

## 1. Facts and figures

**Type of organisation:** Multilateral financial institution

**Established in:** 1944

**Headquarters:** Washington, D.C.

**Number of country offices:** 150

**Head of organisation:** President Jim Yong Kim (USA)

**Date of annual meeting in 2013:** 11–12 October

**Norway's representation on Board of Governors:** Norway is part of a constituency consisting of the Nordic and Baltic countries. Finland is a Board member for the period 2013–2016.

**Number of Norwegian staff:** 30

**Competent ministry:** Norwegian Ministry of Foreign Affairs

**Website:** [www.worldbank.org](http://www.worldbank.org)

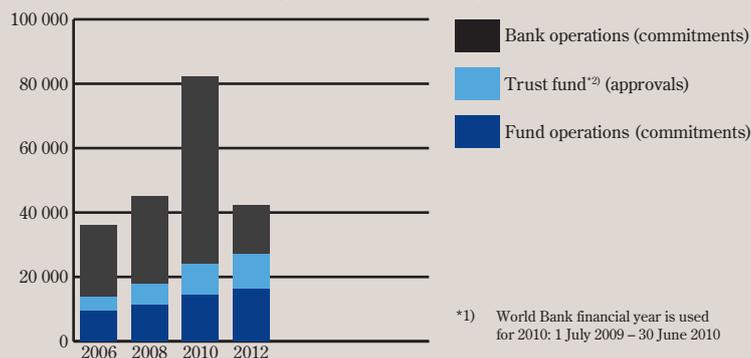
### The five largest shareholders of the bank, and Norway:

	Country	%
1	USA	15.10
2	Japan	8.43
3	Germany	4.47
4	France	3.99
5	UK	3.99
32	Norway	0.65

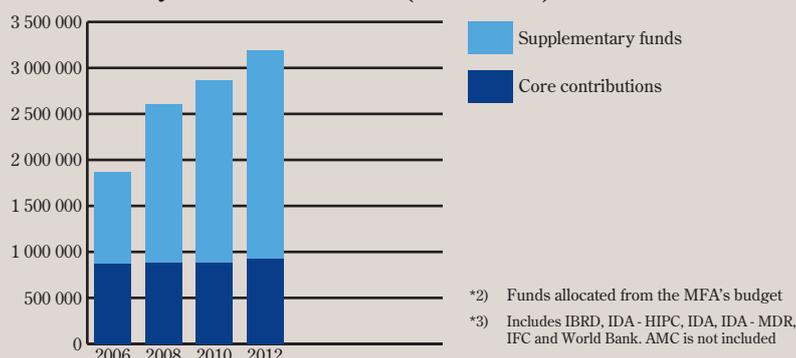
### The five largest donors of supplementary funds, and Norway, (1 000 000 USD) in 2012:

	Donor	Amount
1	USA	2194
2	UK	1685
3	Japan	756
4	France	624
5	Germany	606
7	Norway	568

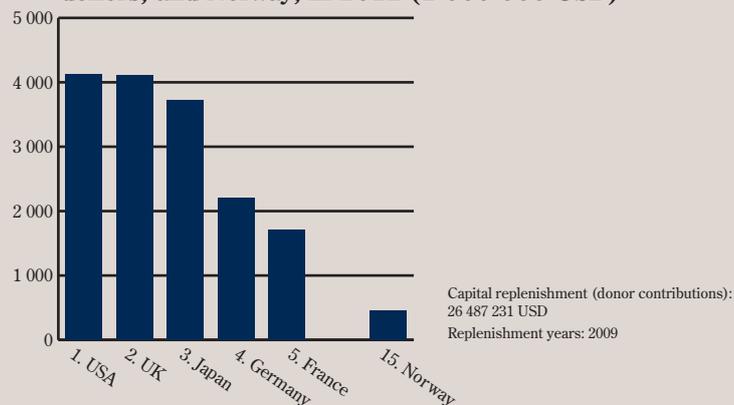
**Total resources\*<sup>1)</sup> (1 000 000 USD). Broken down by loans, grants.**



**Norway's contributions\*<sup>2)</sup>\*<sup>3)</sup> (1000 NOK)**



**Latest replenishment of fund and the five largest donors, and Norway, in 2012 (1 000 000 USD)**



## **Mandate and areas of activity**

The goals of the World Bank Group (WB) are to eliminate extreme poverty by 2030 and to contribute to including the poorest 40 per cent of the inhabitants of all countries in economic growth. The Bank's strategic plan aims to ensure that all the Bank's activities are directed at these two objectives, that there is a stronger focus on results, and that the Bank is engaged in those areas where it can achieve most.

