

February 11, 2008

President Robert Zoellick
The World Bank
Office of the President
1818 H Street, NW
Washington, DC 20433

Dear President Zoellick,

I am writing to express our appreciation for the leadership you have shown in adopting the Volcker Independent Panel recommendations, publishing the India Detailed Implementation Review (DIR) and your personal involvement in the launch the Governance and Anti-Corruption (GAC) Strategy implementation. With your continued commitment, the change in internal culture needed to bring these initiatives to fruition may be achieved.

The Bank's commitment to implement the Volcker Recommendations promises to significantly reform the Bank's interaction with its borrowers and promote integrity in its own operations. We welcome the adoption of many recommendations TI put forward, such as assigning responsibility to a Managing Director, strengthening INT and appointing an external chair of the Sanctions Board. We are interested in how some of our other recommendations will be implemented, such as realigning staff incentives to reward attention to governance, increasing public disclosure of INT findings and broadly integrating lessons learned. We are concerned, for example, that INT findings will be addressed in action plans but not in reforming broader Bank policies and programs. The presumption of transparency in the Bank's disclosure policy also seems to fall short when it comes to public disclosure, such as of INT findings, action plans, referrals.

We were reassured by your forthright reaction to the India DIR and your commitment to "fix" the "weaknesses" in Bank project design, supervision and evaluation systems that "generally failed to identify, convey, and address indicators of fraud and corruption" and prevented effective project implementation. A preventive, risk-based approach to all lending should be adopted as a matter of first priority. The India DIR findings should also be given serious consideration in the context of the Bank's methodology for assessing and addressing corruption risks in country systems pilots.

We note that in releasing the India DIR you committed to "place the Bank's governance and anticorruption work before the scrutiny of independent and external reviewers to ensure that the institution was making tangible progress in its fight against corruption." As you know, we have consistently recommended such an external expert advisory group to oversee and promote the Bank's broad-based anticorruption efforts, and its creation is particularly timely at this critical juncture when so much depends on effective implementation.

We would welcome the opportunity to participate in this external advisory group. We would also like to remind you of our discussion at the launch of the StAR initiative about TI's interest in participating in the Friends of StAR. We are uniquely situated to draw on a global network of experts from the private sector, civil society and development assistance communities to inform our contribution to both these important advisory boards.

May I take this occasion to restate my sincere interest in meeting with you at your earliest convenience to explore other ways in which we might contribute to your efforts. We would also like to underscore our open invitation to host you at a public forum in Washington, DC and abroad.

Kind regards,

A handwritten signature in blue ink that reads "Huguette Labelle". The signature is fluid and cursive, with the first name being more prominent than the last.

Huguette Labelle
Chair

cc: Juan José Daboub, Managing Director
Ngozi Okonjo-Iweala, Managing Director
Graeme Wheeler, Managing Director