



DEVELOPMENT COMMITTEE
(Joint Ministerial Committee
of the
Boards of Governors of the Bank and the Fund
On the
Transfer of Real Resources to Developing Countries)



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**STRENGTHENING GOVERNANCE AND ACCOUNTABILITY
REVIEW, RESULTS, AND ROADMAP**

Attached for the April 25, 2010, Development Committee Meeting is a background document entitled “Strengthening Governance and Accountability - Review, Results, and Roadmap”, prepared by the staff of the World Bank.

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Introduction

1. The World Bank Group (WBG) is working on a series of reforms to internal governance structures and the accountability framework in order to improve the efficiency and effectiveness of its governance and to enhance the standing and trust of the WBG as a global development institution.

2. This paper reports on progress in these reforms, as requested in the Development Committee's Communiqué of October 2009.¹ It builds on the recommendations from the Board's October 2008 *Report of the Working Group on Internal Governance*, and April 2009 *Review of Internal Governance: Conclusions of the Consultations and Proposals*. This paper summarizes ongoing reforms at the WBG from the perspective of internal governance and reflects on some of the views and expectations of external experts and the development community at large on WBG governance. A separate document presents a broader review of the reform agenda at the WBG.

The Focus of Current Efforts on Improved Governance

3. The reforms presented in this paper have one common focus - ***strengthening the accountability chain***. Embracing a more robust accountability culture is essential for the organization to address concerns over its governance framework regarding:

- Lack of a strong strategy formulation process;
- Inclusiveness of views and voice of DTCs;
- Results and development effectiveness.

4. The WBG is in process of developing its Post-Crisis Strategic Directions for consideration by the Development Committee at the 2010 Spring Meetings, implementing a comprehensive set of Operational Reforms, and advancing its Voice and Participation Reforms. There is a mutually reinforcing relation between these pillars and governance. This paper reviews the governance aspects of all initiatives that are taking place in this process:

- Operational and institutional reforms that have a broader set of objectives but contribute to a better accountability culture;
- Specific governance reforms that have been initiated to address accountability gaps among stakeholders;
- Important practices that demonstrate the emerging accountability culture; and
- New areas for action to deepen the accountability culture.

Defining the Accountability

5. In the broad context, the governance of the WBG encompasses a complex set of relations:

- Shareholders define institutional mandate and set the governance structures;
- Board provides oversight, approves programs, and deliberates and endorses strategies;
- Management articulates the strategies and implements programs;
- Country directors, managers and staff design operations and country strategies;

¹ "Continuing improvements in the corporate governance, accountability and operational effectiveness of the WBG are essential for confronting the development challenges of the 21st century. We welcomed progress to date and asked for a report for our next meeting on progress and proposals for advancing these reforms."

- ‘Oversight or safety net’ units provide independent evaluations of operational performance, policy compliance, and development effectiveness;
- Ultimately, the institution is accountable for development results and needs to retain the trust of the general public and client countries.

6. These relations are built on a number of formal and informal arrangements, but held together by two main and interdependent principles – *oversight and accountability*. In the context of maintaining the overall trust and legitimacy of the WBG in the eyes of the public, authority and responsibility is distributed by the shareholders to the Board and the President and then delegated within the institutional structure, establishing oversight and accountability relations along the way. Delineation of oversight and accountability among stakeholders, however, is not always clear. Better definition of these relations will contribute to a new governance culture in the World Bank and strengthen overall accountability for results.

7. This Paper describes the progress and identifies areas for further action on governance reforms, reviewing the accountability framework between:

- (Section II) - Board and Management over core operations;
- (Section III) - Board and Management over broader institutional policies and reforms;
- (Section IV) - Board/Management and Shareholders; and
- (Section V) - Institution and public at large.

8. Section VI identifies areas for further actions and commitments.

9. Annex I contains more detailed description of relevant reforms and their impact on accountability. Annex II contains a timetable for delivery of various reforms.

