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on the  
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**A Future-Ready World Bank Group**

Attached is the document entitled "A Future-Ready World Bank Group," for the October 25, 2024 Development Committee Meeting.



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**For Discussion**

**Development Committee: October 25, 2024**



# **A Future-Ready World Bank Group**

**Update to Governors**

**Development Committee**

**October 25, 2024**

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## Abbreviations

AfDB	African Development Bank
AI	Artificial Intelligence
AIIB	Asian Infrastructure Investment Bank
ASCENT	Accelerating Sustainable & Clean Energy Access Transformation
CAF	Capital Adequacy Framework
Cat-DDO	Deferred Drawdown Option for Catastrophe Response
CCW	Concessional Capital Window
CLSO	Collateralized Loan Obligation
COP	Conference of the Parties
CPF	Country Partnership Framework
CPSD	Country Private Sector Development
CRDC	Climate Resilient Debt Clauses
CRW+	Crisis Response Window Plus
DARES	Distributed Access through Renewable Energy Scale-up
DFI	Development Finance Institution
DPF	Development Policy Financing
DRM	Domestic Resource Mobilization
EBRD	European Bank for Reconstruction and Development
EDs	Boards of Executive Directors
E/L	Equity-to-Loan
ESF	Environmental and Social Framework
ESG	Environmental, Social, and Corporate Governance
FCS	Fragile and Conflict-affected Situations
FCV	Fragility, Conflict, and Violence
FFI	Framework for Financial Incentives
FIF	Financial Intermediary Funds
FX	Foreign Exchange
FY	Fiscal Year
GCP	Global Challenge Program
GEAPP	Global Energy Alliance for People and Planet
GEMs	Global Emerging Markets Risk Database
GROW	Global and Regional Opportunities Window
GSAP	Global Solutions Accelerator Platform
IBRD	International Bank for Reconstruction and Development
ICSID	International Center for Settlement of Investment Disputes
IDA	International Development Association
IDB	Inter-American Development Bank
IEG	Independent Evaluation Group
IFC	International Finance Corporation
ILO	International Labor Organization
IMF	International Monetary Fund
IPF	Investment Project Financing
IPF-DDO	Deferred Drawdown Option for Investment Project Financing
IsDB	Islamic Development Bank
ITS	Information and Technology Solutions
LCMF	Local Currency Mobilization Facility
LDC	Least Developed Countries
LICs	Low-Income Countries
LPF	Livable Planet Fund

MDB	Multilateral Development Bank
MICs	Middle-Income Countries
MIGA	Multilateral Investment Guarantee Agency
MoU	Memorandum of Understanding
MPA	Multiphase Programmatic Approach
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
PCM	Private Capital Mobilization
PBA	Performance-Based Allocation
PSIL	Private Sector Investment Lab
PSW	Private Sector Window
RAS	Reimbursable Advisory Services
SDGs	Sustainable Development Goals
SEforALL	Sustainable Energy for All
TF	Trust Fund
UN	United Nations
UNHCR	United Nations High Commissioner for Refugees
WBG	World Bank Group
WESP	Warehouse-Enabled Securitization Program

## Executive Summary

- i. **At eighty, the World Bank Group is on the move—bolder, more ambitious, and working hard to embrace the unforeseen challenges of tomorrow.** Since 1944, we have constantly adapted to confront new challenges in an ever-changing world. That evolution continues today, amid uneven global economic growth, surging debt, conflict and fragility, food insecurity, and a climate emergency that threatens people everywhere. These shocks, which follow the COVID-19 pandemic, have stalled global progress, leaving nearly 700 million people worldwide trapped in extreme poverty. In the next ten years, an additional 1.2 billion young people in the Global South will need jobs, but these economies are only expected to create around 400 million jobs. The situation demands an aggressive response.
- ii. **In a world where change is the only constant, we aim to create a future-ready World Bank Group.** Structural megatrends and other forces will transform the globe in the decades to come. Shifting demographics, advances in Artificial Intelligence (AI), the rising economic might of emerging economies, climate change, and geopolitical fragmentation are shaping the future in unpredictable ways. To navigate these emerging challenges—and meet client demand—the Bretton Woods Institutions will have to increase their effectiveness and deliver even more robust solutions.
- iii. **Our vision of a world free of poverty on a livable planet reflects the call from our clients to address the complex, intertwined challenges of development.** We have enhanced our Knowledge Bank and created the World Bank Group Academy to build capacity and empower the next generation of development leaders with game-changing skills and know-how. Our knowledge work includes higher-quality country analytics and a sharper focus on domestic resource mobilization (DRM), particularly for countries with low tax-to-GDP ratios. We are engaging the private sector more dynamically—not just as a policy influencer but as a central actor in financing development and fostering economic growth. We rolled out an enhanced Gender Strategy to unlock the full economic potential of women in emerging economies. At the same time, we have taken major strides to work closely as one World Bank Group and as a system with the other Multilateral Development Banks (MDBs) and partners, including the IMF. Working together, we can increase the scale and impact of our work.
- iv. **We have stretched our balance sheet, cut red tape, and became faster and more efficient to put our capital to productive use—because development delayed is development denied.** Measures to increase IBRD’s financial capacity by as much as \$120 billion over 10 years will help millions of people escape poverty and improve their lives, while safeguarding our triple-A credit rating. We have also introduced incentives—higher lending volumes, extended loan maturities—so clients and partners can better deliver projects that address the thorniest global challenges.
- v. **Accountability and results underpin everything we do.** Our new World Bank Group Corporate Scorecard is bringing fresh transparency to the way we measure progress and hold ourselves accountable. Alongside partners, we aim to connect 300 million Africans to reliable energy by 2030 and provide affordable health services to 1.5 billion people worldwide. And we are committed to deploying 45 percent of our financing toward climate action—with half for adaptation—by 2025.
- vi. **There is much more to be done to improve the way we work, with a sharper focus on improving lives.** This paper to the Development Committee shows how changes made with the support of the Executive Board of Directors over the past year will benefit our clients and partners—in governments, the private sector, multilateral institutions, and, most importantly, the people and communities in developing countries. The bottom line: the World Bank Group is continuing to adapt, taking on more ambitious projects and working across the institution and with partners to help countries along their development journey. As we open the next chapter of our history, our aim is to step into an ever-changing future as a bigger and better World Bank Group.



vii. **Achieving our vision demands that we redouble our efforts to be a Bank for our entire membership—our partners, our clients, and the poor.** Much work remains, and we can't do it alone. A robust IDA21 replenishment will sustain a lifeline for people in the world's poorest countries, including those mired in fragility, conflict, and violence. IDA—the world's largest source of concessional finance—is the best value in development, thanks to its unique financial model, policy influence, and strong record of results. Since IDA was founded in 1960, more than 100 countries have benefited from \$560 billion in support—close to \$1 trillion in today's dollars—transforming hundreds of millions of lives. Now is the time to support this vital resource and deliver real impact to more than one billion people in low-income countries.

viii. **We welcome feedback from the Governors on the following:**

- i. Building on the reforms of the past year, what additional measures do Governors recommend to enhance our financial capacity, operational efficiency, and accountability to effectively manage trade-offs and become a better and bigger Bank?
- ii. What guidance do Governors have to ensure that we secure a robust and ambitious IDA21 replenishment?
- iii. For discussion at the Development Committee lunch: How should the World Bank Group shape its future strategic direction and help clients create more jobs to keep pace with evolving global megatrends?

## I. Introduction: Pivoting to a Future-Ready World Bank Group

1. **In July 1944, the historic Bretton Woods Conference echoed with a powerful call for global cooperation to restore economic prosperity.** “*Poverty, wherever it exists, is menacing to us all,*” then U.S. Treasury Secretary Henry Morgenthau told delegates from 44 countries. “*The thread of economic life in every nation is inseparably woven into a fabric of world economy. Let any thread become frayed, and the entire fabric is weakened.*” Two years later, the International Bank for Reconstruction and Development (IBRD) opened for business, embarking on a journey with governments, donors, the private sector, and other partners to rebuild a world shattered by years of war and destruction. The first multilateral institution of its kind was born at a time of great need—responding to the urgent call for international cooperation.

2. **In the eight decades since its founding, the World Bank Group has evolved and adapted—pivoting from its initial focus on post-war reconstruction to an expanded vision of global development that leaves no one behind.** These transformations were shaped by years of experience confronting multifaceted development challenges and global crises—from the emergence of independent states, rapid population growth, and rising income inequality to debt crises, pandemics, food insecurity, fragility, and an existential climate crisis. The world continues to change rapidly as new trends emerge from shifting demographics—such as aging populations in more advanced economies and surging youth populations in developing countries—to rapid technological advances and climate change. These megatrends will continue to evolve, presenting opportunities and challenges. More and better jobs will be critical to resolving these crises. Global cooperation is gaining momentum, and we must be ready to navigate different scenarios, working closely with our partners to maximize impact.

