



THE RISE FRAMEWORK EXECUTIVE SUMMARY

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EXECUTIVE SUMMARY

The world has witnessed unparalleled economic progress in the last three decades. Extreme poverty, once pervasive, has declined from 40 percent of the population in 1990 to 10 percent by 2015. Over the same period, infant mortality rates have halved, illiteracy rates have tumbled, and most people have gained access to electricity (90 percent of the world) and safely managed drinking water (70 percent of the world). Such rapid progress might suggest that prosperity for all is tantalizingly close.

But success is not preordained, and several headwinds threaten this hard-fought progress. Inequality is leaving many people and subgroups behind and excluding them from enjoying the benefits of this great economic expansion. The destruction and degradation of our forests, water, and air are shortening lives and shrinking growth. And climate change is increasing the magnitude and frequency of extreme events, putting food supplies, infrastructure, and livelihoods at risk.

More recently, the world has awakened to the reality of a new type of risk. The coronavirus disease 2019 (COVID-19) struck at a time when the world was healthier and wealthier than ever before. Yet it still created a global humanitarian and economic crisis of proportions not seen in recent times. The pandemic has pushed those living on the margins back into poverty, and—for the first time in generations—has put growth and development into reverse across much of the world. COVID-19, which is a zoonotic disease caused by germs that spread between animals and humans, has exposed the interconnectedness of natural, human, physical, and intangible capital. The crisis highlights the need for a more balanced form of development that is well prepared for multiple threats such as recessions, extreme climactic events, disasters like locust swarms, and zoonotic diseases.

There is little disagreement over the need to enable a recovery that is fairer, safer, and more sustainable. Three factors are critical to building better: avoiding unintended harmful consequences of relief efforts; correcting policy mistakes that predate the pandemic; and introducing new policies that create a more balanced, just, and sustainable economy. The choices that governments make today on how they restart their economies will have long-term consequences that shape their development for decades. To achieve sustainable and equitable growth without degrading the environment, the World Bank Group recently endorsed an approach to these interlinked crises —Green, Resilient, Inclusive Development. This report describes how these ambitious objectives can be achieved by providing evidence-based tools and information to guide countries to spend better and improve policies.

THE RISE FRAMEWORK

It is in this context that this document presents policy guidance to identify and diagnose key development challenges and develop solutions to help countries build better. The diagnostic is based on an assessment of a country's performance across four key pillars of development: **R**esilience, **I**nclusion, **S**ustainability, and **E**fficiency (**RISE**). These RISE pillars are key to achieving the goals of a fairer, more efficient, and sustainable economy:



Resilience: Living in a world full of costly risks—climate change and weather variability, zoonotic disease and other health risks, food shortages, and recessions—requires decisions and investments that prepare people and assets for shocks. A country with low resilience will often find itself reacting to shocks instead of accumulating capital and improving long-term prospects.



Inclusion: Baseline levels of inequality are already high and increasing, which can lead to lost opportunities and social risks, including expanding gaps, instability, scapegoating, and negative feedback on progress. Improving inclusion in a society means increasing the access of disadvantaged groups to markets (land, housing, labor, and credit), services (electricity, healthcare, water, sanitation, and social protection), and spaces (political, physical, cultural, and social). Left unaddressed, the exclusion of disadvantaged groups can have a high cost, affecting economic performance and fostering dissent and social discord.



Sustainability: A country cannot deplete or degrade its natural, physical, human, and intangible capitals without harming its future productive capabilities. Thus, countries must become better stewards of their renewable and non-renewable resources to prevent overuse and pollution. Greater caution is called for when decisions have long-term and irreversible consequences, particularly when it comes to climate change and the need to reduce carbon emissions.



Efficiency: In anticipation of declining fiscal space and a resource-constrained future, countries need to spend better and use scarce resources more efficiently. The efficient use of resources is also shaped by laws and regulations that allow countries to maximize returns to society while minimizing the financial, social, and environmental costs. Better spending can deliver the infrastructure and services that countries need, creating more competitive cities. The productive use of agricultural lands, fisheries, forests, and other natural resources are key to achieving prosperity and improving lives.

