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Strengthening the Role of Law to Respond to the Needs and Challenges of the Bank in a Changing World

The Road Ahead for the Legal Vice Presidency

March 2010

Law



Legal Vice Presidency
The World Bank

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General Counsel's Introductory Note

At the foundation of any organization are the legal rules and principles that establish it, define the scope of its work, and determine how it operates. This is true for the World Bank (Bank) whether through its Articles of Agreement that articulate its powers and mandate, the legal agreements that accompany the Bank's financing operations, or the diverse and intricate rules and policies applicable to the full universe of issues that the Bank addresses on a daily basis and which have such a profound importance and impact on the societies in which we, as an institution, work.

More profoundly, the same could be said in respect of every country and context in which the Bank operates. There is no disputing that clear, transparent, well-functioning, equitable and just rules and systems of laws are fundamental to achieving equitable and sustainable poverty reduction and to ensuring the fair and dignified treatment of the poorest and most disadvantaged members in society.

That is the role of law in development and in the Bank's work. It is therefore the mission of the Bank's Legal Vice Presidency (LEG or LEGVP) to promote these principles and ensure that they are reflected in the daily work of the Bank. To this end, we have developed this strategy, which outlines the road ahead for the Legal Vice Presidency of the World Bank and, in particular, how we plan to strengthen the role of law to respond to the needs and challenges of the Bank in a changing world. At the core of our work is contributing to the Bank's efforts to achieve our client countries' development objectives. As the Strategy notes, as a Vice Presidential Unit (VPU), LEG sees itself as wearing several hats – a service-provider and core member of Bank teams, a problem-solver and innovator, and a trusted and objective advisor in a context of ever-increasing and changing risks. These roles will become all the more crucial in light of the increasing and changing demands placed on the Bank in recent years and in the foreseeable future and as we embark on a new decade.

The Strategy outlines six priorities for the Legal Vice Presidency going forward and, in the process, provides a detailed picture of the full range of our work. The first five priorities are focused primarily on the existing and evolving needs of the Bank and LEG's clients. They cover topics at the heart of LEG's and the Bank's work, such as better aligning legal services to advance the Bank's strategic agenda; increased and strengthened legal risk identification and mitigation; modernization of internal governance, accountability mechanisms and the rule of law within the institution; advancing the law and justice agenda of the

Bank and intellectual leadership in the creation and dissemination of innovative legal knowledge for development with a view to developing at least one or two “world-class” products that can become global benchmarks in legal practice.

The sixth priority is focused more internally on the VPU and focuses on the steps needed to gain efficiency and strengthen our internal organization and capacity to meet the other strategic priorities. In that connection, this Strategy also represents a commitment and part of the first steps to helping ensure that we make the best and most productive use of LEG staff’s hard work, talent, and dedication, while also striving to create as enjoyable and rewarding a place to work as possible.

Anne Marie Leroy
Senior Vice President and World Bank Group General Counsel

LEGVP Mission Statement

The mission of LEGVP is to develop sound, flexible and innovative legal solutions to enable the Bank to successfully respond to the evolving needs of its members while protecting it from legal and reputational risks in a demanding global environment. LEGVP will promote the role of law as an important dimension of the Bank's strategy for poverty alleviation and achieving sustainable and equitable economic growth.

In carrying out its mission, LEGVP shall operate with the highest standards of professional and ethical conduct and provide timely, proactive, value-added, and objective advice to its clients.

LEGVP shall, in particular:

- Provide legal advice relating to the governance of the Bank to its Management, Executive Directors, Board of Governors, and all legally or functionally independent units of the Bank.
- Provide legal services in connection with the Bank's loans, guarantees, grants and related operations, as well as its relationships with other organizations.
- Provide legal services in connection with the Bank's trust fund and global program and partnership activities.
- Provide legal services relating to the Bank's corporate organization, personnel and administration issues.
- Provide legal advice relating to the Bank's financial and transactional activities, including borrowings and other forms of resource mobilization, risk management, investments, and banking and asset management services.
- Contribute to the design of new strategies, policies, products and initiatives of the Bank.
- Provide advice and input with respect to the legal dimensions of the Bank's analytical work and broader knowledge agenda.
- Provide advice and input to operations relating to legal, judicial and justice sector reform, and to conflict resolution components of Bank operations to ensure the quality and effectiveness of Bank interventions in such areas and to foster the rule of law in the Bank's client countries.
- Manage all litigation matters in which the Bank is involved.
- Ensure quality control on the work of legal consultants engaged by the Bank in performing tasks falling under the LEGVP mandate.
- Coordinate with the Legal Departments of the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) to ensure consistency of legal advice on Bank Group-wide operational, policy or other matters.
- Support the Bank's work in strengthening legal, regulatory and institutional frameworks for inclusive, equitable economic growth.

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Background, Rationale and Objectives for a LEGVP Strategy

Background

Following a long period of stability in the 1980s and 1990s, LEG has faced significant turn-over and changes in its upper leadership over the past decade. There is thus a need to reaffirm, clarify and reinvigorate our mission and function both among staff in LEG and across the Bank at large, while building on earlier reform efforts within the LEGVP. This need is all the more pressing given the important changes that have taken place in the Bank and the global environment, which in their own right call for assessing and rethinking the role and value-added of LEG within the World Bank.

The present Strategy is targeted at a diverse set of audiences within the Bank. At one level, it is intended to develop a shared understanding among staff within the LEGVP of our current priorities and directions. At the same time, the Strategy is aimed at the Bank more generally, to inform staff, management and the Bank's Executive Directors about our strategic directions and priorities, while also providing them with a more detailed picture of LEG's work and the full scope of issues we encounter on a daily basis.

Rationale for a Strategy

Evolving Changes and Needs of the Bank's Clients. The past five years alone have witnessed major shifts and challenges for the Bank and its membership. These include the implementation of a major multilateral debt relief initiative; an increased focus on accountability, governance and anticorruption; responding to the food and fuel crises which were soon followed by the global financial crisis; the introduction of new, non-traditional donors and sources of investment and capital flows; and serious global challenges, climate change being the most pressing and notable. All these have come on top of combined and concerted efforts to meet the Millennium Development Goals and the long-standing devel-

opment challenges they target, and efforts by donors to deliver more harmonized and effective development assistance, in-line with commitments under the Paris Declaration and Accra Agenda for Action.

More Demanding Global Environment. The Bank is operating in a more dynamic and demanding global environment and a more complex international financial architecture and is thus dealing with increasingly large and diverse demands, all of which represent an increase in reputational, institutional and legal risks. These risks will be all the more pronounced in the coming period as the Bank proceeds to meet its commitment to triple its lending volume in response to the global financial crisis. Thus, there is a need to address the specific contributions that the LEGVP can make to the mission of the Bank in the face of these new circumstances, challenges and risks. In particular, there is a need to review whether LEG's current role and capacity are sufficiently well-attuned and adaptable in order to deliver the legal innovation and leadership needed to meet the changing and increasing pressures placed on the Bank.

Need for More Internal Efficiency. The Strategy is also aimed at addressing LEGVP's various internal challenges, such as increasing efficiency and strengthening coordination and team work across practice groups, in the face of the external challenges highlighted immediately above. Particularly critical is the need to ensure that LEG maintains a high level of service-delivery and its current agility in responding to changes while operating within an existing and increasingly tight resource environment.