3. **Today, we remain committed to adapting and becoming a future-ready World Bank Group—prepared to tackle the defining challenges of our time.** Under the guidance of the Board, the past year has seen a critical change in our strategic direction and the way we work with all our clients and partners—in governments, the private sector, and other institutions. We are moving forward decisively to deliver life-changing impact for the people who need it most. We are reducing red tape to become faster, more efficient, and more responsive to our clients. We are also increasing our financing, providing incentives to tackle cross-border challenges, and embedding the latest knowledge and data in everything we do.

4. **The global economic landscape presents a mixed picture of progress and uncertainty.** Fueled by pockets of growth and easing inflation in the U.S. and other large economies, the world is emerging from three straight years of tepid growth and turmoil inflicted by the COVID-19 pandemic. A widely anticipated global recession was averted, but several headwinds cloud the outlook. High interest rates continue to strain economies, escalating geopolitical volatilities add layers of uncertainty, and climate risks magnify existing vulnerabilities.<sup>1</sup> These successive shocks in the wake of the pandemic have stalled progress in the fight against poverty this decade, leaving nearly 700 million people worldwide still trapped in extreme poverty today.<sup>2</sup> Recovery remains uneven especially in Sub-Saharan Africa, home to two-thirds of the world’s extreme poor.<sup>3</sup> And a jobs crisis is looming, risking migration waves that could destabilize regions: in the next decade, 1.2 billion more young people in the Global South will be competing for work in a market that is expected to create only 400 million jobs. Given the unprecedented shock to learning as a result of the pandemic, preparing future generations for the job market will be a daunting challenge—70 percent of 10-year olds in developing countries are unable to read a simple text.<sup>4</sup> At the same time, violent conflict has spiked dramatically in the last decade. By 2030, nearly 60 percent of the world’s extreme poor will live in FCS countries.<sup>5</sup>

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<sup>1</sup>World Bank (2024). *Global Economic Prospects*

<sup>2</sup> Defined by population living under the international poverty line of \$2.15/day.

<sup>3</sup> World Bank (2024). *Poverty, Prosperity and Planet Report*

<sup>4</sup> World Bank (2022). *The State of Global Learning Poverty: 2022 Update*

<sup>5</sup> FCS refers to countries on the World Bank’s List of Fragile and Conflict-affected Situations

<https://www.worldbank.org/en/topic/fragilityconflictviolence/brief/harmonized-list-of-fragile-situations>.

5. **For development finance to drive real change and deliver results, systemic global shifts will be crucial in trade, debt, climate, and other key areas.** Sound trade policies are needed to reduce barriers and provide fair access to global markets. Effective global debt management must ensure that the poorest countries do not take on unsustainable fiscal burdens that cripple long term growth. Global coordination of macroeconomic policies is essential to ensuring that decisions in developed countries do not negatively impact developing economies. And a unified global approach to combating climate change is needed to achieve international climate goals and integrate climate action into development strategies. Finding common ground on these issues will not be easy amid growing geopolitical divides—but these systemic changes will be fundamental for development finance to make an impact.

6. **The difficulty of tackling intertwined development challenges has also been exacerbated by increased aid fragmentation and shortfalls in developing countries' share of Official Development Assistance (ODA).** In 2022, overall development aid reached a record high, but not for developing countries. Close to 3 billion people in 70 developing countries—more than one-third of humanity—were hit by a two percent drop in aid.<sup>6</sup> Countries like Ethiopia, Mozambique, and Nepal have engaged with more than 200 development agencies in the last two decades. This fragmentation is most stark in fragile and conflict-affected situations (FCS).<sup>7</sup> It is taxing governments' already stressed capacity to manage aid flows effectively, underscoring the urgent need to work through stronger partnerships and coordination to scale up results.

7. **Nearly two years ago, we embraced the international community's call for a better World Bank Group.** The last several years revealed the need for an expanded vision of development that recognizes that the most pressing development challenges—like energy access, food and water security, migration, and health emergencies—transcend national borders. We set out to deliver on a new vision that benefits our entire membership, rich and poor countries alike: *a world free of poverty on a livable planet*. We also placed job creation at the heart of our development strategy—because jobs are at the core of every person's aspiration for dignity, pride, and self-sufficiency. We are raising our ambition on gender equality, which is essential to confronting the crises of development—women are half of the world's population but contribute less than 40 percent of the global economy. We are taking deliberate steps to engage the private sector in the development process because it holds the greatest potential for expanding development finance.

8. **As part of an ambitious package of reforms, we launched a new playbook.** The majority of the G20 Capital Adequacy Framework's (CAF) recommendations have been implemented to boost IBRD's financing capacity and operational efficiency (see Annex 1). And in FY24, we delivered a record \$133 billion in commitments to clients. As we make these bold changes, we remain equally focused on protecting the operational integrity and financial soundness of the World Bank Group. With most reforms in place and moving forward, the next phase will focus on implementing and finetuning these measures. Future updates to the Development Committee will center on key reform initiatives that are still being rolled out.

9. **Today, we are embracing ambitious targets for our clients, in cooperation with other partners, and holding ourselves accountable for delivering rapid results.** By 2030, we aim to connect 300 million people in Africa to reliable electricity and provide quality, affordable health services to 1.5 billion people worldwide, alongside our partners. We are committed to deploying 45 percent of our financing towards climate action—with half for adaptation in our public sector operations—by 2025. As part of this effort, we are exploring all aspects of energy to fast-track the green transition for a more livable planet. We are expanding social safety net programs to alleviate hunger for 500 million people by 2030, with half of them expected to be women. We are also working with partners to scale high-integrity carbon markets on forestry and embarking on a plan to tackle methane emissions in 15 countries—with more to come.

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<sup>6</sup> UNCTAD (2024), *Aid Under Pressure*.

10. **This is just the start. These targets underscore the work required to make a measurable impact on the ground.** Achieving these goals demands close collaboration with partners and donors, including other multilateral development banks (MDBs), development finance institutions (DFIs), and the private sector, leveraging our collective expertise and resources. The recently launched World Bank Group Scorecard will be a critical tool in this effort, providing a transparent and accountable framework for tracking progress through a results-driven approach.

11. **There is much more to be done to meet the developing world’s vast financing requirements and respond to the urgent need for jobs.** That is why we are looking beyond the reforms of the past year to build a future-ready World Bank Group—one with a significantly enhanced business model and financing capacity. As a result of these and additional reforms underway, the World Bank Group will be better placed to navigate a complex global landscape and deliver on scaled-up ambition to support countries in their development journeys.

## II. Building a Bank for Tomorrow

### *A Better and Bigger Bank*

12. **To achieve our clients’ aspirations in a constantly changing world, we are evolving into a fit-for-purpose Bank that delivers greater scale for greater impact.** What does this mean for public and private sector clients? It means the World Bank Group is better positioned to take on more ambitious projects, working seamlessly across the institution and with partners. We are becoming less bureaucratic, quicker and more approachable, while also increasing our project development and financing capacity through new and existing resources and leveraging decades of global knowledge and data.