II. Operational Reforms and Governance of Core Business

10. The Board is accountable to shareholders for its oversight of Management and performs a fiduciary role over WBG operations. The operational reforms create a momentum for “re-balancing” the roles of the Board and Management and achieving greater effectiveness and efficiency in their respective roles. Reforms of investment lending, country programs, and policy notes would allow the Board to focus more on strategic discussions, guidance and oversight, while Management, in turn, would concentrate more on operational matters. Starting with changes to the format of documentation affecting country programs, lending, and policy notes, Management is deepening operational reforms by moving towards a risk-based lending framework and conditional lending approval during country program discussions:

- Building on the review and discussion of the strategic value of the Country Assistance Strategies (CASs), a *CAS Pilot Paper* provides for conditional Board approval of projects during CAS discussions allowing for an enhanced strategic engagement of the Board.²
- Building on improvements in lending documentation in 2008, the ongoing *Investment Lending* reforms introduce a risk-based approach to lending that respects the Board’s fiduciary role and improves its oversight through focusing on areas of greatest risk, while improving managerial accountability.
- Similarly modifications to *IFC’s Streamlined Procedures*, if approved, will enhance strategic engagement of the Board and Management’s reporting and risk management.

² The paper has been submitted to the Board for approval on an absence of objection basis by March 19, 2010.

- The format of *Policy Papers* is being revised to improve the decision making process.³
- This improved accountability and oversight over core operations rests on a strong *results framework* that is being continuously improved⁴.

III. Institutional Reforms and Overall Board-Management Relations

11. The relations between the Board and Management reach beyond the governance of the core business – lending and knowledge – and play an important role in overall institutional governance. Constructive and cooperative relations between the Board and Management are essential for the organization to be able to navigate through its challenges, identify its priorities, and deliver results.

12. *Strategic Engagements in 2010*: Along with changes in the Board’s operations, the Board is engaging with Management in new ways that allow for greater deliberation and expression of shareholder views on strategic documents through more informal meetings, brainstorming, seminars, and early stage engagements; agreeing on timing and sequencing of important discussions and linkages; and enhancing Management responsiveness to requests of the Board for reporting. This has been the case as work proceeded on the strategic pillars leading to the Spring Meetings, especially on the Post-Crisis Directions.

13. *Review of Internal Governance: Conclusions of the Consultations and Proposals*: The Board paper from April 2009 provided a set of recommendations to further improve the oversight and accountability between the Board and Management that have been implemented or are being finalized:

- Timely quarterly *flash reports* will be presented by the Management to Executive Directors focusing on key trends and developments at an early stage.⁵
- Following the formulation of general *principles of delegation* by the Board, the legal counsels are working on the development of a matrix for delegation of authority within Management for improved accountability.
- The Management is working on an update of *Waiver Policy* to strengthen and clarify Board-Management relations.
- An external review of *Oversight Units* will be undertaken following the self-assessment of these units currently underway to assess gaps and redundancies.

14. Similarly, a number of ongoing reforms initiated by Management further reinforce the Board’s oversight, managerial accountability to the Board, and accountability and oversight within the management structure:

- The *Risk Management Framework* is being improved for strengthening the Board’s oversight function as more delegation is provided to Management.
- *Matrix Review, Decentralization, and Human Resources* reforms, among other objectives, will strengthen the accountability chain within Management.
- The improved accountability and oversight of institutional policies rest on and will be reflected in the *Results Framework* that will capture performance measurement, impact evaluations and monitoring.

³ A paper has been submitted to the Board for approval on an absence of objection basis by March 19, 2010.

⁴ See Annex 1 for details.

⁵ A concept note, including a mock-up report, has been submitted to the Board for approval on an absence of objection basis by March 18, 2010.

15. *Board Operations:* In support of the emerging governance architecture, the Board has initiated changes to its work program to be able to enhance prioritization of its discussions and focus on strategic issues, including modifications to the Steering Committee process to align it with quarterly reporting.

