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***A STRONGER, CONNECTED, SOLUTIONS
WORLD BANK GROUP***

An Overview of the World Bank Group Strategy



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The World Bank Group (WBG) has developed a new Strategy focusing on the ambitious goals of ending extreme poverty and promoting shared prosperity. It is committed to helping countries reach these goals in a sustainable manner.

The new Strategy is the first encompassing all four principal agencies working together as One World Bank Group: the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA).



The Strategy lays out how the World Bank Group will reposition itself, based on a value proposition to best serve the development community in pursuit of the two goals. The WBG will focus on customized development solutions and align all its activities with the two goals; work more in partnership with others, including the private sector; and significantly increase collaboration across its agencies.

Implementation of the Strategy will require organizational change and a new framework for medium-term financial sustainability to ensure that the World Bank Group's resources are commensurate with its responsibilities on behalf of the international community. Once translated into action, the Strategy will reinforce the WBG's role as the world's unique global development institution that helps affect transformational change for the nearly 4 billion people still living in or close to the edge of extreme poverty.

This overview was created from the official World Bank Group Strategy, available for download at the World Bank Group website.

Focusing on the Goals

At the heart of the new Strategy are the two goals endorsed by the World Bank Group's Board of Governors at the 2013 Spring Meetings:

- To end extreme poverty: reduce the percentage of people living on less than \$1.25 a day to 3 percent by 2030.
- To promote shared prosperity: foster income growth for the bottom 40 percent of the population in every developing country.

Fighting poverty has always been a central mission of the World Bank Group. As a new element, the two goals add concrete, measurable dimensions to the fight against poverty. Just as important, the goal of shared prosperity reflects the aspiration for rapid, sustained, and inclusive increases in living standards.

Working with all of its partners, the World Bank Group will pursue the goals in ways that sustainably secure the future of the planet and its resources, promote social inclusion, and limit the economic burdens that future generations inherit. A long-term approach is necessary to ensure lasting results and establish a solid foundation for the well-being of future generations

The World Bank Group is committing itself to putting these goals at the very center of its work—and thus maximizing its impact on global economic development. It will use its strengths as a global institution to support its clients with proven development

SETTING THE WBG MISSION: THE GOALS

END EXTREME POVERTY

2010 

1.2 billion people—18 percent of the global population—live on less than \$1.25/day.

2030 

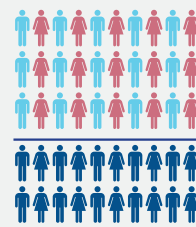
TARGET: Reduce the percentage to 3 percent globally by 2030.

PROMOTE SHARED PROSPERITY

To improve the welfare of the less well-off, economic growth must be inclusive of the lower segment of the population and sustainable over time.

GOAL:

To promote income growth of the bottom 40 percent of the population in every developing nation.



SUSTAINABILITY

The path to development and poverty reduction must be sustainable.



solutions. Just as important, the World Bank Group is committed to mobilizing the international community to the urgent task of achieving the goals. These goals can be reached only through the collaboration of all international partners, including countries, other institutions, civil society, and the private sector.

Focusing on the poverty and prosperity goals requires the World Bank Group to exercise greater selectivity in choosing its engagements. Country programs will become better-focused, and the World Bank Group will deepen its engagement with global issues affecting progress toward the two goals. Working as One World Bank Group and using its strengths as a global institution, the WBG will support clients in delivering effective development solutions to meet the goals.

