

Fixing World Bank Incentives for Effective Safeguard Implementation:

A Call for Public Consultation on a Safeguard Implementation Plan

Vince McElhinny
Bank Information Center
August 11, 2014
vmcelhinny@bicusa.org

This update is based on analysis of the World Bank FY15 budget, and ongoing budget and corporate reform process. The analysis was informed by conversations with many Bank staff involved in the reorganization. However, the views expressed and any errors are exclusively those of the author. Although safeguards are not singled out in the FY15 budget, reforms to the allocation of the Bank's administrative budget are central to the effective implementation of a new safeguard policy framework. To date, the issue of incentives has been excluded from ongoing safeguard policy consultations. The World Bank reorganization and shifts in allocation of the administrative budget create both an opportunity to strengthen the safeguard enabling environment (budget, location, capacity, leadership and accountability, among other factors) as well as a threat to further stigmatize and undercut effective safeguard implementation. The absence of a safeguard implementation plan and the reluctance of management to open the discussion of safeguard reorganization to public input suggests that safeguards could easily be sacrificed in the name of austerity. Unless the Bank moves to align the ongoing safeguard policy review with an informed public debate about strengthening safeguard implementation, meaningful protections for people and the environment could fall farther from World Bank priorities in the pursuit for restored relevance.

Summary:

Despite their aim of protecting people and the environment from harm associated with World Bank funded projects, safeguard policies have often been criticized as a driver of spiraling administrative costs and lost competitiveness. Many are the examples volunteered by Bank staff of the investment opportunities lost to financing institutions with fewer, more flexible safeguard requirements. The drum beat for relaxing safeguards has grown louder, carefully ignoring [the Bank's own evidence](#) that in most cases, safeguard benefits “far outweigh” the costs.¹

Remarkably, the World Bank cannot report how much it spends annually on implementation of safeguards, nor account for the development benefits that derive from them. Unlike the IFC and other MDBs, which have a centralized safeguard unit that controls its own budget, the Bank safeguard resources are dispersed and not tracked. Even without a reliable baseline for assessing safeguard costs and benefits, safeguards could be on the chopping block as the World Bank strives to demonstrate greater austerity.

In the view of many, Bank safeguard work has long been underfunded as a result of the Bank's hyper-decentralized way of paying for these protections. Safeguard specialists are dependent on the Bank's 4,000+ project leaders to pay for their services, [which IEG has underscored](#) as a source of many problems with safeguard implementation.

Budgeting for all Bank services is supposed to change with the new Strategic Budget Process – one of the cornerstones of the ongoing [World Bank reorganization](#), initiated by President Kim in 2012. The reorganization is premised on strengthening the Bank's balance sheet, increasing lending levels and impact through an ambitious growth strategy. Budget reforms play a central role in driving change at the World Bank by shifting resources to better performing business centers on basis of evidence-based results. All budget envelopes for Bank Vice-Presidential Units will now be determined by a prior assessment of their actual and proposed contribution to the Bank's corporate goals of eliminating extreme poverty and enhancing shared prosperity. The [Corporate Scorecard](#) has been revised as one instrument to guide the evaluation of those contributions and the budget allocation.

The FY15 World Bank budget reveals decisions that will affect efforts to reorganize the Bank's safeguard function, including the budget, location, capacity, leadership and accountability of safeguards work. In late 2013, OPCS put forward a set of options for safeguard organizational reforms and calling for greater budget control by dedicated safeguards management, a significant increase in the existing safeguard staff capacity, and the preservation of the clearance authority now held by Regional Safeguard Advisors.² Final decisions have not been taken, although the Bank has refused so far to disclose its plan to implement a new Safeguards Framework or decide on options for Safeguard organizational reform.

This update explores how key issues in the World Bank Safeguard Policy Review are linked to the budget reform process, and the implications of the FY15 budget.³ **CSO concerns center on three areas that will define how budget cuts and budget allocation affect safeguard implementation:**

¹ IEG 2010, *Safeguards and Sustainability Policies in a Changing World*, Chapter 4.

² OPCS Safeguard Diagnostic, *Environment and Social Development Safeguards in the Global Practice Design*, unpublished memo, November, 2013.

³ This brief is based on the following documents - *none of which have been officially disclosed by the World Bank*: the FY15 World Bank Budget, June 3, 2014 (R2014-0124); *World Bank FY15-17 Medium Term Business and Finance Paper (MTBF)*, March 26, 2014 (SecM2014-0131) and interviews with officials associated with the FY15 budget process; World Bank Internal Audit Vice Presidency, *Advisory Review of the Bank's Safeguard Risk Management*, June 16, 2014; OPCS, *The New Accountability and Decision Making (ADM) Roles*, (May 12, 2014); OPCS, *Review of the World Bank FY13 Portfolio and*

1. *Will Safeguards implementation budget increase or decrease in FY15 compared to need and previous year budgets?* The FY15 budget reflects the first indications of where \$400 million in budget cuts will be absorbed. About half of the cuts have already been achieved through adjustments to travel rules, consultant rates, and pension accounting adjustments, but the final \$200 million is likely to come through staffing attrition and layoffs. Because WB Budgets do not provide a clear line item expense for Safeguards work, it remains unclear whether safeguards will be one of the winners or losers from the budget reform process. A [recent audit](#) shows that safeguards work remains underfunded and resources are poorly allocated. **BIC has estimated that fully funding Global Practice Safeguards to meet corporate objectives under the current Safeguard policies will cost between \$40 million and \$60 million**, in addition to a separate OPCS budget for Regional Safeguard Advisors and Corporate Oversight. Efforts to reduce the time from project concept to approval by 33%, move to larger scale projects and safeguard policy reforms that demand greater implementation support and could require even greater Bank capacity and budget.

2. *Will budget allocation strengthen or weaken safeguard independence?* Effective safeguard implementation is associated with a minimum level of independence. Often this independence has been compromised by lack of control over budget. How will safeguards be affected by negotiations over budget transfers between Regional Vice Presidents (RVPs) and Global Practice Vice Presidents (GPVPs)? The new budget is designed to reinforce reforms that increase IBRD lending by as much as 66% more than pre-crisis lending levels over the coming years. To meet this target, the budget concentrates greater control over resources within the Regional Vice Presidents (RVPs) who are most responsive to the Bank's clients. However, the RVPs will need to transfer most of these resources to Global Practices (where most safeguard staff will sit) to deliver negotiated Work Program Agreements. These work program agreements will now be negotiated at the VP level potentially providing greater flexibility and independence for funding safeguard work. However, the details of exactly how WPAs are negotiated and allocated within the GP structure is less clear. Within Global Practices, how will Safeguard Managers retain independent control over safeguard activity budget that is transferred?

3. *How will the drive to increase IBRD profits avoid sacrificing safeguards?* The World Bank's Expenditure and Revenue reviews led to the adoption of a Financial Sustainability Framework, which assumes that increased IBRD profits will cover all IBRD administrative costs by FY18.⁴ Currently, IBRD revenues pay for only 70% of IBRD costs. Achieving full cost recovery implies an unprecedented increase in profitability above the current annual rate of 2-3%, which depends on reducing administrative costs and raising interest rates and fees. At the same time, a paramount challenge for the Bank is how to restore a balance between the often competing goals of lending quantity and quality. As control over the budget has shifted steadily to the Regional Vice-Presidencies, project quality has declined. The most recent [IEG evaluation of annual World Bank performance](#) shows a steady erosion of project quality since 2006, a trend that may only worsen as the peak in rapidly disbursed lending during the financial crisis reaches evaluation stage. Country program outcomes have also deteriorated significantly over this same period.⁵ Failure to ensure effective safeguard implementation has clearly influenced project quality, but rather than considering strong safeguards as a feature of transformational activities, the World Bank drive to strengthen its balance sheet and boost lending could place additional pressure to weaken Safeguards to meet financial targets?

Update on Actions to Assure Quality, April 18, 2014; M. Gill, B. Rahill, *Arrangements for Managing Safeguards Beginning July 1*.

⁴ See *World Bank Medium-Term Business and Finance Paper, World Bank Expenditure Review*, (OM2014-0011/1), March 26, 2014.

