

WORLD BANK GROUP STRATEGY



October 2013

The World Bank Group has a new Strategy



Two ambitious goals will guide the World Bank Group

End Extreme Poverty

Reduce the percentage of people living on less than \$1.25 a day to 3% by 2030

Promote Shared Prosperity

Foster income growth of bottom 40% of the population in every country

Achieving the Goals in a Sustainable Manner:

Securing the long-term future of the planet and its resources, ensuring social inclusion, and limiting the economic burdens on future generations underpin efforts to achieve the two goals

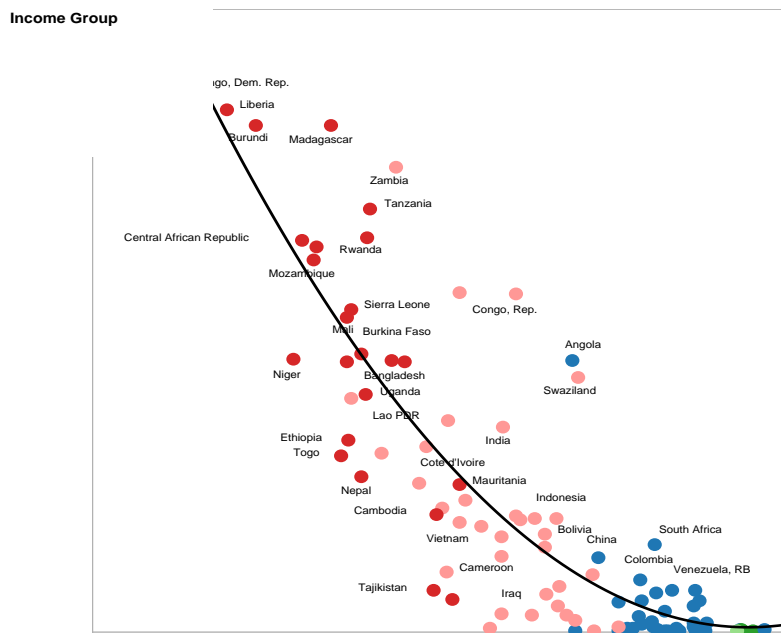
The goals are aligned with the post-2015 agenda being defined by the international community



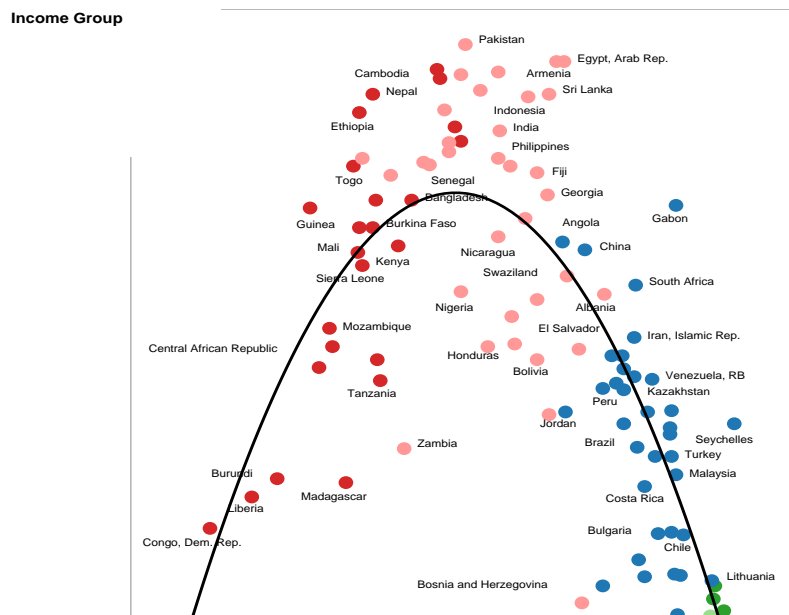
Growth has been a driver for reducing poverty and boosting shared prosperity, but it is not enough

Half of the world's population lives in poverty: 1.2 billion people on less than \$1.25/day, 2.7 billion people on \$1.25-\$4/day

Extreme Poverty (<\$1.25/day) and GDP per capita



Poverty (\$1.25-\$4/day) and GDP per capita



Source: POVCALNET and World Development Indicators for the World Bank Atlas method

