

Dear Task Force Colleagues,

The FMT wishes to shed light on the costs related to the accountability mechanisms based on the World Bank's experience.

As a general rule, there are three different types of costs related to the accountability mechanisms:

1. The Inspection Panel's (accountability mechanism) own costs;
2. Management's costs related to the eligibility phase of any claim registered by the Panel/mechanism; and
3. Management's costs if the claim is eligible, i.e., the ensuing preparation of Management's response, and any Management's proposed action plan.

The World Bank Inspection Panel has its own independent operational budget, hence the Panel's own expenses are not paid by Management nor by individual programs such as the FCPF. Management, however, does assume the costs that Management must incur from start to finish. Thus, as 'Delivery Partners', the Regional Vice Presidencies of the Bank would normally cover all of these costs related to numbers two and three above.

Each of the three types of costs could be substantial, especially if the claim is deemed to be eligible for investigation. If the corresponding costs are to be borne by the Readiness Fund through Transfer Agreements signed between the Trustee and the Delivery Partners, we will need to provide cost estimates to the PC (based on cost of event and probability of occurrence of the event), and the PC will need to set aside commensurate reserves in the fund, subject to caps and other modalities it may decide. The PC will undoubtedly wish to discuss these issues when it meets in Oslo, based on additional background information provided by the Trustee and the Delivery Partners.

Best regards,

Benoit