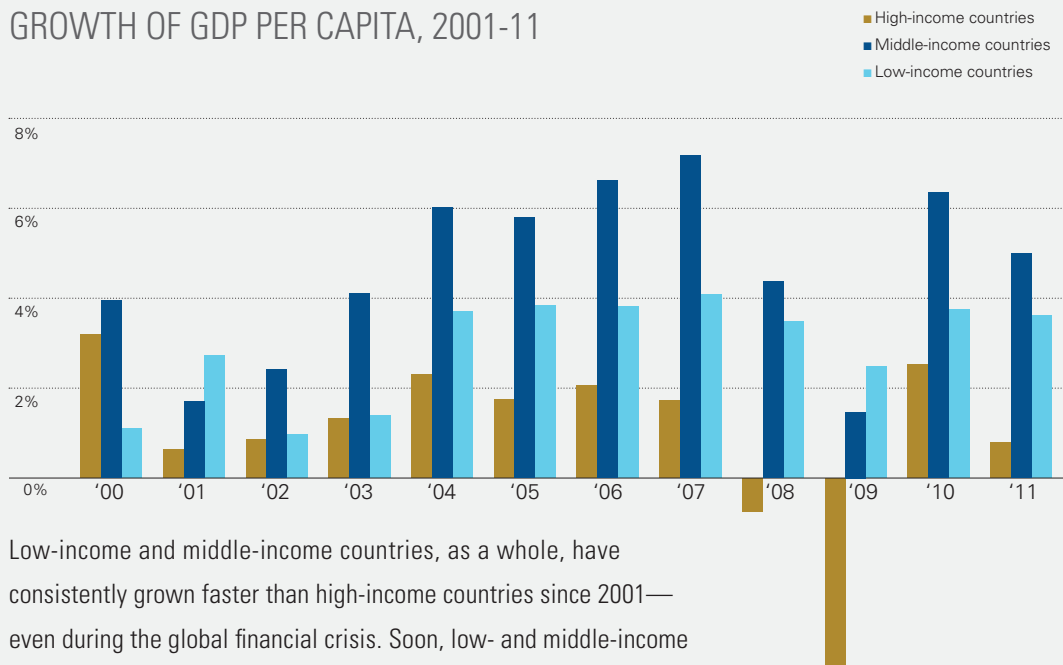
Global Trends Affecting Development

The World Bank Group's adoption of a new Strategy focused on ending extreme

poverty and promoting shared prosperity in a sustainable manner takes place in the context of momentous changes around the world—changes affecting both developing and developed countries. Among these changes are:

- *Dramatic shifts in the global economy.* The strong economic performance of developing countries is shifting the world's center of gravity to the south and east. Several large middle-income countries are now economic powers in their own right and are assuming new roles in a multipolar world economy.
- *Role of the private sector.* In countries as diverse as China, Ghana, and Turkey, the

GROWTH OF GDP PER CAPITA, 2001-11



Source: World Development Indicators.



private sector is driving employment growth and living standards. Private investment has become the dominant mode of capital transfer worldwide.

- *Changes in the character of poverty.* Economic development has cut in half the global rate of extreme poverty since 1990, but the reduction is varied across regions and even within individual countries. Millions of people have escaped extreme deprivation but remain desperately poor and vulnerable by global standards. Roughly one-half of the low-income

countries are classified as fragile and conflict-affected, making economic development there especially difficult.

- *Global connectivity.* Significant increases in connectivity have changed the nature of trade, business, and finance. Technology is changing the ways people work and think: from farmers who use mobile cellular phones to learn about commodity prices to businesses that need new technologies.
- *Climate change.* Warmer global temperatures and projected sea-level rise threaten both future poverty reduction and the sustainability of past gains that were achieved through decades of work. The adverse effects of climate change fall disproportionately on the poorest countries and the poorest groups within countries.
- *Global risks and volatility.* In an interconnected world—dependent on international markets for finance, goods, and services—a crisis or instability in one country or region can have a negative impact on immediate neighbors or even across the globe. New economic, environmental, political, and social crises are likely; even those of local origin will have the potential for global impact.

For the World Bank Group, its partners, and clients, these trends mean that the overall development picture is becoming

Meeting Development Challenges

Achieving the goals of ending extreme poverty and promoting shared prosperity in a sustainable manner will require work by all countries and international institutions to overcome multifaceted challenges. Financial challenges may be the most obvious; for example improving infrastructure globally to meet development needs could cost a staggering \$1.5 trillion per year.