Low income = \$1,025 or less; lower-middle income = \$1,026 - \$4,035; upper-middle income = \$4,036 - \$12,475; and high income = \$12,476 or more purchasing power parity



Growth needs to be accompanied by inclusion and sustainability

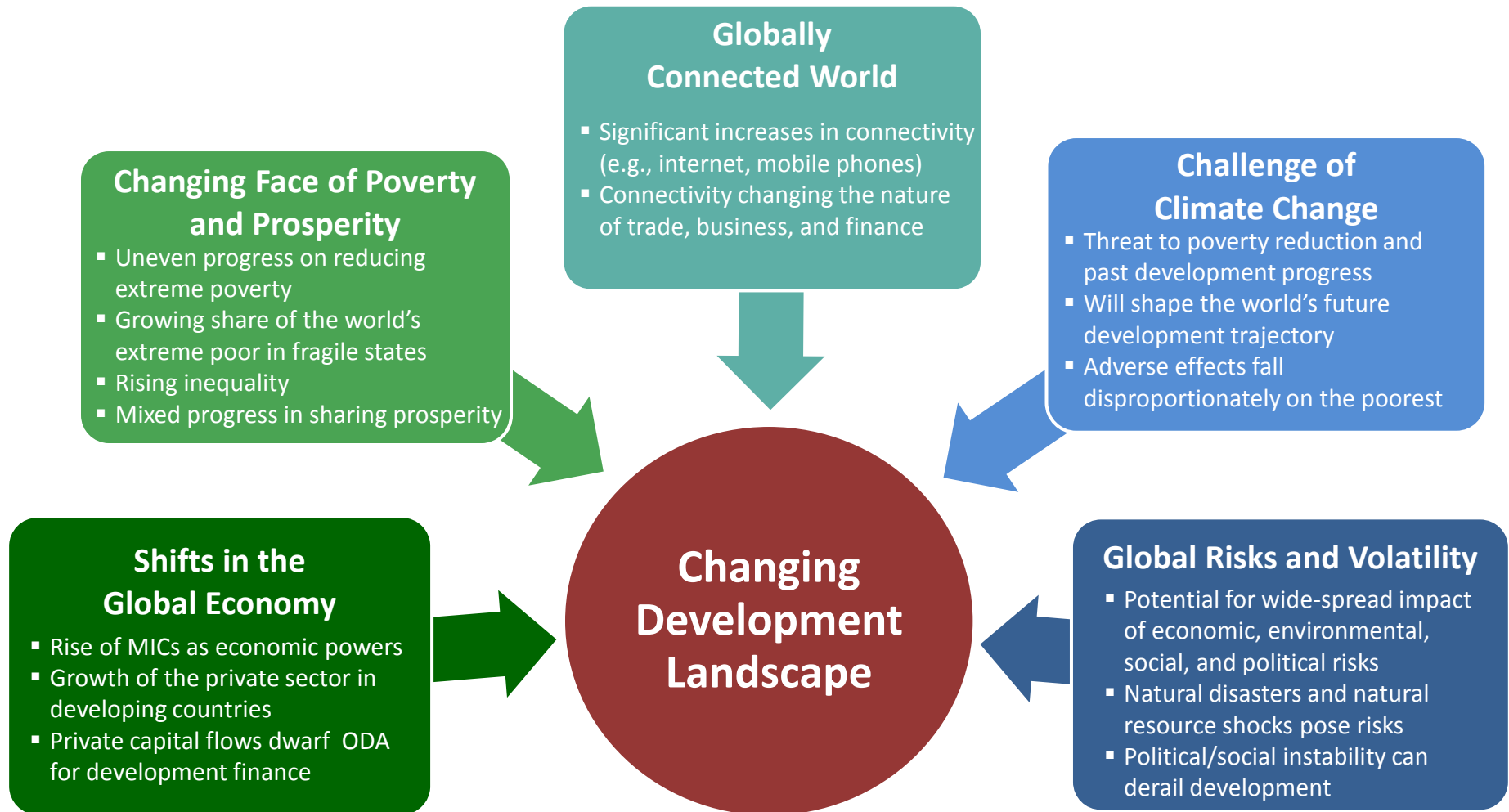
- **Economic growth** that creates good jobs fuels development—strong job creation hinges on mobilizing private investment and developing effective public institutions
 - **Inclusion** entails empowering all citizens (including women, youth, minorities, and others who are often excluded) to participate in, and benefit from, the development process—inclusion is essential to ensure that broad development progress translates into specific, significant gains for the extreme poor and bottom 40%
 - **Sustainability** ensures that today's development progress is not reversed tomorrow—sustainability permeates the policy agenda, from greening economic growth to strengthening social consensus