⁵ World Bank IEG, "[Results and Performance of the World Bank Group 2013](#)," pgs. xiii-xix.

1. FY15 Budget and Adequate Funding for Safeguards

The FY15 budget reflects the first indications of where \$400 million in budget cuts will be absorbed. The **proposed World Bank FY15 budget is \$2,577 million.** When Bank executed external trust funds are included, the total Bank budget envelope is \$3,819 million. When all Bank pass through trust funds are included, the total World Bank Revenue (IBRD and IDA income plus external trust fund resources) is \$4.55 billion for FY15. For FY15, IFC and MIGA budgets and balance sheets are still presented separately, although a single integrated budget for the World Bank Group will be established beginning in FY16.⁶

With projected cuts, the Bank's administrative budget will fall to \$2,460 million by FY18. While the smaller Bank budget (excluding trust funds) is projected to decline slightly FY15-17, the overall total World Bank revenue is projected to grow to \$4.873 billion in FY18 (or just over 2% increase per year). A big part of the increase in resources is from Bank Executed Trust Fund (BETF) resources (\$847 million compared to \$200 million in FY03), which are projected to increase by 4% per year.⁷

Figure 1 compares the Bank budget and total Bank budget envelopes for coming years with recent administrative expenses (FY08-FY14).⁸ When compared to Bank expenditures during previous 3 years, which increased 3.9% per year, **the graphs clearly indicates the impact of the budget cuts** over the next three years.

Overall cost of the reorganization is estimated at \$214 million (referred to as one-time investments to realize Expenditure Review savings), not including a significant amount in prior modernization reforms investments since 2010. The cost of the current reorganization might be compared to the Wolfensohn reorganization in 1997-2001, for which the Board approved a total expense of \$400 million, mostly for redundancy payments. About \$170 million in savings was projected, only a small portion of which was actually achieved.⁹

⁶ The budget figures in this analysis do not include IFC or MIGA, as integration of all World Bank Group budgets will only begin during the FY16 budget cycle. However, total combined WBG revenues for FY14 would easily exceed total WBG administrative expenses of about \$5.5 billion, leaving considerable flexibility for transfers to reserves, IDA, or loan loss provisions.

⁷ World Bank MTBF Paper, pg. 26

⁸ WB FY15 Budget, pg. 28. Note that the World Bank budget has been presented in real dollars through FY14, but will now be presented in nominal figures to more clearly show relative change. Nominal growth is limited to 0.5% in FY15-FY17, compared to 5% over the previous three years. In both nominal and real terms, the Bank budget is projected to decline after FY15.

⁹ D. Phillips (2009) *Reforming the World Bank, Twenty Years of Trial - and Error*. Cambridge University Press. Chapter 8.

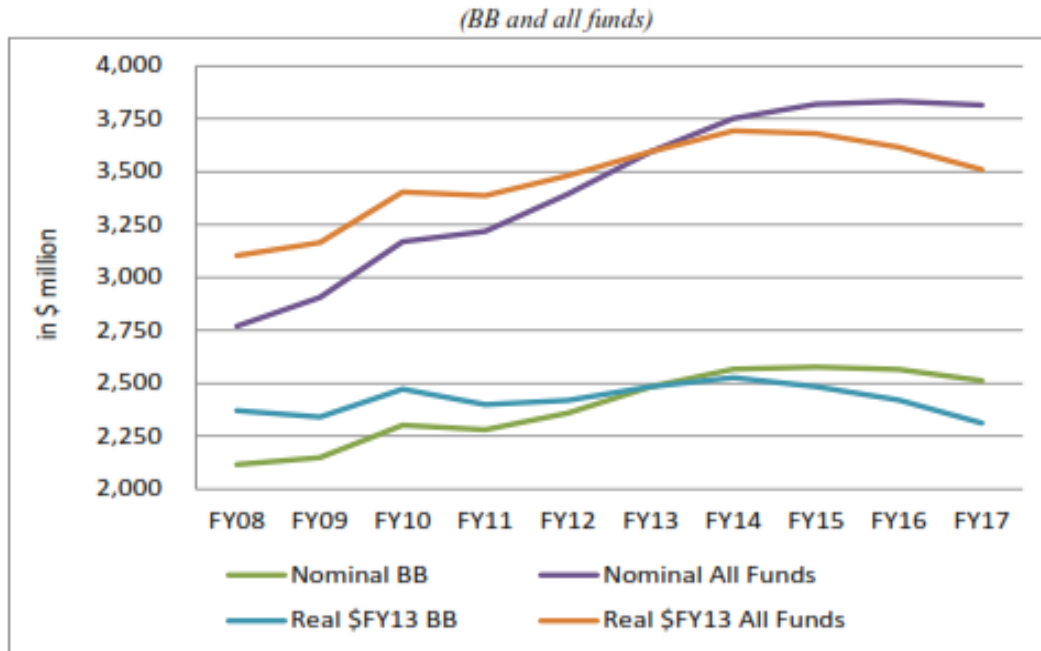


Figure 1. FY08-14 Administrative Expenditures and FY15-17 Budget (Fig. 3.1 from FY15 Budget, includes Bank Budget and all funds)

The most significant changes reflected in FY15 Budget include:

The Losers (budget cuts):

- Staffing:** The direct budget effect (positive or negative) on Safeguards is related to \$200 million in reductions to staff salary costs, through attrition and layoffs. Staff salary and benefits account for the largest part of the administrative budget, currently totaling \$1484 million, including another \$300 - \$600 million more in benefits. Consultants cost the Bank another \$536 million.¹⁰ The Bank has postponed announcement of any staff cuts until late 2014, and estimates beyond an annual attrition rate of 800 vary widely. Institutional, Governance and Administrative (IGA) staff are slated to absorb the largest budget reductions.¹¹ Global Engagement (GE) budget - typically carried out by staff now mapped to Global Practices, will decline (with the small exception for climate change).
- Travel costs** for staff are \$325 million. The Bank imposed restrictions on staff travel beginning Feb. 1, 2014 to yield an estimated cost savings of \$54.6 million. Modifications include restrictions on rest stop policy, per diem, more routine use of economy class flights. Expected

¹⁰ In Dec. 2011, the Bank imposed a one year cooling off period for Bank retirees before returning to work as a Bank consultant. In FY11, over 1,300 ST appointments were held by retirees, and the Bank reported that 61% of retirees return to the Bank to work as short-term consultants, most within one month of leaving the Bank. OPCS, *Updates on the Bank's Business Modernization*, DC 2012-0005, April 11, 2012, Annex B, pg 57.

¹¹ IGA, which represents 35% of all staff, is scheduled to complete its three year staffing plan by Sep. 30, 2014. Three year staffing plans for RVPs, GPs and CCSAs will be prepared by Mar. 31, 2005. Revised staffing norms or ratios of managerial to operational and administrative staff are also under preparation.

savings could be mitigated by lost staff time required for less anticipated or longer travel duration.¹²

- **Phase out of Grant-Making Facilities.** The five current GMFs are budgeted for \$161 million (FY13) but are projected to be zeroed out by FY18.¹³

The Winners (budget increases):

- **Salary & Benefit increases for President Kim, Sri Mulyani, Bertand Badre and other Senior Executives.** The Corporate Strategy has emphasized the need to reward greater risk taking. **Table 1** indicates the approved changes in World Bank minimum and maximum salary by salary grade. Of the World Bank’s 14,858 staff, only 2,131 have had increases in their maximum salary range. Remarkably, all 2,131 happen to be management grades or higher. The salary range (both minimum and maximum) for the other 86% of non-management staff was reduced by 5%-7% in FY15 (See **Table 1 and Figure 2**).¹⁴ Apparently, management is rewarding itself for taking the biggest risk of reorganizing the Bank with themselves in the lead, while most staff will have to wait to see if promises of adjusted performance pay arrangements reverse the short-term freeze on salary change.

