

June 8, 2015

Submitted electronically

Dr. Jim Yong Kim  
President, The World Bank  
1818 H St., N.W.  
Washington, D.C. 20433

Dear President Kim:

We, the 107 undersigned civil society organizations, are writing you to urge the World Bank to increase the transparency and accountability of World Bank-funded procurements, in particular by requiring the disclosure and publication of the beneficial ownership information for all legal entity bidders.

The manner in which governments conduct procurements has a direct impact on the Bank's twin development goals of ending extreme poverty and increasing shared prosperity. Done properly, procurement allows governments to provide high quality goods, works, and services that better people's lives by improving health, education, and economic outcomes. Sound procurement practices also create an enabling environment for strong economic growth. Done wrong, procurement can result in substandard goods, works, and services being purchased at inflated prices and can impede progress on development outcomes.

Transparency is a key feature of a well-designed procurement system.<sup>1</sup> The Bank itself has recognized the importance of transparent procurement, including by helping develop and promote transparent e-procurement systems in borrower countries and launching a global program to encourage adoption of open contracting. The Bank has argued that transparent procurement systems increase competition, foster citizen engagement, and reduce corruption, all of which help to ensure that procured goods, works, and services are high quality, competitively-priced, and correspond to actual public needs.<sup>2</sup>

In 2012, the World Bank began an important effort to reform its procurement policies. After two rounds of consultations, this process is drawing to a conclusion, with new policies expected to be approved by the Board this summer. In addition to the new policies, the Bank will also be developing new procurement regulations designed to put the new policies into practice. These new regulations are expected to take effect in January 2016. As part of these new procurement regulations, we urge the Bank to require that all legal entity bidders on Bank-funded

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<sup>1</sup>*Publishing Government Contracts Addressing Concerns and Easing Implementation*, Center for Global Development, 2014, <http://www.cgdev.org/sites/default/files/publishing-government-contracts-report.pdf>

<sup>2</sup> See, e.g., Georgia: An E-Procurement Success, <http://www.worldbank.org/en/news/feature/2015/02/18/georgia-an-e-procurement-success>

procurements disclose their beneficial ownership information and that the Bank publish this information in an open data format as part of its wider efforts to foster transparency in its own contracting practices.

Beneficial ownership transparency is a critical component of transparent procurement. Often, government contracts are awarded to family members, friends, or associates of the public officials overseeing them. Connected bidders and government officials may disguise their identity or that of their family members or associates behind a front or an anonymous company. By requiring that all legal entity bidders disclose information on the real people who own or control them (often called “beneficial owners”) and then publishing this information, the Bank would be foreclosing one of the most common corruption schemes that enables bidders to hide their conflicts of interest<sup>3</sup> and government officials to illegally enrich themselves. As found by the Bank’s Stolen Asset Recovery Initiative, opaque corporate structures were used in more than seventy percent of grand corruption cases.<sup>4</sup>

Countries and organizations have already recognized the need for beneficial ownership transparency in order to combat the use of anonymous companies to facilitate corruption, money laundering, illicit financial flows, and kleptocracy. The United Kingdom, Denmark and the European Union have all either taken action or pledged to take action to create beneficial ownership registries. The G20 countries have also committed to increase the transparency of legal entities by endorsing the High Level Principles of Beneficial Ownership Transparency.<sup>5</sup>

By publishing the beneficial ownership information of all legal entity bidders on Bank-financed procurements, the Bank will send a strong message about the importance of transparency and further the very development outcomes it is seeking to achieve. Furthermore, the impact of such a reform will extend beyond Bank-funded projects as the Bank’s policies are often adopted by other international financial institutions as well as by borrower countries. The Bank has an opportunity to play a leadership role on this important issue, and we urge the Bank to take strong action in favor of transparency of contracts and in contracting and against anonymous companies.