IV. Shareholder Stewardship and Oversight

16. Shareholders exercise their oversight of the WBG by appointing Governors, appointing or electing Executive Directors to the Board, selecting the President through their Board representatives, and by providing views on the mandate and challenges of the WBG during the Annual Meetings and through the Development Committee. The WBG's accountability to shareholders takes place through reporting and delivering developmental results. As part of the changing governance architecture, there are ongoing efforts at the WBG to improve the oversight and accountability framework between shareholders and the organization:

- *Ministerial Engagement:* Management is reviewing options for enhancing Governors' engagement during Annual Meetings and Development Committee work. These options will be considered by the Board over the next few months, prior to the Annual Meetings.
- *Presidential Selection:* The October 2008 Development Committee Communiqué stated that "there is considerable agreement on the importance of a selection process for the President of the Bank that is merit-based and transparent, with nominations open to all Board members and transparent Board consideration of all candidates."
- *Dual Evaluation:* A framework for the dual evaluation of the Board and President will be developed by an ad-hoc Working Group to be composed of Board and Management representatives and presented to COGAM and the Board for consideration in time to be integrated into the next presidential selection round. The framework will be based on a review of best practices in the private and non-profit sectors, other MDBs and the IMF.

V. Maintaining Trust, Legitimacy and Country Ownership

17. Improved voice and participation of developing and transition countries (DTCs) in the WBG, assessment of its effectiveness on the ground, and an expanded access to information policy are critical elements of maintaining the credibility, trust, and institutional accountability of the WBG. These actions strengthen the WBG's standing as a development institution and foster public ownership, partnership, and participation of stakeholders in the Bank's operations and in turn help promote better governance in client countries. Reforms in this regard include:

- The Bank's new *Access to Information Policy* represents a paradigm shift from an approach that spells out what documents it can disclose – a "positive list" – to one under which the Bank will disclose any information in its possession that is not on a list of exceptions. More information will now be disclosable on projects under implementation and on the Board's actions;
- Improvements to *Development Effectiveness* through stronger institutional results assessment;
- Enhancing country ownership and sustainability of results through the pilots on the *Use of Country Systems* in Bank-supported operations;
- Work on *Governance and Anti-Corruption* to strengthen governance at the country level; minimize fraud and corruption in operations; and expand the WBG role on issues such as stolen asset recovery and illicit capital flows;
- Enhanced engagement with *CSOs* and openness to views of the broader development community;
- Advancing *Voice and Participation Reforms* in the WBG; and

- Continuing with *Management and Staff Diversity* and *Nationality of Focus* initiatives.

VI. Summary and Next Steps⁶

18. As requested, this Report is prepared ahead of the 2010 Spring Meetings. The complexity and scope of the reform package is a clear demonstration of the genuine effort and commitment by the Board and Management to improve the WBG's governance. The Paper acknowledges specific areas of the accountability framework that are being addressed by various reforms and establishes a platform for further advancing these improvements. Some of the outstanding governance issues require continuing efforts and in some cases, political consensus.

19. Going forward, the Board and Management will deepen the improvements to the accountability framework by:

- Monitoring the impact of the approved actions and reforms on the improved governance and accountability framework;
- Utilizing *strengthened accountability and oversight* as guiding principles for further defining and implementing operational and institutional reforms (*Investment Lending, Matrix Review, Decentralization, Human Resources*);
- Implementation of specific governance reforms approved by the Board (*CAS Pilot, Quarterly 'Flash' Reports, Format for Policy Papers, Steering Committee Agenda*);
- Completion of governance reforms agreed in principle (*Review of Oversight Agencies, Waiver Policy, Delegation Matrix, Development of Dual Evaluation Framework*);
- Continuing *Voice and Participation Reforms*, and pursuing *Diversity and Nationality of Focus* initiatives;
- Initiating a review of the *Annual Meetings* and work of the *Development Committee* to identify opportunities to enhance accountability of the Board/Management to shareholders and enhance prospects for shareholder stewardship;
- Further strengthening the *Results Framework* and continuously aligning it to ongoing reforms and emerging Post-Crisis Directions; and
- Identifying further areas *for improving* the governance framework to introduce innovative approaches and best practice from corporate and non-profit governance experience.

⁶ See Annex II.

ANNEX I
REFORMS AND IMPACT ON ACCOUNTABILITY FRAMEWORK

Operational Reforms and Governance of Core Business

1. *Country Programs:* The “Country Assistance Strategies: Retrospective and Future Direction” report of 2009 reviewed the strategic value of CASs to help steer the development process to be more results-based and more focused on country-specific development needs. As a follow-up, Management has updated guidance to staff on CAS products and began formulating a training program for staff engaged in CAS preparation. This stronger CAS framework allows focused and strategic discussions by the Board and establishes a platform for stronger delegation to Management through a conditional lending approval in CAS, as described below.