But money alone will not solve all the problems of countries pursuing economic development. Countries need development knowledge—help with analysis, program design, and technical expertise for implementation and capacity building. Ending extreme poverty and building shared prosperity will require promoting gender equality and inclusion; supporting environmental sustainability; bolstering crisis response capability; and confronting the problems of fragility everywhere. Countries also need support for improving the business climate to stimulate private sector investment, promote growth, and create jobs, and to improve governance and public services with stronger institutions. There is a need for solutions that produce results and that are grounded in evidence of what works. Above all, countries want speed and agility. Support that arrives late cannot deliver results.

Support that arrives late cannot deliver results.

Many of the development challenges faced by individual countries are also global concerns. In aligning its engagements with the two goals, the WBG will increasingly enter into partnerships at the regional and global levels on issues, such as climate change, requiring global solutions that can be applied locally.

The WBG will support all member countries to sustain development progress. The needs of poor countries remain a high priority. The specific challenges of fragile and conflict-affected situations will receive critical attention. The WBG will also continue to help middle- and upper-middle-income countries sustain progress toward the two goals, small and island states with their particular needs, and higher-income countries, notably during times of distress.

Given the scope of the challenges, there is a need for continued attention in Africa. Sub-Saharan Africa has made significant progress over the past two decades, achieving strong economic growth while restraining debt burdens. But the region lags behind the rest of the world in reaching the Millennium Development Goals. About one-half of the world's fragile and conflict-affected situations are in Africa. Simulations suggest that even if the world meets the 3 percent global target for extreme poverty by 2030, many African countries could still have substantial rates of extreme poverty, and the region would likely account for the vast majority of the remaining extremely poor people.

more complex than in the past. The demands on the WBG also are evolving as the world changes. As an institution with global reach and unmatched experience in promoting economic development, the World Bank Group can help shape the international community's response to these changes and threats.

Repositioning the World Bank Group

Singularly focused on ending extreme poverty and building shared prosperity, the World Bank Group is well positioned to help countries and citizens confront the toughest development challenges. The WBG's value proposition is its unique ability

to contribute to the global development agenda through dialogue and action on ongoing and emerging development challenges. Working with member countries and a global network of public and private partners, the WBG supports clients with customized development solutions backed by financial resources, unparalleled knowledge and experience, and global leadership. Combining experience with a commitment to transparency and the open exchange of ideas, the WBG helps advance knowledge about what works for development.

The World Bank Group helps advance knowledge about what works for development.

Still, in light of experience, global shifts, and response to client demand, the World Bank Group recognizes that it must improve many aspects of its work—in essence, reposition itself as it focuses on the poverty and shared prosperity goals. Some improvements require reforms of internal procedures, such as breaking down institutional silos, reforming the budget process, and improving the use of human resources. Better collaboration is needed among WBG agencies, as well as a greater emphasis on blending public and private solutions to development problems.

Other aspects are more directly related to the WBG's engagement with countries to

confront the most difficult challenges they face in meeting the two goals. Programs and services must be delivered more promptly and must be based on evidence of what works, including solutions from across the world that are adapted to local conditions. The WBG must also strengthen its cooperation with citizens and with diverse stakeholders in the public and private sectors—those who need the knowledge and resources the WBG can help provide.

The Strategy recognizes that an important institutional challenge for the World Bank Group is ensuring that its resources are sustainable and commensurate with its roles and responsibilities. Doing this requires a new framework for medium-term financial sustainability that increases revenues, cuts inefficient expenditures, builds financial capacity, and aligns resources with the two goals.