Table 1. Change in World Bank Salary Scale from FY14 to FY15

Grade	Title	Min FY15	Change FY14	Max FY15	Change FY14
GA	Office Assistant	23,900	-7%	44,300	3%
GB	Team Assistant, IT	30,100	-7%	55,900	-5%
GC	Program Assistant,	37,200	-7%	69,000	-5%
GD	Sr. Program Assistant	43,900	-7%	81,500	-5%
GE	Analyst	58,900	-7%	109,500	-5%
GF	Professional	78,300	-7%	145,500	-5%
GG	Sr. Professional	105,700	-7%	196,300	-5%
GH	Manager, Lead Professional	144,000	-7%	267,400	3%
GI	Director, Sr. Advisor	220,800	-7%	331,200	7%
GJ	Vice-President Managing Director/	272,500	-3%	368,700	5%
GK	Executive Vice-President	303,000	-1%	410,000	7%

¹² MTBF paper (2014:28). The Bank has attempted in the past to curtail travel costs. In 1993, outside pressure finally ended first class air travel for Bank staff, while in 1994, 57 luxury hotels around the world were declared off-limits to Bank travelers. David Phillips (2009: 99) *Reforming the World Bank*.

¹³ The five Grant Making Facilities include CGIAR, Global Partnership for Social Accountability, State and Peacebuilding Fund, Development Grant Facility, Institutional Development Fund.

¹⁴ Data from Table 1 is from Fabrice Houdart, *The New Frontier: Refuting the "entitled World Bank staff" myth once and for all*, (July 23, 2014). Staff grades range from GA to GK. There are 8 GK (Managing Director, Executive Vice-President), 34 GJ (Vice-Presidents), 250 GI (Senior Directors, Directors), and 1839 GH (Managers, Lead Professional) – typically considered management grade.

Period July 2012-June 2013

Executive Management: Annual Salaries (Net of Taxes, in US\$)

Name and position	Annual net salary ^a	Annual WBG contribution to pension plan ^b	Annual WBG contribution to other benefits ^c
Jim Yong Kim, President ^a	476,260	121,615	250,567
Sri Mulyani Indrawati, Managing Director	381,260	97,333	86,163
Bertrand Badré, Managing Director, Finance and CFO ^a	379,000	96,750	86,664
Anne-Marie Leroy, Senior VP and World Bank Group General Counsel	364,127	92,982	82,293
Izumi Kobayashi, Executive Vice President, MIGA	363,158	92,714	82,074
Mahmoud Mohieldin, Managing Director	362,041	92,429	81,621
Jin-Yong Cal, Executive Vice President ^d	350,000	153,440 ^e	79,100
Kaushtik Basu, Sr. Vice President & Chief Economist ^h	346,000	88,070	77,070
Pamela Cox, Senior Vice President ^f	344,700	151,110 ^e	130,986
Caroline Anstey, Managing Director	330,293	144,800 ^e	85,546
Caroline Heider, Director General ^g	322,320	82,288	72,844
Executive Directors ^h	244,350	n.a.	n.a.
Alternate Executive Directors ^h	211,370	n.a.	n.a.

Figure 2. World Bank Executive Salaries FY13¹⁵

- **Board of Directors Costs (\$106 million) – No budget decrease**, includes IEG - \$34.1 million and IPN - \$4 million). Plans exist for increased cost sharing with IFC, MIGA and IMF. As indicated in **Figure 2**, Executive Director base salaries in FY13 were \$244,000, for Alternate EDs - \$211,370 and for Senior Advisors - \$176,000.
- **Overall Increase in budget for Country Engagement. The regional distribution of Country Engagement Budget (FY15)¹⁶:**

Africa, South Asia	+3%
Latin America, East Asia & Pacific	- 1%
Europe & Central Asia	- 2%
Middle East & North Africa	- 4%
- **IT Systems:** increase of \$318 million (FY15-17) -- 40% increase
- **World Bank Satellite Campus Building Acquisition:** FY15 budget includes a \$20 million down payment on a potential \$400-\$500 million building purchase.¹⁷
- **Climate Change CCSA budget is \$73 million** (nearly 80% is Trust Fund resources).
- **Staff Retirement Costs:** 3% increase in FY15, 13% increase FY15-17.

¹⁵ See World Bank Annual Remuneration Notice, <http://siteresources.worldbank.org/EXTANNREP2013/Resources/9304887-1377201212378/9305896-1377544753431/Remuneration.pdf>

¹⁶ MTBF Paper, ¶ 96, pg. 35

¹⁷ MTBF Paper, Annex VI, ¶ 3, pg. 60

Safeguards could be directly or indirectly affected by the proposed \$400 million in cost saving options.

a. Adequate Safeguard Budget: *The central question is if the World Bank safeguards budget will increase or decrease in FY15 compared to need and previous year budgets?* Unlike IFC, which reports a \$22 million budget for its 80 CES staff tasked with support, implementation and compliance of the Performance Standards, the World Bank does not have a centralized Safeguard budget. Like 5,300 other Bank staff that were previously grouped under the six Regional Vice-Presidencies, the World Bank's 350 environmental and social safeguard specialists will be mapped primarily to two Global Practices: Environment and Natural Resources Management (ENRM) and Social, Rural and Urban. Six Regional Safeguard Advisors (RSA) and a small support team will now be mapped to OPCS. The reported FY15 budget for the OPCS RSA cluster that includes approximately 10 staff is \$8 million.

Safeguards work is underfunded and resources are poorly allocated.¹⁸ Because WB Budgets do not provide a single line item expense for safeguards work, it remains unclear, how much is being budgeted for safeguards implementation in FY15 compared to previous years. The GP budgets for safeguard activities have three components: 1) fixed budget dedicated to safeguards staff salary and benefits; 2) variable budget for consultants, training, studies and other costs; 3) travel costs, which can be charged to the project. The FY15 GP safeguards budget is undefined. IAD and OPCS have both provided partial budget estimates of current safeguards work.¹⁹ **BIC has estimated that to effectively manage the essential environmental and social risk in the current and projected portfolio, a minimum of \$50 million and as much as \$70 million in budget resources is required.**²⁰

b. Fast track approval of lower risk projects: One indirect budget cutting mandate is to drive down the cost of project preparation by cutting the time from project identification to approval by a third (from 14 to 9 months).²¹ Measures to streamline the processing and approval of low and moderate risk projects were introduced as part of investment lending reform in 2012 to streamline project cycle decision making and cost.²² The Bank estimates that as much as 40% of the current investment lending portfolio involves low enough risks that these can be managed with fast track procedures, including little to no safeguard application.²³ The Operations Risk Assessment Framework (ORAF) was introduced in 2010 as to improve the efficiency and portfolio-wide risk oversight of investment lending. The Bank distinguishes between Track 1 and Track 2 lending, which vary in terms of the expedited application of safeguard policies. Track 1 average time from concept to approval was 17.6 months, while Track 2 was 10.8 months. Emergency lending and additional lending (Track 1) typically take between 5-7 months to prepare and approve.²⁴

¹⁸ See IAD (2014). Only 60% of the reported FY15 variable budget request for Environmental Safeguards has been reportedly committed within the ENRM GP budget (\$2.5 million, largely for consultants, compared to a \$4.3 million request).

¹⁹ IAD (2014: 37) suggests a figure of \$7.65 million for off-the-top Safeguard budget for FY14 (only for RSAs) and \$4.1 million for LAC Environmental Specialist budget. OPCS, *Environmental and Social Development Safeguards in the Global Practice Design*, (Nov. 2013) suggests a significant shortfall in meeting corporate safeguards needs of 120-140 full time equivalent staff for managing environmental risks.

²⁰ For more detail on these estimates, see April 2013, joint [CSO submission on Effective Safeguard Implementation](#); and BIC Safeguard Implementation Recommendations.

²¹ Among the regions with the longest preparation times for investment lending is South Asia (15.3 months) and East Asia (17.7 months). The Bank average a decade ago was 18 months.

²² See September 6, 2012 [CSO letter to President Kim on dilutions of Investment Lending Reform](#).

²³ OPCS (Sep. 3, 2009) *Moving Ahead on Investment Lending Reform: Risk Framework and Implementation Support*, Report 50285, pg. 23.

