

Dear Members of the External Review Team

First, we would like to thank you for this thorough review and thoughtful recommendations.

This review is very timely as it coincides with the Bank's Evolution to its next chapter. A "Bigger and Better" Bank needs to send a message that it is, parallelly, strengthening its accountability system.

The Inspection Panel has been a beacon for accountability for the last 30 years and the Bank needs to capitalize on the trust it has gained over the years to show that it is serious about doing a better job. Undermining the Inspection Panel, especially at this critical point in the Bank's history, would carry a reputational risk.

We agree with the findings that the current structure, and procedures in dealing with the complaints, are confusing and present significant conflict of interest risks.

After reading the review reports and going through the recommendations and the different proposed options to have a working accountability system at the Bank we would like to make the case for the option of complete separation between the two functions, compliance and dispute resolution.

Why should the two functions be completely separated?

1. Complete separation would help to avoid conflicts of interest and ensure that both functions are able to operate independently and effectively.
2. The Inspection Panel, a cornerstone of the Bank's accountability, with a long-standing reputation for trustworthiness, must be prominently featured, not buried within a complicated and confusing structure.
3. Dispute resolution is a mechanism that aims to facilitate the negotiation between the complaints and the borrowers, but it doesn't hold the Bank accountable. It is an important service and should remain independent of the bank's management. However, it is misleading under the title of "accountability"., since it is not tasked to hold anyone accountable. It should proudly be called after what it does., namely "Dispute Resolution Service".
4. While both functions address complaints from affected communities, their objectives diverge significantly.. The compliance function focuses on the Bank's management and holds it accountable for compliance with the Bank's policies. The dispute resolution function deals with the borrowers and the implementing agencies to facilitate negotiations between them and the complainants. The dispute resolution is NOT tasked to hold the borrowers accountable

We also urge the Bank to adopt the following recommendations made by the ERT:

- 1- **To improve accessibility and efficiency for the complainants:**

- The Inspection Panel maintains the registration process.
 - Simplify the registration criteria.
 - Once a case is registered, hold a briefing meeting for the complainants with both functions to explain the processes of each one and verify if they want to pursue compliance or dispute resolution.
 - If the complainants want to pursue dispute resolution, the case should be immediately transferred to this service to start the process.
- 2- To reinforce accountability inside the Bank:**
- The Inspection Panel should be able to initiate compliance in certain cases as highlighted in the ERT report.
 - Certain complaints should only be eligible for compliance as highlighted in the ERT report.
- 3- To ensure impacted communities get remedy:**
- When complainants submit cases, they expect to receive remedy whether through compliance or the dispute resolution functions, and that the Bank would ensure they get the remedy they are entitled to.
 - Granting the right to monitor the implementation of the agreement to the dispute resolution service while denying the right to monitor the MAP to the Inspection Panel, undermines the compliance function.
 - There should be consistency in monitoring the implementation of remedial actions by independent entities, whether it is to be implemented by the borrower or the Bank's management.

In conclusion, we believe that a complete separation of the compliance and dispute resolution functions, coupled with the proposed enhancements, is essential for strengthening the Bank's accountability system. By improving accessibility, reinforcing internal accountability, and ensuring effective remedy for impacted communities, the Bank can enhance its reputation, build trust, and demonstrate its commitment to transparency and good governance. We urge the Bank, as it embarks on its evolution plan, to adopt these recommendations to embark on a new era of accountability and responsibility.