Addressing these challenges that cut across short-term needs and longer-term imperatives calls for approaches that can diagnose “pinch points” and constraints, articulate why these concerns matter, and develop solutions for how they can be addressed in cost-effective ways.

The RISE framework presents a tailored way to identify the challenges which are preventing countries from achieving “Green, Resilient, and Inclusive Development” (GRID). Building better will require governments to make hard choices amongst the multiple facets of “better growth” or GRID, especially in a context where fiscal space is shrinking and debts mounting in many developing countries. RISE is designed to provide the information that is necessary for better informed policy and investment decisions and to assess trade-offs. By identifying “pinch points” using a variety of methods, the approach provides assurance that the results are robust to a variety of sensitivity test. The approach has been stress-tested in countries across all regions and income groups across a wide range of countries. It provides a systematic process for directing development and growth towards more inclusive, and sustainable pathways (termed GRID, Climate Smart, Inclusive Growth, or Sustainable Growth among other terms).

Building sustainable and inclusive economies need not come at the expense of prosperity. There are opportunities to support investments that deliver on multiple goals identified in the RISE framework, including jobs that are labor-intensive, pro-poor, enhance budgetary and resource-use efficiency, and promote sustainability. Indeed, building better requires that the *quality of growth*—the principals embodied within the four RISE pillars—is improved while not neglecting the *quantity of growth*, which is critical for alleviating poverty and achieving shared prosperity. The diagnostic, with its broad approach to development, encourages countries to consider trade-offs, synergies, and the consequences of action and inaction.

DIAGNOSING PRIORITIES TO BUILD BETTER

The report lays out an evidence-based approach to diagnose challenges across the four pillars of RISE. The diagnostic has three components: country benchmarking, complementary analyses and drill downs, and solutions.

Country benchmarking: how it works

Benchmarking is used to compare a country's performance across the RISE indicators against other countries to determine where major development roadblocks lie and identify opportunities to improve growth and livelihoods. Rather than benchmarking a country against an absolute target (such as eliminating extreme poverty) which may be unachievable in the short term, countries are instead benchmarked against others in the world, including those that share similarities.

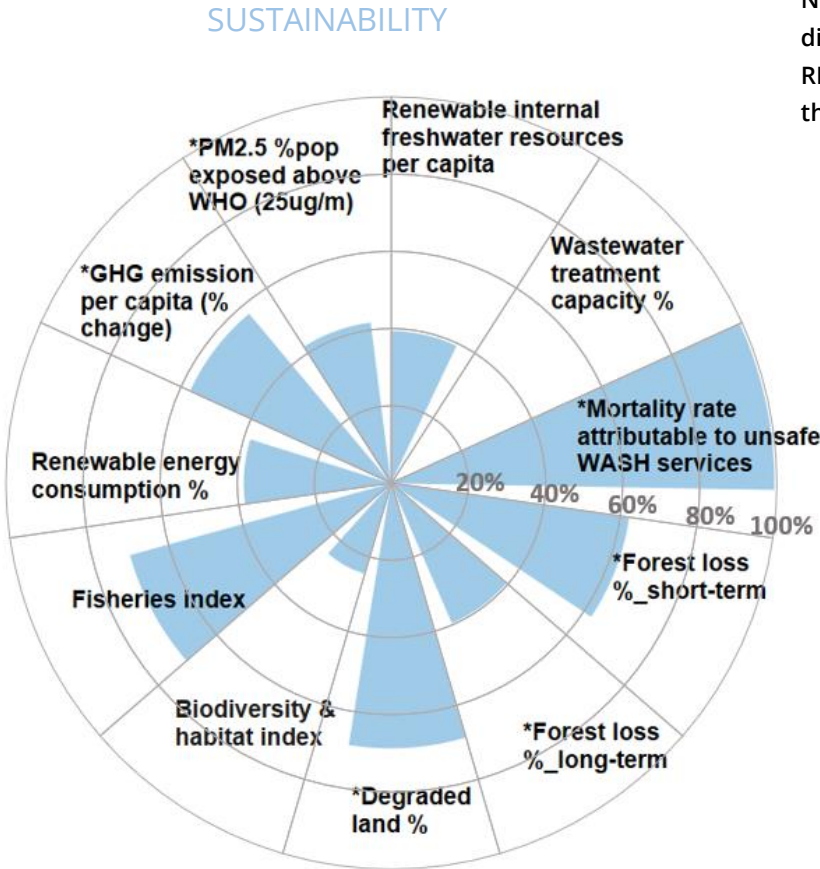
Regardless of development level, all countries have the potential to gain by assessing their performance and identifying opportunities. By benchmarking against a flexible set of countries and indicators, the RISE framework's modular design allows for a diagnostic that is attainable, but also aspirational. This can be achieved through multiple comparisons used in parallel:

- Benchmarking against a *selected peer group at a similar level of development* assesses how the country performs when compared to a contemporary (Figure ES1, panel a).
- Complementing this with a *global comparison* will provide a ranking against the rest of the world (Figure ES1, panel b).
- A further benchmarking against *different regions and other income groups* (low-, middle-, and high-income countries) will provide an indication of performance relative to countries across the entire spectrum of development and income levels (Figure ES1, panel c).

Collectively, these comparisons provide robust evidence of gaps and achievements. A country with a consistently low ranking in a particular indicator, across all three comparisons, is arguably underperforming. This would suggest the need for greater scrutiny and policy attention on the identified issue.

Figure ES.1: Examples of RISE benchmarking

a



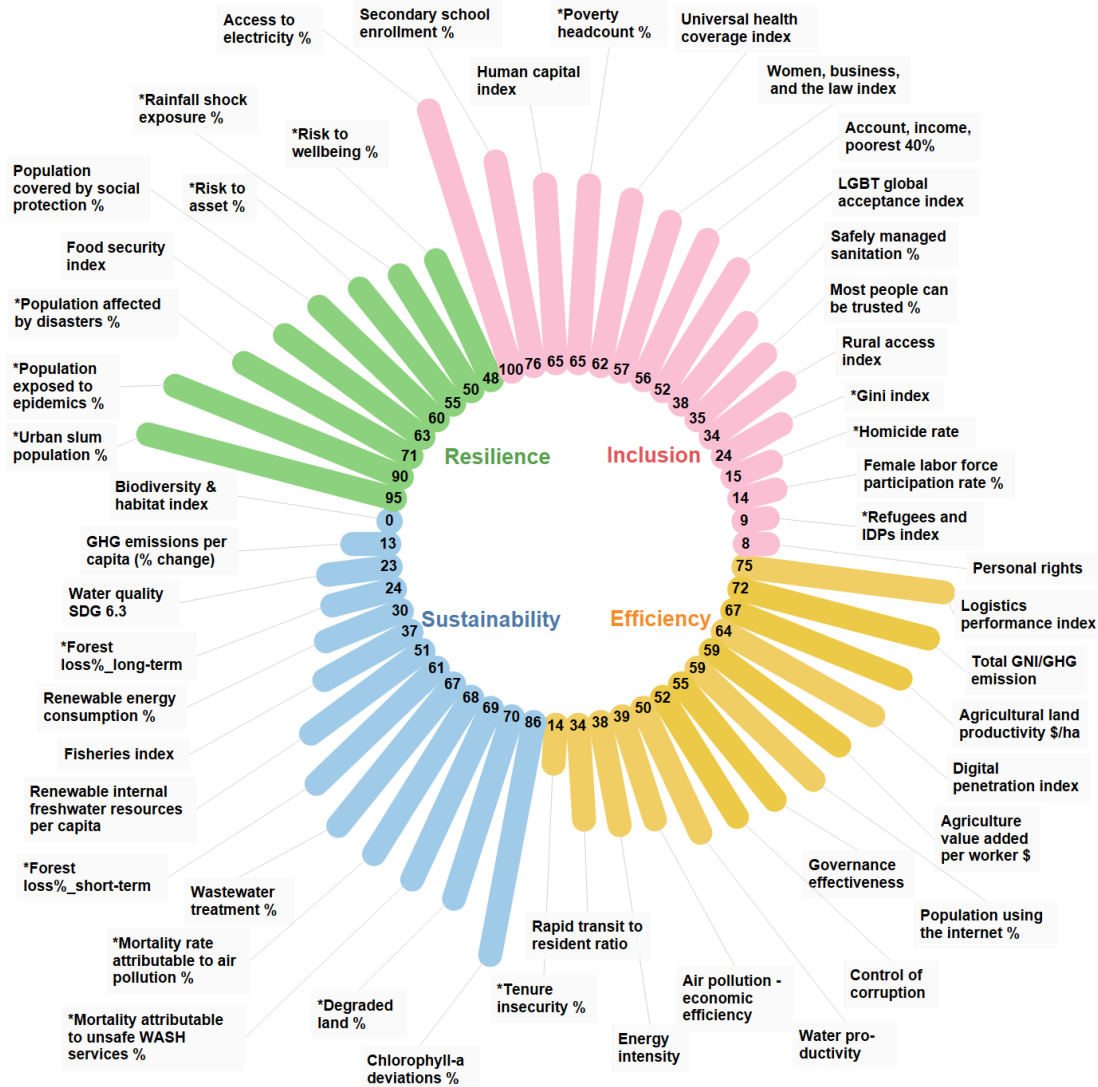
Notes: Figure shows three different examples of the RISE benchmarking for three sample countries.