²⁴ OPCS, *Review of the World Bank FY13 Portfolio and Update on Actions to Assure Quality*. OM2014-0021, April 15, 2014

However, the safeguard risk rating or risk information was missing or not updated for over half of the investment projects with an ORAF that were reviewed by IAD.²⁵ Moreover, the first version of ORAF has proven to be difficult to use. The percent of projects with a risk framework for fast processing actually declined from 45% in FY11 to 38% in FY12. The recent decline in average time from concept to approval from 16 months (FY08) to 14 months (FY12) was likely driven by greater use of development policy operations (DPOs) during the financial crisis, for which the average time to prepare a policy loan is about 7 months.²⁶ A revised integrated risk rating tool will be introduced in FY15 that includes safeguards risk as one of nine areas of combined operation risk.²⁷

c. Moving to larger projects: Some in the Bank believe that preparation costs can be economized if the scale is increased, which can also have an indirect effect on Safeguard costs. Small, technical assistance focused projects are perceived to take longer to prepare. Internal Bank cost effectiveness criteria are reportedly associated with several proposed World Bank investment loans below a certain threshold in some sectors being diverted to the regional development banks. Development policy loans, which tend to be 2-3 times larger than the average investment loans, are projected to be 40% of the Bank's annual lending by FY17.²⁸ Similarly, large Program for Results operations are increasing, but have so far been limited by a 5% cap. Public sector guarantees are also typically larger in scale than investment lending and could increase in the context of expanded use Bank-IFC Public Private Partnership projects.

However, recent evidence suggests that project preparation time and expense may not be reduced, and has often increased with the size of the investment loan. Faster and larger projects are not necessarily cheaper, and could ultimately increase the overall project cost for the Bank and the borrower, particularly if design shortcuts create implementation problems. Possible negative side effects of the scaled up project option are evident in the South Asia region portfolio, which adopted this strategy recently and then suffered the lowest regional disbursement rate due in part to implementation delays caused by weak preparation.²⁹

All three factors highlight the importance of a public discussion for options to ensure an adequate safeguards budget.

2. Will World Bank budget allocation strengthen or weaken safeguard independence?

The FY15 budget is designed to reinforce reforms that increase IBRD lending by as much as 66% above pre-crisis lending levels over the coming years. In line with recommendations of World Bank Revenue Review, the Bank has introduced a strategic budget process to boost lending and improve alignment with Corporate goals. The FY15 administrative budget is divided into four budget envelopes allocated to the Regional Vice-Presidencies (RVPs), the Global Practice Vice-Presidencies (GPVPs) and the other Governance VPs. The RVPs lead most country engagement activities and then must negotiate work program agreements with the GPVPs to deliver the World Bank's package of services outlined in the Country Program Framework.

The implications for safeguards independence of the FY15 budget allocation can not be understood without appreciating the reforms associated with the new **Accountability and Decision Making**

²⁵ IAD (2014:21).

²⁶ *World Bank Results Scorecard 2013*.

²⁷ OPCS, *Interim Guidance Note: Systematic Operations Risk-Rating Tool (SORT)*, June 25, 2014.

²⁸ MTBF paper (2014: 54).

²⁹ *World Bank Quarterly Business Report*, April 2013

Framework (ADM).³⁰ The ADM was introduced beginning in April 2013 to clarify which person has final authority to make decisions related to Bank financed investments throughout the project cycle. The motivation, according to Management’s assessment, was to root out risk adversity within the Bank through a more simplified decision making structure. “*The goal is to move the institution away from diffused accountability and consensus-style decision making, which is exacerbated by risk-aversion, to a more defined and disciplined approach.*”³¹ To streamline the project cycle, the ADM reforms are intended to prevent persons that lack decision making authority from holding up projects.

Within the reorganization, much attention has been paid to the establishment of Global Practices, with very little attention to structural change within the Regional Vice- Presidencies. **Figure 3** (below) explains the division of decision making responsibility (**indicated by D**) during the Investment Lending project cycle. The ADM assigns to the Regional Vice-Presidencies, Country Directors and CMUs the primary accountability for the budget and decision making during the initial Country Engagement (Strategic Country Diagnostic and Country Partnership Framework) and project preparation phases of the project cycle. The Global Practices would assume primary accountability and manage budget resources for the supervision of project implementation.³²

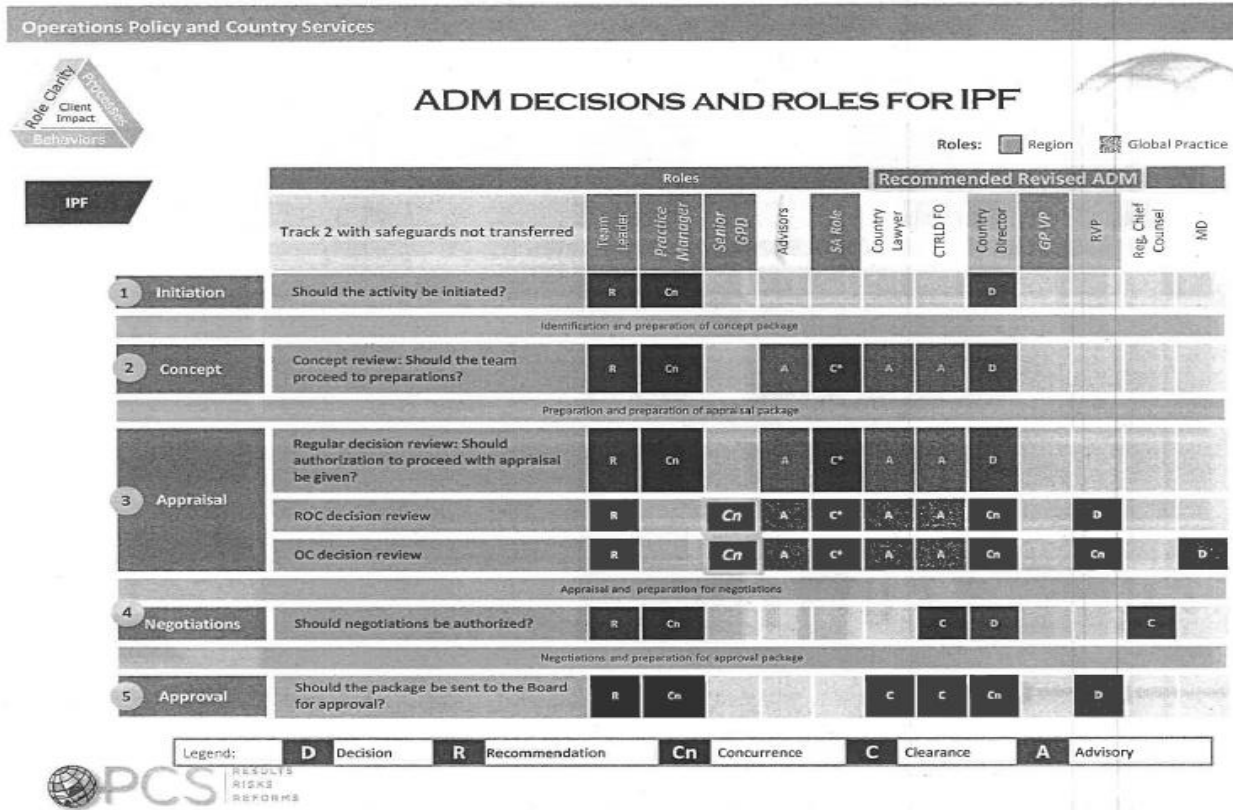


Figure 3. World Bank Accountability and Decision Making for Investment Project Finance (IPF)

³⁰ OPCS, *New Accountability and Decision Making (ADM) Roles*, May 12, 2014

³¹ World Bank, “[Update on the Bank’s Business Modernization: Results, Openness and Accountability.](#)” DC 2012-0005 (April 11, 2012) pg. 15.

³² Post approval implementation stage accountability is not shown in Fig.1, but explained elsewhere in the OPCS, *New ADM Roles* Document.

