

ACCOUNTABILITY AND OVERSIGHT

We are accountable to our partners, clients, and communities as we work toward our development objectives in an environmentally and socially responsible manner. IFC continues to prioritize efforts to strengthen accountability and transparency across the institution, including in response to an independent external review of IFC's environmental and social (E&S) accountability completed in 2020.

This year, a key area of focus included training staff on implementation of the new IFC/MIGA Independent Accountability Mechanism (CAO) Policy, which became operational on July 1, 2021. Additionally, IFC continues to improve systems and procedures for E&S due diligence and supervision as well as strengthening grievance response. An effort is also underway to explore options for remedial actions to address adverse E&S impacts in projects financed by IFC and pilot a principles-based approach to responsible exit from our investments.

We have also taken several steps to improve transparency around our use of blended finance and our investments in financial intermediaries (FIs). We believe that continuous evolution toward more transparency is one of the most important things we can do as a development institution to maintain the

trust of our stakeholders and gain crucial feedback as we develop new solutions to the biggest development challenges.

Accountability

OFFICE OF THE COMPLIANCE ADVISOR OMBUDSMAN (CAO)

People affected by adverse environmental and social impacts of IFC projects may voice their concerns to CAO, the independent accountability mechanism for IFC. As of July 1, 2021, with the implementation of the IFC/MIGA Independent Accountability Mechanism (CAO) Policy, CAO reports to the Boards of IFC and MIGA, strengthening the Board's role in the accountability process and enhancing CAO's independence. CAO is mandated to facilitate the resolution of complaints from people affected by IFC projects in a fair, objective, and constructive manner; enhance environmental and social project outcomes; and foster public accountability and learning to improve IFC performance and reduce the risk of harm to people and the environment. CAO helps resolve issues between affected people and IFC project operators using a neutral, collaborative problem-solving approach through its dispute resolution function. CAO's compliance function carries out reviews of IFC's compliance with environmental and social policies, assesses related harm, and recommends remedial actions where appropriate. Through its

advisory function, CAO provides advice with the purpose of improving IFC's systemic performance on environmental and social sustainability. In FY22, CAO handled 53 cases related to IFC and MIGA projects in 30 countries. During FY22, CAO received 11 new eligible complaints of which 5 were referred to IFC.¹ CAO released 5 compliance investigations of IFC projects and closed 4 cases after compliance review.

NEW CAO POLICY

The new CAO Policy, which went into effect at the start of this fiscal year, ensures public access to a predictable and transparent complaints process, with an increased focus on outcomes for communities, IFC/MIGA clients, and other stakeholders. It puts greater emphasis on resolving complaints early and proactively and includes timebound management action plans developed in consultation with complainants and clients. The CAO Policy also provides clear eligibility requirements for complaints related to FI clients and supply chains and includes a provision for considering complaints under exceptional circumstances for projects where IFC and MIGA have exited (for up to 15 months). This year, in collaboration with CAO, IFC held introductory trainings for E&S and operational staff on the new CAO Policy.

1. This is a new provision in the CAO Policy that supports complainants to engage in good faith efforts with IFC/MIGA or the client to resolve issues prior to initiating a CAO process.

INDEPENDENT EVALUATION GROUP

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 — and lead 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 at <https://ieg.worldbankgroup.org>.

Oversight

GROUP INTERNAL AUDIT VICE PRESIDENCY

The Group Internal Audit (GIA) Vice Presidency provides independent and objective risk-based assurance, insight, and advice to protect and enhance the value of the World Bank Group. GIA gives management and the Board of Directors reasonable assurance that processes for managing and controlling risks — as well as their overall governance — are adequately designed and functioning effectively. GIA reports to the President and is under the oversight of the Audit Committee. For more information on GIA, visit: www.worldbank.org/internalaudit.

INTEGRITY VICE PRESIDENCY

Reflecting the World Bank Group's commitment to fight and prevent corruption, the Integrity Vice Presidency (INT) detects, deters, and prevents fraud and corruption in World Bank Group-financed projects and involving World Bank Group staff and corporate vendors. As an independent unit within the institution, INT plays a fundamental role in supporting the

World Bank Group's fiduciary responsibility over the development resources it manages, by investigating allegations and pursuing sanctions against outside firms and individuals, and discipline against World Bank Group staff, found to have engaged in fraud, corruption, collusion, coercion, or obstruction. Following sanctioning decisions, the Integrity Compliance Office (ICO) engages with sanctioned firms and individuals in working toward meeting their conditions for release from sanction. In addition, preventive efforts by INT this year helped to identify, monitor, and mitigate integrity risks. In FY22, the World Bank Group sanctioned 35 firms and individuals. Based on ICO determinations, the World Bank Group also removed 22 entities from sanction and converted the debarments with conditional release of one entity to conditional non-debarments. The World Bank Group recognized 72 cross-debarments from other multilateral development banks (MDBs). Twenty-eight World Bank Group debarments were eligible for recognition by other MDBs. For more information and the World Bank Group Sanctions System Annual Report, visit www.worldbank.org/integrity. To report suspected fraud or corruption in World Bank Group-financed projects, visit www.worldbank.org/fraudandcorruption.