Strategic Directions and Priorities

LEG recently undertook consultations across its client groups to gauge their needs and garner comments on our performance as a service-provider. Although the feedback was generally positive, our own internal diagnosis of LEG's current situation suggests that action is needed to strengthen, revitalize and diversify our existing capacity. This diagnosis has shown that there are areas where we can build on LEGVP's existing track-record of solid performance and take proactive steps to fine-tune our corporate focus, enrich our skills mix, better leverage existing talent, adjust our internal organization and make efficiency gains, all with a view to better responding to the needs and challenges of the Bank in a changing world. In particular, LEG needs to take action to address the following specific areas where we can do better: more optimally align its legal services with the Bank's agenda and global and country demands; urgently

incorporate lessons from the Albania Inspection Panel case to strengthen its legal risk-mitigation arrangements; do more to advance internal governance, accountability mechanisms, and institutional rule of law; more robustly lead the Bank's law and justice agenda; more effectively contribute to the Bank's knowledge agenda on legal issues; and make greater efficiency gains given the constrained budget. Accordingly, LEGVP has identified, and will be guided by, the following strategic directions and priorities:

- (i) **Advancing the Bank's strategic agenda through better alignment of legal services with the demands faced by the Bank both at the global and country levels.**
- (ii) **Increasing and strengthening the legal risk identification and mitigation in the Bank's operations and other activities.**
- (iii) **Contributing to the strengthening and modernization of internal governance, accountability mechanisms, and the rule of law within the institution.**
- (iv) **Advancing the law and justice agenda of the Bank through active leadership in justice reform.**
- (v) **Contributing to the Bank's knowledge agenda through intellectual leadership in the creation and dissemination of innovative legal knowledge for development.**
- (vi) **Effecting efficiency gains and strengthening our capacity to deliver in a constrained budget environment.**

Against this backdrop, LEGVP has developed this Strategy to outline our vision for our role and contribution to the mission of the Bank. The Strategy is based on a clear definition of the Mission, Role and Functions of LEGVP (Section II), our Strategic Priorities in Light of the Needs of Today's Bank (Section III) and steps we intend for implementing the Strategy by Effecting Efficiency Gains and Strengthening our Capacity to Deliver on our Strategic Directions and Priorities (Section IV). The Strategy is based on a three-year planning window and will be accompanied by an implementation plan with a more detailed list of benchmarks, deliverables and timeline for delivery. This will include the development of Actions Plans or "mini" strategies on specific topics, including Knowledge and Learning, Training, Decentralization, Recruitment and Efficiency Gains. Progress on strategy implementation will be evaluated after 18 months in light of the operating context at the time. The Strategy is based on a snapshot of the LEGVP's current and expected challenges as of February 2010. Given our fluid operating environment and the need to be continually responsive to changes of our clients and within the Bank, some of the initiatives going forward that are described below might already be completed or in the process of being implemented.



Mission, Role and Functions of LEGVP

Mission

The mission of LEGVP is described in detail in our Mission Statement (see page v).

Multifaceted Role

LEGVP plays a multi-faceted role, which reflects the variety of legal issues we respond to on a daily basis, as we strive to be a proactive, integral partner and trusted advisor for our clients. LEGVP's clients include management, project teams and staff across the Bank units, Executive Directors, independent accountability units. As with all Bank departments, LEGVP's work is ultimately focused on serving the Bank's members and on strengthening the Bank's ability to respond to the needs of its stakeholders, especially the poor in our member countries. LEGVP's roles, in particular, are as follows:

- **To be a competent and efficient service-provider to our clients.**
- **To provide objective advice to the Board and management, in which capacity, LEG plays an “institutional governance” function among the governance bodies of the Bank.**
- **To contribute innovative solutions and solve problems when confronted with novel or complex issues arising in the course of our work.**
- **To provide legal risk identification and mitigation to the institution at large.**

Functions

LEGVP fulfills a diverse range of functions, which reflect the breadth of legal issues faced by the Bank and the wide variety of clients LEGVP serves within

the Bank. LEGVP's principal functions are as follows (for additional detail please see the Annex):

Legal Services and Advice to Country Operations, including assisting in the design of operations, drafting and negotiating legal agreements for those operations, processing their approval by the Board, facilitating responsive action (through e.g., the preparation of amendments or the application of legal remedies) to changing circumstances during implementation of operations, facilitating compliance with operational and safeguard policies and providing advice on Inspection Panel cases through proactive advice to teams. This work constitutes the predominant share of LEG's overall work program, spanning all Bank operations in all regions and country situations, namely, *Africa, Latin America and the Caribbean, the Middle East, North Africa, Eastern Europe and Central Asia, South Asia, East Asia and the Pacific*.

Corporate and Institutional Services, including advice and representation in connection with a wide variety of legal matters and settings. Principal areas of intervention are the following: *Legal Institutional Affairs*, involving both litigation (for instance, directing representation of the Bank in legal actions brought against it in national courts) and advice (on matters for instance related to ethics and misconduct; human resources; information technology and information security; intellectual property; procurement, privileges and immunities of international organizations; and related to the Board and Corporate Secretariat). *Corporate Finance Legal Issues*, involving legal advice to the Bank's finance complex regarding transactional, governance, and policy issues; and *Project and Program Financing Legal Issues*, consisting of legal support to a wide range of activities that mobilize additional financing from external sources for Bank-assisted project and programs.

Policy and Advisory Services on Legal Development Issues, including a wide range of public and private legal development challenges faced in the Bank's client countries. Principal areas of LEGVP intervention, in coordination with other Bank networks, are as follows: *Private Sector Legal and Policy Issues*, whereby LEG provides legal advice for developing the legal and institutional frameworks for strong private enterprise, trade and finance sectors, and basic infrastructure services; *Environmental, Social Sustainable Development and International Legal and Policy Issues*, including advice on all environmental, social, and international legal and policy issues related to Bank-financed, Bank-implemented and/or supported projects, including at project preparation and implementation; and *Justice Reform Issues*, through which LEG generates knowledge and provides advice and assistance to Bank staff and Bank client

countries on how to build and improve those institutions that provide citizens with conflict resolution and prevention, sound and equitable interpretation and enforcement of laws, and public safety.



LEGVP's Strategic Priorities in Light of the Needs of Today's Bank

As noted above, LEGVP has identified six *Strategic Directions and Priorities* to respond to the needs and challenges of the Bank in a changing world. The first five are focused primarily on the existing and evolving needs of the Bank and LEG's clients. This section outlines those priorities in more detail and maps the various interventions LEG will make going forward to strengthen our role in advancing specific issues. The sixth priority, covered in Section IV, is cross-cutting to the others and focuses on implementation, namely, the steps needed to gain efficiency and strengthen our internal organization and capacity to meet the other strategic priorities.

Stronger Alignment with Bank Strategic Agenda for More Effective Client Support

Tailoring Legal Services and Interventions to the Needs of Specific Groups of Client Countries¹

Ramping up Legal Services to Meet Increased Demands. In the coming years, due in large part to the current global financial crisis, the Bank anticipates a significant increase in lending and guarantee volume and transactions. Last year, for instance, International Bank for Reconstruction and Development (IBRD) commitments tripled to \$33 billion, with a new IBRD record of \$40 billion or more expected over this fiscal year and total IBRD lending moving beyond the \$100 billion level called for by the Development Committee last year. There has also been a push to meet the increased needs of International Development

1 N.B. The Bank distinguishes between Poorest Countries, Fragile States, and Middle Income Countries as specific groups of client countries.