Among the early targets of the ADM reform process were the Regional Safeguard Advisors and the Environmental Legal Unit (LEGEN). Safeguard quality control decisions are currently made at project concept review and appraisal stages of the project cycle, while the space for SG decisions during upstream and implementation stage tends to be less. The Country Director has the authority to chair the CPF process and all project preparation decision meetings (concept review and appraisal). The advisory role of GP Directors and Managers during project preparation is less consequential, in part because of uncertain/less control over the administrative budget for preparation. The Quality Enhancement Review (QER), which has been mandatory in the past and was convened by the Sector/GP Manager, has now been made voluntary - which dilutes another point of GP leverage. One region's experiment of dividing the responsibility for convening Concept and Appraisal Review Meetings between GP/Sector and Country Directors to balance the interests of both was ended to ensure alignment with other regions. Both meetings are now convened by the Country Director.

The RSAs have independent authority to clear all investment projects at the concept and appraisal review stages of the project preparation cycle (**indicated by C in Figure 3**).³³ The Environmental Legal Unit (LEGEN) of 12 full-time centrally managed staff (half of whom work on safeguards) plays an active role in advising Management on the interpretation of safeguards and the Chief Council decision to clear the legal agreement after negotiations. Both RSAs and LEGEN are viewed by many TTLs as obstacles to efficient loan preparation and responsiveness to client demand.

However, even during implementation, the RVPs still retain accountability over all sensitive decisions (suspension, reinstating a terminated legal agreement, restructuring, waivers, additional financing, and extension of closing date).³⁴ The few decisions left for GP Directors include determining whether disbursement conditions have been met (in some cases), sign-off on supervision report (ISR) at mid-term review, and project completion reports (ICR). In addition, the CDs retain primary accountability for all regional analytical work, technical assistance and other knowledge products. The Global Practice Directors are only accountable for Global Knowledge products. That leaves very few decisions for GP Practice Directors.

Figure 4. describes the basic hierarchy of the new World Bank organizational structure in terms of allocation of the FY15 budget (excluding the Institutional, Governance and Accountability VPs).³⁵ The salient components and processes of the reorganized World Bank for allocating the administrative budget are:

- **Operations Managing Director (Sri Mulyani)** that oversees two thirds of Bank staff and the administrative budget to manage Country Engagement, Global Engagement and the Bank's primary business costs.

Country Engagement

Client Engagement (CE) - \$1,074 million for RVPs (to increase by 4% by FY17)

Global Engagement (GE) - \$290 million for GPVPU (but declining by 4% thru FY17)

Cost of Running the Business

³³ As established in BP 4.01, ¶ 6 and 14, Regional Safeguard Advisors do not have formal project clearance authority for policy and program lending operations.

³⁴ OPCS, New ADM Roles (2014). If the Global Practice Directors and Managers are to have any authentic accountability during project supervision, in addition to independent control over adequate budget for good project supervision, the responsibility must extend to approval of ISRs and mid-term reviews. OPCS proposal, "ADM Roles" indicates that such reforms are under discussion.

³⁵ Bertrand Badre is Managing Director and CFO and is assigned \$700 million in FY15 budget for some of the Institutional Governance and Administration VPU's (Finance, Treasury, Budget, IT, General Services, Budget, etc.)

Program and Practice Management (PPM): \$427.6 million for RVPs, \$230.9 million for GPVPUs (of which \$29 million is for 5 CCSAs).

- A **Senior Management Team (SMT), including 2 MDs, and VPs** that monitor alignment with Corporate priorities and allocate the administrative budget to the 6 Regional VPs after reviewing past performance, an indicative work plan and a **Country Benchmark Model** (which considers population in poverty, absorptive capacity, FCS status, governance-CPIA score, among other factors).³⁶

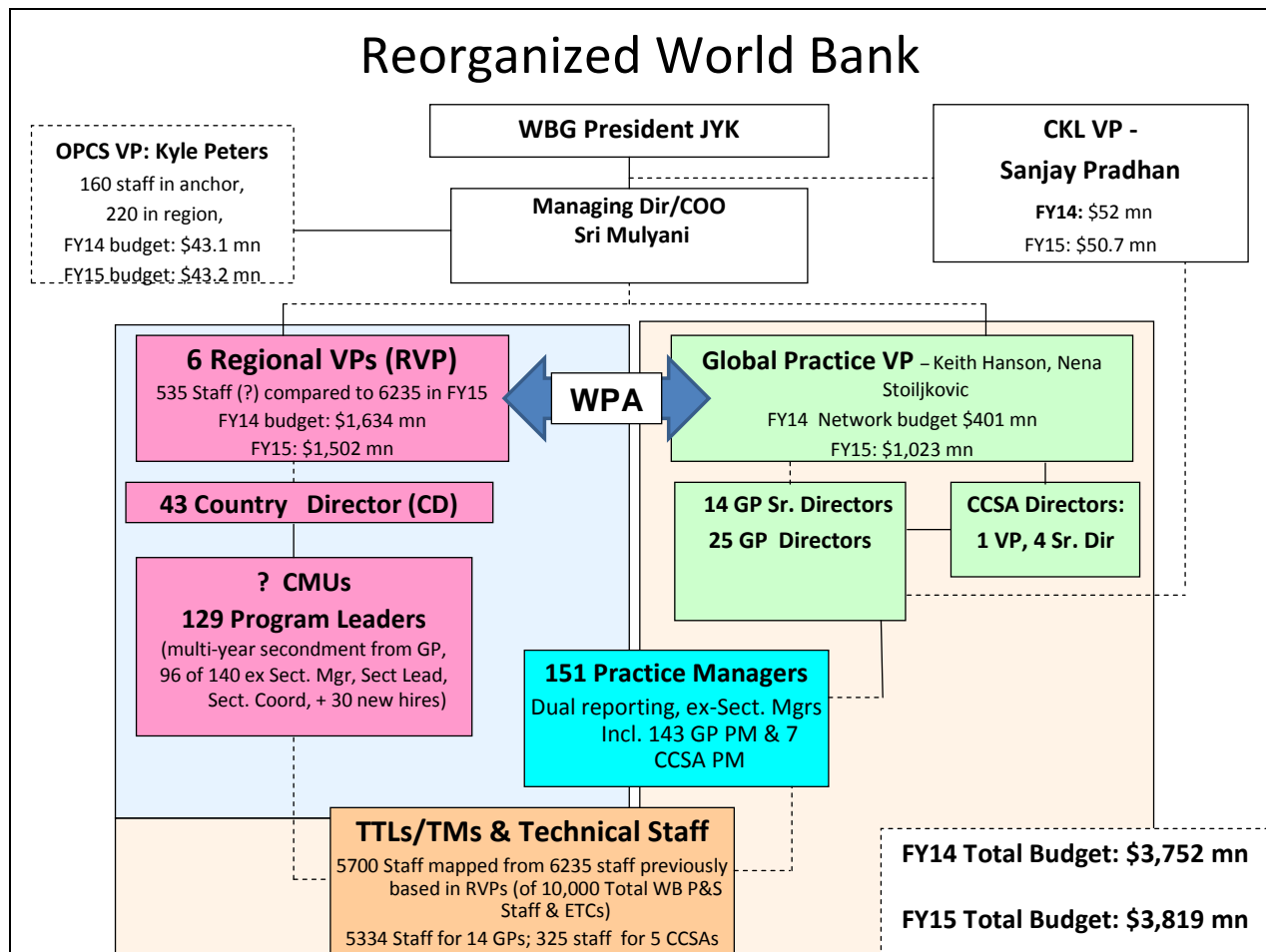


Figure 4. World Bank Operational Budget and Staff Allocation after Corporate Reorganization (FY15)

