



Les Anciens de la
Banque Mondiale

Pour une amitié et une réflexion commune

The One WBG Concept and its Evolution

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Outline of our paths in the WB group

Christian

- IFC Controller and Director Budgeting & Risk Management
- IFC Director Eastern Europe, and Central Asia, based in Moscow
- IFC Director Corporate Strategy and Market economics
- WBG Director Climate change – private sector

Olivier

- IBRD: Country Manager Angola and Sao Tomé
- MIGA: Business Development Manager Europe Middle East Africa
- MIGA: Finance and Telecom Sector Manager
- IDA: Financial Sector, East Asia Pacific and West/Southern Africa
- IFC: Investments in North Africa

Le Groupe de la Banque Mondiale: Rappel

	BIRD Banque internationale pour la reconstruction et le développement	IDA Association internationale de développement	IFC Société financière internationale	MIGA Agence multilatérale de garantie des investissements
	Création 1945	Création 1960	Création 1956	Création 1988
Rôle :	Soutenir le développement économique et institutionnel des pays	Soutenir le développement économique et institutionnel des pays	Promouvoir le développement économique en encourageant la croissance des entreprises privés productives	Promouvoir les investissements et les prêts transfrontaliers
Clients :	Gouvernements des pays membres avec un revenu par habitant compris entre 1 315 et 7 065 dollars (*)	Gouvernements des pays les plus pauvres avec un revenu par habitant inférieur à 1 025 dollars	Entreprises privées issues des pays membres	Investisseurs et prêteurs étrangers issus des pays membres
Produits :	<ul style="list-style-type: none">- Assistance technique- Prêts- Conseils en matière de politiques publiques	<ul style="list-style-type: none">- Assistance technique- Prêts sans intérêt- Conseils en matière de politiques publiques	<ul style="list-style-type: none">- Participations/quasi-participations- Prêts à long terme- Services de conseil	<ul style="list-style-type: none">- Assurance contre les risques politiques- Rehaussement de crédit

Notre Paradigme du Développement

- **La Théorie du développement par l'ouverture**
 - Repose sur le principe des avantages comparatifs.
 - Le commerce international devient le facteur de croissance.
- Les PVD doivent s'insérer dans l'économie mondiale.
- Le libre échange: indispensable au développement des PVD
- Mais quid de
 - Développement social
 - Industrialisation
 - Niveau d'épargne local faible => financements extérieurs: APD et dette
- Importance d'aider le secteur public => IBRD/IDA
- Et nécessité d'un rôle de catalyseur du Secteur Privé => IFC
- puis nécessité d'encourager les IDE/FDI => MIGA

The Early Days

- IFC created in 1956
 - As a legally independent company
 - A niche player
 - Very small compared to IBRD
 - Development considered a public sector play
 - Splendid isolation
 - ➔ Opportunism vs. Planning (cowboys vs Glasnost)
- The Big Bang (1980s) :
Fundamental change in perception of role of private sector
(British privatizations of infrastructure suppliers, PPPs etc.)
- IFC Capital increase, AAA rating (Sir William Ryrie 1984-1994)