Association (IDA) countries, which have also been facing significant financing gaps, as well as to ensure that the Bank effectively responds to the specific needs of Middle Income Countries (MICs). Shortfalls for the poorest countries to cover at-risk core spending on health, education, safety nets, and infrastructure have been estimated at some \$11.6 billion.² The increase in financing operations and transactions to respond to increased needs and demands of the Bank's clients, stated simply, represents a corresponding increase in the volume of and need for legal services and for tailored, industry-specific legal advice to address the ever-growing complexity of projects (notably in MIC borrowers) and challenging financial and economic environments.

GOING FORWARD. As the anticipated increase in the volume and complexity of the Bank's transactions materializes, LEG will be ramping up its services to address the increase in volume expected over coming years, while also ensuring that regular quality of legal controls and protection is maintained (for instance, by providing specialized legal advice tailored to the needs of specific projects, and, as noted below, by promoting appropriate accountability with respect to quality and integrity of Board documents).

Specific Legal Support for IDA. LEG participated actively in both phases of the IDA Controls Review, the first such review undertaken by the Bank. The review looked in one part at compliance with IDA's Articles and policies at the transactions-level and in another part dealt with controls over efficiency and effectiveness of operations at an entity-level. LEG will also provide legal, governance, and policy advice throughout the IDA 16 replenishment.

GOING FORWARD. In particular, LEG will provide advice on IDA's specific governance arrangements throughout the replenishment process, and will also draft all relevant resolutions and other legal documentation. Upon completion of the replenishment, LEG will provide guidance on implementation of new IDA-specific policies adopted as part of the exercise.

Support for Fragile States Agenda. LEG will continue to provide support for this important Bank priority area at various levels: the corporate and institutional level, the level of research and policy, and at the operational level. At the

² See Robert Zoellick, President, the World Bank Group, "The World Bank Group Beyond the Crisis," Remarks to the Board of Governors of the World Bank Group, Annual Meetings, Istanbul, Turkey, October 6, 2009.

corporate and institutional level, LEG provides legal and policy advice to the Operations Policy and Country Services' (OPCS) Fragile States unit on a variety of issues including post-conflict engagement, dealings with de-facto governments, mandate issues, expenditure eligibility, trust funds, fiduciary aspects, rapid responses to crises and emergencies, and military and security issues. LEG also provides support to the State and Peace-Building Committee Secretariat that is responsible for managing the State and Peace-Building Fund, which is an important instrument for the Bank's engagement in fragile states. A LEG representative also serves as a member of the extended team of the Global Expert Team on Fragile and Conflict Situations. The Bank team preparing the 2011 World Development Report (WDR) on Fragility includes LEG staff members as part of the extended core teams working on mandate, security, justice, and rule of law issues. In addition, LEG has helped advance a number of initiatives which, among other things, are aimed at improving the quality of the Bank's operations in conflict-affected countries, notably:

- **Justice for the Poor:** Nearly every development effort supported by the Bank invokes complex questions of law and justice and, particularly in post-conflict and fragile states, engages with multiple rules systems, which, if not managed well, could inadvertently exacerbate conflict. The Justice for the Poor (J4P) program, managed in the LEGVP and working with operational teams across the World Bank Group, aims to bolster the Bank's ability to address these questions. The program brings an empirical understanding of the local-level dynamics of rules, equity and conflict, to the design and implementation of mainstream development projects, in diverse country contexts in East Asia and the Pacific and Africa.
- **Guidance on Possible Bank Involvement in Criminal Justice and Security Areas.** Fragile states often ask the Bank to work with criminal justice institutions, including financing for police, prosecutors and prisons. These issues also arise in, and similar requests for support come from, non-fragile states.

GOING FORWARD. To facilitate possible Bank work in these sectors within the boundaries of the Articles of Agreement, LEGVP will develop and disseminate additional guidance for staff, with input from relevant Bank units.

Legal Aspects of Policy Modernization and Harmonization. LEGVP has been active in helping advance the Bank's policy modernization efforts and in address-

ing the specific needs of our borrowers. To highlight a few recent and notable examples: LEG was closely involved in the Bank's response to the food, fuel, and financial crises (see paragraph below on "Legal Support for Establishment by the Bank of Global Funds, Partnerships, and Trust Funds") and subsequently through the processing of individual operations and Trust Funds (TFs) under each. LEG was heavily involved in the negotiations of the United Nations-World Bank Fiduciary Principles Accord for Crisis and Emergency Situations (UN-WB FPA), which is aimed at removing legal and fiduciary obstacles to Bank and UN cooperation on multi-donor trust funds in crisis and emergency situations. LEG has also led the Bank's involvement in a "Legal Harmonization Initiative" (LHI) which is a joint undertaking of several international financial institutions, bilateral aid agencies and United Nations agencies in support of the implementation of commitments expressed in the Paris Declaration to improve aid effectiveness through harmonization and alignment. The LHI is aimed at harmonizing and streamlining legal tools among donors and partner countries and facilitating implementation of the Accra Action Plan by, among other things, including the removal of key legal impediments to harmonized approaches in operations at the country level. Agreement has already been reached at the technical level with some donors and International Financial Institutions (IFIs) on a common financing framework and guidance that could be used in joint operations. The LHI will also provide an ongoing forum for legal, operational and policy advisers to discuss and share knowledge across institutions on legal and policy issues relevant to the harmonization and alignment agenda.

GOING FORWARD. LEG will continue to proactively lead the Bank's participation in LHI. It will also be actively involved in developing the legal parameters of a major series of reforms in relation to the Bank's investment lending instrument (IL Reform) which encompass adoption of a risk-based approach for processing IL, a move towards support of programmatic or results-based engagements, a consolidated and rationalized menu for IL, greater emphasis on supervision and implementation support, and actions to provide an enabling environment for supporting and reinforcing the implementation of the reforms. In this context, LEG will — in dialogue with the Regions — look to strengthen its role at various stages of the project cycle, in particular, during project preparation, implementation support, and supervision. LEG will play an important role in the Bank's increasing reliance on country systems.

Enhanced and Customized Lending Products and Financial Services. LEG has been working with management and shareholders to enhance and customize the Bank's lending products and other financial services.

GOING FORWARD. LEG will work with the Banking and Debt Management Department in the Bank's Treasury to develop new options for borrowers to manage currency, interest rate, and other risks and to enhance the flexibility of existing loan products, consistent with the Bank's financial policy requirements.

Innovative Financing Solutions. LEG also works with management, shareholders, and other organizations and donors to create innovative financing solutions to development problems. Recent initiatives such as the International Finance Facility for Immunization and the Advance Market Commitment Pneumococcal Diseases Initiative demonstrated that capital markets and structured finance techniques can be used to provide highly desirable development outcomes that would not be available under more traditional donation arrangements.

GOING FORWARD. LEG will work closely with the Concessional Finance and Global Partnerships Vice Presidency in structuring these arrangements, drafting the required legal agreements, and negotiating the final terms with all participants.

Using the Law as a Tool to Help Respond to Global Challenges

Financial Sector Reform and the Global Financial Crisis. The recent global financial crisis has made painfully clear a series of financial sector reform needs for the Bank's client countries. LEG, in collaboration with other Bank units, has been at the front lines in addressing legal dimensions of those reforms, by providing a range of services including, for instance, participation in financial sector assessments to address vulnerabilities, support as members to project teams, provision of expert advice and the supervision of a range of financial, legal and regulatory frameworks and legal services in the financial sector. Topics addressed in this context have included governance of supervision and market regulation, regulation of products, corporate governance, consumer protection and financial infrastructure.