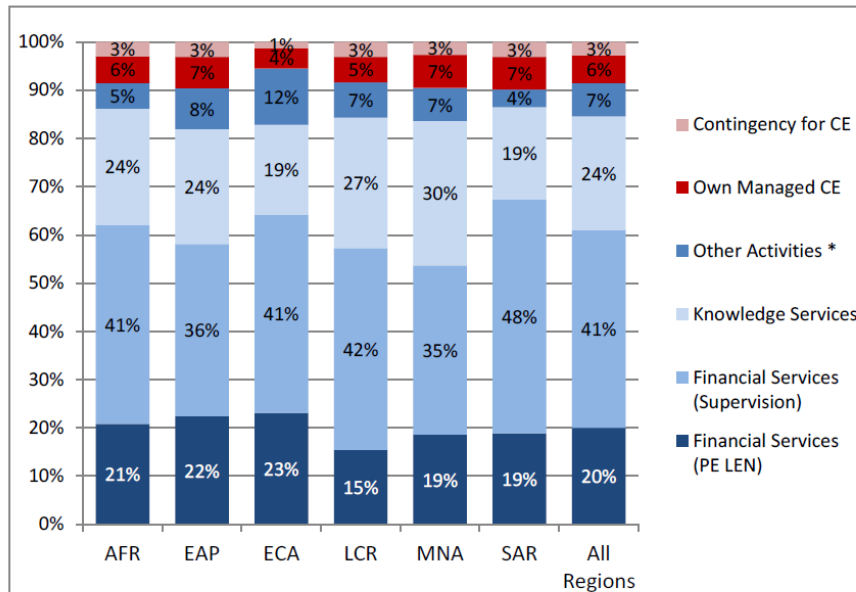
- **6 Regional Vice-Presidents** manage initial engagement with the client with a much reduced staff of about 500, and reach agreement on strategic priorities (as indicated in the CPF). RVPs then negotiate budget transfers (Work Program Agreements) with the **Global Practice VPs** and a GP staff of 5,700 to deliver the CPFs.³⁷ The VP level WPAs appear to eliminate the past practice of

³⁶ MTBF Paper, Annex A Sizing World Bank Budget Envelopes, ¶ 7, pg. 70.

³⁷ FY15 Budget, pg. 22, Box 3.1 - *Implementing the New Budgeting Approach*. The main outstanding question is how the administrative budget will be shared between RVPs and GP VPs to ensure appropriate Safeguard support and supervision. The Bank explains that the Budget Process begins with the Country Engagement (CE) envelope notionally allocated to the Regions (RVPs), which then agree on a work program with Global Practice VPs. At the conclusion of this process, the budget is allocated

project level WPAs where CMUs/TTLs contract sector specialist services, thereby giving GP VPs more discretion over allocation of budget (including for safeguards work). **After WPA transfers, 94% of all Country Engagement funding (\$1,023 million for FY15, which is 42% of total Bank Budget) goes to GPVPU.**³⁸ In addition \$290 million for Global Engagement is budgeted for GPVPU (including funds for CCSAs). RVPs are left with a 3% contingency of Country Engagement resources and **\$427.6 million** in Regional Program Management funds. **Figure 3.2** and **Table 3.8** (below) provide indicative Global Practice budget distribution (*The total for Fig. 3.2 is \$1,074 million and for Table 3.8 is \$494 million*).

Figure 3.2: Projected Composition of the FY15 Country Engagement Envelope (Bank Budget)



* Other activities mainly consist of process tasks (i.e., not identified with a specific project) such as preparation, implementation, and support to Regions on SCDs, CPFs. Also included are estimates of yet unidentified activities.

to the GPVPU, which will execute and is held responsible for delivering the agreed work program. A portion of the CE envelope is retained by the Region for client engagement activities.

³⁸ FY Budget, Section 3.5, esp. ¶ 64 and Annex B. As indicated in Fig. 3.2, 3% of Country Engagement budget is held by RVPs as a contingency.

Table 3.8: Preliminary FY15 WPA – Work Program and Staffing

Global Practice	Active Staff Headcount*	WPA Budget Allocation Fn.& Kn. Services
Agriculture	5%	7%
Education	6%	7%
Energy & Extractives	6%	10%
Environment & Natural Resources	6%	5%
Finance & Markets	7%	4%
Governance	16%	11%
Health, Nutrition & Population	6%	6%
Macroeconomic & Fiscal Management	7%	6%
Poverty	3%	2%
Social Protection & Labor	5%	6%
Trade & Competitiveness	7%	6%
Transport & ICT	6%	10%
Urban, Rural & Social Development	11%	12%
Water	7%	7%
Sub-total GPs	100%	100%

* Active Staff Headcount (including ETCs): This column represents the % share of the CE envelope by the Global Practice responsible for the task.

- **Country Directors and Country Management Units** lead Country Engagement during the CPF and project preparation. CDs take key project finance change decisions during implementation.
- **GP Directors** lead the formulation and management of the GP work plan, supervise and allocate GP budget to Practice Managers.³⁹
- **Global Practice Managers** allocate GP resources and assign staff to investment projects. **PMs have full discretion to move allocated resources across tasks and within practices within a given region.** The ENRM and Rural, Social and Spatial GP Regional Program Managers and Regional Safeguard Advisors are listed in **Figure 5**.
- **Program Leaders**, in contrast, do not hold or monitor budget. They help formulate country work programs and monitor broad delivery to clients and cross practice collaboration. They also review/monitor burn rates against relevant tasks.
- **Task Managers**, as before, charge *variable costs* (travel, consultants) to tasks, and the PM monitors use against plans on variable costs and staff time.
- Over **5,700 technical staff** that were previously mapped to the RVPs are now mapped to the 14 Global Practices (5334) or the 5 Cross-Cutting Solution Areas (325).

³⁹ The number of Director level staff across the Bank (GI grade) has increased from 200 in 2007 to about 250 currently. Management suggestions that some Director positions would be eliminated, has been postponed several times –prompting staff suggestion that the reorganization be renamed, “No “I” be left behind!”

Region	Regional Safeguard Advisor Cluster	Social, Urb, Rural, Resilience PM	ENRM PM
Africa	Alexandra Bezeredi, AFTSG, x85055; abezeredi@worldbank.org	Ian Bannon, PM x39042	Benoit Bosquet, PM, x80923; Magda Lovei, PM x33986
East Asia	Peter Leonard, x87759 pleonard@worldbank.org	Jan Weetjens, EAP, x34371	Iain Shuker, x 35519
ECA	Agi Kiss, akiss@worldbank.org ; x87180	Elisabeth Huybens, ECA x31850	Kulsem Ahmed, x31130
LCR	Glenn Morgan, Manager, gmorgan@worldbank.org ; x81909; Diana Pizarro, dpizarro@worldbank.org	Markus Kostner, LAC x35886	Emilia Battaglini, Acting PM, x80378
MENA	Maged Hamed, MNAOS, x34367	Nina Bhatt, MNA, x87729	Benoit Blarel, MNA, PMSO, x30806
SAR	Francis Fragano, SARDE, x35581, ffragano@worldbank.org	Maria Correia, SAR, x39394	Herbert Acquay, x31043

Figure 5. Environmental and Social Practice Managers and Regional Safeguard Advisors

What is the link between the FY15 budget and Safeguard independence? The short answer is that the negotiation of administrative budget allocation will determine if adequate, off-the-top resources are provided to be managed by environmental and social GP Managers. The FY15 budget document by itself offers few details to illuminate how budget allocation will happen, except to note the Regional Safeguard Advisors will be located within OPCS.⁴⁰ OPCS will provide off-the-top budget for RSAs, which provides some measure of RSA independence. However, changes to the scope of RSA clearance is under review, possibly limiting RSA authority to the high and substantial risk projects.

The project clearance authority of the Regional Safeguard Advisors is the single check on RVP and Country Director authority during the project preparation process. Preserving the clearance decision making authority of the RSA is one key to establishing better safeguard independence, but will depend on allocation of adequate, off-the-top resources within OPCS to enhance the allocation of resources on the basis of portfolio risk.