The World Bank provides financial assistance and advisory services to middle-income and developing countries. Targeted areas include infrastructure such as roads, water supply and energy, but the Bank is also involved in broad-based social-sector programmes such as health and education, agriculture, food security, protection of the environment and governance. In view of the volume and quality of its products, the World Bank is regarded as an important contributor to the recipient countries' possibility of achieving the UN Millennium Development Goals. The Bank provides grants and loans on favourable terms that the countries cannot obtain elsewhere, usually combined with advisory services. The Bank also combines different sources of finance and instruments, including public-private programmes and leveraging of other funds.

The World Bank Group consists primarily of:

**The International Bank for Reconstruction and Development (IBRD)**, which provides loans on concessional terms and technical assistance to governments in middle-income countries and creditworthy low-income countries. The IBRD borrows money on international capital markets on the basis of its share capital. The share capital, to which all member states have contributed, gives the IBRD a high credit rating and allows the bank to borrow on very favourable terms.

**The International Development Association (IDA)** issues interest-free long-term loans and provides grants to the world's poorest countries. The loans and grants are largely provided by donor countries, which hold replenishment negotiations every three years.

**The International Finance Corporation (IFC)** is the World Bank's private-sector arm, and offers loans and investment products, as well as advisory services, to private enterprises and government authorities in developing countries.

**The Multilateral Investment Guarantee Agency (MIGA)** provides guarantees associated with political risk for foreign investments.

## **Results achieved in 2012**

Allocations for a total of NOK 315 billion in loans and grants were made in 2012. Almost half of these resources were spent on infrastructure: transport, energy, water supply and sanitation. These investments underpin economic growth and at the

same time create vital jobs in the recipient countries.

Some highlights of the World Bank's annual report on results were:

- 267 million people in 83 countries have benefited from social support programmes
- 145 million people have improved access to water and over 190,000 km of roads have been constructed or rehabilitated with support from the World Bank
- 4 million teachers have been educated
- The Bank has worked with 130 countries on measures to reduce emissions and adapt to climate change, while 74 countries have received support for measures to reduce their vulnerability to natural disasters
- 84 per cent of the support provided by the Bank for energy projects now goes to clean energy programmes
- The Bank has provided support to strengthen financial management in 57 countries, while 27 countries have received assistance in developing taxation systems, and public administration and services have been improved in 28 countries
- 66 million people have gained access to health services and improved nutrition, while 497 million children have been vaccinated

The Bank's evaluation of the project results shows that 85 per cent of the projects achieved their expected results satisfactorily. Only 70 per cent achieved their expected results in terms of development impact. A new, more accurate system for measuring development impact and for achieving improved results is being developed.

The report on the mid-term review of IDA's results emphasises that the development effectiveness of projects in vulnerable states is as expected, and better than that of countries in a more normal situation. The quality of the projects has also improved. Great progress has also been made in integrating gender equality and environmental protection into country strategies.

Some progress has also been made in organisational efficiency. Projects are carried out more quickly than in the past, and costs have also decreased. Moreover, the Bank has decentralised more of its staff to country level and the investment loans have undergone extensive reform, with greater emphasis on risk management, support and implementation. Result-based loans, where disbursements are made in pace with expected results, have also been introduced.

The IFC's investments have helped to create 2.7 million new jobs and have provided loans to small and medium-sized enterprises employing 5.8 million people, while 22 million people have been given access to micro-credit.

Support to Ethiopia has improved the government's ability to collect and make better use of tax revenues and provide better public services. Greater transparency has strengthened citizen participation and fostered general good governance. The project covers the whole country, and all four levels of government, from village to federal. Tax revenues have doubled. In 2011, a minimum of five basic services (such as health, education, water supply, sanitation, public transport and electricity) were provided by 88 per cent of the local government areas, compared with only 25 per cent in 2005. Part of the project has involved establishing quota schemes to increase the percentage of women in the public sector, and appointments of women increased between the first year of the project (2004) and 2010. The Ethiopian government has now assumed responsibility for implementation.

## 2. Assessments: Results, effectiveness and monitoring

### **The organisation's results-related work**

The World Bank has established a thorough and effective results measuring system and has also developed a Corporate Scorecard. This consists of a number of indicators at different levels and also includes operational and organisational efficiency, project quality and the implementation of important cross-cutting issues such as gender equality. There are still challenges associated with the causal relationships between the different levels in the performance results at organisational level, but a good framework is now in place at country level, and it will now be possible to compare results among projects, sectors and countries. It still remains for the result-based culture to be adequately internalised in the Bank's operations. Incentives are still too strongly associated with activities and lending volume.

Many of the multilateral donor funds administered by the Bank still face considerable challenges in connection with results frameworks and reporting.