2. *CAS Pilot:* Board approval⁷ is expected on a pilot initiative by the Management under which the Board would give conditional approval for an annual tranche of lending operations for a country, at the time of the Country Assistance Strategy discussion. Operations selected for conditional approval would need to fulfill relevant existing criteria for streamlined Board presentation. Any significant changes to the operation between “conditional approval” and final clearance by Management would be presented to the Board. Management will report to the Board at the end of the pilot period of implementation. If satisfactory, the conditional approval and delegation would be deepened further. From a client and Management perspective, the proposed new framework would allow for an early signal of Board support, an early sense of issues of interest to the Board, and a more strategic relationship with the Board.

3. *Lending Documentation:* In September 2008, the Bank substantially revised the format of lending operations to simplify Board decision making and to clarify the approval process through specific improvements in project preparation and supervision processes and relevant documents. Simplified documentation provided the Board with the opportunity to engage and focus on strategic issues involved in project approvals.

4. *Investment Lending Reforms:* Building on improvements in documentation, the ongoing reforms to Investment Lending (IL) enhance the efficiency of lending through improved processes and controls. Implementation of the reform plan started in November 2009 and is expected to be completed by Fall 2010. Reforms include a risk-based approach, with streamlined processing of low-risk operations and a new implementation support model. The reform places accountability on Management by having it review each project in the context of overall risks and identify those risks. The Board does maintain a role over operations to fulfill its fiduciary duties, yet the reform allows it to focus more on high-risk operations. Its oversight over streamlined operations is supported by other reforms in regards to risk reporting and results frameworks. As such, an IL reform establishes a much clearer understanding of respective roles within the current relationship and responsibility framework of the Board and Management.

5. *IFC Streamlining:* IFC is considering modifications to its streamlined procedure through a phased approach and on a pilot basis for a subset of low risk projects. The modifications are part of a broader initiative to respond to client demand and to enhance Board-Management strategic engagement. Experience with Expedited Streamlined Procedure would be evaluated after 18 months and, if approved, would apply the modifications to all Streamlined Procedure projects. This proposal would lessen the burden of review on the Board and provide members with an opportunity for early input to projects. The efficiency and productivity of IFC staff would improve as the processing burden is lessened, and clients would benefit from greater responsiveness and timeliness by IFC. To carry out the increased authority

⁷ The paper has been submitted to the Board for approval on an absence of objection basis by March 19, 2010.

delegated by the Board, IFC Management would continue to focus on enhanced risk management; improved, robust reporting to the Board; and greater strategic engagement with the Board.

6. *Policy Papers:* A proposed new format and structure for Board policy papers has been submitted for Board approval⁸ and will enhance the efficiency and effectiveness of the Board's decision-making process. Under the proposal, policy papers would be concise; focus on defining the issues, including applications of sector strategy or policy; contain options, with rationales, targets and indicators; and where possible identify budgetary consequences—all of which would supply the Board with the necessary information to provide guidance on policy, processes, periodic reviews, and sector strategies. Policy papers submitted to the Board in 2010 will follow the new template.

7. *Results Focus:* The clarification of oversight and accountability roles between Board and Management assumes a strong results framework. The results reporting framework is continuously strengthened to ensure that all Country Assistance Strategies (CASs) are results-based, all new Sector Strategies provide a monitorable results framework, and all projects include monitoring and evaluation framework. The framework also provides for independent validation of all outcomes for IDA and IBRD projects and CASs. Further efforts are underway to strengthen the results focus in investment operations, CASs, IDA/IBRD operations, baselines at entry, monitoring systems and their use in-country, and impact evaluations.

Institutional Reforms and Overall Board-Management Relations

8. *Board Meetings and Agenda:* a set of new measures to improve Board meeting practices was implemented in 2009. A new program approved in 2010 aligns the agenda-setting of the Board's work with strategic priorities. A new Steering Committee process will be better aligned with key quarterly reporting and corporate milestones and supported by enhanced documentation. This new process will enhance opportunities for informal consultations with Management. The Board chairmanship arrangements in the absence of the President are also under the review, with a view of mitigating possible conflict of interest.