Becoming a “Solutions WBG”

To sustainably achieve the two goals, the World Bank Group is embracing a development solutions culture based on decades of experience in and knowledge of what actually works in economic development and how to deliver it. This means moving from a project mentality to a broader culture of supporting countries in delivering customized solutions. Integrating both WBG knowledge and financial services, these evidence-based solutions will encompass the complete development cycle.



An early priority under the Strategy is the selection and creation of “Global Practices,” which will promote the flow of knowledge across sectors, regions, and the World Bank Group. These Global Practices will enable personnel from various sectors and regions to work together on solutions, since multidimensional problems—urbanization or climate change adaptation, for example—require expertise from diverse technical areas. The selection of the Global Practices will be based on alignment with the two goals, and will reflect client demand, evolving development challenges, and the WBG’s comparative advantages.

Delivering development solutions requires furthering the “Science of Delivery,” which means ensuring that the intended benefits of development actually are achieved when and where they are needed. One of the World Bank Group’s comparative

advantages is that its work with communities and policy makers around the globe has produced evidence-based knowledge of what works for development. To help deliver solutions, the WBG needs to apply and leverage the knowledge gained from all these experiences as well as the experiences of others.

The WBG needs to tackle the greatest risk of all—
not delivering results to
its clients.

In line with its focus on the two goals, the World Bank Group will emphasize engagements with the potential to have a transformational impact—to fundamentally improve the lives of poor and disadvantaged people. The WBG will identify and

support transformational engagements with results that can be measured and replicated; that can spill over to multiple sectors of a country's economy; that will produce far-reaching impacts; and that will help clients, regions, or even the entire developing world shift to a higher, more sustainable development path.

Transformational engagements generally involve taking greater risk. The WBG needs to manage risk better to tackle the greatest risk of all—not delivering results to its clients. The shift to a solutions culture will increase the focus on development results and establish clear tolerances for taking smart risks while preserving the WBG's internationally respected fiduciary, integrity, and safeguards norms.

Just as important, the World Bank Group will strengthen the focus of its country programs by refining its model for engaging with its clients. Based on evidence and analysis, this model will enable the WBG to help country clients focus on the toughest challenges in meeting the two goals, in the context of each country's national priorities and in coordination with other country-level development partners. The model also will make the WBG more selective in its operational choices as it focuses on the goals.

The model has three main elements:

- A *Systematic Country Diagnostic* that uses data and analytic methods to identify the most critical opportunities for, and constraints

to, reducing poverty and promoting shared prosperity sustainably—taking into account the voices of the poor and views of the private sector.

- A *Country Partnership Framework* that will describe priority areas for World Bank Group support, selected primarily to address the key opportunities and constraints identified by the Systematic Country Diagnostic. The frameworks will be aligned with each country's own development agenda and will consider client demand as well as the comparative advantages of the WBG and other development partners.



- *Performance and Learning Reviews* that identify and capture lessons from implementation. These lessons can determine midcourse corrections and end-of-cycle learning and accountability, and thus help build a knowledge base.

The World Bank Group: Strong Agencies Working Together

The World Bank Group is more than just a collection of international agencies with specific missions. It is a collaborative global institution, with its agencies now working more closely together and focused on the overarching goals of ending extreme poverty and promoting shared prosperity in a sustainable manner.

The **International Bank for Reconstruction and Development (IBRD)** and the **International Development Association (IDA)** are collectively known as the World Bank. Countries across the development

spectrum value the support the World Bank provides in helping design and implement their national development programs. The Bank's comparative advantage results from its technical breadth across sectors, worldwide experience in projects, and global array of partnerships—all of which give it the capacity to blend expertise in designing and supporting countries' delivery of multi-sector, multi-stakeholder solutions. The Bank is increasingly called upon to steer global agendas and deliver public goods, and its development leadership serves as a platform for global and regional partnerships.

The Bank in 2014 will launch the seventeenth replenishment of funding for IDA, which is

one of the largest sources of concessional resources for the world's 82 poorest and least creditworthy countries. IDA receives its working capital from donations by governments, pre-payments from countries that formerly received IDA's interest-free loans, and from contributions by other World Bank agencies. This capital is renewed, or replenished, every few years, most recently in 2010.