As is the case with other institutions, it is difficult to make definite assertions about the contribution of projects to poverty reduction and inclusive growth. However, as the World Bank is the largest multilateral development agency, and in addition receives good marks for the results it achieves, it is reasonable to ascribe a significant portion of the reduction of poverty in developing countries to the Bank's activities.

### **Planning and budgeting systems**

The World Bank's budgeting is partly results-based. The Bank uses results-based budgeting to allocate funding to the world's poorest countries. Under this system, funds are allocated according to objective governance indicators, results achieved by Bank-financed projects, and needs. A number of new measures have also been implemented to improve the linkage between administrative budgets and results, in addition to a new loan instrument that explicitly links results to disbursements. The new strategic plan will strengthen the relationship between budget and results.

### **Oversight and anti-corruption**

The World Bank's control systems in auditing, anti-corruption

and risk management alike are regarded as very good. There is a sharp focus on internal control of spending and a strong culture of compliance with auditors' comments. The Bank's internal audits are performed by the Bank's own internal control unit, which reports to the Bank's audit committee. KPMG conducts regular, independent and robust external audits of the institution. KPMG also reports to the Board, which is responsible for ensuring that the recommendations are followed up. A number of initiatives to improve risk management are under way. Weaknesses have been discovered in the implementation of internal controls, but this is being handled by management, showing that systems to correct noncompliance are in place.

Since 2010, the World Bank has allowed free access to all its data, and over 8,000 indicators are now freely available on the World Bank's website, in five languages. This transparency also extends to the Bank's own finances. In addition, the World Bank makes its own publications freely available on the internet. After extensive consultations, the World Bank introduced its own Access to Information Policy in 2010. The British-based "Publish What You Fund" ranks the Bank second on its Transparency Index as the next most transparent aid institution after the DFID.

### **Institution-building and national ownership**

The World Bank's business model is based on close contact with the authorities of the countries that receive aid in the form of grants or loans. The Bank receives good feedback on how well the recipient country's priorities and use of national systems are observed. The countries themselves carry out the projects to a large extent.

A number of external assessments, for example from the Centre for Global Development, give the World Bank top marks in securing lasting results through the high quality of the aid provided. At the same time, evaluations of the Bank vary with respect to aid effectiveness and the Paris/Accra agenda. The Bank is highly valued because it very largely gears loans and grants to the authorities' priorities, and its technical advice and expertise are widely recognised. At the same time, it is regarded as somewhat self-opinionated and inflexible with

regard to use of its own procedures, and is not always very receptive in other contexts. The World Bank increasingly uses countries' own tendering rules; there is less and less use of parallel implementation units. The Bank is a central player in the dialogue between the global community and national authorities, and one which largely abides by national priorities.

### **Willingness to learn and change**

The Bank is in the process of implementing a new reform agenda that comprises a new strategic plan, a stronger focus on results and effectiveness, greater humility and willingness to learn in the light of less successful projects. A number of internal reforms are under way to modernise the institution, not least to link the production of knowledge to funding, improve synergies between the various parts of the Bank and enhance the ability of the institution to learn from both successful and less successful projects. The objective of all reforms is to

make the Bank more modern, open, flexible and adapted to new challenges.

In connection with the reforms, and in response to higher demand, the World Bank increased its ordinary loan capital by 45 per cent in 2010. This will enable the Bank to maintain its relative size and influence as the most central global development agency. At the same time, votes were transferred from donor countries to middle-income and developing countries in order to increase their influence on and ownership of the institution.

Several assessments (e.g. MOPAN, COMPAS) have shown that the World Bank draws on results and evaluations to adjust its efforts and focus where necessary. The Bank has increased the resources required to follow up projects, not least in relation to fragile and conflict-affected states, with a particular emphasis on achieving results.

## **3. Norway's policy towards WB**

The organisation is important to Norway because it is the most important channel for aid to the world's poorest countries and provides support to areas to which Norway gives priority. The Bank is particularly important, not only by virtue of its size and volume, but also because of its significant normative role.

Through Nordic cooperation and alliance-building, Norway seeks to encourage the World Bank to:

- place poverty eradication and inclusive growth (in accordance with the UN Millennium Development Goals) at the top of its agenda as an overarching objective.
- boost aid effectiveness through improved cooperation and harmonisation between bilateral and multilateral donors, including the UN system.

- have important cross-cutting topics such as the environment, gender equality and good governance included in the World Bank's activities, and give greater prominence to the human rights perspective.
- promote commercial development in poor countries and facilitate private investment in clean energy.
- be more efficient through decentralisation, promoting more cooperation across departments and regions, and greater emphasis on results-based administration, both internally and in the borrowing countries.
- be more democratic and an even more transparent institution.
- intensify its effort on environmental issues, through greater cooperation on greenhouse gases, clean and renewable energy, measures to prevent deforestation and adaptation to climate change.

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