The agenda requires actions at the country, regional, and global levels



Global trends underscore the need for a new World Bank Group Strategy



The World Bank Group has a strong value proposition

- The WBG—operating as One Group—intends to work with the public and private sectors in partnership to end extreme poverty and boost shared prosperity sustainably through a **value proposition** to:
 - **Contribute to the global development agenda** through dialogue and action on ongoing and emerging development challenges, bringing the perspectives of all its member countries
 - Support clients in delivering **customized development solutions** backed by finance, knowledge, and convening services
 - Help **advance knowledge about what works**, combining the world's leading development research and practitioner experience with a commitment to transparency, open data, global outreach, and knowledge dissemination



The World Bank Group will customize support to clients to meet the two goals

- The WBG will **support all member countries** to sustain development progress, recognizing the complexity of needs as country categories become less distinct:
 - The needs of poor countries remain a high priority; the WBG will also continue to support middle- and upper-middle-income countries sustain progress toward the goals, small and island states with their particular needs, and higher-income countries, notably during times of distress
 - The specific challenges of fragile and conflict situations will receive critical attention
 - Support for country-specific policies and investments that strengthen growth, inclusion, and sustainability (e.g., job creation, good governance, gender equality, environmental sustainability, crisis response) will be provided
 - Helping countries to improve the business environment, **supporting the private sector**, and promoting public-private partnerships is key
- **Regional and global engagements** will remain important, as will strengthening their alignment with the two goals



The World Bank Group will become a 'Solutions WBG'

Move from a project mentality to a **development solutions culture**

Establish global practices
to generate, share, and deploy evidence-based, cutting-edge knowledge worldwide and ensure a focus on multi-sectoral approaches

In partnership with others
build the science of delivery
evaluating, adapting, and exchanging knowledge about what works

Focus on results
and how WBG engagements contribute to the two goals in a sustainable way

Identify and support transformational engagements
i.e., those that have demonstration effects, positive spillovers, and far-reaching impacts

To increase impact, speed, and agility
focus on smart risk-taking
while preserving internationally respected fiduciary, integrity, and safeguards norms



The World Bank Group will operationalize the two goals in its country work

Systematic
Country
Diagnostic
(SCD)

Country
Partnership
Framework
(CPF)

Performance &
Learning
Reviews (PLRs)

Regional
Coordinating
Mechanism
(RCM)

- The WBG will **strengthen the focus of its country programs** by developing a more evidence-based, selective country engagement model in the context of country ownership and national priorities, and in coordination with development partners:
 - A **Systematic Country Diagnostic** will use data and analysis to support country clients and WBG teams in identifying the most critical constraints to, and opportunities for, reducing poverty and building shared prosperity sustainably, while explicitly considering voices of the poor and views of the private sector
 - A **Country Partnership Framework** will describe focus areas for WBG support, aligned with the country's own development agenda and selected primarily to address the key constraints and opportunities identified in the SCD
 - **Performance and Learning Reviews** will identify and capture lessons; determine midcourse corrections, end-of-cycle learning, and accountability; and help build the WBG's knowledge base, including effective approaches for integrating inclusion and sustainability dimensions (including gender and environmental sustainability) into the SCD and CPF
 - A **Regional Coordinating Mechanism** will formalize country-and regional-level coordination among the Bank, IFC, and MIGA; the RCM will also help the WBG with its regional engagements