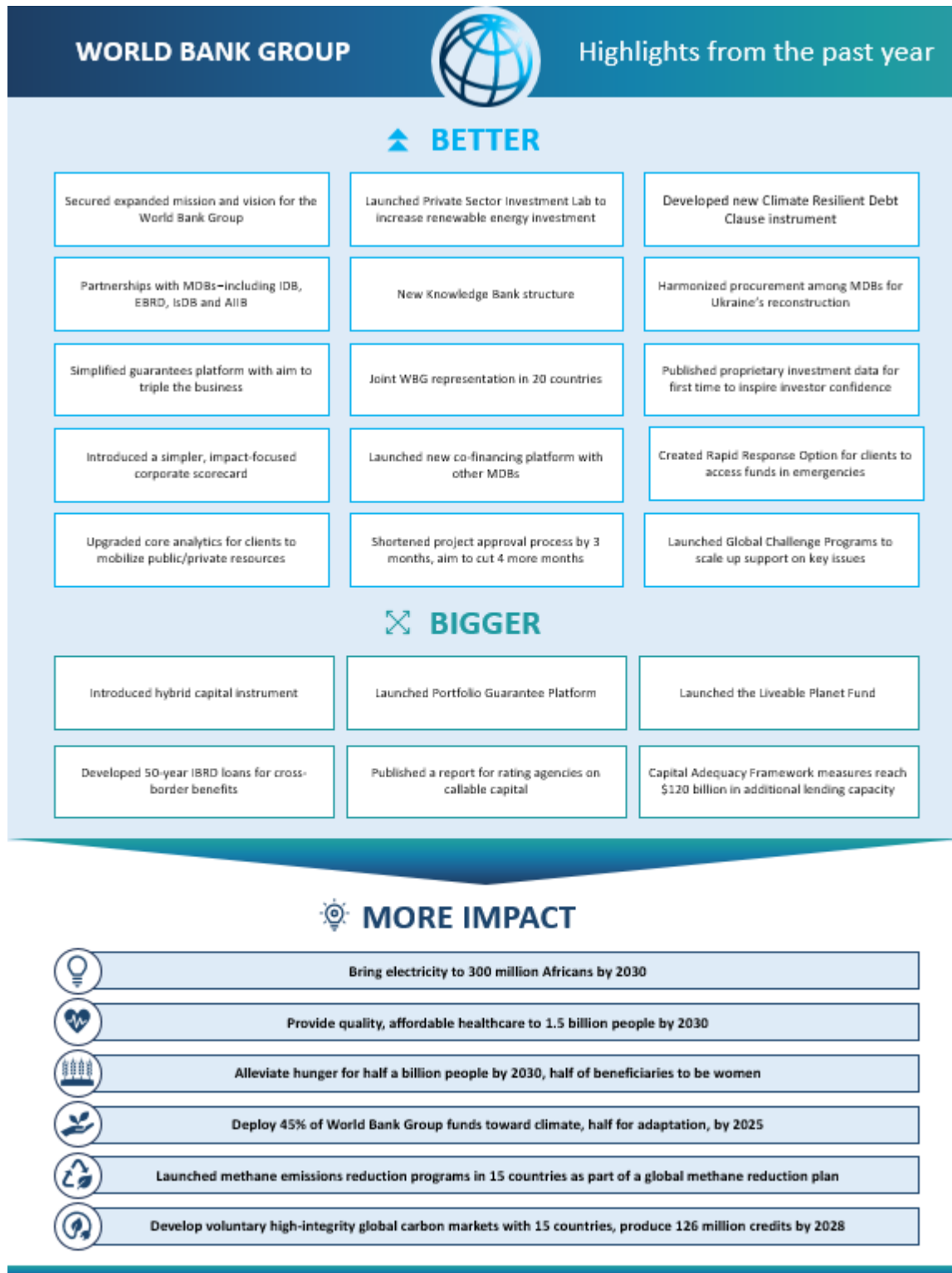
13. **We are revamping our approach to country engagement to make it easier for clients in government and the private sector to work with us.** This includes taking a One World Bank Group approach in everything we do and strategically determining when to tap into public or private sector solutions—or both. Country strategies will be enhanced to feature a more select menu of support and flexible timelines, with greater focus on programmatic approaches. We are appointing one official to represent the World Bank Group in 20 countries as a start, including Chile, Malaysia, South Sudan, Sri Lanka and Tajikistan. With continued emphasis on the country-driven model, unified representation on the ground in these countries will make it simpler for clients to access financing and expertise by providing a single point of entry for the whole World Bank Group. The goal: to remove bureaucracy and make full use of integrated solutions for our clients.

14. **Clients value the World Bank Group’s knowledge as much as our financing, and the new Knowledge Bank will channel this expertise to advance global public goods and boost capacity building.** Knowledge has been an integral part of client engagement—from financing, analytics, and technical assistance to convening and policy advice. This includes many non-borrowing clients who continue to tap into our global knowledge through Reimbursable Advisory Services (RAS). The renewed Knowledge Bank aims to surface, share, scale up, and replicate best practices globally by ensuring that knowledge drives country-led development, helps create bankable projects, and addresses underinvestment in global challenges. As part of this effort, the World Bank Group’s knowledge architecture is being enhanced to encourage knowledge-sharing, technology transfer, collaboration, and learning.

15. **We are improving the quality and relevance of country analytics to help shape clients’ policy priorities.** One example is the sharper focus on domestic resource mobilization (DRM) in countries with low tax-to-GDP ratios. The enhanced *Public Finance Review* will offer clients fresh policy insights and recommendations to accelerate DRM and steer fiscal sustainability reforms through country strategies and lending. The revamped country analytics also target global challenges and invest in data systems so countries can better measure the impacts of their policies. Key global publications, such as the *World Development*

Report and *Global Economic Prospects*, will continue to focus on the most important international trends and issues.

Figure 1: Driving Change: Key World Bank Group Reforms of the Past Year



16. **To keep pace with the rapid technological leaps, we created a new Digital Vice Presidency to fast-track progress toward fighting poverty and boosting prosperity.** The new unit will help advance countries' digital development agendas and close the digital divide. It will enable us to help clients address complex development problems, while managing cybersecurity risks. This year, we also organized ourselves around five themes to sharpen our focus on our mission's priorities—People, Prosperity, Planet, Infrastructure, and Digital. And we created teams that will embed learning, outcomes orientation, and innovation in all our work across the World Bank Group.

17. **As some regions grapple with the demographic shift toward a younger workforce, we are taking action by setting up a High-Level Advisory Council on Jobs to support the transition.** More than one billion young people are set to enter the job market in the Global South in the next decade, and their aspirations for meaningful employment in a more inclusive global economy must be heard. The Council is a collaborative effort, bringing together government, business, and civil society leaders. It will develop strategies to create large-scale work opportunities that the World Bank Group can pilot in some countries—with the potential to scale up successful initiatives. By leveraging insights from top global experts, we stand a better chance of combating poverty through innovative solutions for sustained job creation and income growth.

18. **Half the world's potential lies with women—we cannot break the cycle of poverty without empowering them.** Growing evidence proves that women's leadership and active role in society are powerful drivers of change—by boosting economic growth, strengthening communities, and fueling prosperity for generations. The World Bank Group's new Gender Strategy recognizes that this can only happen through far-reaching changes in laws and social norms, combined with action in public and private sectors and everyday life. We will deploy innovation, financing, and collective action to help clients combat gender-based violence, strengthen human capital, expand economic opportunities, and empower women as leaders.

19. **The new Global Challenge Programs (GCPs) offer clients a rapid, large-scale response to development problems—while ramping up action on key global issues.** This responds to calls for a faster and more effective crowding-in of public and private sector solutions and financing, more partnerships, and more knowledge. GCPs differ from traditional support by integrating IBRD, IDA, IFC, and MIGA services and solutions into one simplified and scalable program to deliver with greater scale, speed, and impact. For private sector clients, the GCPs provide an opportunity to invest in untapped markets and benefit from direct engagements with IBRD and IDA, which support regulatory reforms to help companies and investors thrive in critical sectors. The six GCPs<sup>8</sup> will offer scalable and replicable interventions to address global challenges and contribute to the Corporate Scorecard.

20. **In this era of multiple and intertwined crises, the World Bank Group's new Crisis Preparedness and Response Toolkit is changing how developing countries respond to and prepare for shocks.** This expanded set of tools offers contingent financing to clients when they face the unexpected—from extreme weather to conflict and pandemics. By providing immediate access to resources during an emergency, we can empower countries to take swift action without having to choose between financing development priorities and disaster response that saves lives. The toolkit not only offers more comprehensive protection than before in times of crisis, but it also fills knowledge gaps, drawing on lessons from previous emergencies. Countries are embracing the new tools: 18 have adopted the Rapid Response Option, launched last year to allow them to quickly repurpose a portion of their unused Bank financing to address emergency needs.

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<sup>8</sup> The six GCPs are: (i) Forests for Development, Climate and Biodiversity; (ii) Energy Access and Transition; (iii) Accelerating Digitalization; (iv) Food and Nutrition Security; (v) Enhanced Health Emergency Preparedness and Response; and (vi) Fast-Track Water Security and Climate Adaptation

21. **As part of the expanded set of tools for crisis response, Climate-Resilient Debt Clauses (CRDCs) allow countries to defer debt payments for up to two years when natural disasters strike.** This includes both principal and interest payments on existing loans from the World Bank. The clauses are designed to ease the financial burden on countries during recovery efforts. Small states, which have suffered the brunt of climate-related disasters, can now prioritize disaster recovery over debt repayment—so they can provide citizens with clean water, food, and power before paying loan bills. Forty-five small states and islands countries are eligible to take advantage of this protection. Eight countries have already signed up to include the CRDC in their loan agreements. When Hurricane Beryl struck the Caribbean in July, St. Vincent and the Grenadines—the hardest-hit islands—took advantage of the CRDC to cope with the deadly storm’s aftermath.

#### **Box 1: Empowering Small States: Building Resilience with Bold Solutions**

Some of the world’s most vulnerable countries are also some of its smallest. Countries with fewer than 1.5 million people—including the small-island states that dot the Pacific and Caribbean—are on the front lines of the climate crisis and the world’s other intertwined challenges. Climate change, biodiversity loss, and pollution reduce growth in these countries by around 10 percent a year. Many small states have unique vulnerabilities—geographic isolation, limited infrastructure, frequent natural disasters—that make it even harder to achieve their development ambitions. That’s why the World Bank Group has expanded its support to small states, with a heightened focus on adaptation, crisis preparedness and response. Since FY19, IDA and IBRD financing for small states increased by 26% to \$1.1 billion. Recognizing their unique economic and environmental vulnerabilities, IDA offers its most concessional lending terms to small states and prioritizes grants for those with debt pressures. New tools like contingent instruments, rapid response financing and Climate Resilient Debt Clauses can be especially powerful in small states, where the number of natural disasters has quadrupled over the past 60 years. The World Bank Group’s knowledge is another critical resource for small states grappling with economic shocks and climate change. Country Climate and Development Reports for the Maldives and the Pacific Atolls have been completed, and more are on the way. Meanwhile, the Small States Secretariat, housed within the Bank, offers a platform for this unique coalition to highlight their key priorities, allowing the Bank to innovate and tailor solutions to their specific needs. Moving forward, we will continue to work closely with small states and island countries to address their exceptional challenges.