Panel a shows a selection of indicators of the sustainability pillar being benchmarked against an example of a country's peer group, which in this case is lower-middle-income countries. In this flower diagram, the example country is compared against the **top performing country in the peer group** in each indicator.

Each petal shows how well the country performs relative to the best performer. For instance, the diagram shows the country is performing close to the best performer in its peer group in terms of the mortality rate from unsafe WASH services.

Figure ES.1: Examples of RISE benchmarking *continued*

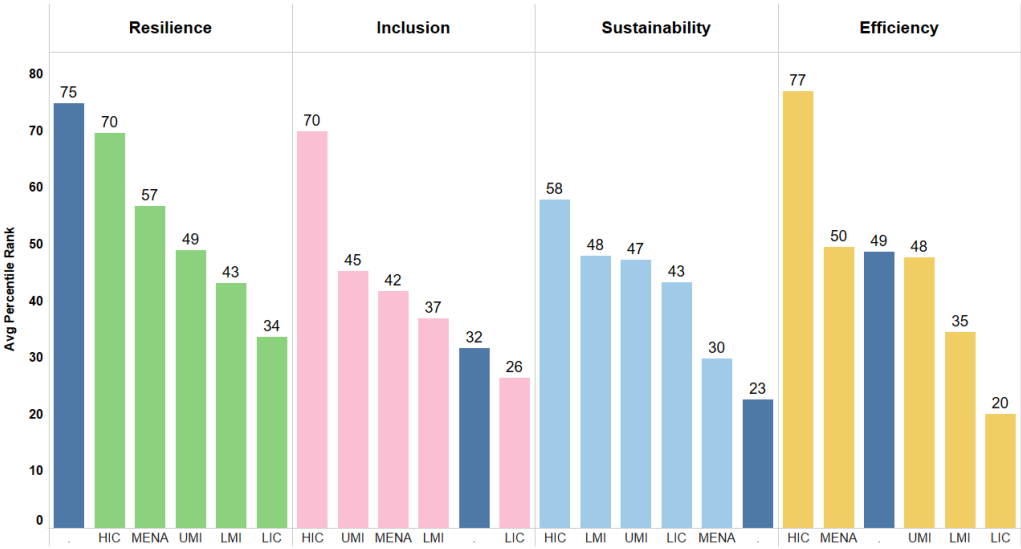
b



Panel b shows global benchmarking for a sample country. Here, countries are ranked in each indicator, and their percentile ranking is shown in the graph. The average value of these indicators within each pillar gives the country's *pillar score*.

