



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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For Immediate Release

Friday, September 16, 2005

## Grassley works to protect whistleblowers at the World Bank

WASHINGTON — Sen. Chuck Grassley is monitoring efforts by the World Bank to control internal fraud and corruption and has asked the bank's President to report on protections for whistleblowers who help to identify waste, fraud and abuse, noting that the World Bank received \$1.2 billion just last year in federal tax dollars.

Grassley is a long-time champion of whistleblowers both in the public and private sectors. He was the principal author of whistleblower amendments to the False Claims Act in 1986 and a co-author of the Whistleblower Protection Act of 1989. In 2002, he fought for the whistleblower protections that were included in the Sarbanes-Oxley corporate reform legislation enacted after Enron's collapse. Over the years, Grassley has worked to protect individual whistleblowers facing reprisal and to help make sure whistleblower information was used to bring about necessary reforms and hold wrongdoers accountable.

The text of Grassley's letter to World Bank Group President Paul Wolfowitz follows here.

September 16, 2005

The Honorable Paul Wolfowitz  
President  
The World Bank Group  
1818 H Street, N.W.  
Washington, DC 20433

Dear Mr. Wolfowitz:

First and foremost, congratulations on your appointment as President of the World Bank Group. The World Bank is an important institution that provided nearly \$9 billion in assistance and \$11 billion in loans in 2004 to support the developing world and to help billions of people around the world. Unfortunately, these funds are too frequently squandered due to fraud, waste and abuse.

As a senior member of the United States Senate and as Chairman of the Committee on Finance, I have fought long and hard over the last two decades to protect the rights of numerous whistleblowers that have exposed fraud, waste and abuse of American taxpayer dollars. In 1989,

I co-authored the Whistleblower Protection Act which strengthened and improved protections for the rights of Federal employees, established measures to prevent reprisals, and help eliminate wrongdoing within the United States Government. I strongly believe that whistleblowers are paramount to ensuring that both government and private entities operate in a manner which is ethical and free from fraud, waste or abuse.

It has come to my attention that the World Bank Group has been working to create a comprehensive internal system to help control fraud and corruption. In February 2005 the World Bank Group issued its annual report entitled, Fiscal Year 2004 Annual Report on Investigations and Sanctions of Staff Misconduct and Fraud and Corruption in Bank-Finance Projects (Annual Report). This report details various activities by the Department of Institutional Integrity (INT) to help prevent fraud and corruption in development projects that are financed by the World Bank Group around the globe. Of particular interest to me was a section labeled, "Internal Investigations and Sanctions" which discussed the World Bank Group's protection of whistleblower rights.

Good faith whistleblowers often face an uphill battle from the moment allegations are brought forth and, accordingly, should be afforded the utmost protection during and after the review of any allegation. I am pleased to see that the World Bank Group maintains a policy in place preventing retaliation against whistleblowers, however, the policy could go further to detail the protections that are available and to define key terms that are subject to various interpretations. Specifically, the Annual Report outlines four ways in which whistleblowers are protected, including: (1) anonymity, (2) confidentiality, (3) the ability to be transferred, and, (4) a prohibition on retaliation by staff members. While these protections represent a good start, more protections are necessary to create a whistleblower system that is truly effective.

To assist in further developing these protections, the Annual Report also states that in FY 2005 the World Bank Group will be "undertaking a review of its policies and procedures relating to protecting whistleblowers from retaliation." It is my understanding that this review was conducted by Professor Robert Vaughn at the American University Washington College of Law and was completed in April 2005 (Vaughn Report). The results of this report should outline what policies and procedures need to be expanded or revised. Unfortunately, it is my understanding, that the report has not been made available outside of a selective group at the World Bank. Accordingly, I request that you provide me with a copy of this report along with any documents that further outline the policies and procedures for protecting whistleblowers at the World Bank Group.

In 2004 the United States Government provided \$1.2 billion to the World Bank Group in order to help alleviate global poverty and to support countless other programs in many developing countries. These dollars should be scrutinized to the greatest possible extent to ensure that these funds go to their intended goal of helping to fight global poverty. Meaningful policies to protect whistleblowers that bring forth allegations of fraud, waste and abuse are essential to prevent the loss of these important funds. Successful implementation of policies and procedures to protect whistleblowers is critical to the integrity of the World Bank Group. A system that truly values transparency will foster public trust in the mission of the World Bank.

I thank you in advance for your assistance in this matter and for providing the documents I have requested no later than September 23, 2005. Additionally, my staff will contact your

office this week to arrange for pick-up of the Vaughn Report.

Sincerely,

Charles E. Grassley  
United States Senator