

**Streamlining Restructuring Procedures for Investment Project Financing and Program-for-Results Financing, Multiphase Programmatic Approach (MPA)**

July 21, 2017

The United States (U.S.) thanks management for the constructive engagement throughout the review of the proposals on restructurings and on a new multiphase programmatic approach (MPA).

Because the World Bank's Board has authority over Bank operations, any delegation of authority can have significant implications for effective oversight and accountability. Accordingly, the U.S. takes seriously these requests to delegate the Board's decision-making power to management. In the view of the U.S., earlier iterations of the proposals went too far in potentially compromising oversight and accountability.

The U.S. therefore welcomes management's commitment in the restructuring proposal to return projects back to the Board that are restructured from a lower category to Category A and that adopt the borrower's procurement framework (during the current pilot). Similarly, with respect to the MPA, the U.S. is pleased that management has committed to bring back to the Board Category A subsequent phases under the current safeguards regime and "High" and "Substantial" risk projects under the new Environment and Social Framework (ESF). Continued Board oversight of these projects is important for environmental and social risk management, and the U.S. believes these commitments help improve the balance between adaptability and accountability.

In addition, the U.S.'s support is based on the understanding that management will fulfill its commitments to disclose information to the Board and to the public – in a timely manner – on all restructuring and MPA decisions that, under current policy, would require Board approval.

Because the Inspection Panel is a key element of Bank accountability, it is important to ensure that proposed changes to Bank policies and business processes not inadvertently create accountability gaps. Given the explicit interconnectedness of operations under the MPA, it was important to the U.S. that in considering complaints concerning an MPA program, the Panel be able to consider future phases, and not just those under implementation. The U.S. believes the text in the MPA paper on Panel oversight achieves this. The only exclusion is, as is currently standard, for phases that have closed or are 95 percent disbursed.

The U.S. also believes that major changes to Bank business processes, such as these, should also be subject to a comprehensive and independent performance review and a subsequent formal Board decision to make changes, if necessary. The U.S. therefore welcomes the proposed reviews of the streamlining restructuring procedures and the MPA in three years.

The U.S. also appreciates management's confirmation that it will come back to the Board with any proposal to use country systems, as was agreed under the ESF.

While recent revisions to the proposals strengthen the adaptability-accountability balance, the U.S. believes broader efforts to strengthen and more firmly institutionalize accountability and transparency at the Bank are also critical in the near-term. These efforts include:

- the **Inspection Panel reform process**, with the aim of expanding the Panel's toolkit to give it the ability to act with greater flexibility and proportionality and to operate on an equal footing with the accountability mechanisms of other MDBs;
- the **review of the Bank procedure on staff communication with Executive Directors**, with the aim of eliminating undue restrictions on the provision of information to the Board. The U.S. appreciates the decision by the Board governance committee to take up this review at the request of the U.S.;
- the **review of the Bank's Access to Information Policy**, with the aim of bringing it in line with established best practice. This review was agreed by the Board governance committee last year and the U.S. looks forward to its start in the near-term; and
- a **review of the respective safeguards policies for all of the Bank's financing instruments** to ensure coherence and address any accountability gaps that may exist. The U.S. notes that management committed to this discussion during Board deliberations on the new safeguards policy last year. The U.S. urges management to schedule this review before any MPAs are brought to the Board.

Moreover, the U.S. affirms its prerogative to request at any time a full Board discussion on any management-approved operation and will use these opportunities to raise concerns, seek clarifications, or express disagreement with management decisions or project implementation.

Ultimately, the U.S. would have preferred a more robust conversation on these proposals, informed by greater consultation with the public, so that a broad consensus could have been more easily established. The U.S. calls on management to consider this view in the future.

Again, the U.S. appreciates the substantive engagement by management throughout on issues of importance to the U.S. As such, the U.S. supports these proposals and looks forward to continuing to work with management and other shareholders on efforts to further strengthen the World Bank's accountability and transparency.