Legal Support for Establishment by the Bank of Global Funds, Partnerships, and Trust Funds. LEG was closely involved in the establishment of all arms of the Bank's Vulnerability Facility (the Food Price Crisis Response Facil-

ity; the Energy for the Poor Initiative; and the IDA Fast Track Financial Crisis Response Facility), in addition to contributing subsequently to the processing of individual operations and TFs under each. LEG also provides similar support on a broad portfolio of Climate Funds and for Carbon Finance Transactions.

GOING FORWARD. An increase in activity and service is foreseen on those fronts, given the increased focus on addressing climate change both by the Bank as part of its global public goods priority and by the international community more generally, for instance, with current efforts to negotiate a new global climate change framework. Moreover, as the amount and scope of Bank-administered funds increase, there will be greater demand for LEG's real-time support to address various financial, structural, institutional, reputational and conflict-of-interest issues raised by traditional trust funds as well as financial intermediation funds and to provide training on legal and fiduciary matters. Additionally, LEG will continue supporting the GEF and any global challenges it may confront.

Legal Support for Addressing Global Public Goods. In addition to the legal support for the establishment of Climate Funds, and for Carbon Finance Transactions, highlighted immediately above, LEG will continue to make active contributions to the Bank's Global Public Goods agenda. Indicative activities would span a spectrum of issues, which includes the environment and financial regulation. For instance, LEG has been instrumental in the Bank's leadership role in strengthening international financial architecture, notably, on issues of insolvency and creditor rights (ICR). LEG's leadership in the area is derived from the Bank's designation by the Financial Stability Forum (FSF) as the global institution charged with the duty of developing and implementing standards for ICR systems. Also, in accordance with G20/FSF Mandate, LEG prepares Reports on the Observance of Standards and Codes for Insolvency and Creditor Rights (ICR ROSC).

GOING FORWARD. LEG will enhance its contribution in these areas through active participation in Bank Global Public Goods initiatives. With respect to the environment, for instance, LEG will contribute to, and provide leadership on, any efforts to modernize environmental safeguards. It will also provide advice on the implementation of, and future developments concerning, the UN legal instruments related to the environment, natural resources and social development.

Legal Support for Possible Capital Increase. LEG is working with the finance complex to review all options for enhancing the Bank's financial capacity, including some innovative ideas for new forms of capital increases.

GOING FORWARD. LEG will work with management and shareholders to develop proposals that best meet the potential needs of the Bank and its shareholders, while ensuring consistency with the Articles of Agreement.

Enhanced Legal Risk Identification and Mitigation in a More Demanding Environment

In the face of the current and more demanding environment, the Bank needs to increase its legal and institutional risk identification and mitigation. This need coincides with a greater emphasis placed by the Bank, in dialogue with its member countries, on increased accountability, governance and anticorruption in the development process.

GOING FORWARD. As the demand for institutional risk identification and mitigation increases and evolves, LEG will be expected to play a significant role by contributing upstream advice to help ensure the Bank, while remaining agile and responsive to its clients, is also sufficiently safeguarded from future risks. LEG will also support the Bank in responding to the rare and unfortunate cases where risks do materialize.

Board Documents. A significant contribution that LEG makes to help promote and improve the appropriate accountability within the institution is in helping to ensure the quality and integrity of Board documents. In this regard, LEG helps to ensure that the Bank's Board of Executive Directors can, in the most meaningful and effective manner, discharge its primary oversight function, namely, as "responsible for the conduct of the general operations" of the Bank.³ LEG's due diligence on, and clearance of, Board documents is performed on a day-to-day basis, particularly by lawyers who provide direct advice to Bank teams on individual operations and who help ensure that management addresses legal and reputational issues arising in the design and implementation of operations. In the wake of the Albania Inspectional Panel report, LEG has redoubled and

3 See Articles of Agreement of IBRD, Article V, Section 4 (a) and Articles of Agreement of IDA, Article VI, Section 4(a).

reinforced its clearance role. As part of an institution-wide review of Project Appraisal Documents (PADs) undertaken as a result of the report's findings, LEG helped produce detailed Procedures for *PAD Review in respect of Investment Loan Packages Submitted to the Board*.

GOING FORWARD. LEG will identify areas for institution-wide guidance to complement existing day-to-day support provided to Bank teams and management.

Strengthening Compliance with Safeguard Policies while Facilitating Bank Operations. A central part of LEG's contributions to accountability will be through promoting the improvement of, and appropriate accountability regarding compliance with, Bank safeguard policies. Of recent note, LEG has participated in the development of a set of environmental and social safeguard guidelines for IFC-Bank joint projects.

GOING FORWARD. LEG will increase its training to staff on safeguards and aim to provide active, intellectual leadership on efforts within the institution to optimize compliance with the Bank's safeguards policy framework while facilitating Bank operations. A number of immediate actions envisaged include: (a) development of databases of safeguards cases and instruments; (b) a review of the Bank's legal safeguards policies with the view to modernizing them; (c) promoting better understanding, compliance and upstream action on safeguards in projects; and (d) developing innovative approaches aimed at resolving grievances emerging in Bank-supported projects.

Strengthening Legal Protection Role in Fraud and Corruption Area. The Bank has undertaken a series of reforms to its sanctions regime since 2004, which in 2006 was extended to cover any fraud and corruption that occurs in connection with the use of Bank financing. LEG has made significant contributions to the successive rounds of reforms aimed at improving the Bank's sanctions regime. For instance, in the current round, LEG has co-led the efforts to introduce such reforms as: a process of early temporary suspension of companies pending decision on their possible debarment; as a baseline sanction for offending companies, debarment with release conditional on meeting certain conditions (in contrast to earlier automatic release after a set period of time); and cross-debarment processes with the Bank's corporate procurement unit (General Services Department).

GOING FORWARD. LEG will continue to advance follow-up reforms in cooperation with the Integrity Vice Presidency (INT) and other relevant Bank units. Those currently on-track include instituting a ‘fast-track’ mechanism for settling simpler cases; developing guidance for the treatment of corporate groups, in particular, on how sanctions should apply to subsidiaries and parent companies; and guidance on the effect of sanctions on ongoing contracts (viz. whether a company could be permitted to continue performing on a contract after debarment). Future reform topics include developing sufficient compatibility in sanctions rules to allow for cross-debarment with other Multilateral Development Banks (MDBs), and a possible longer-term goal of developing a common sanctions board for all MDBs; mainstreaming current implementation of the settlement mechanism between the Bank and debarred companies; and determining whether and how to deal with corruption risk outside of the formal system. Work will also be necessary on modifications to the Anticorruption Guidelines to adopt country systems possibilities, especially with respect to Sector-Wide Approaches (SWAs) cases and/or long-standing programs in middle-income countries sectors where the Bank’s financial input is relatively small.

Promotion of Better Institutional Governance and Accountability

Internal Governance Reforms. The LEGVP has helped advance to the Bank’s internal governance reforms on a variety of issues, including through active advice on the Voice and Participation Reform.

GOING FORWARD. LEG will be actively involved in supporting efforts to respond to the recommendations of the Report of the High Level Commission on Modernization of World Bank Group Governance, which was chaired by President Ernesto Zedillo. LEG will build on those experiences through active support and advice on other reform initiatives such as current efforts to reform Board procedures.

