

# Accountability and Oversight

We are accountable to our partners, clients, and communities as we aim to achieve our development objectives in an environmentally and socially responsible manner. IFC has been working hard to deliver on a series of accountability and transparency reforms we committed to in the last few years, including in response to an independent external review on IFC's environmental and social (E&S) accountability. Most notably, this past year included the development of a new policy for the Compliance Advisor Ombudsman (CAO) — IFC's independent accountability mechanism. The new CAO Policy provides more opportunities for IFC and clients to resolve complaints early and proactively while protecting the access, choice, and confidentiality of complainants.

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

### INDEPENDENT EXTERNAL REVIEW

In August 2020, the IFC Board of Directors released a [report](#) of an independent External Review Panel on the [External Review of IFC's Environmental and Social \(E&S\) Social Accountability, including the Compliance Advisor Ombudsman \(CAO\)](#) for public comments. The report included extensive consultations with external stakeholders and provided recommendations to strengthen IFC's accountability in the following areas: i) development of a new IFC/MIGA Independent Accountability Mechanism (CAO) Policy; ii) actions

IFC can take to strengthen E&S accountability; and iii) a potential approach to enabling remedial solutions for stakeholders negatively impacted by IFC-supported projects.

### CAO POLICY AND STRENGTHENING E&S ACCOUNTABILITY

In late June 2021, the Boards of IFC and MIGA approved a new Policy for the CAO, ensuring people's access to a predictable and transparent complaints process, with an increased focus on outcomes for communities, IFC/MIGA clients, and other stakeholders. The CAO Policy responds to the recommendations of the External Review and was developed with input from global, regional, and local stakeholders through a [public consultation](#). It puts greater emphasis on resolving complaints early and proactively and includes timebound remedial 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). The CAO Policy became operational on July 1, 2021.

The CAO Policy complements [additional efforts](#) underway to strengthen IFC's overall approach to accountability E&S risk management, including improving systems and procedures for E&S due diligence and supervision; and strengthening grievance responsiveness both at the institutional and project levels. A separate process is ongoing to study a [potential approach to enabling remedial solutions](#) for stakeholders negatively impacted by projects.

### 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 new 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 FY21, CAO's caseload comprised 53 cases related to IFC and MIGA projects in 31 countries. Of these, 5 were new eligible complaints and 1 case is a compliance review initiated by CAO. CAO closed 2 cases during the year. More information about CAO is available at [www.cao-ombudsman.org](http://www.cao-ombudsman.org).

### **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. This year, IEG evaluated IFC's contributions to creating markets and mobilizing private capital under its new strategy — IFC 3.0. IEG recommended enhancing understanding of market-creating opportunities, increasing access to markets for underserved groups, and regularly assessing IFC's risk-taking capabilities to carry out activities in economies that are structurally weak.

IEG's annual reviews of World Bank Group results and performance and of other major reports are available on IEG's website at <http://ieg.worldbankgroup.org>.

## **OVERSIGHT**

### **GROUP INTERNAL AUDIT VICE PRESIDENCY**

Group Internal Audit (GIA) 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](http://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 Bank Group-financed projects and against Bank Group staff and corporate vendors. As an independent unit within the institution, INT plays a fundamental role in supporting the 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 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 FY21, the Bank Group sanctioned 57 firms and individuals. Based on ICO determinations, the Bank Group also removed 30 entities from sanction and converted the debarments with conditional release of two entities to conditional non-debarments. The Bank Group recognized 92 cross-debarments from other multilateral development banks (MDBs). Forty-five (45) 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](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).