9. *Committees:* The Board Committees' terms of reference were revised to clarify the respective scope and responsibilities of each committee and have been made public to provide for more transparency. In addition, the interface between Board and Committees is being strengthened through improvements in the documentation ("green sheet") by which the Committees convey their conclusions and recommendations to the Board, in order to focus on the specific issues for Board discussion.

10. *Post-Crisis Strategic Directions of the WBG:* The Capital Adequacy Review Paper prepared for the 2009 Annual Meetings identified and articulated in consultations with the Board the main drivers for the WBG's assistance in the post crisis period. Building on this initiative, Management has engaged the Board through a number of formal and informal discussions on priority areas for the Bank's role in a post-crisis global economy from the very early stages.

11. *Working towards Spring Meetings:* Responding to the request of the Board Members, Management has coordinated with the Board the sequencing of its work on four pillars that were expected to be delivered by the time of the Spring Meetings: post-crisis strategic directions, capital adequacy, reforms overview and report on governance reforms, and voice and participation. This was done to ensure strategic linkages among the pillars.

⁸ The paper has been submitted to the Board for approval on an absence of objection basis by March 19, 2010.

12. *Quarterly Reporting:* The quarterly flash reports⁹ will alert the Board to key trends and developments at an early stage prior to discussion of the underlying, comprehensive quarterly and financial reports at the committee level. Flash reports would be distributed to the Board 15 days after the end of each quarter, ahead of full reports submitted weeks after the quarter end, for Board discussion. In addition, Management would provide a brief summary of the flash reports' contents—flagging issues of concern, challenges and key trends—to the Steering Committee on a quarterly basis. This will provide opportunity for Management's engagement with the Board on strategic issues on a timely manner and will become a useful tool to guide strategy, oversight, and results focus of the Board.

13. *Delegation of Authority:* A set of principles for delegation of authority by the Board were articulated and reviewed by the legal counsels of all institutions. As a next step, the legal counsels and Management will assess current delegations of authority within the management stream, and identify the strengths and weaknesses within the existing delegation scheme. Once the assessment is completed, a framework for future delegation of authority will be developed and implemented. This effort will further clarify the accountability within the management system.

14. *Waivers:* The Executive Directors approve all matters of policy, as well as changes and deviations from policy. Management is planning to start a dialogue with the Board on an emerging waiver policy by the Spring Meetings, and by the time of the fall 2010 Annual Meetings, will provide for Board review a policy note to provide guidance to staff on waivers.

15. *Oversight Units (Safety Net):* The WBG has a complete set of oversight agencies, however, the demarcation of responsibilities among these units is not always clear, which could lead to accountability gaps on the one hand, and an excessive burden on staff on the other hand. Therefore, an institutional review of these oversight units in the World Bank Group (IEG, IAD, the Inspection Panel, INT and the Compliance Advisor/Ombudsman (CAO) for IFC and MIGA) is being undertaken based on self-assessment and external evaluation. The review will assess overlaps, gaps and inconsistencies between units and identify options to strengthen their effectiveness, eliminate redundancies, and rationalize their activities, thus further strengthening the overall accountability continuum of the governance framework.

16. *Risk Management:* As part of the continuing effort to improve risk management at the WBG, beginning from 2009, the annual Integrated Risk Monitoring Report (IRMR) is prepared by the Management to provide a holistic and integrated overview of risk management activities for IBRD and IDA by describing what risks the World Bank is facing, who is managing these risks, and how the results are reported. Management is further reforming the WBG's risk management framework to reinforce the 'checks and balances' (i.e., fiduciary and control mechanisms) through investment lending reform and GAC. This strengthened risk reporting framework is to strengthen the Board's oversight function, as more delegation is provided to Management.

17. *Matrix Management, Decentralization, and Human Resources (HR):* Initiatives in these areas will help strengthen the accountability framework within Management. Management launched the organizational matrix review which aims to improve reporting and strengthen overall efficiency and accountability within the Bank. The ongoing review of future decentralization forms an integral part of the future business model and internal reform agenda, including on accountability. Considerable progress has been made in the IFC in terms of decentralization, providing targeted assistance in frontier markets. IFC already has two field-based Vice Presidents, one in Johannesburg and one in Istanbul. The HR reforms seek to drive increasingly higher levels of individual and organizational performance by recruiting and retaining diverse talent and fostering a "results culture" in the WBG by progressively linking performance

⁹ A concept note, including a mock-up report, has been submitted to the Board for approval on an absence of objection basis by March 18, 2010.

evaluation more closely to the achievement of results. The World Bank Group is committed to making progress in implementing its 2007 Diversity and Inclusion strategy, including ensuring positive net staffing flows for nationalities of focus.