IDA17 will support implementation of the World Bank Group Strategy in the poorest countries through its overarching theme of Maximizing Development Impact, as well as the special themes of inclusive growth, gender, FCS, and climate change.

Country- and regional-level coordination among the World Bank, IFC, and MIGA will be formalized by a Regional Coordinating Mechanism, which will also help the WBG with its regional engagements.

Working Together as One World Bank Group

Over the years the World Bank Group has evolved to meet the growing needs of its clients: the countries and private enterprises that seek the WBG's financial resources and expertise to promote economic development. To help clients meet the most difficult development challenges, the World Bank Group's agencies—the IBRD, IDA, IFC, and MIGA—now need to catalyze and leverage more fully the combined resources and expertise within and across the institution. The new Strategy encompasses

the concept of acting as One World Bank Group, significantly increasing collaboration across its agencies.

The WBG will work more closely at the corporate level (e.g., budgeting, HR, IT) and at the country and regional levels, through client engagements that will be more effective because of the contributions of the different agencies. The One World Bank Group approach will entail joint projects managed more collaboratively than in the past. As an example, a joint IDA-IFC-MIGA team recently developed a comprehensive Energy Business Plan for Nigeria. The WBG will seek out more opportunities for collaboration and it will review its portfolio of products and services to eliminate overlap and maximize effectiveness.

The **International Finance Corporation (IFC)** is the world's largest global development institution focused exclusively on the private sector and is recognized for its ability to provide a unique suite of financing and advisory services. The IFC's comparative advantage derives from the combination of its global and decentralized operation; its packaged services of investment, advisory, and asset management services; synergies across the WBG; and its commitment to sustainable development impact.

The **Multilateral Investment Guarantee Agency (MIGA)** is the strongest multilateral provider of political risk insurance, which enables private investment to support

economic growth, reduce poverty, and improve people's lives. Its comparative advantage is based on its expert underwriting; its strong balance sheet, enabling large long-term guarantees; its willingness to guarantee complex projects in high-risk markets; and its unparalleled record in resolving investment disputes. Much of MIGA's comparative advantage is derived from its affiliation with the World Bank Group.

Despite the strengths of each WBG agency, clients do perceive them as falling short in several areas. For IBRD and IDA, these perceived weaknesses include long lead times and red tape, which can stifle demand; constraints on the Bank's ability to provide

and apply knowledge on the ground in a timely manner; and, on occasion, the Bank's need to ramp up its technical expertise.

Clients perceive IFC as sometimes falling behind its peers in timeliness and speed of processing. MIGA's perceived weakness is having heavy information requirements, especially in the areas of environmental, social, and integrity due diligence. The Strategy proposes reforms in all of these areas, with specific actions to be developed during implementation of the Strategy.

To promote broader collaboration across all its activities, the World Bank Group also must change its incentives, policies, practices, and training for personnel. Management will set objectives for collaborative behavior, measure how well those objectives are being met, and reward staff for achieving them. Guidelines for handling perceived conflicts of interest among WBG agencies have already been issued, and processes that hinder collaboration will be reviewed and changed, where appropriate. Staff training is another important aspect of the collaborative effort; new training modules will be developed to address the broad lack of knowledge at almost all staff levels about what each WBG agency does and what products and services it offers.

Developing and Promoting Partnerships

It is important to emphasize that no one institution—the World Bank Group included—can ensure that countries reach the goals. The WBG will call upon all development actors—at every scale, from village cooperatives to multimillion dollar programs with regional or even global reach—to work in concert toward meeting the goals.