Such off-the-top budget for safeguard specialists in the Environment and Social GPs remains much less certain. *As for budget allocation within the GP*, the FY15 budget states that all GP *fixed expenses* (staff salary and benefits) are funded upfront, so budget management mainly deals with the allocation and use of *variable expenses* (consultants, travel, or about 40% of total budget). Budget for variable expenses is transferred to **Senior Directors** based on agreed norms/trends and then assigned to each **Practice Manager (PM)** as a notional variable expense ceiling (for planning assumptions).⁴¹ The PM prepares variable expense plans for tasks assigned to him/her using the *Task Planning Tool*. **Lending and**

⁴⁰ FY15 Budget, Box 3.1, pg. 22

⁴¹ The Global Practice VPs will hold back a contingency to encourage flexibility. These funds would be released during the year according to a clear, well defined process. Changes in work program that affect multiple Practices or Regions will follow a process to be agreed in FY15 (Box 3.4, page 33)

supervision coefficients will be introduced to estimate the cost of specific tasks within a work program) and reconciles the plans with the agreed ceilings.⁴²

The GP work plans were drafted after July 1st to compete for the \$1 billion in Country Engagement resources transferred to Global Practices VPs from the RVPs. Despite the promise to "eliminate task level budgets," there is not yet a clear commitment to provide off-the-top budget to pay for salary expenses of environmental and social safeguard staff.⁴³ This hesitation to challenge RVP authority over key safeguard activities leaves in place the old, problematic system of transaction level contracting of safeguard cross-support ("the internal market").⁴⁴ IEG concluded that "the reliance on an internal market for safeguards supervision has resulted in considerable inefficiencies in resource allocation for safeguard oversight at the World Bank."⁴⁵

The impression is given that Global Practice VPU is obtaining most of the Bank Budget resources. However, this seems to run counter to the Accountability and Decision Making reform process that places greater accountability for safeguard quality at critical stages in the project cycle with the RVPs and CDs, while transferring accountability to the Global Practice VPs during implementation (with significant exceptions noted earlier). Only the details of this WPA transfer process will clarify how safeguard budget independence could be enhanced or undermined by negotiations over budget transfers between RVPs and GPVPs. Within Global Practices where most Safeguard staff are mapped, it is equally important for Safeguard Practice Managers to retain independent control over Safeguard activity budget allocation that is transferred. Unless full budget independence is assured for environmental and social safeguards units, the ADM reforms may only reinforce a perception of asymmetric accountability that already prevails in most regions.⁴⁶

⁴² The IFC regularly reports on a variety of revenue -expense performance indicators, including \$US Commitment volume per staff; \$US Commitment volume per \$US administrative cost. IFC FY14 Business Plan and Budget, pg. 40-43.

⁴³ As of August 1st, the internal guidance on safeguard budgeting leaves fixed cost budget at the transaction level in tact. See M. Gill, B. Rahill, *Arrangements for Managing Safeguards Beginning July 1*; and World Bank BPS, *Technical Briefing: Update on the New Budget Process*, Jan. 22, 2014, pg. 9.

⁴⁴ Gill and Rahill (July 2014). For details on the "internal market" see D. Phillips (2009: 64-67).

⁴⁵ IEG (2011) *Evaluative Directions for the World Bank Group's Safeguards and Sustainability Policies*, Evaluation Brief 15. pgs. 20-21

⁴⁶ See IEG (2012) *The Matrix System at Work: An Evaluation of the World Bank's Organizational Effectiveness*. Annex D, Table G.4.

3. Safeguards at the crossroads of World Bank lending quantity and quality:

The World Bank Financial Sustainability Framework assumes that increased IBRD lending can be achieved at the same time that operating income (profits) will cover all IBRD administrative costs by FY18. This ambitious budget objective implies an unprecedented fiscal discipline to lift profitability above the current annual rate of 2-3%. Achieving full IBRD cost recovery from the current 70% rate will depend on reducing administrative costs and raising interest rates, among other revenue generation reforms.

At the same time, a paramount challenge for the Bank is how to restore a balance between competing goals of lending quantity and quality. As control over the budget has shifted steadily to the Regional Vice-Presidencies, project quality has declined. The most recent IEG evaluation shows a steady erosion of project quality since 2006, a trend that may only worsen as the peak in rapidly disbursed lending during the financial crisis reaches evaluation stage. Country program outcomes have also deteriorated significantly over this same period.⁴⁷ *How will the drive to increase IBRD profits as the basis for higher sustained lending avoid sacrificing Safeguards?*

Revenue Options: A driving motivation of the reorganization is to recover the financial relevance of IBRD, by lifting lending volume above pre-crisis levels.⁴⁸ The Bank reportedly set a target for increasing total IBRD lending by a cumulative total \$100 billion by 2025.⁴⁹

The World Bank's current capital adequacy framework limits prudential lending limit to a ratio of about four times its total equity.⁵⁰ For IBRD's current equity level of \$40 billion (up from about \$25 billion a decade ago), this puts a ceiling on the Bank's active portfolio at \$174 billion (about \$32 billion of additional lending head room above the current active IBRD loan portfolio at about \$142 billion). Lowering the acceptable equity/debt threshold by 1% translates into an increase in lending capacity equivalent of about \$10 billion.⁵¹ So the path to increased Bank lending is to increase equity.

Adding equity through cost savings is one way to increase lending headroom. The \$400 million savings in administrative expenses (transferred to equity) would enable IBRD to lend an additional \$1.5 billion per year.

A second way, which was the focus of a **World Bank Revenue Options paper**, is to increase profits and transfer that income to reserves. As a cornerstone of its commitment to administrative budget sustainability, the FY15 World Bank budget promises to raise IBRD operating income to cover all IBRD administrative costs. IBRD annual operating income has been on average, 2-3% of total lending, which has been insufficient to significantly increase equity. Historically, the Bank has used \$1 billion in net operating income from lending as a minimum benchmark for covering administrative costs and return on equity. The average operating income between FY09-13 was \$870 million, far below the significantly

⁴⁷ World Bank IEG, *Results and Performance of the World Bank Group 2013*.

⁴⁸ See [McElhinny, "Trends in World Bank lending forecast a further decline in safeguard coverage, and indicate a return to higher risk, high reward lending," \(Oct. 8, 2013\), BIC Info Brief.](#)

⁴⁹ World Bank Office of the President, *Update on Budget and Expenditure Review*, (Mar. 24, 2014). IBRD annual lending on average for the past 15 years is \$18 billion. A 50% increase would be \$27 billion, which if sustained over 10 years would generate an additional \$90 billion in accumulated lending.

⁵⁰ The current capital adequacy policy limits the Bank's equity to loans ratio to a range of 23% - 27%. Historically, this rate was defined by the potential of default by one of the Bank's largest borrowers.

⁵¹ This assumes no additional funds are held in cash.

higher income levels in the 1990s through 2008.⁵² The Bank's revenue plans project an increase in the growth rate in to above 5%, which amounts to restoring an operating income to above \$2 billion per year by 2024 (see **Figure 6**).

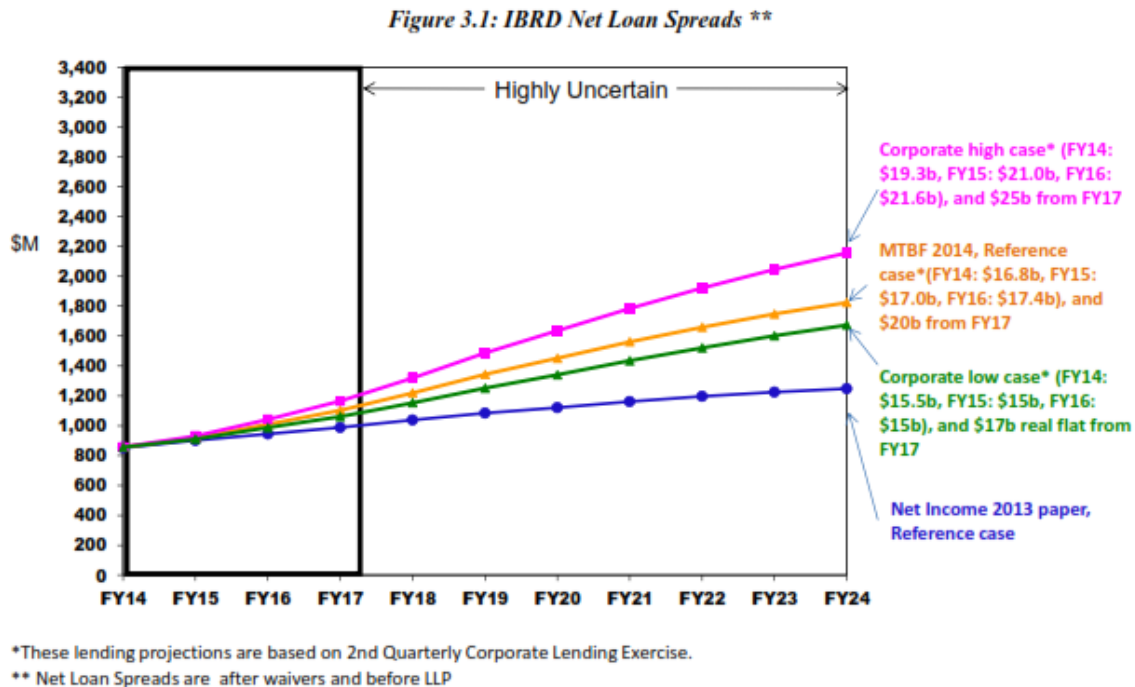


Figure 6. IBRD Forecast of Possible Tripling of Current Profits by FY24 (Source: MTBF Paper, Fig. 31. IBRD Net Loan Spreads, pg.15 and Annex III)