22. **Operational efficiency and effectiveness are at the heart of becoming a better Bank, and we have taken concrete steps to become faster, simpler, and more client-focused.** To deploy resources more rapidly in countries, we are taking a risk-based approach to environmental and social standards and accelerating project preparation and implementation. We are making greater use of instruments, such as Additional Financing, to scale up well-performing operations and the Multiphase Programmatic Approach (MPA) for long-term and complex initiatives. We remain committed to ensuring strong and robust accountability mechanisms to strengthen development effectiveness of our operations. The approval process for public sector projects has been cut by three months, and we aim to shorten it by four more months. The goal is to reduce overall preparation time to under 12 months on average by the end of FY25. We are doing the same for private sector clients—taking measures to boost our internal efficiency and focus on replicable and scalable solutions through better project development and client preparation. To further free up our capacity to engage with clients, WBG corporate processes are being streamlined through shorter budgeting processes to expedite decisions on resource deployment to operational activities, and implementation of AI in support of operational work. We will reshape our internal culture and human resources strategy to build a more dynamic work environment—one that is more innovative, agile and firmly centered on client needs. The faster we deliver our financing, the sooner clients can see life-changing impact on the ground.

23. **The World Bank Group Academy, launched in June, will bring back capacity-building as a core service for all clients and decentralizing knowledge-sharing through partnerships.** The Academy will empower the next generation of development leaders with the tools, skills, and know-how to design and implement policies that solve complex global challenges and create lasting impact. With a focus on South-

South learning, the Academy has already rolled out programs in social protection, climate, disaster risk management, water management, transport, and food security through knowledge hubs around the world. New programs will also be launched aimed at boosting clients' implementation capacity to achieve faster results and build stronger country systems. By tapping into local knowledge through our network of partners, these programs bring together government counterparts, development practitioners, World Bank Group staff, and other stakeholders to share ideas, learn from experience, and identify solutions to complex development challenges.

### *A Bank for Lower Income Countries*

24. **Lower income countries are grappling with the enormous task of securing the vast financing needed each year to generate enough jobs for the surging youth population and to tackle climate crises, conflicts, pandemics, and public health concerns.** Many countries are struggling with persistent vulnerabilities and fragility, especially in Eastern Africa and the Sahel, which have seen a sharp rise in conflicts. Across low-income countries, violence and extreme weather events have continued to displace people, disrupt food supplies, and exacerbate poverty. Many of these countries face difficult policy trade-offs. The fiscal space to support the poor has been depleted for many governments, while escalating financing needs, higher financing costs, and limited access to new funding threaten debt sustainability—a key policy priority for these countries. With the prospect of only limited and uneven gains in per capita incomes, the number of people suffering from extreme poverty, food insecurity, and a lack of access to basic services, will remain high.

25. **IDA was created nearly 65 years ago, to help countries that could not borrow.** A testament to donor confidence, IDA has successfully scaled up financing over the years, while delivering robust results and remaining engaged in FCS—where nearly sixty percent of world's extreme poor will live by 2030. For the poorest countries, especially those struggling with debt and fragility, IDA's focus on country programming helps advance national development priorities with lower transaction costs and faster results. IDA also delivers substantial net positive financing flows—reaching \$18 billion in FY23. These net flows provide much needed fiscal space for indebted countries to invest in critical needs like infrastructure, health and education while easing budget pressures.

26. **Today, IDA is the world's leading provider of concessional finance and a lifeline for the 1.3 billion people living in the world's poorest countries.** Driven in part by a shortened IDA19 cycle, financing commitments grew by nearly 70 percent during the five-year period FY20-FY24 compared to FY15-19. This includes a threefold increase in commitments to FCS countries. IDA disbursements surged by 72 percent during the same time frame, driving better development outcomes. IFC's total financing in IDA and fragile markets also rose steadily from \$12 billion in FY18 to \$18 billion in FY24<sup>9</sup>, while MIGA's issuance of guarantees in these countries nearly tripled from \$1.2 billion in FY18 to \$3.1 billion in FY24. Importantly, IDA performance ratings by the Independent Evaluation Group's (IEG) have reached their highest point since FY12, with life-changing results across multiple sectors: nearly 120 million people gained access to improved water sources and 112 million people benefited from enhanced electricity service since FY12. During the same period, IDA supported close to 280 million people with social safety net programs to sustain their basic needs—half of whom were women.

27. **IDA's unique hybrid financial model transforms every donor dollar into three to four dollars for low-income countries—making it the best value in development.** At a time when the global aid landscape is marked by an increasing number of donor channels, more fragmented transactions, earmarked aid, and the circumvention of government budgets, IDA offers an effective way to direct resources through national budgets. As the only triple-A rated fund for the world's poorest countries, it offers unmatched financial efficiency. The introduction of the hybrid financing model in 2017, which combined donor contributions with

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<sup>9</sup> IFC commitment figures include own-account commitments, mobilization, and short-term commitments.



capital market borrowing, enabled IDA to multiply donor contributions and provide unearmarked development finance in the form of grant and concessional loans. A wide range of measures adopted from the CAF review has allowed IDA to optimize the use of its resources, sustain annual commitments of \$30 billion or higher for the remainder of the IDA20 cycle and provide additional resources for future IDA replenishments—while safeguarding its triple-A rating and long-term financial sustainability.

28. **The sheer scale of resources needed to make an impact on global challenges can only be achieved through private capital.** That is why we are adopting a comprehensive approach in IDA countries that goes beyond lending alone in these markets. We are also paving the way with investor-friendly policies, development of projects that attract private investors, and advisory and capacity-building services. Since its inception in 2018, the IDA Private Sector Window (PSW) and other concessional finance tools have been crucial in managing risks for private capital, transforming unfeasible projects into viable opportunities. For every dollar of PSW funding from IDA donors, five dollars have been invested in private sector projects. To date, \$5 billion of PSW funds have catalyzed \$28 billion in investment,<sup>10</sup> with approximately half coming from IFC and MIGA through loans, equity, and direct guarantees, and the rest from commercial sources and other DFIs. IFC is also creating a Concessional Capital Window (CCW) to supplement other donor resources and provide concessional financing for the most vulnerable countries, targeting projects in IDA Gap/Blend countries, non-IDA FCS markets and those supporting forcibly displaced persons and their host communities. In FY25, IFC will allocate additional capital to the CCW, if needed, to support a large pipeline of projects in PSW-eligible countries as IDA20 PSW funds have been nearly fully deployed.

29. **Looking ahead, IDA’s 21st replenishment (IDA21) will be vital to sustaining support for the most vulnerable populations, breaking the cycle of poverty, and fostering global stability.** IDA donors offered extraordinary support for the IDA20 replenishment to begin a year early in 2021. But net ODA to low-income countries has begun to decline in the wake of the COVID-19 pandemic and at a time when IDA countries continue to suffer from the impacts of climate change, rising debt, and economic hardship. External financing needs for IDA countries are projected to rise as high as \$724 billion in 2025–2028, demanding a comprehensive approach to addressing urgent long-term development needs and increased funding from the international community.

30. **A key innovation proposed under IDA21 is the creation of a new financing window to help the poorest countries tackle regional and global challenges, including adaptation to climate change.** The new Global and Regional Opportunities Window (GROW) would scale up impact by targeting areas that carry strong repercussions across borders. It would complement similar IBRD efforts to incentivize investments in projects that address global problems. GROW would also finance regional integration activities previously supported through the IDA Regional Window and new opportunities for refugees and host communities earlier covered under the Window for Host Communities and Refugees. In addition to this new window, IDA clients will continue to benefit from support through the existing financing architecture, which includes performance-based allocation, the (FCV)<sup>11</sup> envelope, the Crisis Response Window, the Scale-Up Window, and the Private Sector Window.

31. **As part of our promise to become a better Bank, IDA is taking steps to streamline policy commitments and enhance its effectiveness.** In response to client demand for simplification, a more concise but robust set of policy commitments will address binding constraints to progress in areas that are at the heart of IDA countries’ concerns. These include People, Prosperity, Planet, Infrastructure and Digital Transformation, with cross-cutting attention on gender, jobs, private investments, and FCV. These policy commitments will be part of a whole of WBG approach, rather than the standalone commitments presented in

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<sup>10</sup>Includes IFC/MIGA investments and guarantee issuance as part of the mobilized amount, in addition to all other third-party investment.

