

JIM SAXTON, NEW JERSEY,
CHAIRMAN
PAUL RYAN, WISCONSIN
PHIL ENGLISH, PENNSYLVANIA
RON PAUL, TEXAS
KEVIN BRADY, TEXAS
THADDEUS G. MCCOTTER, MICHIGAN
CAROLYN B. MALONEY, NEW YORK
MAURICE D. HINCHEY, NEW YORK
LORETTA SANCHEZ, CALIFORNIA
ELIJAH E. CUMMINGS, MARYLAND

CHRISTOPHER FRENZE,
EXECUTIVE DIRECTOR

ROBERT F. BENNETT, UTAH,
VICE CHAIRMAN
SAM BROWNBACK, KANSAS
JOHN E. SUNUNU, NEW HAMPSHIRE
JIM DEMINT, SOUTH CAROLINA
JEFF SESSIONS, ALABAMA
JOHN CORNYN, TEXAS
JACK REED, RHODE ISLAND,
EDWARD M. KENNEDY, MASSACHUSETTS
PAUL S. SARBANES, MARYLAND
JEFF BINGAMAN, NEW MEXICO

Congress of the United States

JOINT ECONOMIC COMMITTEE

(CREATED PURSUANT TO SEC. 5(a) OF PUBLIC LAW 304, 79TH CONGRESS)

Washington, DC 20510-6602

April 8, 2005

Mr. James D. Wolfensohn
President
The World Bank
1818 H Street N.W.
Washington, DC 20433

Dear Mr. Wolfensohn:

Over the years, the World Bank has made efforts to identify policies essential for economic development, and to increase the share of aid delivered through grants. However, the Joint Economic Committee has received credible evidence indicating that the World Bank has experienced accounting problems involving its borrowing, investment, and lending activities over a number of years. These problems raise important issues as to whether the Bank's Board of Executive Directors always is in possession of accurate and timely data on the Bank's accounts and financial position.

In addition, recent corporate governance irregularities have highlighted the importance of fully implementing adequate internal accounting controls and audits essential to ensuring the quality and transparency of financial information, in this case that information provided to the Board and its Audit Committee. It is also necessary that procedures are established permitting professional financial and accounting employees of the Bank to have independent access to the Board and its Audit Committee.

The Joint Economic Committee has begun an inquiry into the accounting practices and internal controls of the World Bank. Our goal is to ensure that the Board of Directors and the public are being presented with accurate and timely financial information, and that any accounting irregularities are promptly discovered, disclosed, and corrected. We would also like to learn how problems in one area, such as borrowing, might have affected other areas, such as the lending rate that the Bank charges its customers.

In connection with this inquiry, we request that the following documents be delivered to the Committee by April 22, 2005:

1. Quarterly Financial Statements, including Management Discussion and Analysis, for the years 1992 to the present.

2. All documents discussing any inaccuracies in the various aspects of the Bank's financial accounting systems, including all documents relating to the determination of either the cost of borrowing or the proper lending rate for the years 1992 to the present.
3. All internal auditor or other reports discussing inaccuracies in the Bank's internal accounting systems, including the Liability Management System and succeeding systems, including any relating to the correct determination of the Bank's borrowing costs or lending rates, for the years 1992 to the present, together with all internal documents discussing these reports.
4. All documents discussing problems or inaccuracies in the Bank's internal accounting systems, including the Liability Management System and succeeding systems, including those documents relating to the correct determination of the Bank's borrowing costs or lending rates, for the years 1992 to the present.
5. In light of the McConnell-Leahy amendment and the Sarbanes-Oxley bill, we are also interested in knowing what financial tests and audits are routinely performed by the World Bank to measure its financial position and the strength of its balance sheet. We are interested in all documents on these measures, a disclosure of their methodologies, and any changes therein made over the last five years, including any documents related to the enactment of Sarbanes-Oxley.
6. All external auditor reports to management, the Board or Audit Committee discussing problems or inaccuracies in the Bank's internal accounting systems or financial statements, including the Liability Management System and succeeding systems, and including those documents relating to the correct determination of the Bank's borrowing costs or lending rates, for the years 1992 to the present.
7. Documentation of any investment or trading losses in excess of \$50 million each made at any time over the last 10 years, and if any, whether these were disclosed to the Securities and Exchange Commission, or to the public.
8. All documents governing the Bank's current internal auditing process, including practices to ensure that:
 - a. Auditors have a direct line of communication with the Board that does not go through the divisions they are charged with auditing.
 - b. Employees who inform senior management and the Board of serious internal problems do not face retaliation or discrimination from management.

- c. The performance of the financial reporting systems is independently audited at regular intervals and the results of this audit are directly presented to the Board.

Please deliver a copy of the above materials to the Joint Economic Committee by April 22, 2005. You may address any questions concerning this document request to Joseph V. Kennedy, Senior Economist, at (202) 224-0368.

Please note that Congressional security procedures impose certain limitations on delivering packages to Congressional office buildings. Enclosed is an information sheet detailing the steps needed to ensure that documents reach us in a timely manner without damage.

Sincerely,

A handwritten signature in black ink that reads "Jim Saxton". The signature is written in a cursive style with a large, stylized "J" and "S".

Jim Saxton
Chairman
Joint Economic Committee
Congress of the United States

cc: Robert B. Holland, III, United States Alternate Executive Director

For purposes of this request:

The documents requested include all those that are in the custody, control or possession, or within the right of custody, control, or possession, of the World Bank, as well as any agent, employee, or representative thereof.

Definitions:

- a) The term “World Bank” shall mean all members, departments, principal organs, organizations, employees, and committees within the World Bank.

- b) The term “document” means any written, recorded, or graphic matter of any nature whatsoever, regardless of how recorded, and whether original or copy, including, but not limited to, the following: agreements, papers, memoranda, reports, studies, reviews, analyses, graphs, diagrams, photographs, charts, tabulations, presentations, working papers, records, notes, letters, notices, confirmations, telegrams, faxes, telexes, receipts, appraisals, interoffice and intraoffice communications, electronic mail (e-mail), contracts, cables, notations or logs of any type of conversation, telephone call, meeting or other communication, bulletins, printed matter, computer printouts, teletype, invoices, transcripts, audio and video recordings, statistical or informational accumulations, data processing cards or worksheets, computer stored and generated documents, computer databases, computer disks and formats, machine readable electronic files or records maintained on a computer, diaries, questionnaires and responses, data sheets, summaries, minutes, bills, accounts, estimates, projections, comparisons, messages, correspondence, and similar or related materials. A document bearing any notation not a part of the original text is to be considered a separate document. A draft or nonidentical copy is a separate document within the meaning of this term.

- c) The terms “and” and “or” shall be construed broadly and either conjunctively or disjunctively to bring within the scope of this document request any information which might otherwise be construed to be outside its scope. The singular includes plural number, and vice versa. The masculine includes the feminine and neuter genders.