The World Bank Group will work in partnership

- The **WBG cannot do it alone**—meeting the goals demands deepening partnerships and concerted action at all levels. The WBG will:
 - **Build on existing collaborative relationships** and develop new partnerships to help address key development issues in a way that no single agency or country can
 - **Step back where others have clear comparative advantage** and actively support leadership roles for partner organizations
 - **Ensure that partnerships are well aligned with the goals and draw on WBG comparative advantages**—to this end, the Bank has launched the next phase of trust fund reform and developed a management framework to strengthen the strategic alignment of its partnership engagements
 - **Use its long-standing experience in mobilizing private partners** to create jobs, transfer technology, build skills, promote innovation--and expand those efforts, including through IFC's new client relationship model



Working as 'One WBG' is central to the World Bank Group Strategy

- Collaboration across the WBG will be increased systematically--to help public and private sectors work together and better serve clients--through:
 - Coordinated **budgeting processes** at the corporate level
 - **Joint business planning** to strengthen operational collaboration at the country and regional levels
 - An increase in the number of **joint projects**
 - A review of the WBG portfolio of products and services to **improve synergies and eliminate overlap**
 - A move to **harmonize policies and practices**—in a manner consistent with the Bank's Articles of Agreement and recognizing the different needs of public and private sector clients
 - Development of **metrics for institutional collaboration**; **addressing conflict-of-interest** issues; and **enhanced training** so that each agency has a deeper understanding of the others



This will take time, concerted effort, and a continual change process



The outcome of the Strategy will be a stronger, connected, Solutions WBG

What is different about the 2013 WBG Strategy?

- *Singular focus on the two goals*
- *Comprehensive change process underpinning the Strategy, with accountable implementation*

- The Strategy envisages a **repositioned WBG** that will:
 - Align all WBG activities and resources to the two goals, maximize development impact, and emphasize WBG comparative advantage
 - Operationalize the goals through the new country engagement model to help country clients identify and tackle the toughest development challenges
 - Be recognized as a Solutions WBG, offering world-class knowledge services and customized development solutions grounded in evidence and focused on results
 - Seek transformational engagements and take smart risks
 - Promote scaled-up partnerships that are strategically aligned with the goals, and crowd in public and private resources, expertise, and ideas
 - Work as One WBG committed to achieving the goals



Foundational actions underpin the World Bank Group Strategy and change process

Finance

- Enhance financial capacity
- Restore profitability margins
- Establish strategic budgeting framework
- Redefine risk appetite

Knowledge

- Help clients devise evidence-based solutions, integrate feedback loops and mid-course corrections, and share tacit knowledge
- Build a global repository of delivery knowledge
- Mobilize global practitioner knowledge and crowd-source innovative solutions

Talent

- Build a culture of performance and accountability
- Improve managerial effectiveness and strong technical path for non-managers
- Shape a diverse and inclusive workforce
- Proactively manage and create career opportunities

Leadership, Culture, Values

- Develop leadership team norms and accountability, role model desired behaviors, cascade throughout WBG
- Select and promote leaders based on desired leadership qualities, skills, and behaviors
- Scale-up leadership learning and training



Implementation of the Strategy and the change process will be monitored regularly

- Implementation of the Strategy and the change process will be monitored regularly through a WBG Corporate Scorecard
- The apex of the Scorecard will measure joint WBG results—it is envisaged that this apex will comprise:
 - **Country-level progress toward the two goals**
 - **WBG contributions to these goals**
 - **Internal WBG effectiveness indicators**
- As a living document, the WBG Corporate Scorecard will be improved and refined over time
- The WBG will also use the annual Global Monitoring Report to report on global and country-level progress in ending extreme poverty and promoting shared prosperity sustainably
- The WBG will continue to conduct regular client surveys to gauge the degree of client satisfaction as the ultimate measure of success



Together, we can end poverty and build shared prosperity in our time

- The opportunity is historic, but bold steps are needed:
 - **WBG Management** needs to meet its commitment to keep the institution relentlessly focused on the goals, offer clients world-class development solutions, and operate truly as One WBG
 - Continued strong engagement with the **WBG Board and Governors** is critical to address key areas such as the budget and financial sustainability, and to support the shift to a Solutions WBG
 - Achieving the goals depends on **each member country and the international community** demonstrating the political will to focus on the poor and disadvantaged and act in partnership with the private sector and civil society

