



Historical perspective

- Board resolution 287 “Personal Interests of Executive Directors in Bank Operations”, June 8, 1954
- Same resolution adopted by IFC on July 24, 1956
- Both resolutions repealed and replaced by a “Code of Conduct for Board Officials” in 1997.
- Replaced in 2003 by a new Code of Conduct for Board Officials with a mandatory Financial and Outside Interests Disclosure Program + established the Ethics Committee.
- Latest code in November 2007 with greater focus on personal conflicts of interest, strengthens Ethics Committee.

Historical perspective

- **1954 Board resolution:** ED or Alternate must notify Secretary of personal interest (direct or indirect) in matters under consideration.
- **1997 Code:**
 - Voluntary disclosure of outside director/officer positions
 - Limits trading in WGB securities
 - Disclose personal interests in matters under consideration
- **2003 Code** of Conduct for Board Officials with a mandatory Financial and Outside Interests Disclosure Program.



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Historical perspective

- **2003 Code:**
 - Broadens COI definition to “actual or apparent”
 - Mandates recusal from deliberations on matters where official has an interest.
 - Prohibits any financial interest in projects or enterprises involving organizations.
 - Mandates the creation of a 3 member Ethics Committee
 - Gives a guidance/advisory role to the Ethics Committee
 - Establishes mandatory Financial and Outside Interests Disclosure Program executed by a Board selected “Financial Review Officer” (FRO).
 - Until 2011, FRO was PricewaterhouseCoopers



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Current code

- 2007 Code:
 - Board appointed a working Group on Governance in 2007. Group made recommendations for a revised Code of conduct.
 - Code extends to the President as Chairman of the Board. Advisors also included.
 - Ethics Committee increases from 3 to 5 members, strengthens its advisory role and capacity by adding external Advisors if needed.
 - Mandatory disclosure of any COI to the Ethics Committee
 - Broadest ever definition of a COI: Section B, para 6, “an apparent conflict of interest arises when it could be *reasonably perceived* that a Board Official’s personal interests could improperly influence the performance of his/her duties *even if this is not in fact the case.*”



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Financial Disclosure Program

- Financial and Outside Interests Disclosure Program is mandated by the Code
- Until 2010, contracted to PricewaterhouseCoopers
- Program managed by SEC. The Bank’s office of Ethics and Business Conduct (EBC) manages the staff disclosure program.
- Why not managed by EBC or LEGAL:
 - Oversight role of the Board on EBC and LEG could lead to Governance issues
 - There is no an “employer-employee” relationship with Eds. They have diplomatic privileges.
 - EDs not subject to sanctions under staff rules.
 - Board officials require that their disclosures be kept separate and “firewalled” from staff disclosures.



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Financial Disclosure Program

- PwC contract ended in 2010 and Financial Disclosure Program taken “in house”.
- SEC manages overall program.
- New secure, web based customized system launched in 2014.
- SEC designs the forms, sends them to Board officials and monitors compliance using automated compliance reports.
- An external Financial Review Officer (retired Bank lawyer under a consultant contract) analyses disclosures for actual or apparent COIs.

Financial Disclosure Program - experience

- Issue of “audit/verification”: entries are not subject to audit or verification. Voluntary “honor” system.
- International Finance Corporation (IFC) makes loans or investments in private companies – this is the most common source of conflicts on interest.
- Employment of relatives in outside organizations having relationships with the WBG.
- Benefits received by Government
- Relatives not covered under the Code (brothers, sisters, parents, cousins, non-dependent children)
- Compliance and commitment to the Program when there is no crisis.

Financial Disclosure Program

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I certify that I have complied in the reporting period with Section B, Paragraphs 8(b)(i) and 10 of the Code of Conduct for Board Officials.*

* According to Section B, Paragraph 8(b)(i) of the Code of Ethics, a Board Official shall not use any information not generally available to the public to for the private interests of the Board Official or those of any other person or entity. Section B, Paragraph 10 provides that Board Officials shall not accept favors, gifts, and entertainment from persons having dealings with the Organizations, unless they are under an insignificant monetary limit, as determined by the Executive Directors from time to time. The current limit approved by the Executive Directors is US\$50.

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Thank you!

