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.¹ 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.²

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

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 interest3 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.4

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.5

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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3 Public Procurement: costs we pay for corruption, PricewaterhouseCoopers, 2013, Pgs.7and 8
Alliance for a Just Society (US)
Alyansa Tigil Mina (Philippines)
American Jewish World Service
Asociación para una Sociedad más Justa (Honduras)
Bank Information Center
Bretton Woods Project (UK)
Center for Effective Government (US)
Center for International Environmental Law (US)
Center for International Human Rights, Northwestern University School of Law
Centre for Budget and Governance Accountability (India)
Centre for Transparency Advocacy (Nigeria)
Centre National de Coopération au Développement, CNCD-11.11.11 (Belgium)
Chile Transparente
Christian Aid
Chulachuli UNESCO Club (Nepal)
Conseil National des Ong de la République Démocratique du Congo
CorruptionWatch Aruba
Costa Rica Integra
EarthRights International (US/Peru/Thailand)
EG Justice (Equatorial Guinea)

Enough Project (US)
Fair Share (US)
Financial Accountability and Corporate Transparency Coalition (US)
Financial Transparency Coalition
Fiscal Justice Network - Latin America and the Caribbean
Friends of the Earth US
Fundación Nacional para el Desarrollo (El Salvador)
Fundar, Center for Analysis and Research (Mexico)
Global Financial Integrity
Global Integrity
Global Organization of Parliamentarians Against Corruption
Global Witness
Government Accountability Project
Gram Bharati Samiti (India)
Groupe d'Appui aux Exploitants des Ressources Naturelles (Democratic Republic of Congo)
Human Rights Watch
Integrate: Business and Human Rights (Australia)
International Accountability Project
International Budget Partnership
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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)