18. *Accountability for Results:* Building on experience with results framework of CASs and operations, the Management is strengthening performance measurement to provide accountability benchmarks on performance and results. These include corporate reporting based on standardized core sector indicators to be used in investment operations, design of monitoring systems and their use in-country, opportunities for undertaking impact evaluations. Results framework for broader set of ongoing reforms at the WBG are to be presented in a separate document on the overall reform agenda.

Shareholder Stewardship and Oversight

19. *Annual Meetings:* Management is considering introducing modifications to the way Annual Meetings (AMs) are conducted to improve the quality of Governors' engagements. The changes are expected to make the AMs more relevant and engaged with strategic themes and regional issues. They also will expand the participation by a wider network of experts to improve the standing, enhance participation and inclusiveness of the WBG. The changes to content and format of the AMs are expected to be gradually introduced starting with the 2010 Annual Meetings. Board members will discuss opportunities to enhance shareholder stewardship at the Annual Meetings and in Development Committee work in the coming months.

20. *Development Committee:* Although the Committee is not a decision-making body, it has a major influence on the strategic direction and work program for the Bank Group. Recent agenda items have tended to reflect the major global development-related economic events and concerns of the time. There have been improvements in its content and structure—all, in turn, leading to better Ministerial engagement. In the past three years, the DC has introduced several new initiatives to make the Committee discussions more coherent and interactive, namely, a shorter and more focused Communiqué; and an informal Ministerial breakfast dialogue to make the discussion more engaging. In addition, the number of circulated background papers and reports has been reduced to achieve a more focused discussion.

Maintaining Trust, Legitimacy and Country Ownership

21. *Access to Information:* Since 1985, the Bank's policy on information disclosure has evolved in response to changes in its business, greater access to information in the WBG's member countries, the growing expectation of stakeholders, and the Bank's continued commitment to transparency. The Bank's Board approved a new access to information policy in 2009 that made significant revisions to the Bank's Disclosure Policy. The new policy creates a major shift from a policy that spells out what the Bank may disclose, to one that presumes the Bank will disclose any information in its possession that is not on a list of exceptions. In order to provide maximum access to information, the revised policy presumes that most Board papers are disclosed either simultaneously when they are distributed to the Board or at the end of the deliberative process. This alone is a radical shift and will allow for disclosure of more information related to Board actions and discussions and projects under implementation, while maintaining confidentiality as necessary. The implementation of this Policy takes effect July 1, 2010, with the first progress report planned for the end of 2011. This solidifies the institutional accountability to public. IFC has its own disclosure policy, which already implemented the Bank's policy shift in 2006, while taking into consideration the private sector nature of its business. IFC's policy is currently under review.

22. *Development Results:* To reinforce the WBG's accountability for results, the Independent Evaluation Group that reports directly to the Board is now producing Annual Reviews of Development Effectiveness that cover all institutions of the WBG to provide an independent and comprehensive picture of the organization's impact on the ground.

23. *Governance and Anti-Corruption:* The World Bank Group's Governance and Anticorruption strategy of 2007 is currently under implementation. Its main focus is on helping to transform development work by looking at how to address governance obstacles to development effectiveness and better manage GAC-related risks. There have been steady gains in both the development of GAC tools and their mainstreaming in the Bank's work from country programs to downstream design and implementation of lending operations. These activities will support the improvement of governance in countries and reduction of fraud and corruption in Bank operations and provide key insights into ongoing investment lending reforms. Going forward, the focus will be to ensure the long-term sustainability of GAC as integral to WBG development work. The Bank also contributes to the Global agenda on improved governance by supporting greater transparency in extractive industries (EITI++), recovery of stolen assets (StAR) and the global agenda on reducing tax evasion and tax havens. The WBG works in collaboration with other IFIs to identify and reduce international tax evasion and illicit financial flows. The Bank participates in the OECD-led Global Forum, which peer reviews compliance of jurisdictions with the international standard for tax transparency. In addition, the WBG provides technical assistance to client countries aimed at improving tax transparency and information sharing between tax administrations, as well as providing specific support to countries to help them meet the standards. Work is underway to further tighten policies that ensure that transactions in which IFC is involved are not used for tax evasion or to avoid compliance.