Figure ES.1: Examples of RISE benchmarking *continued*

C



In **panel c** the pillar scores for an example country (dark blue bars) are compared to the average pillar score within each of the income groups, as well as the Middle East and North Africa (MENA) region.

The RISE indicators are chosen from a broad set of data that is publicly available for most developing countries, and tailored to the country in question. Many of these indicators will be similar to those found in the Sustainable Development Goals (SDGs), or come from other widely used datasets such as the World Development Indicators. The indicators are chosen to broadly represent the four pillars. To assure robustness, the benchmarking is complemented with a range of sensitivity analyses. These can be simple statistical exercises that test sensitivity to a particular variable, or they can be more complex statistical techniques, such as *principal component analyses* to identify which components of each index can explain most of the variation in the pillar score. *Synthetic control methods* can also be used to generate a “synthetic” version of the country, based on a weighted average of statistically determined similar countries. This data-driven approach to benchmarking helps ensure the robustness of the results. The approach has been piloted in countries spanning all regions and income levels and is being used to inform country strategies and open up dialogues with clients.

Complementary analyses and drill downs: understanding the drivers and impacts of outcomes

While country-level benchmarking is useful for identifying development challenges at a high level, it can mask significant spatial and population heterogeneity. A useful next step is to understand spatial differences and the drivers and impacts of outcomes identified in the benchmarking through the use of complementary analyses and drill downs. For example, if the benchmarking analysis indicates that a country is performing poorly in the area of air pollution, then the complementary analyses and drill downs could examine the drivers of poor air quality and their effects. If there is a need to investigate social issues, climate risks, or other sectoral risks, this can be done at this stage through targeted studies like SSI diagnostics, climate change diagnostics, water security diagnostics, urbanization reviews, and infrastructure assessments. In most cases there is also a need for subnational analyses because national-level statistics mask significant spatial variations.

Solutions: translating challenges into opportunities

The final section of the diagnostic aims to provide solutions to the challenges identified in the benchmarking and drill downs. Identifying policies that address immediate needs, while enhancing future development opportunities, will be key to building a stronger, fairer, and more sustainable economy. With countries currently designing stimulus packages, understanding the impact of alternative policies on job creation will help inform decisions on where limited resources should go. Given that recovery policies could have adverse environmental consequences, it is important to assess these implications as well. Accordingly, a global database of employment and output multipliers, together with the resulting environmental, gender, and distributional consequences, has been created to inform better policy making. The database includes sustainable and inclusive spending packages for each country prototype that estimate the number of jobs created for every million US dollars spent, the gender distribution of those jobs, the poverty impact, and the environmental impact (in terms of greenhouse gases, fine particle air pollution [PM2.5], and land clearing).

BUILDING ON SUCCESSFUL EXAMPLES

The movement towards building a better future—whether termed green, resilient, inclusive development (GRID), climate smart development, green growth, RESET, or a just transition—has become the predominant idea for turning challenges into opportunities for the benefit of people and the environment. RISE can be viewed as the diagnostic and implementation tool to enable such a transition. Table ES.1 provides examples of policies that address various aspects of the problem and how the framework can be used to analyze policies and investments. There is no one-size-fits-all approach to building better, and strategies should vary across countries, reflecting local contexts and preferences. Nevertheless, there is an opportunity to learn from countries that have taken the lead in building a more balanced economy. Major world economies, including the European Union (EU) and China, have begun implementing policies for a more sustainable future, while countries such as the Republic of Korea have actively mainstreamed green growth into their national budgets over the past decade. These investments have demonstrated that in many contexts there are policies that can simultaneously achieve both economic growth, and environmental and social objectives.

