working with our peers to achieve greater alignment in disclosure and reporting practices. This past year, IFC topped a DFI Transparency Index released by CSO Publish What You Fund. This was the organization's first comparative measure of the transparency of the world's leading development finance institutions.

## Accountability

### OFFICE OF THE COMPLIANCE ADVISOR OMBUDSMAN (CAO)

People affected by the environmental and social impacts of IFC projects may voice their concerns to [CAO](#), the IAM for IFC. Reporting to the Board of Executive Directors, CAO's mandate is to facilitate resolution of complaints in a fair, objective, and constructive manner, enhance environmental and social project outcomes, and foster public accountability and learning to improve IFC's environmental and social performance. CAO's Dispute Resolution function helps resolve issues between affected people and IFC clients using a neutral, collaborative, problem-solving approach. CAO's Compliance function carries out reviews of IFC's compliance with its environmental and social policies, assesses related harm, and recommends remedial actions where appropriate. Through its Advisory

function, CAO provides advice to improve IFC's systemic performance on environmental and social sustainability. In FY23, CAO handled 58 cases related to IFC projects in 29 countries. During the year, CAO received 12 new eligible complaints, of which two were referred to IFC. An additional two complaints that were referred to IFC in FY22 returned to CAO for assessment in FY23. CAO closed one case after early resolution in assessment and closed five cases after monitoring dispute resolution agreements reached between project-affected people and IFC clients. In addition, CAO closed one case after compliance appraisal as an investigation was not found to be merited and closed one case after monitoring IFC's actions in response to CAO's investigation findings. More information is available on [CAO's website](#).

### INDEPENDENT EVALUATION GROUP (IEG)

The Independent Evaluation Group (IEG) is an independent unit that reports directly to the World Bank Group's Board of Directors. IEG's mission is to strengthen World Bank Group institutions through evaluations that inform strategies and future work, leading to greater development effectiveness. IEG assesses the results of IFC operations and offers recommendations for improvement. IEG also contributes to internal learning by informing new directions, policies and procedures, and country and sector strategies. IEG's annual reviews of World Bank Group results and performance and of other major reports are available on [IEG's website](#).

## Oversight

### GROUP INTERNAL AUDIT VICE PRESIDENCY (GIA)

The Group Internal Audit Vice Presidency (GIA) is an independent function reporting to the President and under the oversight of the Board of Executive Directors. GIA provides senior management and the Board with reasonable assurance that processes for managing and controlling risks and their overall governance are adequately designed and functioning effectively. GIA's work helps the World Bank Group serve its clients more effectively. It delivers audits, assurance, and advisory reviews that cover all key institutional areas: strategy, operations, finance, and corporate functions, including IT systems, applications, and processes. Its work is carried out in accordance with the Institute of Internal Auditors' International Professional Practices Framework. GIA collaborates with risk management and governance functions within management, as well as with the World Bank Group's other independent oversight and accountability units.

GIA's work program focuses on institutional and stakeholder priorities and significant risks; it delivers about 30 engagements per year. Key topics in FY23 included business continuity, conflicts of interest, IDA country allocations, innovative use of technology in project supervision, IFC's Upstream approach, treasury asset management, personal data privacy policy, website governance and security, and workforce planning.

GIA employs a flexible, risk-based delivery model to adjust its focus alongside changes in the World Bank Group's business and risk landscape. In FY23, GIA piloted the new Country Assurance and Advisory Program to enhance its coverage of governance, risk management, and internal controls of in-country processes. The program responds to internal developments such as decentralization as well as the findings and recommendations from GIA's 2022 External Quality Assessment. For more information on GIA, visit: [www.worldbank.org/internalaudit](http://www.worldbank.org/internalaudit).

## SANCTIONS SYSTEM

The World Bank Group's Sanctions System is a multi-tier administrative process designed to address fraud, corruption, collusion, coercion, and obstruction by firms and individuals involved in its operations.

The **Integrity Vice Presidency (INT)** detects, deters, and prevents fraud and corruption in World Bank Group-financed operations and involving World Bank Group staff and corporate vendors. It investigates allegations of fraud, corruption, and other sanctionable practices; when these are substantiated, it pursues sanctions against external entities and provides its findings for human resources decisions on disciplinary measures against staff. INT also works to identify, monitor, and mitigate integrity risks in World Bank Group operations. The Integrity Compliance Office, an independent unit within INT, reviews the compliance posture of individuals and entities involved in the sanctions process and engages with those that are working to meet their conditions for release from sanction.

In FY23, INT convened the fifth International Corruption Hunters Alliance forum in Abidjan, Côte d'Ivoire, engaging with anticorruption practitioners from around the world on global challenges, with a focus on the nexus between corruption and development. This year's forum built on ongoing efforts to strengthen the network of anticorruption actors in confronting corruption at the local, regional, and global levels.

The **Office of Suspension and Debarment** is led by the World Bank's Chief Suspension and Debarment Officer and provides the first level of adjudication in the World Bank Group's Sanctions System. All sanctions cases that are not appealed to the Sanctions Board are resolved based on the officer's determinations, [summaries](#) of which are available to the public.

The **Sanctions Board** consists of seven members who are all external to the World Bank Group. It serves as the final decision maker in all contested sanctions cases and issues publicly available and fully reasoned [decisions](#), which are not appealable.

In FY23, the World Bank Group sanctioned 23 firms and individuals through uncontested determinations of the Bank's Chief Suspension and Debarment Officer, decisions of the World Bank Group Sanctions Board, and settlement agreements. It removed 17 entities from sanction and converted the debarment with conditional release of one entity to conditional non-debarment. The World Bank Group also recognized 44 cross-debarments from other multilateral development banks (MDBs), and 12 World Bank Group debarments were eligible for recognition by other MDBs.

For more information about the World Bank Group Sanctions System and its annual report, visit [www.worldbank.org/integrity](http://www.worldbank.org/integrity).

To report suspected fraud or corruption in World Bank Group-financed projects, visit [www.worldbank.org/fraudandcorruption](http://www.worldbank.org/fraudandcorruption).