Sincerely,

11.11.11 – Coalition of the Flemish North-South Movement (Belgium)

Accountability Counsel

Access Info Europe

Advocacy for Principled Action in Government

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<sup>3</sup> *Public Procurement: costs we pay for corruption*, PricewaterhouseCoopers, 2013, Pgs.7and 8

[http://ec.europa.eu/anti\\_fraud/documents/anti-fraud-policy/research-and-studies/pwc\\_olaf\\_study\\_en.pdf](http://ec.europa.eu/anti_fraud/documents/anti-fraud-policy/research-and-studies/pwc_olaf_study_en.pdf)

<sup>4</sup> Stolen Asset Recovery Initiative, *The Puppet Masters: How the Corrupt Use Legal Structures to Hide Stolen Assets and What to Do About It*, 2011, <https://star.worldbank.org/star/sites/star/files/puppetmastersv1.pdf>

<sup>5</sup> [https://g20.org/wp-content/uploads/2014/12/g20\\_high-level\\_principles\\_beneficial\\_ownership\\_transparency.pdf](https://g20.org/wp-content/uploads/2014/12/g20_high-level_principles_beneficial_ownership_transparency.pdf)

Alliance for a Just Society (US)	Enough Project (US)
Alyansa Tigil Mina (Philippines)	Fair Share (US)
American Jewish World Service	Financial Accountability and Corporate Transparency Coalition (US)
Asociación para una Sociedad más Justa (Honduras)	Financial Transparency Coalition
Bank Information Center	Fiscal Justice Network - Latin America and the Caribbean
Bretton Woods Project (UK)	Friends of the Earth US
Center for Effective Government (US)	Fundación Nacional para el Desarrollo (El Salvador)
Center for International Environmental Law (US)	Fundar, Center for Analysis and Research (Mexico)
Center for International Human Rights, Northwestern University School of Law	Global Financial Integrity
Centre for Budget and Governance Accountability (India)	Global Integrity
Centre for Transparency Advocacy (Nigeria)	Global Organization of Parliamentarians Against Corruption
Centre National de Coopération au Développement, CNCD-11.11.11 (Belgium)	Global Witness
Chile Transparente	Government Accountability Project
Christian Aid	Gram Bharati Samiti (India)
Chulachuli UNESCO Club (Nepal)	Groupe d'Appui aux Exploitants des Ressources Naturelles (Democratic Republic of Congo)
Conseil National des Ong de la République Démocratique du Congo	Human Rights Watch
CorruptionWatch Aruba	Integrate: Business and Human Rights (Australia)
Costa Rica Integra	International Accountability Project
EarthRights International (US/Peru/Thailand)	International Budget Partnership
EG Justice (Equatorial Guinea)	

International Network on Displacement and Resettlement

iSolon.org

Jubilee Australia

Jubilee USA Network

Just Foreign Policy (US)

Kenyans for Tax Justice

Main Street Alliance (US)

MiningWatch Canada

Natural Resource Governance Institute

New Rules for Global Finance Coalition (US)

ONE Campaign

Open Contracting Partnership

OpenCorporates

OpenTheGovernment.org

Oxfam

Pakistan Institute of Legislative Development and Transparency

Participación Ciudadana (Dominican Republic)

Proética (Peru)

Project on Government Oversight

Publish What You Fund

Publish What You Pay

Publish What You Pay Australia

Publish What You Pay UK

Publish What You Pay US

Responsible Sourcing Network (US)

Save the Children

Sherpa (France)

Socio-Economic Rights and Accountability Project (Nigeria)

Sunlight Foundation (US)

Tax Justice Network

Tax Justice Network - Africa

Tax Justice Network - Australia

Tax Justice Network - USA

Tax Research UK

Towards Transparency

Transparencia Mexicana

Transparencia por Colombia

Transparencia Venezuela

Transparency International

Transparency International Australia

Transparency International Bangladesh

Transparency International Canada

Transparency International Fiji

Transparency International France

Transparency International Germany

Transparency International India

Transparency International Indonesia

Transparency International Italy

Transparency International Japan

Transparency International Mongolia

Transparency International New Zealand

Transparency International Panama

Transparency International Papua New  
Guinea

Transparency International Rwanda

Transparency International Turkey

Transparency International Uganda

Transparency International United Kingdom

Transparency International – USA

Union Aid Abroad - APHEDA

United Methodist General Board of Church  
and Society

United Nations Convention Against  
Corruption Coalition

United States Public Interest Research  
Group

Uniting Church in Australia, Synod of  
Victoria and Tasmania

Water Governance Institute (Uganda)