World Bank Group General Counsel Role. To help ensure better integration of the World Bank Group (WBG or Group) institutions, the role of Group General Counsel was created a few years ago, with a view in particular to help ensure coordination across the WBG on legal issues affecting the Group as a whole.

A direct and active contribution in this capacity has been to a broader review by the WBG of its conflict of interest framework, following the involvement in management of certain institutional and WBG conflict of interest issues. This has included preparation of Interim Staff Guidelines Regarding Bank Group Inter-Institutional Conflicts of Interest, as well as Terms of Reference for a Conflicts of Interest Working Group, which the Group General Counsel is to convene with the view to finalizing and establishing a permanent Conflict of Interest structure.

GOING FORWARD. The Group General Counsel will take a proactive role in identifying legal issues of common interest and import to be addressed across the WBG in coordination with the Group's other General Counsel (namely of IFC and MIGA).

Reform of Disclosure Policy. LEGVP has contributed extensively to current reforms of the Bank's Disclosure Policy (approved by the Board in December, 2009). Through these reforms, the Bank will introduce an *Access to Information Policy*, effective July 2010, which will bring about a paradigm shift in the Disclosure Policy, from its current "positive list" approach, which lists the information available for disclosure, to a "negative list" approach, which presumes that any information in the Bank's possession will be disclosed unless the information is on a list of "exceptions."

GOING FORWARD. A significant role is foreseen for LEG under the new Policy. LEG will serve as a member of the Access to Information Committee, which will be created under the Policy, as the main body for advising Management on the Policy's application, reviewing public requests to access information protected on the list of "exceptions" and considering appeals under the new process instituted under the Policy. LEG is presently serving on the Working Group to implement the policy. It will provide general policy advice and guidance on the application of the Policy, manage the "Access to Information" unit that will serve as the secretariat to the Access to Information Committee and manage the overall appeals process.

"Institutional Governance" Function. As noted above in relation to Legal Institutional Affairs, LEGVP provides objective legal advice on a series of institutional issues related to the internal governance of the Bank. This includes for instance relations between staff and management on personnel matters and between Board and Management. LEG also provides advice in respect of relations between Management and independent accountability units in the Bank,

such as the Inspection Panel and the Internal Evaluation Group (IEG). Specific functions in connection with the Inspection Panel include: provision of advice to the Regions, OPCS, and Corporate Secretariat during all phases of the Panel process, including Eligibility and Investigation Phases and participating in meetings with the Panel and its Secretariat on matters relating to Management's interactions and responses to Panel investigations. The General Counsel's role is also to advise the Panel when asked and to provide objective review of management responses. As for Board-Management relations, LEG has recently been working with OPCS to clarify the framework for policy waivers in the Bank.

GOING FORWARD. LEG will undertake a study aimed at clarifying various aspects of the rule of law and the governance of the Bank, including the relationship between management, the Board and the Bank's various accountability functions.

Strengthened Anchor Function to Promote the Law and Justice Agenda

Anchor Function in Justice Reform. There is little dispute about the role of justice in development; in the context of the Bank's development work, justice institutions are key to the Governance and Anticorruption (GAC) agenda, to follow-up to INT referrals, to development in fragile/conflict states, to safeguards enforcement, to private sector development, to addressing the financial crisis (e.g., equitable enforcement of debt). Of the ten Sectors the Bank reports on in its annual reports, one is Public Administration, Law and Justice. Of the eleven Themes the Bank reports on, one is Rule of Law. The Bank has developed a sizeable portfolio of justice sector projects and research. There remain, however, important questions about the Bank's value-added in law and justice reform, and about how to engage effectively in risky, long-term projects. The Bank has not formally appointed a center for its justice practice: Bank staff who work on justice reform are scattered across three sectoral, three central and all six regional VPUs, the World Bank Institute (WBI) and IFC, with the greatest number of Bank staff with expert capacity in justice reform in LEG and the Poverty Reduction and Economic Management (PREM) Network. LEG has sought to address the need for coordination across VPUs, portfolio analysis and policy formulation, and quality assurance for Bank justice work. In coordination with other VPUs, notably PREM, LEGVP has been generating knowledge and providing advice and assistance to Bank staff and Bank client countries on how to build and improve justice institutions, is informally coordinating internal

and external communities of practice in justice reform, and is leading training courses for Bank staff on justice reform given that there is a very small core of staff with depth of expertise in the sector.

Responding to Increased Demand for Justice Reform. The demand for assistance in justice reform from Bank units, task team leaders, and client countries is growing, but there is also a sense that the quality of the Bank's work in this area is inconsistent.

GOING FORWARD. The LEGVP proposes to respond to these needs in two ways: first, LEGVP will work with PREM to prepare a justice sector strategy, to address the role that the Bank can best play in justice reform, what tools we have and could develop, how to lift the quality and effectiveness of our engagements. Second, LEG will build on its Justice Reform Practice Group to ensure it can meet institutional and client country demands for better coordination of this practice area; LEG will formalize its informal coordination by establishing a structure (perhaps similar to a Global Expert Team) that reaches across and includes relevant actors from sectors, networks, regions, and other WBG organizations, to increase effectiveness of projects, enhance the impact of the Bank's role as leader in innovation in this field, and provide a focal point for coordination with donors, foundations, think tanks and academia.

Creation and Dissemination of Innovative Legal Knowledge for Development

Legal contribution to Bank Knowledge Products. LEGVP has a long tradition of contributing to the Bank's knowledge agenda. LEG's contributions span a range of interventions, including regular peer reviews on WB knowledge products in LEG's diverse areas of expertise; contribution and development of substantial portions of major World Bank products; and generation of LEG's own knowledge products on legal development issues. Notable recent contributions include the following:

- **Law, Justice and Development Series.** For a number of years, LEG has produced the *Law, Justice and Development Series* which is a series of expert official World Bank publications addressing a wide range of issues related to the environment, natural resources and social development.

- **Justice Reform.** LEG publishes the *Justice and Development Working Paper Series*; co-manages, with the Poverty Reduction and Economic Management anchor unit (PRMPS), the Law and Justice Thematic Group, including a Legal Empowerment Discussion Series, and the Bank's main website on Law and Justice Institutions and the Justice for the Poor website; designs and runs courses on justice reform for Bank staff (Justice Reform 101); and Cutting-Edge Issues in Justice Reform (part of PREM week); manages the Justice for the Poor action research project, which brings an empirical understanding of local-level dynamics of conflict and law to the design and implementation of mainstream development projects, with particular emphasis on development in the context of legal pluralism; and going forward will contribute the chapter on rule of law to the 2011 WDR on Fragility and Development.
- **Private Sector Development Legal Issues.** LEG has initiated the Global Insolvency Law Database (GILD 2.0), the Bank website for insolvency and creditor rights matters. It also designed and is managing the Bank's Public Private Partnerships (PPP) in Infrastructure Resource Center for Contracts, Laws and Regulation (with support from the Public-Private Infrastructure Advisory Facility).

Legal Participation in the Bank's Global Expert Team (GET) Initiative. LEG had demonstrated intellectual leadership on a number of core Bank areas through membership in the Bank's Global Expert Team Initiative. At present, LEG is providing a core member to the Public-Private Partnership GET and is also represented on the extended team of the Fragile and Conflict Situations GET.