With globally low interest rates, public investment is a powerful element of stimulus packages to limit the economic fallout from COVID-19. Policies for a sustained economic recovery amount to much more than just short-term fiscal stimulus—they will likely have lasting effects on the global economy and will shape societies for decades to come. The RISE framework and approach to building better aims to ensure that these opportunities do not go to waste.

Table ES.1: Examples of RISE policies

BUILD RESILIENCE:

- Increase resilience to droughts through investments in small dams and/or upstream reforestation
- Introduce index-based insurance for farmers
- Invest in resilient design and finance of infrastructure to reduce disaster risk
- Support climate change adaptation
- Reduce risks to zoonotic diseases through better habitat management
- Rehabilitate land to combat desertification
- Increase adaptive social protections to build resilience to shocks
- Build social resilience: strengthen the ability of communities to survive social, environmental, and economic stressors
- Increase resilience of water supply and sanitation services to environmental and economic shocks
- Implement home improvements to increase flood, earthquake, and hurricane resilience
- Ensure better land-use planning and wildlife/animal health management to prevent the spread of zoonotic diseases

INCREASE SUSTAINABILITY:

- Increase productivity and competitiveness in green value chains through the development of high-skill, low-emission farming techniques
- Promote climate-smart agriculture, land use, and forest carbon sequestration
- Identify renewable energy potential
- Curb the overuse of natural resources and pollution through incentives, institutions, and investments
- Introduce climate finance innovations to connect communities and marginalized groups to higher-level policies
- Expand access to public transport
- Strengthen the social contract
- Address the social dimensions of climate change
- Monitor groundwater depletion and implement policies that incentivize sustainable use
- Implement water quality monitoring and tracking
- Improve watershed and transboundary water management
- Ensure better spatial planning for more efficient cities

IMPROVE INCLUSION:

- Create virtual labor market platforms to improve the conditions of agricultural seasonal workers (e.g. with the support of digital and cell phone-driven solutions)
- Monitor food supply chain disruptions to protect the poorest from food price increases
- Ensure inclusive access to finance for disadvantaged groups, including support for poor farmers and women-headed farms
- Build social cohesion in areas affected by fragility, conflict, and violence, including internally displaced people, refugees, and vulnerable migrants
- Implement adaptive social protection and safety nets
- Promote sustainable tourism with jobs for excluded populations
- Empower and enhance the voice and agency of marginalized populations
- Ensure equal opportunities for sexual, gender, and racial minorities
- Provide water and sanitation for health (WASH) in vulnerable areas like slums, health centers, and schools
- Implement innovative approaches to effectively and sustainably develop WASH services in unserved, poor regions
- Better target WASH, energy, and agricultural subsidies to ensure a more equitable and pro-poor distribution of public resources
- Improve connectivity of poorer regions
- Focus on property rights and land tenure formalization, particularly for discriminated groups

BECOME MORE EFFICIENT:

- Improve water-use efficiency through a new generation of water management, improved irrigation systems, and more efficient WASH provision
- Switch crops for higher value production
- Reduce food waste through digitalization of food value chains
- Implement carbon and other externality pricing
- Integrate climate into macro fiscal budgeting
- Increase efficiency of natural resource use
- Introduce circular economy approaches to reusing and capturing natural resources
- Better target spending and subsidies to those in need
- Support community-driven development to improve effectiveness of interventions
- Ensure efficient service provision and increase access to vital services
- Track and support creditworthiness of utilities
- Improve efficiency in water-sector spending through a water public expenditure review
- Track efficiency of water use in rural and urban areas
- Improve land-use efficiency and agglomeration economies
- Improve congestion management in cities
- Implement municipal finance and public spending reforms
- Realign inefficient/harmful subsidies for better fiscal and environmental management
- Upgrade slums and invest in infrastructure