1. **The objective of the Forward Look** exercise is to shape a common view among shareholders on how the World Bank Group can best support the development agenda for 2030 while staying focused on its own corporate goals: to eradicate extreme poverty and ensure shared prosperity—its measure to fight inequality—in a sustainable manner. Today, countries have embraced a truly global agenda through the Sustainable Development Goals (SDGs), the climate change agreement at COP21, and the commitment to Finance for Development. The WBG’s goals are sound strategic pillars for supporting this agenda. While global agreement on the SDGs provides a shared framing of development ambitions, the WBG’s goals offer guidance for selectivity and prioritization within that framework. Attaining them requires a multi-sector approach that aligns well with the overall achievement of the SDGs.

2. More than a year in the making, the Forward Look sets out the critical role that the WBG can play in global economic development in the years ahead. It lays out a multi-faceted plan for how the WBG can best support its wide range of member countries in economic transformation, advancing technologies, and achieving inclusive growth. It represents an unprecedented collaboration between the Board and management, in response to a request from Governors at the 2015 Annual Meetings in Lima.

3. This exercise builds on the WBG’s critical work in the last few years to reinforce its relevance and overall role in addressing the most intractable development challenges while improving its effectiveness. It has set clear corporate goals and a strategy to achieve them. The global practices, some of which are joint between the Bank and IFC, and a stronger focus on joint Bank-IFC solutions have enhanced the Group’s capacity to offer multi-sectoral and cross-institutional solutions to address the most complex needs of clients. The new WBG operating model allows a better way to leverage global learning and experience, while ensuring the institution remains a recognized leader in development research, solutions and data.

4. The WBG has been deeply engaged on global public goods for decades, including on international financial architecture, environment and climate, communicable diseases, and trade. It has forged stronger partnerships between development and humanitarian communities and stepped up when needed to partner with others on the global response to the Ebola crisis. Its work has included mobilization of additional resources for global initiatives, such as climate finance and special facilities. Today, the scaling up of financing for development is an essential part of the 2030 agenda, and WBG institutions have experience as multipliers of development aid. IFC leverages its capital 20 times with core mobilization and co-financing; MIGA leverages its shareholder equity 39 times; and IBRD leverages its capital five times. The proposal to leverage IDA’s equity would increase the partner contribution mobilization ratio in IDA18.

5. It implemented an expenditure review to ensure savings that can be allocated toward front lines and to make operations funded sustainably and only by loan revenues; and introduced a new framework for citizen engagement to ensure a focus on results and modernized procurement and safeguard policies.

6. These achievements have underpinned the Forward Look exercise, which has taken a hard look into the WBG’s operations and business model, identifying areas for further action that can ensure the WBG remains fit for the 2030 development agenda. The Forward Look thus presents an opportunity for shareholders and management to further reshape the role of the WBG together. This will entail making sure resources are deployed where they are needed most, further integrating global issues into the Bank’s business model, expanding WBG work with the private sector, catalyzing
financing for development, putting staff talent to the best use, and continuing to improve effectiveness.

7. **The WBG remains central in the global development architecture.** There are significant risks related to globalization, such as spillovers from economic crises and fragility, threats posed by pandemics and climate change, and growing inequalities within countries. These often overshadow the benefits of globalization and threaten to undermine multilateralism itself. The Forward Look offers an opportunity to reaffirm the value of multilateralism and the key role of the WBG in sustaining a vision for global development that is both inclusive, with a voice for all stakeholders, and responsive, bringing benefits to all countries.

8. The WBG is a key driver of shared global responsibility for development. Engagements with shareholders on the Forward Look strongly affirm the WBG’s role as a premier institution in development, both in helping advance global policies that support trade, openness, and free markets as essential conditions for growth and poverty reduction, and in leading a global agenda to address and mitigate the risks of globalization.