The highly optimistic Bank assumptions for increasing the lending portfolio from \$200 billion to nearly \$300 billion, while expanding net operating income are based on several revenue enhancing options that are not expected to improve profitability until FY17.

1. **Differentiated Loan Interest Rates.** Most World Bank income is generated from net loan spreads. For some time, IBRD has kept loan interest rates low, close to zero. To increase profits, and as developed countries begin tapering stimulus measures and allow national rates to rise, IBRD rates will follow.⁵³ However, global interest rates must first rise to allow the Bank to increase rates for some, mostly middle-income clients. Current interest on IBRD loans is 6 month Libor plus 25-50 bp (about 0.6%-0.9%) with an additional 0.25% commitment fee. For the current level of equity, an increase in interest rates of 1% could generate \$400 million in additional revenue.
2. **Greater appetite for financial risk:** The Bank has opted to break with prudential capital adequacy standards by adopting a new lower target equity-to-lending ratio of 20% compared to the current band of 23-27%. Lowering the acceptable equity to loan ratio effectively lifts the lending headroom significantly.
3. **Equity swaps.** Most recent Bank revenue comes from equity income (bonds) rather than loan spreads.⁵⁴ The gap between income from net loan spreads and expenditures is covered by

⁵² Caution is recommended in comparing revenue indicators of the 1990s with today given the large differences in interest rates.

⁵³ See MTBF Paper, Annex III for project interest rate forwards. Six month Libor is projected to increase to 4.5% by FY24. The reference case for IBRD loan revenue is six month Libor + 5bp.

⁵⁴ IBRD also uses existing equity and AAA credit rating to issue up to \$30 billion in international bonds, which are swapped and lent out at higher rates. IBRD's second largest source of income is from the spread between bond rate and loan interest rate.

income from equity, which has been uncharacteristically large in recent years. Management's goal by FY18 is to have IBRD's net loan spreads equal or surpass IBRD expenditures, thus ensuring that spending is adequately covered by income. Such an assumption implies a lower income from equity.

4. **Fees.** Like interest rates, IBRD has waived or lowered certain fees. Some of these fees may be reinstated or increase, including:
 - Trust Funds provide a significant contribution to the WB administrative budget, \$322 million from BETFs, and \$47 million from fees for managing trust funds. For the \$750 million in Bank executed trust funds, management is reviewing the administration fees assessed for that service.
 - The Bank increased the IBRD single borrower limits by \$2.5 billion (from \$16.5 billion to \$19 billion) for Brazil, China, Indonesia, India, and Mexico, with a 50 bp surcharge on the incremental amount.
 - Reinstatement of a front-end commitment fee (0.25% - 1%) on undisbursed funds for some loans.⁵⁵
 - Late fee (0.5%)
5. **Maturity premiums.** Proposed changes will now offer a wider variety of maturity baskets, with a differentiated premium charged for longer tenor loans. For loans less than 8 years, the interest rate will remain *libor* + 50 bp, for 10-12 years the rate increases to +60 bp, for 14-16 years +70 bp, with escalating charges for loan maturities greater than 16 years.⁵⁶
6. **Increased income for Reimbursable Services.** Reimbursable advisory services are projected to grow from \$79 million in FY14 to \$97 million in FY17. While RAS income is increasing, Bank rates for such products are still reportedly above competing consultant agencies on which the Bank frequently relies.

Finally, the Budget process has introduced expense and revenue performance indicators, which are being piloted at the regional VP level, but with plans to have more disaggregated productivity data to identify where profits are centered. Proposed expenditure and revenue statements are intended to identify and incentivize revenue generation, eventually driven by performance targets that will be considered during the annual budget process.⁵⁷ The Bank is attempting to develop more robust benchmarks, based on findings from the expenditure review. The financial sustainability ratio needs to be complemented with other measures.

*The Corporate Strategy induces a pressure to lend, which is often found at the root of poor results and failure to adhere to safeguard practices, The Bank reorganization introduces several competing objectives to mitigate this risk. Pressure to lend will be tempered by greater demonstration of selectivity, support of transformative projects, citizen feedback and evidence of positive results. None of these concepts has yet to be clearly defined by the World Bank.*⁵⁸

The Corporate Strategy places a premium on support for transformational projects, going as far as withholding contingency budget resources for such investments as they are identified. Transformational

Over the past 10 years, income derived from investing Bank equity accounted for more than 50% of IBRD's revenues, while loan spread income accounted for only 30%. See FY Budget, ¶ 40 and Fig. 2.1, pgs. 18-19 and WB Update on Budget and Expenditure Review, March 24, 2014.

⁵⁵ A 0.25% commitment fee is charged for borrowing from IDA.

⁵⁶ MTBF Paper (2014: 47).

⁵⁷ World Bank Budget Performance (BPS) *Update on the Budget, Strategic Planning, and Performance Review*, Technical Briefing, Jan. 22, 2014.

⁵⁸ For selectivity, intensive debate has eluded any consensus on an operational definition. Persistence in the same sector is not necessarily considered an indicator of success by itself.

activities are **activities/engagements that result in fundamental change or unprecedented impact on people’s lives, or in other words, “game changers”**.⁵⁹ In the view of the Bank, transformative activities are those that achieve one or more of the following objectives:

- Address binding constraints to eliminating extreme poverty and promoting shared prosperity.
- Pursue ambitious objectives and far reaching impact.
- Have demonstration effects and potential for replication, scaling up, cross-sectoral spillovers.
- Have a lasting (sustainability) and far reaching impact (wide reach, often lead to legal, institutional, policy/regulatory changes)
- Offer a unique role for the WBG based on comparative advantage, often through WBG collaboration.
- Most likely have a programmatic approach – integrate World Bank Group services and seek to achieve a high order objective, which is greater than those of underlying projects.
- Are likely to involve higher risk.
- Innovation is key.

Missing from the Corporate Strategy is an affirmative value statement that prioritizes effective safeguards as a transformation pre-condition and outcome indicator for strengthening the balance sheet and restoring high standards for project quality. Rather than a comparative advantage and an identified transformational activity, safeguards are treated as a cost to be reduced to compete with other Banks. Under such conditions, transformational activities will tend to privilege large, cheap and less accountable investments that are unlikely to contribute to reducing extreme poverty or enhancing shared prosperity.

The World Bank reorganization creates both an opportunity to strengthen the safeguard enabling environment (budget, independence, and definition of corporate results, among other factors) or a threat to further stigmatize and undercut effective safeguard implementation. The absence of a safeguard implementation plan and the reluctance of management to open the discussion of safeguard reorganization to public input suggests that safeguards could easily be sacrificed in the name of austerity. Unless the Bank moves to align the ongoing safeguard policy review with an informed public debate about strengthening safeguard implementation, meaningful protections for people and the environment could fall farther from World Bank priorities in the pursuit for restored relevance.

⁵⁹ World Bank Results Secretariat, April 2014.