Contributions to Bank Strategies and Instruments. The unique, specialized perspective LEG brings to issues is seen through our wide-ranging participation in the development and periodic revision of Bank sector strategies dealing with such issues as energy, telecommunications and information technologies, land, environment, transportation, urbanization, water, financial sector, private sector, infrastructure development and governance and anticorruption. LEG has also participated in implementing these sector strategies by providing specialized advice to the Regions and member countries throughout the entire project cycle on legal, commercial, and policy issues, including legislative and regulatory frameworks, private sector development, and project agreements. LEG's contribution to strategies also extends to Country Assistance Strategies (CASs) and regional strategies, especially as it relates to areas where legal support can contribute directly to and overcome impediments to achieving identified

development priorities. Further, LEG has helped advance the development of guidance notes to help address many of the mandate issues that arise during the implementation of sector strategies. For example, LEG recently took the lead in drafting a Guidance Note for staff on Multi-stakeholder Engagement, which focused on parliaments, civil society organizations and media sector, and supports the Bank's commitment under the Governance and Anticorruption Strategy to scale-up 'demand for good governance' activities.

GOING FORWARD.

NEW POSITION OF DEPUTY GENERAL COUNSEL, KNOWLEDGE AND RESEARCH. A cross-cutting measure to raise the profile of LEG's knowledge and learning agenda has been the recent creation of, and appointment to, a Deputy-General Counsel position, responsible for knowledge and research. The specific roles of this position include: providing the highest level of intellectual leadership on legal and policy issues; leading and delivering innovative, pioneering solutions to strategic policy and legal issues; leading and authoring legal opinions, as well as other major legal, policy and strategy papers; leading and authoring an Annual Report of the VPU (immediately below); leading internal and external legal policy debate in order to ensure that legal research contributes to the goals and mission of the World Bank; and playing a leading role in the LEG management team, to develop staff and ensure the efficient use of research and related resources within LEGVPU.

ANNUAL REPORT BY LEG. As part of its efforts to sharpen communication with its clients, LEGVP will be issuing an Annual Report (see below for detail) to be authored by the new Deputy General Counsel, Knowledge and Research. The purpose of the Report will be to provide: a review of significant legal challenges facing the Bank and, as a consequence, possible recommendations for changes or reforms to the Bank's legal or policy framework; a retrospective of LEG's activities during the preceding year; and, as an original contribution to the Bank's Knowledge Agenda, a "think piece" on a cutting-edge law and development topic of importance to the Bank, legal and development community.

KNOWLEDGE AGENDA ACTION PLAN. A central task of the Deputy General Counsel, Knowledge and Research will be to develop a Knowl-

edge Agenda Action Plan based on internal and external partnerships, for delivering innovation, pioneering solutions to strategic policy and legal issues. The Action Plan would focus both on internal elements, namely, to improve the knowledge content of our core work program and be driven by our own business needs and external elements, in this case, to ensure alignment not just with the Bank's priorities but also for LEG to build on its traditional role as a contributor to topics related to international law, as well as law and development. Initial indicative elements that the Action Plan might include would be, for instance, enhanced mechanisms for tapping into existing operational experience of LEG staff as a source of knowledge generation and for capturing institutional knowledge regarding best practices in LEG; selection of a few issues in which LEG could provide state of the art publications on innovative legal solutions for development, with a medium-term goal to develop at least one or two "world-class" products that can become global or international benchmarks in legal practice; identification and clarification of LEGVP's role on important and frontier agendas, such as human rights and international trade, greater explanation on our ability to participate in the formulation of new international standards and norms; enhanced use of IT systems to establish a database for legal precedents, legal agreements, and legal advice given by lawyers on legal and policy issues, in addition to participation in and organization of knowledge and learning events both internally in the Bank and at the international level.

IV

Implementation: Enhancing Capacity, Flexibility and Cost-Effectiveness of LEGVP

Implementation of this Strategy will be aimed at narrowing gaps between LEG's Strategic Priorities and LEG's current ability to deliver, while ensuring maximum use of LEG's current to mid-term budget envelope. Specific actions consisting of three components are planned. The first component is aimed at *Improving Client Support and Service Delivery* and comprises a number of changes LEG has identified to improve service-delivery that could be introduced immediately in order to better meet client needs and demand at the point of delivery. The second component comprises actions that target the *Strengthening Internal Effectiveness* and, in particular, several of LEG's human resources and budget processes. Finally, the third component focuses on *Sharpening our Communication with Staff, Clients and other Stakeholders*. It is noted that the division of topics here is not strict and some activities covered, for instance, under *Improving Client Support and Service Delivery*, such as 'Skills Mix' would be equally suitable under *Improving Internal Effectiveness* and vice-versa.

Improving Client Support and Service Delivery

Rapid Response Mechanism. LEG plans to establish mechanisms to increase our agility and responsiveness to urgent situations when they arise while ensuring continuity with regular business lines. Rapid response teams for fragile states and for responses to large-scale natural disasters, for instance, are envisaged. These measures would draw on previous ad hoc experiences in assembling teams to respond to crisis situations, for instance, in the wake of the Tsunami and the food crisis.

GOING FORWARD. Additional ideas that will be explored to strengthen our ability to respond rapidly to urgent situations would include, for instance, establishing a database of lawyers with knowledge and expertise in certain areas and some form of information-sharing

platform which country lawyers could then consult to garner and share advice more rapidly.

Decentralization of Legal Services. As the Bank moves towards greater decentralization of its operations in client countries, LEG will respond to the needs expressed by clients in respect of lawyer decentralization, in light of budget implications.

GOING FORWARD. LEG will be developing a Decentralization Action Plan which will explore in more detail the feasibility and modalities for increased decentralization, including ways to increase interest in decentralization and improve training of decentralized staff, as well as such initial ideas as leveraging complementary use of locally recruited lawyers and the possibility of decentralizing advisory lawyers.

Ensuring Consistency in Legal and Operational Solutions. Like their regional clients, LEG's operational practice groups must effectively adapt to the changing diversity of country needs and circumstances among the Bank's regions. This diversity can sometimes contribute to differences in legal and operational policy approaches regarding similar issues.

GOING FORWARD. LEG will ensure greater consistency in responding to legal and policy questions across the Regions through, among other things, regularly issuing staff guidance, providing greater training for lawyers and paralegals, encouraging better sharing of information and briefings among operational practice groups.

Skills Mix. LEG is planning a number of measures to strengthen our skills mix to respond to the demand identified by our clients. These include the following:

- **Aligning Recruitment with Changing Priorities and Needs.** In addition to existing practices of periodic international competitive hiring to fill immediate vacancies, LEG will seek to leverage its Legal Associates program to bring in a new pool of talent on a yearly basis, to provide them with training and support with a view to preparing them for a career in the Bank, while aligning their talents and potential contributions with medium- to long-term priorities and staffing needs across LEG's operational, corporate and advisory practice groups. Additional measures for recruitment (e.g., use of programs such as Junior Professional Associates, internships) will be identified as part of a larger Recruitment Action Plan to be developed as part of implementation of this Strategy.