9. **The value of the WBG is in its ability to work at the nexus of global and local issues,** complementing policy work with operational responses and financing, and engaging with both the public and private sectors. It helps advance global policies that are consistent across the global, regional, and national levels and across the public and private sectors, all of which are essential for inclusive growth and poverty reduction. Its financing and operational responses are designed to demonstrate pathways to achieving and implementing these policies. Development requires macroeconomic stability, supported by the surveillance, financial strength, and countercyclical role of the IMF. Together, the Bretton Woods institutions form a framework for effective functioning of the international development system. In the years ahead, the WBG will continue to play its historical role, investing in critical quality infrastructure and human capital development, supporting the private sector, building solid institutions of governance and improving client capacity. But it will also take on an expanded role in addressing global public goods, including working on issues related to forced displacement, climate change, and major outbreaks of diseases.

10. **The WBG will continue to forge collaboration with partners,** as today’s development context demands. It has dramatically enhanced its partnerships with multilateral and bilateral development institutions and banks, both new and established, that lead in specific thematic or geographic areas, or that focus on project finance or delivery of aid. These partnerships mobilize financing and leverage knowledge to help ensure that assistance is harmonized and effective. The WBG has strengthened partnerships with civil society organizations and social entrepreneurs to help reach the extremely poor people at the “base of the pyramid” and give voice to their aspirations. The WBG has also transformed its relationship with the UN and its agencies. This level of coordination and communication is essential for ensuring consistency in setting global objectives and for coordinating the work of various actors to achieve them. It is also important in linking efforts on the most complex challenges, such as humanitarian aid and the development response to crises, which reach across organizational mandates.

11. **The private sector will play an increasingly important role in development finance,** as recognized in the 2015 Development Committee. Private investment underpins economic growth, job creation and productivity gains. Competitive markets that respond to demands are central to the sustainability of development gains and advancing inclusive economic opportunities, including for women and disadvantaged groups. But markets are limited in higher-risk areas, and private investment is insufficient to meet demands, such as infrastructure, SME finance, and agriculture in many countries. The WBG will need to leverage the full range of its capabilities to expand and create
markets where private capital has been less forthcoming. Mobilizing finance for development will
require partnering with institutional investors, including pension funds, insurance companies, and
sovereign wealth funds. The WBG itself is a successful global public-private partnership with the
four balance sheets of IBRD, IDA, IFC and MIGA, as well as ICSID services. With their
complementary capabilities and the global footprint, these institutions form a unique organization.

12. **What must be done to continue to meet shareholders’ expectations?** The WBG will need to
stay engaged with all clients while ensuring that resources are strategically deployed to meet global
and client needs and targeted to areas of the world that most need funding. This includes expanding
funding in fragile and conflict-affected states for both the public and private sectors, enhancing
support to low-middle-income countries, and further integrating global goods and risks into its
business model. This also means the WBG will need to scale up its mobilization efforts from both
public and private sources, expand the sources of partner funding, and help countries better use their
resources and curb illicit financial flows.

13. The WBG will continue to work in distinct, complementary ways across the full range of low,
middle, and high-income member countries. This is a key strength of its operating model, allowing
transfer of knowledge, experience, and resources across its entire membership. Its main focus
remains, of course, on the poorest countries, relying on strong support from its membership through
IDA. It places particular emphasis on countries affected by fragility, conflict, and violence (FCV);
these countries will have a stronger share in IDA18, including access to a special private sector
window that brings together the capabilities of IDA, IFC and MIGA to enable more private sector
investments in these countries.

14. There will be a stronger emphasis on determining the best mix of products and services for
middle-income countries. These countries are home to 70 percent of the world’s extreme poor, who
are often concentrated in remote areas; and many countries in this group are also affected by FCV.
Middle-income countries contribute to regional development through a spillover effect, acting as
growth engines for growth, offering markets for trade, and providing a source of remittances. They are also
crucial to progress on global public goods and an invaluable source of practical development
knowledge that derives from their own experiences.

15. High-income members provide the financial strength of the WBG institutions and have been
the primary source of concessional finance. They offer key support on global public goods, and on
occasion are clients, often through reimbursable advisory services. These countries benefit from the
WBG’s support and leveraging of their bilateral assistance efforts and from its ability to respond
effectively to crises and mitigate spillovers. IFC and MIGA help the private sector operating in these
areas to expand existing markets and access new ones; this plays a key role in investment and in
sharing of technology and knowledge across borders.