<sup>11</sup> FCV refers to situation in which fragility, conflict and/or violence are present, but does not refer to any specific list of countries or situations.

past cycles. They are also aligned with the better Bank commitments under the evolution process—a new addition to the IDA21 policy architecture.

32. **IDA21 joins the broader drive across the World Bank Group to sharpen our focus on results for clients and stronger outcome orientation.** The IDA21 Scorecard will serve as an accountability and strategic management tool—a yardstick for how IDA delivers on the World Bank Group’s new mission and vision. It will redouble IDA’s efforts to boost accountability and impact, delivering more timely, transparent, and disaggregated outcome data for IDA countries.

33. **Today, IDA is at a critical juncture in its mission to help the world’s poor and vulnerable.** A well-funded IDA21 is crucial for responding effectively to the challenges of the future, such as climate change and pandemics, which disproportionately affect the poorest countries. Extreme weather events, including droughts and floods, could push more countries into conflict and more people into poverty. IDA has a strong track record of helping countries on the path to eliminating poverty. Since its inception in 1960, it has provided 115 countries with \$560 billion in support, transforming hundreds of millions of lives. In today’s dollars, this is close to \$1 trillion. Thirty-six countries have graduated from IDA recipient status, and many have returned as donors. Over the years, IDA replenishments more than doubled from \$42 billion under IDA15 to \$93 billion in IDA20—reflecting the enduring demand by the poorest developing countries for more concessional resources. As these countries struggle to confront multiple intertwined development crises, it is vital that we act with urgency to achieve a robust and ambitious IDA21 replenishment. The alternative—stagnating IDA volumes on more expensive terms—risks reversing the hard-won development gains the poorest countries have made in recent decades.

### *A Bank for Middle Income Countries*

34. **As engines of global growth and crucial players in tackling global challenges, middle income countries (MICs) face unique challenges that demand unique solutions.** This group, comprising more than 100 countries, is home to over 60 percent of the world’s extreme poor. They are seeing an influx of forcibly displaced people, spiraling conflict, and expanding migration. MICs are grappling with an aging population, rising trade barriers in advanced economies, and the urgent need to accelerate their energy transition. Without sustained support, many risk falling into the middle-income trap or even back into lower-income status. MICs can improve their development trajectory by boosting investment, embracing emerging technologies, and playing a leading role in creating innovative solutions for cross-border challenges. Their progress is key to fostering job creation, global stability, and prosperity.<sup>12</sup> We are developing a World Bank Group strategy to enhance our value proposition for MICs and have taken steps to innovate and provide targeted solutions to unlock the potential of this important client group.

35. **In the past year, we stretched IBRD’s balance sheet and unlocked additional financial firepower, giving millions of people the chance to escape poverty and improve their lives.** New measures, including from the CAF recommendations, were implemented to increase IBRD’s financing capacity by up to \$120 billion over the next 10 years. This is a 35 percent increase from baseline projections. We are working on new approaches to take more risk and further boost lending. These measures are a step toward supporting the ambitions of middle-income countries, and there is potential to do more while protecting the Bank’s triple-A rating.

36. **To scale up support for MICs at this critical juncture, we are reviewing the terms of IBRD financing.** We are considering a package of measures that aim to simplify IBRD financing and make it more accessible to MICs, allowing them to secure affordable funding to invest in their growth and development.

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<sup>12</sup> World Bank (2024). *World Development Report: The Middle Income Trap*

37. **We introduced new incentives for IBRD clients and donors to support projects that address global challenges with significant cross-border impacts.** The Framework for Financial Incentives (FFI) is a first-of-its-kind initiative among MDBs to provide dedicated financing to boost public investments in projects with cross-border benefits. It offers targeted incentives that include access to higher lending volumes, extended loan maturities of up to 50 years without any additional maturity premium, and price incentives to lower funding costs.

38. **Under this new incentive framework, MICs—pivotal players in the effort to overcome global challenges like climate change, pandemics, and energy scarcity—will benefit from additional financing volumes.** The Global Solutions Accelerator Platform (GSAP) is one source of additional volumes. Funded through new instruments for donors and shareholders, including the portfolio guarantee platform and hybrid capital, the GSAP will top up financing for projects with cross-border benefits, including initiatives that address conflict and violence. In addition, large IBRD borrowers can now take advantage of additional lending headroom, without the additional Single Borrower Limit surcharge.

39. **Since the Spring Meetings, shareholders have pledged \$11 billion to the GSAP through hybrid capital and portfolio guarantees.** Securing these pledges will enable us to leverage our balance sheet and provide an additional \$70 billion in financing over 10 years for investments and reforms with transboundary benefits. This increase represents up to 18 percent above IBRD’s usual lending volume, making the GSAP a highly attractive and scalable opportunity for supporting global transformation for both donors and clients.

40. **Another pillar of the FFI, the Livable Planet Fund (LPF), mobilizes grants from donors to provide price incentives for projects that tackle global challenges.** Price incentives such as upfront grants, and interest buydowns for results aim to lower funding costs for MICs that undertake projects tackling shared challenges. The fund will kickstart in FY25 with donor funds and a proposed \$200 million allocation from IBRD’s net income. We have also set aside an additional \$100 million from IBRD’s net income to potentially use to support clients’ project preparation. The strong demand for concessional resources will require much more to be done to scale up our ambition.

41. **IFC is creating a Frontiers Opportunities fund of concessional finance to spur equity investment in middle income countries.** Equity is the scarcest type of capital in these markets and can have a transformative impact. It is also the most volatile asset class. IFC proposes to provide \$100 million of its own funds and seek \$400 million in initial partner contributions in the form of non-returnable capital to take junior equity positions or help absorb first losses in high impact projects that are otherwise not commercially viable. For every dollar provided by this fund, it will mobilize up to \$15 of commercial investments, including for cutting-edge climate initiatives.

### *A Bank for the Private Sector*

42. **The scale of the world’s development challenges requires the private sector to play a leading role alongside the World Bank Group and other partners.** Governments, multilateral institutions, and philanthropies alone cannot provide the trillions required annually to confront climate, fragility, and inequality. Institutional investors—pension funds, sovereign wealth funds, insurance companies—hold more than \$100 trillion in assets. Redirecting just a small fraction of that toward key development priorities would make a big difference. That is why, in addition to scaling up investments in the private sector in low- and middle-income countries, we are adopting measures to boost private capital mobilization (PCM) and help private sector clients deploy more capital in challenging markets.

43. **To help remove barriers to private investments in emerging markets, including in the renewable energy sector, we launched the Private Sector Investment Lab in 2023.** Led by 15 top industry leaders, the Lab has so far delivered recommendations in five areas: enhancing regulatory certainty, expanded use of guarantees to address political and credit risks, equity and first loss protection, increasing originate-to-

distribute approaches and managing foreign exchange (FX) risk. We are taking action on each, aligning our strategies to maximize the use of private capital for development.

44. **As a first step, we are deepening our analytical work—including the Country Private Sector Development (CPSD) report to help clients in emerging markets pinpoint sector-specific barriers to private investment.** This enhanced diagnostic will focus policymakers' attention on sectors with the greatest investment potential and contribute to the development of future country strategies. This work will guide policy priorities in the design of World Bank projects and budget support operations, as well as IFC investments and advisory work and MIGA guarantee operations. The first pilot report for Zambia was recently completed, and work on CPSDs for a subsequent group of ten countries is underway.

45. **To make it easier for clients to work with us, we created a one-stop shop for guarantees, bringing together all World Bank Group product offerings and experts under one platform housed in MIGA.** Loan and investment guarantees are an efficient and flexible way to mobilize private capital. They provide cost-effective de-risking instruments and credit enhancements to cover risks that private lenders and investors are not able or willing to accept. The World Bank Group has set an ambitious target to grow annual guarantee issuances to at least \$20 billion annually by 2030. Under the new platform, clients can choose from a simplified market-friendly menu of guarantee options and benefit from greater efficiency and innovative tools.

46. **Efforts are underway to unlock more private capital with a new tool to originate, secure and sell World Bank Group loans to international investors.** IFC is developing the Warehouse-Enabled Securitization Program (WESP), which is a comprehensive effort to build a Global Emerging Markets Collateralized Loan Obligation (CLO) product, using standard structured finance tools. The aim is to make it easier for institutional investors to invest in developing countries. The first securitization is planned by the end of 2024. IFC will share the technology and knowledge from the WESP so that other originators—including MDBs and DFIs—can join efforts to attract private investment, create jobs and improve the lives of the poorest. IBRD is also developing a new loan structure with similar objectives.