- **Increased Diversity.** Cross-cutting our efforts to increase our skills mix, LEG will promote greater diversity, in terms of both legal culture and backgrounds of LEG staff and to meet larger Bank-wide commitments to increasing diversity and inclusion. To those ends, LEG will be reaching out to a broader range of law schools when recruiting to tap into a richer range of legal backgrounds and traditions. In this context, LEGVP has also taken concrete steps to ramp up diversity in its management team and in particular to address a need to achieve greater gender balance.
- **Bolstering Training and Continuing Legal Education.** LEG will develop a Training Action Plan to build on its existing training and continuing legal education of staff to provide them with exposure to new issues and to sharpen their skills and specialization in order to keep up with new and changing client demands. Initial indicative ideas to be explored for the Action Plan would be providing training of trainers to LEG staff to facilitate replication and transfer of training sessions, especially among decentralized lawyers.
- **Increasing Staff Mobility.** For similar reasons, LEG will be instituting mechanisms for enhanced mobility within the VPU and across practice groups. To that end, two main measures are envisaged: (i) a mechanism for coordinating increased porosity across practice groups, and (ii) consistent with Bank-wide practice, LEG has began implementing a rotation program to enable LEG staff with seven or more years in the same practice group to work on different regions or client groups in the VPU.
- **Creating Thematic Working Groups.** In the same vein, LEG is creating thematic working groups on topics such as governance and anti-corruption, fragile states, justice reform, safeguards, climate change, private sector development, new financial products and operational policies, to give staff a chance to develop greater exposure to and specialization on issues and to make better use of existing under-utilized interest or expertise on issues.
- **Establishing Cooperation Arrangements with International Organizations and Law Firms.** In addition, LEG is in the process of putting in place a framework for cooperation with law firms to facilitate short- to medium-term secondments of lawyers to and from the Bank. LEG will also put in place cooperation arrangements with the legal departments of other international organizations that will include the possibility of staff exchanges and other forms of cooperation.
- **Building Consultants' Pool.** To target short-term and fluctuating needs, without the need for hiring permanent staff, a consultants' pool will be

established which could be drawn on, for instance, to ease the burden of sudden, unexpected increases in workload (e.g., in emergency crisis response situations) and primarily in anticipation of peak workload periods (e.g., especially during the “bunching” period that generally occurs in the final quarter of each fiscal year).

Supporting Improvements in Operational Work. LEG will strive to achieve greater outreach with the Regional VPUs to improve quality of operational work, for instance, by offering more training to task teams on LEG’s roles and the legal/policy aspects of operations. In the same vein, LEG will join the efforts with the Regions’ quality control groups to improve operations, for instance, through efforts to enforce policies in a consistent and coherent manner. Internally, LEG will establish mechanisms to increase coordination across groups and thus ensure greater consistency in legal and policy advice.

Improving Internal Effectiveness

Incentive Systems. LEGVP has begun and will continue to develop new incentive systems to improve internal effectiveness in support of LEG’s strategic objectives. One set of measures already completed has been the clarification of promotion criteria and job description for lawyers, including at the H level. In conjunction, LEG will work to develop better rewards and recognition incentives for staff to better capture their accomplishments and link them to performance evaluation and recognition. One set of measures and corresponding incentives will be to recognize better and facilitate for interested staff the ability to work across corporate, operational and advisory units in LEG (described in more detail above under “Skills Mix”). Finally, LEG is in the process of identifying measures to better manage its cross-support system and capture work done by staff through the time recording system to ensure a more accurate accounting and recognition of staff’s contribution and work, in particular, time devoted to the various components of individual work programs.

Career Management and Succession Management. LEGVP will be reviewing and adapting its career management and succession management plans (especially in specialty areas) to better respond to clients’ needs. A particular focus and priority will be placed on identifying emerging (and emerged) skills of staff members and agreeing to a career development plan with them to optimize use of their skills and potential. Some of the measures outlined above under skills mix would be integrated into, as components of, the career development plans

of individual lawyers, for instance, participation in thematic working groups, and increased training/continuing legal education or mobility in the department. There will be a need, in addition, for “knowledge retention” management for senior staff leaving or retiring from LEGVP to ensure that they mentor their successors over time and that their institutional knowledge and substantive expertise is not lost when they leave the Bank.

Efficiency Gains. LEG is in the process of identifying new ways to gain efficiencies in its work, through a variety of measures such as leveraging of junior legal staff to help reduce over time the “inverted pyramid structure”, streamlining of TF agreements and enhanced use of paralegals. LEG will also review its businesses processes, such as service standards, document management and databases, time recording system, and knowledge management infrastructure. At the same time, LEG is committed to ensuring that practice areas that require specialized, in-depth experience and expertise will continue to be appropriately staffed. As an overarching action, LEG has appointed a Legal Administrator and Chief Administrative Officer (CAO) who, among other things, will help develop an Action Plan for identifying and implementing efficiency gains in the VPU.

Budget Resources and Management. Implementation of this Strategy will require resources. LEG will deepen the dialogue with the Office of the Vice President, Corporate Finance and Risk Management (CFRVP), on the efficiency gains that could be undertaken to enable implementation of the Strategy, but without compromising the ability to meet demand for legal services to the expected standard of quality. We will need to clarify to the authorizing environment that LEGVP is an integral part of Bank operations and should be treated as such for budgetary purposes. Moreover, we will need to make the case that there are limits to efficiency gains that can be achieved, consistent with LEG’s fiduciary role within the Bank.

Organizational Structure. LEG over the recent months has already undertaken a process to rationalize our organizational structure. Main measures adopted to create a more integrated organization system have included the discontinuation of the pre-existing “area managers” structure and appointment of a Deputy General Counsel, Operations, to oversee both operations and advisory services.

GOING FORWARD. LEG intends to identify and adopt a more active and flexible management method to facilitate service delivery. In addition to the appointment of the Deputy General Counsel, as noted above, LEG has created a new position, Legal Administrator

and CAO, who will have several roles, including: to work within the Bank's control framework and challenge LEGVP's thinking on the business model, risks, and opportunities for efficiency improvement; to advise on resource management and related matters as an independent source of review and guidance; to make recommendations on and participate in policy development and management decisions concerning LEG's strategy, priorities, objectives, plans, organization, operations and resource requirements, including staffing and recruitment; and to lead support to LEGVP's management with the administrative oversight of operational and support functions. Finally, as mentioned earlier, LEG has created a senior position reporting to the Group General Counsel responsible for leading LEG's efforts to make significant intellectual contributions to the Bank's work and knowledge agenda.

Sharpening our Communication with Staff, Clients and other Stakeholders

Communications and Outreach Efforts. To be successful and effective, LEG needs the support of its stakeholders, both within the VPU (its staff) but also the rest of the institution, including the Board, management, staff as well as the various independent accountability mechanisms in the Bank. In addition to the steps outlined above, generating this support requires ensuring systematic and sustained communication and outreach by LEG across its wide variety of client groups. This Strategy falls among LEG's efforts to reach out to a broader audience. Efforts to improve communication with our own staff will build on existing mechanisms for regular internal communications, as well as larger periodic efforts such as, for instance, LEG management's response and follow-up to Staff Surveys and our own staff feedback. LEGVP will also conduct periodic surveys of clients to garner feedback on quality of service, ongoing and evolving needs.

Annual Report. A flagship tool, as part of an overall strategy, for increasing and sustaining communication across the institution would be the publication of an annual report by LEGVP that will include a detailed retrospective describing LEG's milestones and contributions to the work of the Bank, as well as a knowledge piece that would be an intellectual contribution to significant legal issues of importance to the Bank and development community. The knowledge piece could also serve, in relevant years, as the basis for LEG's Legal Forum.