The past decade has seen a tremendous surge in partnership programs involving the WBG. Going forward, these partnerships must be aligned with the two goals and must be well-managed. The World Bank Group will take the lead in some partnerships; in other cases, it will assist. Particular emphasis already has been placed on relationships with other multilateral



organizations, notably United Nations agencies, and international financial institutions. On an institutional level, the World Bank Group has developed a management framework to strengthen the strategic focus of its partnership engagements. The WBG also is continuing the reform of its trust fund management to support progress toward the two goals.

In promoting partnerships, the World Bank Group will build on existing collaborative relationships. For example, the WBG has been an active supporter of South-South exchanges, in which better-off developing countries provide experience, knowledge, and even finance to the poorest countries. WBG agencies also have worked at the country level with governments and other partners to ensure that approaches are well-coordinated and contribute to national development priorities.

Also critical for the World Bank Group is strengthening and expanding its partnerships with the private sector, which is central to bringing necessary resources and expertise to achieving the goals. Partnerships with the private sector can create jobs, transfer technology, build skills, and promote innovation and entrepreneurship, in addition to generating financial resources. All of these are necessary for economic development and eliminating poverty. For example, the IFC is launching a new client relationship model to develop long-term partnerships with clients based on their potential development impact.

Implementing the Strategy

The Strategy is ambitious, in line with the challenges of the two goals. It sets out the vision of a repositioned World Bank Group that uses its knowledge, resources, and partnerships to help countries address the

most difficult challenges to ending poverty and building shared prosperity in a sustainable manner. Working with its partners, and with a renewed spirit of internal cohesion and efficiency, the WBG will help countries identify and implement tailored solutions that serve poor and vulnerable people. It will demonstrate its enduring value as the world's unique global multilateral development institution.

The World Bank Group will develop implementation plans that specify necessary changes in structures, systems, and business processes and that include a timetable and lists of specific actions. These actions will build on previous modernization efforts and reflect the ongoing change process across the institution. Many of the change elements will be rolled out in the coming months, but some may not be fully implemented for one to two years.

Implementation of the Strategy, and the change process that supports it, will be monitored regularly through a revised Corporate Scorecard. This Scorecard will measure actual results: country-level progress toward the two goals; World Bank Group contributions to those goals; and internal WBG effectiveness indicators tracking Strategy implementation and the change process. In addition, the WBG will use the annual *Global Monitoring Report* to report progress toward achieving the goals.

Implementation will require a realigned finance and risk framework that strengthens the World Bank Group's sustainability and expands its capacity. The framework must also take into account new measures for generating income and better leveraging the WBG's own resources and those of its partners. The World Bank Group is developing a new budget process to align



its resources with the Strategy and the two goals. Increased efficiency, cost savings, and reduced complexity will enhance the WBG's ability to target its resources to areas of strategic focus. The overall goal of this initiative is a net reduction in costs while maintaining or expanding the operational capacity to deliver value to clients.

Successfully repositioning the World Bank Group to help meet today's development challenges will depend upon the support of all shareholders and staff. The World Bank Group's staff is the institution's most important resource, and management of this global talent pool must be improved. Reforms will aim to move the WBG toward world-class talent management that ensures the right people are in the right place at the right time, and doing the right things in support of the two goals. Additionally, continued strong engagement with the Board



of Executive Directors and the Governors will be decisive in addressing key areas, such as the budget and financial sustainability.

Together, we can do what it takes to end poverty and build shared prosperity in a sustainable manner—not in some distant future but in our time.

The opportunity to achieve the two goals is historic and will require bold steps by all stakeholders. The World Bank Group faces significant risks to delivering on its commitment to promote sustainable achievement of the two goals, particularly if it falters in implementing the actions identified in the Strategy. Management must adhere to its commitment to focusing relentlessly on the goals. Each member government and the international community as a whole must demonstrate the political will to focus on the poor and disadvantaged, and to act in partnership with the private sector and civil society.

Together, we can do what it takes to end poverty and build shared prosperity in a sustainable manner—not in some distant future but in our time.

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