47. **To tackle FX risks in emerging markets, the World Bank Group is boosting local currency financing and providing new solutions for foreign investors through several innovative initiatives.** We are working toward enhancing onshore solutions by partnering with regional stakeholders, expanding local currency liquidity, and offering long-term loans in local currencies while managing short-term risks. Through the WBG Guarantee Platform, we will deliver new applications of IBRD/IDA guarantees to mobilize local currency and mitigate FX risk. The new Local Currency Mobilization Facility will incentivize funding in emerging markets and green sectors where local currency financing is costly through risk-sharing strategies. Our new Multi-layer FX Facility is designed to distribute the FX risk between the investors and the Facility. It will provide backstop liquidity to address non-payments resulting from unexpected local currency depreciation, ensuring stability for investors. We are also exploring the use of long-term US dollar funding to provide synthetic local currency financing where U.S.-dollar-denominated repayments are linked to nominal exchange and local currency interest rates. These efforts together aim to reduce FX barriers to public and private sector investments in these markets.

48. **To bolster investor confidence in emerging markets, we are sharing more credit risk data with private investors and the broader public.** The transparency provided by the Global Emerging Markets Risk Database 2.0 (GEMs) removes a key hurdle to private investment in developing economies. Earlier this year, the GEMs Consortium, which includes 25 multilateral development banks and development finance institutions, published for the first time recovery statistics for private and sub-sovereign lending from 1994 to 2022. Together with the existing publication of data on default frequencies, the new statistics have one goal: getting more private capital into developing economies. This year, GEMs will publish two new reports on default and recovery statistics—one for private and sub-sovereign lending spanning 1994 to 2023 and the other for sovereign and sovereign-guaranteed lending spanning 1984-2023.

49. **To ensure investor concerns are resolved quickly and smoothly, we expanded our dispute resolution services.** Through the International Center for Settlement of Investment Disputes (ICSID), we rolled out new mediation procedures to facilitate amicable resolution of investment-related disputes. We also released new expedited rules for arbitration, which cut case times by half compared to traditional arbitration methods. These new approaches aim to boost investor confidence by offering them a reliable and efficient way to handle disputes arising from investment treaties, investor-state contracts, and local investment laws.

### *A Bank for Donors*

50. **Donors are vital to our effort to create a powerful coalition for a world free of poverty on a livable planet.** Their support and financial contributions bolster our financing capacity, enabling us to tackle larger and more complex development challenges. At the same time, we are able to deploy resources in their priority areas and minimize aid fragmentation. This collaboration ensures that aid reaches the right places efficiently, reducing transaction costs for developing countries.

51. **IDA, which brings nearly 60 donor governments and representatives of 75 recipient countries is one of the world's most extraordinary partnerships.** IDA20 demonstrated its critical role in building consensus on priorities and policies for the use of funds among a diverse range of partners. Donor partnerships will remain at the heart of IDA21's business model.

52. **More than 100 donors have channeled resources through our Trust Funds and Financial Intermediary Funds (FIFs) because of our track record in effective management of external funds.** We are responding to global calls for collective action through FIFs that provide additional volume and blended finance. This includes partnerships with the World Health Organization for the Pandemic Fund, as well as the United Nations Framework Convention on Climate Change and Paris Agreement for the Fund for responding to Loss and Damage. Donor pledges combined with effective resource mobilization and allocation by both donors and FIFs' governing bodies remain equally vital to unlocking the full potential of these partnerships.

53. **We have crafted innovative financial instruments for donors to join forces with us to deliver more robust solutions for the development challenges confronting the world.** They also provide IBRD shareholders—and potentially other development partners—opportunities to invest in global challenges that deliver positive cross-border impacts through the Global Solutions Accelerator Platform (GSAP). Hybrid Capital—a groundbreaking instrument among MDBs—offers donors an investment alternative, and the Portfolio Guarantee Program gives them a new approach to risk management. Hybrid capital functions as a bond with equity features and will boost our lending capacity while generating possible returns for investors. The new portfolio guarantee program shares risks with shareholders, making World Bank financing more widely available, with shareholders stepping in if countries are unable to repay their loans. A proposal under IDA21 will allow IDA donors the option to channel their contributions through these instruments. Twelve shareholders have already pledged their contributions towards these instruments, expanding IBRD's financial capacity by more than \$70 billion over 10 years. That means additional resources to support farmers struggling to cope with climate change and provide urgent health care to those in need.

## *A Bank for Partners*

54. **Partnerships are as indispensable today as they were at the World Bank’s founding, when global collaboration was needed to drive post-war recovery and rebuild nations.** Global challenges like poverty, inequality, pandemics, and climate change demand a unified approach with multilateral institutions, civil society organizations, the private sector, foundations, think tanks, and others. They allow us to maximize our collective impact, mobilize more resources more quickly, improve efficiencies, and limit aid fragmentation. As we move beyond our new playbook for development, partnerships will continue to take a central role.

### **Box 2: The Power of Partnership: How Mission 300 is Redefining Energy Access in Africa**

Mission 300, unveiled at the 2024 World Bank Group-IMF Spring Meetings, is a bold initiative that aims to bring reliable electricity to 300 million people across Africa by 2030. Spearheaded by the World Bank Group and the African Development Bank (AfDB), this ambitious project is set to cut the continent’s energy access gap in half. Driving this transformative effort is the newly formed Joint Working Group, which includes influential partners like the Rockefeller Foundation, the Global Energy Alliance for People and Planet (GEAPP), and Sustainable Energy for All (SEforALL). This coalition will mobilize resources, expertise, and political support for Mission 300, culminating in a Heads of State Energy Summit in Tanzania next year. At this summit, African leaders, development partners, and private sector players will come together to endorse energy reforms and demonstrate their commitment. To support Mission 300’s goals, the World Bank is also investing \$750 million into Nigeria’s off-grid solar systems through its Nigeria DARES project, while IFC is rolling out a \$200 million Revolving Debt Facility to spur private investment in the country’s energy sector. The World Bank, IFC, and MIGA are also working to create a favorable regulatory environment for private investment in off-grid electrification. Similarly, in Eastern and Southern Africa, the ASCENT program is leveraging \$5 billion in IDA funding to attract an additional \$10 billion from global partners. Among its initiatives, the ASCENT program is backing the Burundi grid expansion project, which is fostering public-private partnerships to advance grid electrification. Here too, the World Bank, IFC and MIGA are working together to structure, finance, and de-risk this private sector-led business model. Through these collaborative efforts, Mission 300 is redefining how we tackle development challenges by bringing together key players and harnessing the full power of strategic partnerships.

55. **We have stepped up our partnership with the IMF, positioning our institutions to find new solutions and deliver more tangible benefits to member countries in the areas of climate change, debt, DRM and digital transition.** Our work together supports well-designed and sequenced policies that help accelerate growth and advance the green and digital transitions. This includes pooling our efforts to advance domestic resource mobilization. This joint initiative combines our collective expertise to boost tax capacity, spending efficiency and public debt markets in key countries. We also launched an enhanced IMF-World Bank framework for scaled-up climate action to bolster country-driven reform programs. The framework will increase our impact by leveraging analytics, including CCDRs, technical assistance, financing, and policy dialogue and expertise.

56. **In today’s fragmented development landscape, the role of MDBs as a unified system has never been more critical.** As a leading convener on key global issues, such as debt, climate, and health, the World Bank Group, can play an important role ensuring that multilateralism remains effective and dynamic—and steered by a single coordination platform that places the clients in the driver’s seat. The leaders of ten MDBs, including the World Bank Group, pledged to work more effectively as a system and increase the impact and scale of our work. MDBs are taking joint action to expand our collective financing capacity through CAF measures and other financial innovations, boost efforts on climate, strengthen country-level collaboration and co-financing and mobilize the private sector—all aimed at enhancing our development effectiveness.

57. **We are working to increase knowledge-sharing and co-financing with MDBs to pool our resources and make more funds available for infrastructure, health and education and other critical development needs.** To that end, the Global Collaborative Co-financing Platform was launched in partnership with other MDBs to improve coordination and identify co-financing opportunities. This has resulted in MDBs exchanging information on more than 70 pipeline projects. In addition, the reduction in our co-financing fees has attracted more interest in co-financing internally and externally. At the same time, IFC and MIGA are strengthening efforts to mobilize private capital and working with MDBs and the private sector on solutions to development challenges, including through the Private Sector Investment Lab.

58. **We are making significant strides with our regional MDB partners to leverage our strengths and deliver tangible benefits to the regions we serve.** With the IDB, we are tackling net-zero deforestation in the Amazon, boosting Caribbean resilience to natural disasters, and closing the digital-access gap. Our collaboration with the IsDB focuses on managing water, energy, and food resources in response to climate and fragility challenges, as well as enhancing regional trade and cooperation. With the AIIB, we are addressing climate change, improving social infrastructure for health outcomes, and preparing for future challenges like pandemics and biodiversity. Our joint efforts with EBRD center on energy transition, enhancing energy and transport connectivity, supporting economic recovery in Ukraine, and co-financing private sector projects. We are exploring similar opportunities with other regional development banks to maximize impact.

59. **To reduce the burden on clients, we are also working with MDBs to converge towards common standards by harmonizing our policies and procedures.** Procurement Framework Agreements with four MDBs have already been signed, in addition to a Memorandum of Intent with three MDBs to standardize procurement across MDB-financed projects in Ukraine. Mutual Reliance Agreements with MDBs are being piloted to allow borrowers to apply a single set of operational policy requirements and engage with a single lender in charge of appraising and supervising co-financed projects. This is vital work that can increase efficiency because co-financiers should be able to rely on each other's due diligence, technical and safeguard reviews.

