United States Senate
WASHINGTON, DC 20510

May 14, 2008

Mr. Gene Dodaro
Acting Comptroller General of the United States
Government Accountability Office
441 G St., NW
Washington, DC 20548

Dear Mr. Dodaro:

Please accept this letter as a request for the Government Accountability Office (GAO) to complete a study on the following issues related to the World Bank:

- whether the Bank is establishing clear goals for projects financed by the International Development Association (IDA);
- whether the Bank is establishing clear criteria for measuring the success of IDA projects and whether such criteria are being applied effectively;
- how the Bank is working to reduce corruption within governments that receive IDA funding, and the effectiveness of such efforts; and
- whether the Bank is effectively implementing its procedures for procurement of goods and services for IDA projects.

The core mission of the World Bank is: "Working toward a world free of poverty." While policymakers on Capitol Hill are committed to helping achieve this laudable national security and humanitarian objective, many are concerned that Bank programs are being hampered by internal resistance to increased transparency and accountability. The use of public funds to help improve the lives of the world's poor carries with it a responsibility to ensure that the Bank is efficiently run and its efforts produce tangible results.

A shared concern among many is the manner in which the Bank evaluates its own work. Too often success has been defined by the amount of money transferred, rather than whether the use of that money achieves the intended results. A core element of the requested study should be the GAO's assessment of whether the Bank's criteria for measuring the success of its projects are ensuring the effective use of public funds.

Corruption is another concern. As demonstrated in Foreign Relations Committee hearings chaired by Senator Lugar, and Banking Committee hearings chaired by Senator Bayh, while the World Bank has made progress on anticorruption and governance, more needs to be done. Since 1996, the World Bank has supported more than 600 anticorruption programs and governance initiatives including: monitoring staff conduct; minimizing corruption in World Bank-funded projects; and helping countries improve

their public sector and control corruption. However, the Bank's own 2006 Development Effectiveness Review noted that its anticorruption efforts "have often proved ineffective." Treasury Department officials testified that "because of corruption's pervasive nature, deep institutional changes are necessary across the multilateral development banks in order to make real progress in the fight."

The findings of a recent review by a panel headed by former Fed Chairman Paul Volcker raised concerns that the Bank's staff and management are not dealing with corruption in a forthright manner. This review noted that "there was…and remains now, resistance among important parts of the Bank staff and some of its leadership" to having allegations of corruption in the Bank's projects investigated. The review pointed to "a tendency to shrink from confrontation with borrowing countries" concerning corruption, and a "discomfort" to have projects found to have been exposed as rife with corruption, "creating an awkward problem in relations with borrowing clients." These findings imply a deeply troubling willingness among some at the Bank to ignore serious weaknesses in project implementation. We urge the GAO to examine the Bank's efforts to deal with corruption within borrowing governments, and make recommendations to Congress on how the Bank's leadership could strengthen their anti-corruption efforts.

There are also concerns about the Bank's procurement policies. It is critical to ensure transparency in procurement for Bank-funded projects. We are informed of the potential reintroduction of the country systems proposal that would substitute a country's own procurement systems for the Bank's procurement rules and standard bidding documents. There is substantial concern in Congress that such a move could lead to increased graft and misallocation of U.S. taxpayer dollars.

Nearly 64 years ago, the World Bank was tasked with eradicating poverty. The aforementioned problems have caused some lawmakers to question the Bank's commitment to best practices in pursuit of that goal. Objective assessments and recommendations by the GAO could chart a path toward bolstering the relationship between the United States Congress and the World Bank.

Sincerely,

Evan Bayh
United States Senator

Patrick Leahy
United States Senator

Richard G. Lugar
United States Senator