24. *Voice and Participation* is at the heart of the governance agenda of the WBG and is at the core of the WBG's legitimacy. Voice reforms have created a new chair for Sub-Saharan Africa (SSA) in the Board, which will be filled in 2010. Voice reforms also will lead to increased voting power of DTCs in the WBG: Under Phase 1, a shift in IBRD voting power of 1.46 percent was agreed, and there is agreement to move to at least another three percent in Phase 2 – reaching over 47 percent. Voting power of Part II members in IDA is up to 46 percent, from just over 40 percent at the start of the reforms. Voice reform at IFC will also lead to increases from the current 33.4 percent DTC voting power

25. *Staffing Diversity:* To highlight client responsiveness, Management has increased diversity and is continuing to deepen decentralization and field presence, as noted above under "Matrix Management, Decentralization, and HR." Nearly two-thirds of senior appointments in the last three years have been from developing countries, and the percentage of developing country nationals among WBG managers now stands at 42 percent.

26. *CSO Engagement:* World Bank-Civil Society Organizations (CSO) relations have been improving over the past few years. Closer collaboration with CSOs has been reflected in numerous joint policy dialogues during high-level roundtables on the food and financial crises. An increasing number of CSOs attend the Annual Meetings and extensive consultation efforts with a wider array of CSOs are taking place on the review of governance, climate change, and information disclosure policy. The discussion of progress in current WBG governance reforms will include CSO consultations as well. These consultations will start with various think tanks and continue with broader consultations with CSO representatives.

ANNEX II
TIMETABLE FOR SPECIFIC REFORMS

A. Reforms endorsed by the Board

1. WPA & Agenda Setting: approved by the Board on February 8, 2010.
2. Board Meetings: Implemented July 1, 2009
3. Committee TOR: Approved July 15, 2009
4. CAS Pilot Option: Expected approval by the Board on March 19, 2010
5. Flash Reports (“Strengthening Board Review of World Bank Group Financial and Operational Outcomes”): Expected approval by the Board in March 18, 2010
6. New Format and Structure for Board Policy Papers: Expected approval by the Board in March 19, 2010
7. Access to Information: Approved by the Board on November 17, 2009

B. Reforms from Governance Paper 2009 to be Completed

8. Policy Note on Waivers:
 - Informal discussion before 2010 Spring Meetings;
 - Final review submitted to the Board before 2010 Annual Meetings.
9. Delegation of Authority:
 - Discuss the scope and timing of the proposed assessment before the 2010 Spring Meetings.
10. Framework for Dual Evaluation of Board/Management
 - Working Group between Board and Management established and TOR agreed by March 31, 2010;
 - Study of ‘best practice’ completed before Spring Meetings 2010
 - Draft of Evaluation Framework submitted to the Board by 2010 Annual Meetings.
11. Review of World Bank Oversight Agencies:
 - Self-assessment completed by 2010 Spring Meetings;
 - External Assessment completed by 2010 Annual Meetings.

C. Other ongoing reforms affecting Governance

12. Modification of IFC Streamlined Procedure
 - COGAM discussion in May 2010.
13. Investment Lending Reforms:
 - Results Based Investment Lending Instrument to be discussed at CODE March 31, 2010; full Board discussion by end-FY10.
14. Matrix Management:
 - Informal Board meeting on March 18, 2010.
15. Decentralization:
 - Informal Board meeting held on March 9, 2010.
 - A series of discussions planned for FY11.
16. HR:
 - Discussion of strategy updates and Global Bank during First Quarter, FY11.
17. Results Framework:
 - Continuous development, along with evolving reforms and emerging Post-Crisis Directions.

D. New items for discussion

18. Annual Meetings & Development Committee: Political Stewardship:
 - COGAM informal discussion of work program, background document, and Retreat Agenda before 2010 Spring Meetings;
 - COGAM Retreat on May 21, 2010.