60. **We are also spearheading a joint MDB effort to track and report on climate impact and finance.** A groundbreaking agreement was reached among MDBs to standardize how we measure climate results. This includes reporting net emissions from our mitigation projects and counting the number of people benefiting from resilience-boosting adaptation efforts. Aligned with our updated Corporate Scorecard, these initiatives will be fine-tuned with unified methodologies for key indicators by COP29.

61. **We continue to deepen our collaboration with the United Nations to enhance our impact in fragile states, integrate development with humanitarian efforts, drive climate action, and make progress towards the SDGs.** These longstanding partnerships across many areas build on our complementary mandates, adding value by crowding in local knowledge, technical expertise, and social capital. In countries where UN agencies have a stronger field presence and established networks—such as in fragile or conflict-affected areas—they often implement World Bank Group-financed operations. This helps provide targeted technical assistance, procure supplies, and offer specialized expertise in emergency responses—most recently during the COVID-19 pandemic. Over the past eight years, more than \$13 billion in World Bank Group financing has been implemented with the support of UN partners. We are also ramping up our partnership with the UN to accelerate development in the private sector. The IFC and ILO are expanding their partnership beyond the Better Work Program in the garment sector to tackle labor issues in other industries. In addition, IFC and UNHCR's new Joint Initiative will engage the private sector to unlock economic opportunities for refugees and host communities.

### Box 3: Shaping the Future: Partnering with the UN on Climate and Global Development

Tackling global challenges demands partnership. The World Bank Group’s engagement with the U.N. through the COP summits and other high-level events forges collaboration critical to ending poverty on a livable planet. Last year, at COP28, we launched initiatives designed to have a real impact in the fight against climate change, including committing 45 percent of our annual financing to climate—with half for adaptation—by 2025. We unveiled ambitious targets for methane reduction, carbon markets, and electricity access in Africa, and were asked to serve as interim hosts and trustees for the Fund for Responding to Loss and Damage—a recognition of our ability to efficiently manage climate funds. At COP29 this year, we will showcase resilience-boosting investments, our support for countries’ Nationally Determined Contributions (NDCs), and our ambition to deliver electricity access at scale. At COP16 on biological diversity, focus will be on implementation of the Global Biodiversity Framework and showcase our analytics, investments, and partnerships to conserve and restore critical ecosystems. A third COP centered on combatting desertification will accelerate our efforts to help restore 1 billion hectares of degraded land by 2030. Beyond the active engagement in COPs, the World Bank Group took part in the recent discussions at the Summit of the Future, to help push forward global commitments like climate action and take concrete steps to confront emerging global challenges. We will do the same next year at Fourth International Conference on Financing for Development, advancing global efforts to steer through crises alongside the UN and other partners.

62. **Through the evolution process and IDA consultations, we are strengthening our ties with civil society, faith-based groups, parliamentarians, philanthropies, and other key external stakeholders.** For example, building on the Bank’s long-standing engagement with civil society, Mozambique hosted this year the country-specific Civil Society Policy Forum, a model we will expand globally. We added citizen engagement to our updated Corporate Scorecard. We are boosting our engagement with parliamentarians through the Global Parliamentary Forum and deepening our dialogue with global think tanks. We are also rolling out a New Approach to Global Giving for more strategic philanthropic partnerships, engaging with diverse group of private philanthropies, and conducting thorough analysis of global aid and philanthropic statistics. These efforts aim to create a more inclusive and responsive development environment to provide our clients with quicker and more effective solutions.

### III. Tracking our Progress

#### *One WBG Scorecard to Incentivize Results, Pool Collective Strengths*

63. **In today’s world, achieving results is imperative. More than ever, development impact—and capturing lessons from what works—is what should drive us.** That is why we are elevating the role of data in our development work. Without reliable data, countries cannot measure the impact of their policies. In addition to scaling up support for countries’ data systems, we are also making vast amounts of data easily accessible to the public. The Data360 initiative is one example. It integrates all information from the Bank’s technical work into a single user-friendly platform to empower clients with reliable data to design effective policies.

64. **The new World Bank Group Scorecard also leverages data to focus on outcomes and serves as a yardstick of accountability for shareholders.** The Scorecard’s 22 indicators allow us to measure our progress in addressing the most critical challenges clients face. And for the first time, we have a select set of outcome-oriented indicators with harmonized definitions and methodologies, driving joint action toward our new mission. These indicators raise measurement standards, shifting from tracking inputs and outputs to measuring



outcomes that improve lives. We will dedicate more resources to ensure that we have a one World Bank Group approach to boost accountability, track progress, and deliver results at scale.

65. **The Scorecard complements our efforts to boost financing capacity with data on tangible impacts, like more and better jobs, girls in school, resilience to climate risks, and private investment.** Because the data, for the first time, is disaggregated along many levels—by sex, age, FCS, disability inclusion, country income categories, regions, Small States, LDCs, and more—they reveal who benefits from our work, where these benefits were realized, and how they were achieved. Comparing disaggregated data can prompt critical questions and inform dialogue with clients about whether the scale of our results matches the magnitude of the challenge and targets the areas of greatest need. The answers to these questions can highlight replicable successes and identify areas for improvement, helping transform the World Bank Group into a stronger learning institution.

66. **The Scorecard sets a new standard for results measurement across MDBs and will help institutions learn how to better capture outcomes.** Our work with other MDBs to standardize how we measure climate results is aligned with the Scorecard, with unified methodologies for key indicators expected around COP29. Methodologies for all indicators will be published, along with detailed data whenever feasible, to ensure they can be reproduced by others. With this radical level of transparency, stakeholders can hold us accountable for our reported results and help drive improvements over time.

67. **The Scorecard tells us we have made progress, and there is much more to be done.** Preliminary data from October 2024 shows that World Bank Group support has helped provide 222 million people—including 122 million women—with social safety nets. Amid the learning crisis, we supported 305 million students with better education, including 30 million in FCS countries. As the threat of climate change continues to grow, ongoing operations are expected to reduce net greenhouse gas emissions by 306 million tons of CO<sub>2</sub> equivalent per year. We provided 67 million people with water, sanitation, and hygiene services, and we are committed do more. The portfolio of active World Bank Group projects reflects increasing ambition with 156 million people expected to benefit from access to water, sanitation, and hygiene services.<sup>13</sup>

68. **The Scorecard’s early insights are just the start.** Our data will become firmer over time and have greater impact on our work. Looking ahead, we will ensure that any data gaps identified through the Scorecard will guide statistical capacity-building at the country level and strengthen project staff’s skills in results measurement and management. To improve selectivity and impact, Scorecard indicators will cascade through country strategies and be used to course correct strategies and operations when needed. By leveraging the scorecard, we will fast-track our efforts to help clients address existential threats and achieve inclusive and sustainable growth.

#### IV. Conclusion

69. **Nearly four decades after the Bretton Woods Conference in New Hampshire, Robert McNamara, in his final speech as World Bank president, called for a bolder, more ambitious vision for the institution.** *“The World Bank [...] has grown into one of the most constructive instruments of human aspiration and progress. And yet it has only barely begun to develop its full potential.”* Just over four decades after those words were spoken, there is still more to do to achieve our vision of a world free of poverty on a livable planet.

70. **That is why the World Bank Group is on the move.** In the past year alone, we have changed our strategic direction with a new vision and mission, adopted measures to stretch our resources and improve our operational efficiency and effectiveness, launched an enhanced Knowledge Bank, created incentives to tackle

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<sup>13</sup> Based on results achieved and results anticipated by project completion in WBG’s active portfolio as of December 2023.

the world's shared challenges and sharpened our focus on private sector mobilization. And we set bold targets for ourselves and our partners, raising our ambition to deliver energy, health care, and social protection to hundreds of millions of people. More than ever, we are working as one World Bank Group—and as part of the MDB system—to bring our collective strengths directly to all our clients, with a laser focus on impact. Working closely with our Board, we are just starting on the road to impactful reforms, with more on the horizon to boost our product offerings, value for money, competitiveness, and simplification. In parallel, the 2025 shareholding review will be an opportunity to consider voice and representation and report to Governors next year. The ultimate goal: to be a future-ready World Bank Group, continuously adapting to address today's challenges and the unforeseen crises of tomorrow.

71. **The road ahead is challenging and will involve managing significant trade-offs**—between client-specific needs and broader global challenges like climate, health crises and food insecurity; between the urgency to deliver rapid results and the long-term task of capacity-building in countries; and between rapid project preparation and implementation readiness that is so critical for achieving results. To address these complex and competing demands, we will work closely with our clients and partners to balance these trade-offs and ensure we are making a difference both globally and on the ground—alongside country driven foundational reforms.