ANNEX – Detailed Description of LEGVP Functions

Legal Services and Advice to Country Operations, including assistance in the design of operations, drafting and negotiation of legal agreements for those operations, assistance in processing their approval by the Board, and facilitating responsive action (through e.g., the preparation of amendments or the application of legal remedies) to changing circumstances during implementation of operations. This work constitutes the predominant share of LEG’s overall work program, spanning all Bank operations in all regions and country situations. The following are a few highlights of the diversity of contexts and challenges that LEG works across on a daily basis in assisting its clients in the Regions:

- **Africa.** In the Africa Region alone the Bank operates in a wide array of contexts spanning 47 countries that present an equally broad range of legal issues, for instance, in some of the Bank’s most impoverished members, countries facing severe conflict, fragility and governance challenges, and countries looking for financing for complex, sometimes regional mega-projects. At the same time the Region has seen a spike in financing volumes and legal work with the transition from IDA-15 to IDA-16 and the global financial crisis.
- **Latin America and the Caribbean.** LCR continues to be at the forefront of innovative projects in the Bank, which necessitate equally innovative legal solutions for the Region’s clients. These clients predominantly represent advanced middle-income economies, which therefore turn to the Bank for support for complex operations involving an array of sectors.
- **Middle East and North Africa, Europe and Central Asia.** MENA and ECA both have advanced middle income countries, some of which have increasingly turned to the Bank for fee-based services. ECA has recently seen countries returning to borrowing, due to the global economic crisis, after having graduated from Bank lending, while MENA client countries span a range of income levels, from the poorest to the wealthiest.
- **South Asia and East Asia.** Asia presents some of the Bank’s largest borrowers and largest operations, which by their size carry a series of complex legal issues, in addition to challenges seen in other regions, notably, fragility, conflict and governance.

Corporate and Institutional Services, including advice and representation in connection with a wide variety of legal matters and settings, principally involving the following:

- **Legal Institutional Affairs.** LEG directs representation of the Bank in legal actions brought against the institution in national courts and represents the Bank in employment-related cases filed by staff before the Administrative Tribunal. LEG provides ongoing advice to diverse clients across the Bank on a wide range of issues. The Office of Ethics and Business Conduct and the Integrity Vice Presidency are supported on investigations and matters related to ethics and misconduct. Human Resources and managers receive advice on employment matters such as appointments, compensation, benefits, pensions, performance management, health issues, termination of employment, conflict resolution through mediation and peer review services, and other issues that arise in the context of an employment relationship. Various units within the institution are given guidance on information technology and information security; intellectual property, including trademark, copyright and social media; institutional and operational procurement, including use of country systems; taxation; privileges and immunities of international organizations, and other business matters. LEG also advises the Corporate Secretariat on issues related to the Articles of Agreement, the By-Laws and other constituent documents, Bank membership, Annual Meetings, Board procedures and policies, Executive Directors' compensation, Presidential selection, governance reform, and Voice and Participation Reform. Two Board Committees, the Committee on Governance and Executive Directors' Administrative Matters (COGAM) and the Human Resources Committee (HRC), are supported by LEG in this context as well.
- **Corporate Finance Legal Issues.** LEG provides legal advice to the Bank's finance complex regarding transactional, governance, and policy issues. LEG lawyers and paralegals work closely with the Bank's Treasury, Controllers, Corporate Finance and Risk Management, and Concessional Finance and Global Partnerships Vice Presidencies on a wide range of transactional and policy issues. In this capacity, LEG advises upon and negotiates the terms of the Bank's financial transactions, including Bank borrowings, hedging and other risk management transactions, and investments; provides legal and governance advice to the Treasury's banking and asset management business lines; negotiates the terms of pension investments and provides policy

and governance advice to the Pension Finance Committee; advises the Audit and Budget Committees, and management committees on finance, risk management, and financial products; and provides legal and governance advice on IDA matters, including serving as counsel for periodic IDA replenishments.

- **Project and Program Financing Legal Issues.** LEG provides legal support to a wide range of activities that mobilize additional financing from external sources for Bank-assisted projects and programs. These include assistance and support: on trust fund policy and procedural issues and other trust funds issues from a legal perspective and training for Bank staff on legal and fiduciary matters; on all of the Bank's Global Programs and Partnerships; across-the-board on the Bank's Carbon Finance Business and for various GEF and associated funds trustee activities; on debt reduction for such Bank initiatives as the Heavily Indebted Poor Countries (HIPC) Debt Initiative, and the IDA Debt Reduction Facility and monitoring litigation by commercial creditors against Bank member countries related to sovereign debt defaults and advice on the potential implications for the Bank; and for guarantees to private sector investors in project finance and other complex financing transactions.

Policy and Advisory Services, including a wide range of public and private legal development challenges faced in the Bank's client countries. The principal areas of LEGVP intervention are as follows:

- **Private Sector Legal and Policy Issues.** Working closely with other relevant Bank units, LEG plays an active role in providing legal advice for developing the legal and institutional frameworks for strong private enterprise, trade and finance sectors, and basic infrastructure services, through contribution for instance to Bank Sector Strategies, representation at Sector Boards and representing the Bank at international law formulating bodies (e.g., UNCITRAL, UNIGF) and supporting management on law-related interventions at international bodies (G20, FSF, IOSCO, APEC).
- **Environmental, Social Sustainable Development and International Legal and Policy issues.** LEG provides advice on all environmental, social, and international legal and policy issues related to Bank-financed, Bank-implemented and/or supported projects, including at project preparation and implementation (e.g., compliance with safeguards policies, gaps in country regulatory framework), in relation to trust

funds and programs related to the Bank's operational work (e.g., GEF, METAP, GICAR, CGIAR, CEPF) and on accountability, including Inspection Panel issues. LEG provides input into a wide range of sectoral and policy papers and advice on a wide range of international legal issues arising in the course of the Bank's operational work, including human rights, and, where applicable, on the equivalence of country legal systems with Bank safeguard policies.

- **Justice Reform Issues.** LEG also generates knowledge and provides advice and assistance to Bank staff and Bank client countries on how to build and improve those institutions that provide citizens with conflict resolution and prevention, sound and equitable interpretation and enforcement of laws, and public safety. In this capacity, LEG leads innovation in the justice sector, testing new approaches to justice reform and generating knowledge regarding how to make justice sector projects more effective. LEG consolidates and disseminates knowledge about justice reform through publications, websites, and training courses for Bank staff; provides advisory services on a cross-supported basis at the request of Bank clients, advising on justice sector assessments, strategies, ESW, and operational projects; and provides a small cadre of experts to support and coordinate a Bank-wide community of practice and excellence in justice reform.
- **Operational Policy and other Legal and Policy Issues.** LEG provides active support to OPCS on a wide spectrum of issues related to the Bank's operational and other policy matters. In this capacity, LEG assists in the advancement of the Bank's operational policy reform agenda by contributing actively to the modernization and simplification of Bank policies; facilitates policy implementation through advice in interpreting and applying the Bank's policies for lending operations and contributes to the knowledge Bank by conducting research and sharing information related to the Bank's operational policies. In this function, LEG also provides significant support and input on legal and policy matters regarding investigations of fraud and corruption in Bank-financed projects. Finally, LEG's operational policy function includes provision of support to the Board Committee on Development Effectiveness (CODE) and participation in various Bank-wide management committees (Governance Council, IDF Committee, SPF Committee, etc.)



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