16. The SDGs, along with the agreements on climate change and finance for development, have
reinforced the importance of global public goods. The WBG has an ambitious Climate Action Plan
that will be implemented in strong partnership with the private sector, and is sharpening its approach
to fragility through IDA commitments and greater focus across the organization. The WBG is
expanding its overall crisis response by helping countries identify and mitigate risks and to develop
resilience through the recently announced Global Crisis Response Platform. Additionally, it will
continue contributing to global efforts to bridge the infrastructure funding gap, critical to achieving
the SDGs.

17. The global agenda for 2030 will call on countries to mobilize development resources on a
much larger scale. The WBG is ramping up its mobilization efforts, building on the strong foundation
of IFC’s programs (the Syndicated Loan Program, Asset Management Company, and Managed Co-
Lending Partnership Program) and MIGA’s guarantee and insurance products. Bank operations also mobilize financing by other partners; domestic co-financing, a feature of most Bank projects, is particularly important in upper-middle-income countries, where it can be as high as 95 percent. At the multilateral level, the WBG is supporting global partnerships that leverage funding for key areas such as infrastructure, education, and sustainable energy. Through these, the WBG is able to leverage its ideas and policies as they become an integral part of the overall larger development effort. At the country level, the Bank can help countries improve the cost-effectiveness and development impact of their spending, strengthen tax programs, stem illicit financial flows and mobilize domestic resources for smart development investments. Mainstreaming joint projects across the Bank, IFC, and MIGA provides a unique opportunity for the WBG to “double-leverage” its resources and also support comprehensive development solutions and investments in challenging sectors, countries, and regions.

18. Efforts in this regard will include:

- **A stronger financing and operational framework for FCV in IDA18 and onward**, a stepping up of IFC and MIGA efforts in IDA countries and FCV environments, and Bank efforts to establish a sustainable concessional financing facility. Small States will receive attention due to their special development challenges and vulnerability.

- **Building flexibility** and buffers to respond to changes in the global context and strategic priorities, as for example during the financial crisis in 2010 and when ramping up commitments in MENA.

- **Building up the IBRD portfolio for lower-middle-income countries (LMICs), including IDA graduates by significantly increasing lending going to LMICs over the next decade.** Of IBRD recipients, LMICs face the greatest challenges in achieving the twin goals and accessing capital for their sustainable development needs, and are the least able to withstand external shocks. Furthermore, based on current projections, a large number of IDA countries, with significant financing needs, are due to be transitioning from IDA to IBRD in the coming decade. WBG management will engage the Board in an annual conversation on overall lending volumes and the alignment of the lending pipeline with these strategic priorities.

- **Continued engagement with upper-middle-income countries**, which are important to learning, ensuring financial sustainability and income generation, advancing on global issues, and maintaining long-term incentives among all members to mobilize concessional resources for the most urgent needs, through IDA and other platforms.

- **Expanding the product offer for upper-middle-income countries beyond financing**, so that IBRD remains a partner of choice as countries become more prosperous. Areas for consideration include targets for mobilization of international and domestic resources, including joint efforts with IFC on mobilizing domestic institutional capital and accelerating deployment of emerging technologies; joint financing with other MDBs, stronger global public goods content, sharper knowledge-based engagements, and more use of reimbursable advisory services, guarantees, and tailored financing instruments.

- **Leading on the global public goods agenda**, to include an emphasis on fragile and conflict-affected states, continued commitment to robust implementation of the Climate Change Action Plan, and enhancing the WBG’s crisis response. An area for more focus is strengthening the WBG’s approach on crisis response, which includes broadening work with the insurance industry and creating new market instruments, enhancing the IDA Crisis
Response Window, but also improving internal coordination within the organization and aligning resources and incentives.

- **Scaling up mobilization efforts** by strengthening internal coordination and governance, aligning incentives, and exploring new instruments and strengthening existing ones, such as guarantees. The proposed Private Sector Window under IDA18 and IFC’s mobilization instruments can further enhance the role that commercial capital can play in the supply response to reform efforts by member states. This will also require fostering relations with a wider group of institutional and private investors, including entrepreneurs, philanthropists, diasporas working in FCV, and Islamic finance. IFC will lead a process of engaging institutional investors who seek to increase economic impact and yield but who lack the necessary global footprint.

