

# United States Senate

WASHINGTON, DC 20510

November 22, 2011

The Honorable Timothy F. Geithner  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, N.W.  
Washington, DC 20220

Dear Secretary Geithner:

We understand that the World Bank is preparing to request that its Board of Directors approve a new lending instrument, Program for Results (P4R), which is intended to respond to changing development needs and demand from some countries that borrow from the Bank.

We agree that it is necessary to focus on development results, rather than on how much money is spent, and to ensure that objectives and incentives are designed to bring about the greatest possible improvement in the lives of the world's poorest populations. In this regard, we welcome the intention of P4R to link disbursements to specific outcomes and want to ensure its success.

However, without adequate safeguards, P4R has the potential to undermine the Bank's existing policies and protections. Specifically, we are concerned that the current proposal does not require adherence to the Bank's policies with respect to safeguards, procurement, and integrity. We urge you to work with the Bank's management and other shareholders to correct any design flaws prior to P4R's implementation, and to advocate public release of a revised draft operational policy for P4R in a manner that permits adequate time for the Bank to incorporate input from the NGO community and other stakeholders.

In particular, we recommend the following:

- Projects with potentially adverse social or environmental impacts and projects that affect indigenous peoples should either be excluded from P4R or subject to the Bank's own policies. If country systems are to be used, the Bank's assessment must be informed by experience "on the ground", not merely by laws on the books. The Bank should provide government ministries with the necessary technical assistance to bring country practices to an acceptable level before disbursement. For additional clarity, the Bank should consider the benefits of providing an illustrative list of projects to which P4R could apply.
- To ensure the best value for our development dollars and to protect the Bank from integrity risk, either the Bank's own procurement and consulting guidelines should apply, or, if country systems are to be used, the Bank should engage in prior review of contracts until the Bank determines that the borrower's procurement and consulting guidelines reflect international best practice, including with respect to accountability of public sector spending,

integrity of the procurement process, transparency, competition (including both domestic and international firms), and efficiency.

- To protect both the Bank's development impact and its reputation, the Bank must also continue to apply its anti-corruption policies rigorously and provide transparency at the program and project level, including publicly disclosing impact assessments and appraisal documents before programs and projects are funded.

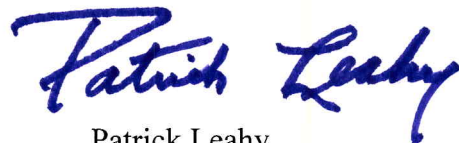
We strongly recommend that P4R be launched as a pilot, with its scope strictly constrained to five percent or less of the Bank's concessional and non-concessional commitments for a specific period of time, such as two years. At the end of this period, there should be a thorough, independent evaluation of P4R, noting successes and failures and providing specific recommendations for improvements. This evaluation should be distributed to Directors prior to Board consideration of the extension of P4R and should be made widely available to outside stakeholders via the Bank's public website.

We have been strong supporters of the Bank's work to eliminate poverty and to raise living standards among the world's poorest communities. Further, we believe it is in the U.S. national interest – on moral, economic, and security grounds – to provide strong leadership in support of the Bank's mission. To be effective, we must ensure that taxpayer dollars for development assistance are being used appropriately with the proper safeguards and are achieving concrete results. For these reasons, we urge you to work effectively with the Bank's management and other shareholders to design and implement P4R in a manner that will ensure the best outcomes.

Sincerely,



John Kerry  
Chairman  
Committee on Foreign Relations



Patrick Leahy  
Chairman  
Subcommittee on the Department of  
State and Foreign Operations