72. **The world's development challenges demand an aggressive response, and we can't do it alone.** That is why the IDA21 Replenishment is so important. IDA is the world's largest source of concessional finance and a lifeline for people struggling to escape poverty. It is also the best value for development, thanks to a unique financial model that allows it to turn every dollar it receives from donors into three to even four dollars for low-income countries. The time is now to stand with IDA and support an ambitious replenishment that empowers people to lead productive lives with pride and dignity. More than a billion people in the world's poorest countries are counting on it.

73. **Crises, conflicts, and shifting global trends will continue to shape the future—we have to be ready for the challenges ahead.** Many countries have made great strides in reducing poverty since the turn of this century, but progress has come to a near standstill. At the same time, a dramatic population surge is on the horizon for parts of the developing world. By 2050, Sub-Saharan Africa will be home to more than one-third of the planet's youth. Many will be better educated and more at ease with technology than their parents—and they will have strong aspirations for meaningful employment. As we embark on the next phase of the World Bank Group's journey, job creation must be central. Our focus has to shift not only toward more jobs—but also better jobs. This will only be possible working alongside partners to invest in a healthy population, build skills through better schools, help communities weather climate change, and embrace digital innovation. We are ready to step into this future as a bigger and better World Bank Group—evolving to fulfil the ambitions of tomorrow's generations.

74. **We welcome feedback from the Governors on the following:**

- i. Building on the reforms of the past year, what additional measures do Governors recommend to enhance our financial capacity, operational efficiency and effectiveness, and accountability to manage trade-offs and become a better and bigger Bank?
- ii. What guidance do Governors have to ensure that we secure a robust and ambitious IDA21 replenishment?
- iii. For discussion at the Development Committee lunch: How should the World Bank Group shape its future strategic direction and help clients create more jobs to keep pace with evolving global megatrends?

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## Annex 1: Evolution Deliverables


One year ago, at the Marrakech Annual Meetings, the Governors endorsed a new vision of *a world free of poverty on a livable planet*, propelling the World Bank Group into a bold new phase of evolution and transformation. In the past year, we rolled out the *Evolution Roadmap* with a new playbook of far-reaching reforms to dramatically improve the way we engage with clients and boost our internal efficiency. We also adopted a new financing model to become a bigger Bank and expand our support to all clients in combating extreme poverty, inequality and global challenges. The table below highlights our progress on these initiatives. With most reforms in place and moving forward, focus will shift to dynamically implementing and finetuning these measures. Future updates to the Development Committee will center on key reform initiatives that are still being rolled out.

 <b>New Vision, Mission, and World Bank Group Scorecard</b>	
• Action Area	Launched
Establish New Vision and Mission	SM 2024
Define Eight Global Challenges	SM 2024
Define preliminary World Bank Group Scorecard	SM 2024
Endorsement of New Scorecard	SM 2024
Issue of FY24 Scorecard (with indicators in three phases)	AM 2024

 <b>A New World Bank Group Playbook</b>	
• Action Area: Doubling Down on Impact	Launched
<b>Knowledge Compact</b>	
Define and establish Knowledge Compact (products, learning, partnerships, and systems)	SM 2024
<b>Country Engagement</b>	
Strategic Alignment and Streamlining of Country Engagement Model	Post-AM 2024
<b>Enabling and Mobilizing Private Capital</b>	
Engage the private sector more, including through the Private Sector Investment Lab	SM 2024s
Upgrade Country Private Sector Development as core analytical product	SM 2024
Increase public access to the Global Emerging Markets default and recovery rates (GEMs)	SM 2024 AM 2024
Finalize design of the IFC Warehouse-Enabled Securitization Program (WESP)	AM 2024
Launch of initial test securitization under WESP	Post-AM 2024
Scale up green bond structure backed by a contingent liquidity facility and MIGA's political risk insurance	Post-AM 2024
Develop proposals for FX risk management and increasing the affordability of hedging for the private sector	AM 2024

<b>Mobilizing Domestic Public Resources</b>	
Establish Public Finance Reviews as a core diagnostic	SM 2024
Issue new guidance on supporting clients to strengthen domestic resource mobilization for countries with low tax collection rates	SM 2024 s
Strengthen partnerships on domestic resource mobilization with key institutions	SM 2024
<b>Global Challenge Programs</b>	
Launch the development of six GCPs	SM 2024
Finalize overview and six GCP Approach papers	AM 2024
<b>Crisis Preparedness and Response Toolkit</b>	
Establish a Rapid Response Option to allow countries to use undisbursed funds for emergency response; increase country access to Cat-DDOs; establish IPF-DDO; increase access to parametric products to transfer disaster risk to the private sector	SM 2024
Launch CRDCs for the most vulnerable countries – new loans	SM 2024
Extend CRDCs to existing loans	SM 2024
Design a parametric insurance backstop for MIGA-enabled public sector projects	Post-AM 2024
Assist private sector clients in crises preparation and response	AM 2024 Post-AM 2024
<b>• Action Area: Modernizing our Approach to Delivery</b>	<b>Launched</b>
<b>One World Bank Group</b>	
Establish World Bank Group Guarantee Platform	AM 2024
Leverage staff incentives and flexibilities to promote World Bank Group collaboration and cross-institutional mobility	AM 2024
Launch a new country representation cohort for One World Bank Group (by completing recruitment of the cohort for 20 countries)	SM 2024
Establish One World Bank Group Approach across Finance and Risk functions	AM 2024
ITS Strategy Refresh, Digital Transformation Strategy	SM 2024
Update on Real Estate Strategy and One World Bank Group Global Footprint Management	Post-AM 2024
<b>Human Resources</b>	
Labor model review (Management evaluation of contract architecture and types)	Post-AM 2024
Review of talent management and career development framework (Management scoping improvements to enhance World Bank Group employee value proposition)	Post-AM 2024
<b>Budget</b>	
Update on Evolution Costing	Post-AM 2024
FY26 Budget Engagements	Post-AM 2024
<b>Operational Efficiency and Effectiveness</b>	
Streamline Additional Financing (including replenishment of financing repurposed for crisis response) and Improve Management of Undisbursed Balances within a Country	AM 2024 Post-AM 2024

Portfolio	
Review of MPA to facilitate replicability and scalability	SM 2024
Update on Operational Efficiency and Effectiveness initiative and Next Steps	SM 2024
Launch and Implement 10 actions to streamline and strengthen ESF implementation	SM 2024
Scale up hands-on implementation support to provide direct support to IBRD/IDA borrowing countries	SM 2024 AM 2024 Post-AM 2024
Agree on IBRD/IDA bunching strategy: delivering no more than 17 operations per week, with minimal exceptions	SM 2024
Mandate maximum 25-page project documents	SM 2024
<b>Partnerships</b>	
Public Sector Direct Co-Financing Cost Sharing Framework	SM 2024
Develop a Co-financing Platform for public sector operations together with other MDBs	SM 2024
Establish partnership MoUs with development partners	SM 2024 AM 2024

 <b>World Bank Group Financing Model</b>	
<b>Action Area</b>	<b>Launched</b>
<b>IDA</b>	
Fundraise for CRW+	SM 2024 AM 2024
Explore measures to strengthen medium-term financing capacity	AM 2024
IDA Capital Adequacy Framework Review and Balance Sheet Optimization	SM 2024
<b>IBRD</b>	
Pilot innovative results-based financing terms	SM 2024
Lower minimum E/L ratio to 19% (from 20%)	SM 2024
Increase bilateral guarantee limit by US\$5b (from US\$10b to US\$15b)	SM 2024
Finalize the ongoing Board of Governors vote on the removal of the statutory lending limit from IBRD Articles	Post-AM 2024
Increase bilateral guarantee limit by US\$5b (from US\$15b to US\$20b)	SM 2024
Introduce Asian Infrastructure Investment Bank guarantee (US\$1b)	SM 2024
Establish portfolio guarantee platform	SM 2024
Develop hybrid capital option	SM 2024
Clarify call and payment procedures on existing callable capital	SM 2024
Introduce enhanced callable capital	AM 2024

Introduce a set of measures to further strengthen IBRD’s financial sustainability in times of stress	AM 2024
Review IBRD’s pricing	AM 2024

<b>IFC</b>	
Continue to develop and introduce internal efficiency measures to enable delivery to clients through improvements to policies and procedures	SM 2024
<b>MIGA</b>	
Introduce Non-Honoring of Sovereign Financial Obligations cover to MDBs for their exposure to sovereign loans	SM 2024
<b>Concessional Finance</b>	
Identify sources of concessionality – augmented Global Public Good Fund Trust Fund (or Livable Planet Fund), Umbrellas, Financial Intermediary Funds, co-financing	SM 2024
Establish principles of concessionality for World Bank	SM 2024
Framework for financial incentives for IBRD-eligible countries (including existing resources in TF-FIF) (see also item above)	SM 2024
Explore multi-donor trust funds for IFC and MIGA to provide concessional funding for private sector operations	Post-AM 2024