19. **The WBG will expand its work with the private sector, bringing together the joint capabilities of IFC, MIGA, and IBRD/IDA.** The most enduring, sustainable, and scalable solutions to development problems involve the interplay of private investment and public policy. To ensure that private capital can impact development, the WBG will help countries unlock opportunities and create new markets. IBRD and IDA will help countries improve policies, build credible institutions, and de-risk and solve market failures. IFC and MIGA also work with the private sector to demonstrate the viability of investing in private sector solutions. Creating markets builds synergy—it allows upstream reforms to lead to measurable results downstream in the form of demonstrable development impact, while also making that investment sustainable.

20. This will mean building capacity, both at IFC and the Bank, to develop integrated policy objectives and, along with MIGA, to align operational responses with those objectives. Mainstreaming joint WBG operations makes investments more attractive and lowers real and perceived risks for investors, both in established sectors, such as infrastructure, and in emerging sectors, like renewable energy. Doing this systematically and at scale will require substantial new financial and technical capabilities, strengthened coordination, agility and aligned incentives. A minimal or negative interest rate environment as well as constrained government budgets offer an opportunity for the WBG to mobilize financing from private and institutional savings.

21. Efforts in this regard will include:

- **Strengthening IFC’s economics and strategy capacity** to link its transactional / advisory work to the Bank’s policy reform capabilities and leverage the Bank’s policy work with countries to support private sector engagement.

- **Engaging proactively on preparation of Country Partnership Frameworks and Joint Implementation Plans** with clear articulation of IFC / private sector asks on reforms.

22. **How will the WBG ensure a successful shift to emerging priorities? It will need to continually improve its effectiveness and operational model.** The WBG will evaluate performance through in-depth and frequent reviews of budgets, operations, and knowledge. It must be fit for purpose, provide world-class services to its clients, and be certain that the vast knowledge of its talented staff is shared for the benefit of its 189 member countries. Actions here will require continual adjustment and alignment of policies, practices, and staff incentives, which will be achieved through the new corporate business review and budget processes:

- **Focusing on development results and the scale of impact by systematically pursuing an innovation-learning-scaling approach**, monitoring results, promoting learning and accountability, and strengthening its overall evaluation framework.
- **Becoming faster and less bureaucratic**, which will require shifting mindsets and behaviors, building a culture of continuous improvement and problem-solving; allowing staff to tailor approaches to project complexity, size and risk; and encouraging ideas and innovation. This will be the focus of the Agile Bank initiative. Success is essential, as the Bank’s policy changes in procurement and safeguards reinforce the need for agile, risk-based decision-making. It is important to balance being faster with ensuring quality and upholding standards.

- **Leveraging the WBG’s global talent.** To accomplish this, the upcoming FY17-19 People Strategy will strengthen the WBG’s ability to deploy staff skills flexibly, where they are needed most (for example, on FCV). The WBG will focus on the elements of the employment value proposition that drive culture and reinforce the behaviors required to be successful (such as performance management, diversity, and incentives).

- **Setting staff incentives and hard-wiring them into organizational performance.** This will be required to ensure focus on the scale of impact that can be delivered by WBG institutions working together; mobilizing private, partner, and domestic resources; continuing innovation; and learning and adjusting when circumstances change.

- **Becoming more efficient, which will require completing expenditure measures** to realize a $400 million budget savings across the WBG by FY18 and to meet a budget “anchor” for the first time in IBRD, when costs will no longer exceed loan revenues. This effort includes simplifying and integrating administrative services, as well as enhancing a shared services model to provide integrated back-office services and transaction support.

- **Reforming the trust funds framework, which will require defining mobilization objectives more strategically**, simplifying and harmonizing agreements, improving cost recovery, and incorporating these funds more fully into the budgetary allocation process.

- **Strengthening management of the WBG’s core advantages on knowledge for greater impact.** This will include maintaining leadership on global policy issues; addressing data gaps, especially for the SDG agenda; and tailoring the value proposition for middle-income countries, especially upper-middle-income, on key areas of development. Reimbursable advisory services are likely to be a larger proportion of the Bank’s analytical work. Capitalizing on opportunities offered by the WBG’s new operational model will require attention from management, with an appropriate financing framework for both lending and knowledge.

23. **The WBG will need strong financial capacity for all its institutions as they respond to rising demand for their services and seek to generate income: IBRD, IFC, MIGA, and IDA.** Prudent financial measures have boosted WBG’s financing capacity through revenue increases, expenditure savings, and implementation of balance sheet optimization measures. But worsening external factors such as interest rates, exchange rate shifts, and equity performance are eroding these gains, and with high lending levels in recent years, IBRD is getting close to its Equity to Loan Ratio of 20 percent. Taking into account these circumstances, and in line with the roadmap agreed during the 2015 Annual Meetings, shareholders will review the capital positions of IBRD and IFC.

24. **IDA is transforming how it mobilizes and manages its finances to help the poorest countries.** Its proposed new integrated framework will blend shareholder contributions and reflows with market debt. For its part, IBRD has four levers to strengthen the capital base: options for increasing loan pricing, reducing administrative expenses, reducing income transfers to IDA, which are important part of the WBG’s business model, and a general and/or selective capital increase. Its recent efforts to reduce expenses and commitment to meet its budget anchor by FY18 have proven crucial in the
current low-interest rate environment, removing the traditional reliance on equity earnings to finance operations. It is integrating efficiency measures through business reviews and simplification measures that would shift more resources to front line operations. It will also review its approach to IDA transfers in the context of balancing its commitment to the poorest with ensuring financial sustainability.

25. A successful implementation of the “creating markets” approach will create greater demand for developing and financing projects in challenging markets. IFC proposes to use traditional mobilization where feasible, and, if financial capacity allows, warehouse these investments while they are perceived to be risky by investors and then package and place them with institutional investors once their viability has been demonstrated and market perceptions have improved. These investments would therefore be recycled through this process and have far greater impact than if they were simply retained on IFC’s balance sheet. In addition, MIGA extended underwriting capacity and portfolio reinsurance limit and is looking to increase its statutory underwriting limit to help catalyze significant amounts of additional foreign direct investments.

26. IBRD and IFC support IDA replenishments; IDA is aiming to catalyze private investment in the poorest countries, especially in FCV situations; IBRD needs to step up its financing to new and prospective IDA graduates; and IFC needs a strong IBRD to achieve impact on the private sector agenda at scale. Achieving synergies among WBG engagements, working across all client segments, ensuring transfer of knowledge and experience, mainstreaming joint solutions and “creating markets”—all of these objectives demand strong balance sheets for all WBG institutions. IDA’s new financing model also relies on this strength and the markets’ familiarity with IBRD. Shareholders are also keen to see net income from IBRD and IFC support a range of activities: analytical work; transfers to IDA; risk capital for moving into challenging environments; and seed capital for mobilization platforms that address key parts of the global agenda, such as crisis response. These claims on income come on top of WBG’s most fundamental financial need to grow its reserves and protect the AAA credit ratings of its institutions.

27. There will be further engagements with shareholders on financial capacity of the WBG institutions per the roadmap agreed at the 2015 Annual Meetings, starting with completion of the IDA18 Replenishment. Progress of commitments under the Forward Look – including the integration of agreed priorities into the WBG strategic planning process – will be discussed with the Board through the budget and corporate review process and provide the basis for an update to Governors at Spring Meetings 2017. A package of measures for decision by Governors will be presented by Annual Meetings 2017.

28. The actions outlined in the Forward Look will help WBG institutions make the most of their core capabilities and advantages, reinforcing the value of multilateralism through their global reach and country framework. These measures are all interrelated and will require linking the vision with staff incentives, action with analytics, innovation with steadiness, banking with knowledge, and financial structuring with operations. Going forward, the WBG can do much more to channel knowledge, experience, and resources across its entire membership, from the largest and most advanced economies to the most fragile situations. With the 2030 agenda, it has a unique opportunity to develop a vast array of transformative solutions for clients and scale them up across the globe.