The Roaring 90s: A Time Line

Political, Economic & Institutional Changes

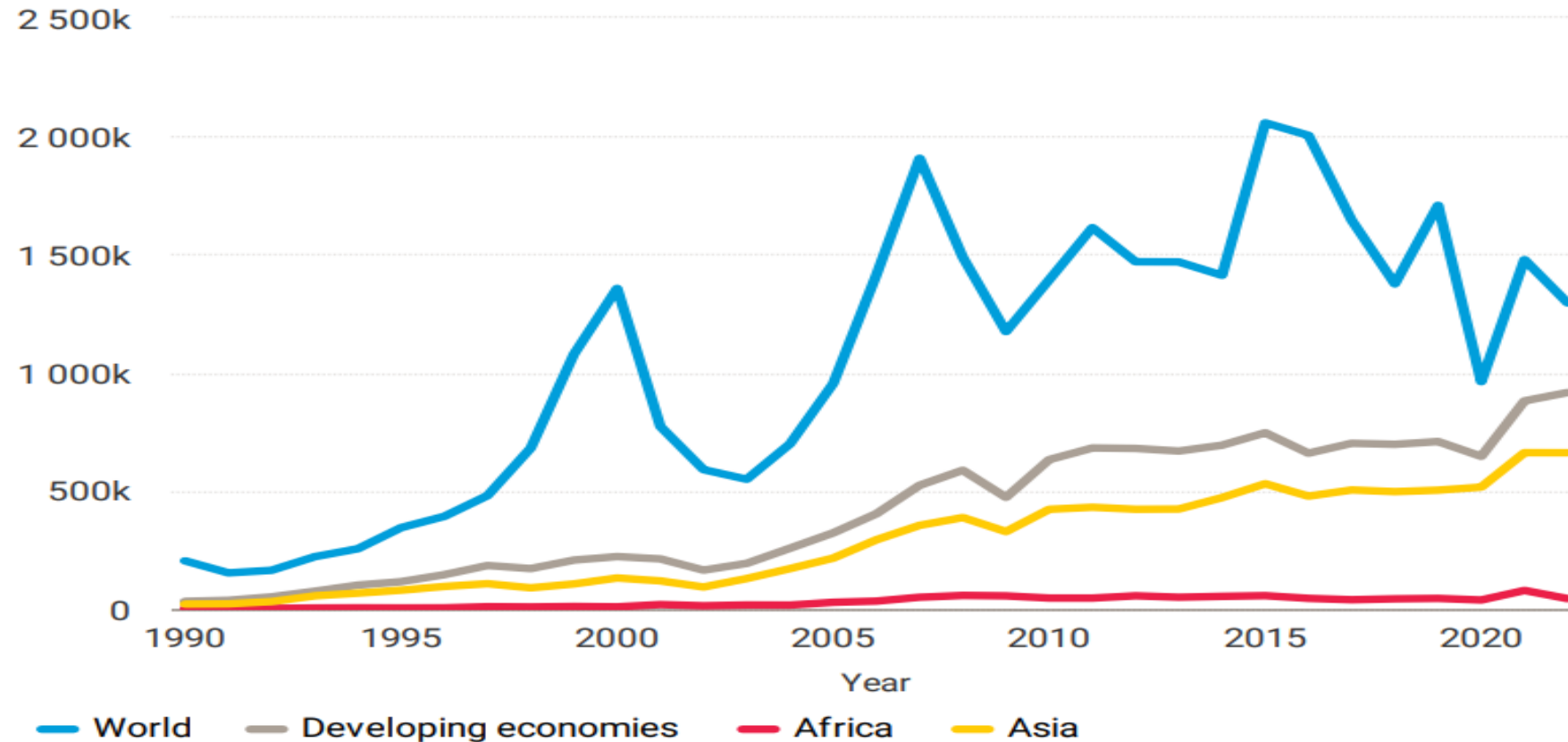
- Globalization of financial sector with plentiful private capital
- 1989 **Fall of Berlin Wall**
 - 24 new IBRD members
 - New resident missions in all regions
 - EBRD emerges as strong competitor (for IFC) in Eastern Europe
- 1991 Appointment of **Lewis Preston** who dies tragically in 1995
- 1991 Establishment of **GEF**: environment becomes key issue
- 1994 **Nelson Mandela** elected President of South Africa
- 1995 Appointment of **Jim Wolfensohn**
- 1999 “**Fifty years is Enough**”: protests at annual meetings
- 2000 Millenium Development Goals - MDGs

The new Millenium

- Recognition that IBRD, IFC and MIGA could better work together
- JDW: does this make sense? → Synergies articulated
- 2015: Sustainable Development Goals - SDGs
- Public funds are not enough to reach M/SDGs: need for more funds. Awareness. When? Or over a period?
- 2016: from Billions to Trillions
- 2017: Maximizing finance for development approach => cascade *Forward Look: A Vision for the World Bank Group in 2030—Progress and Challenges*
- 2018: *Multilateral Development Bank Task Force Reference Guide 2018.*
- Spring 2023: Evolution Road Map
- June 2023 Ajay Banga: **to create a world free of poverty on a livable planet, we need a new playbook**

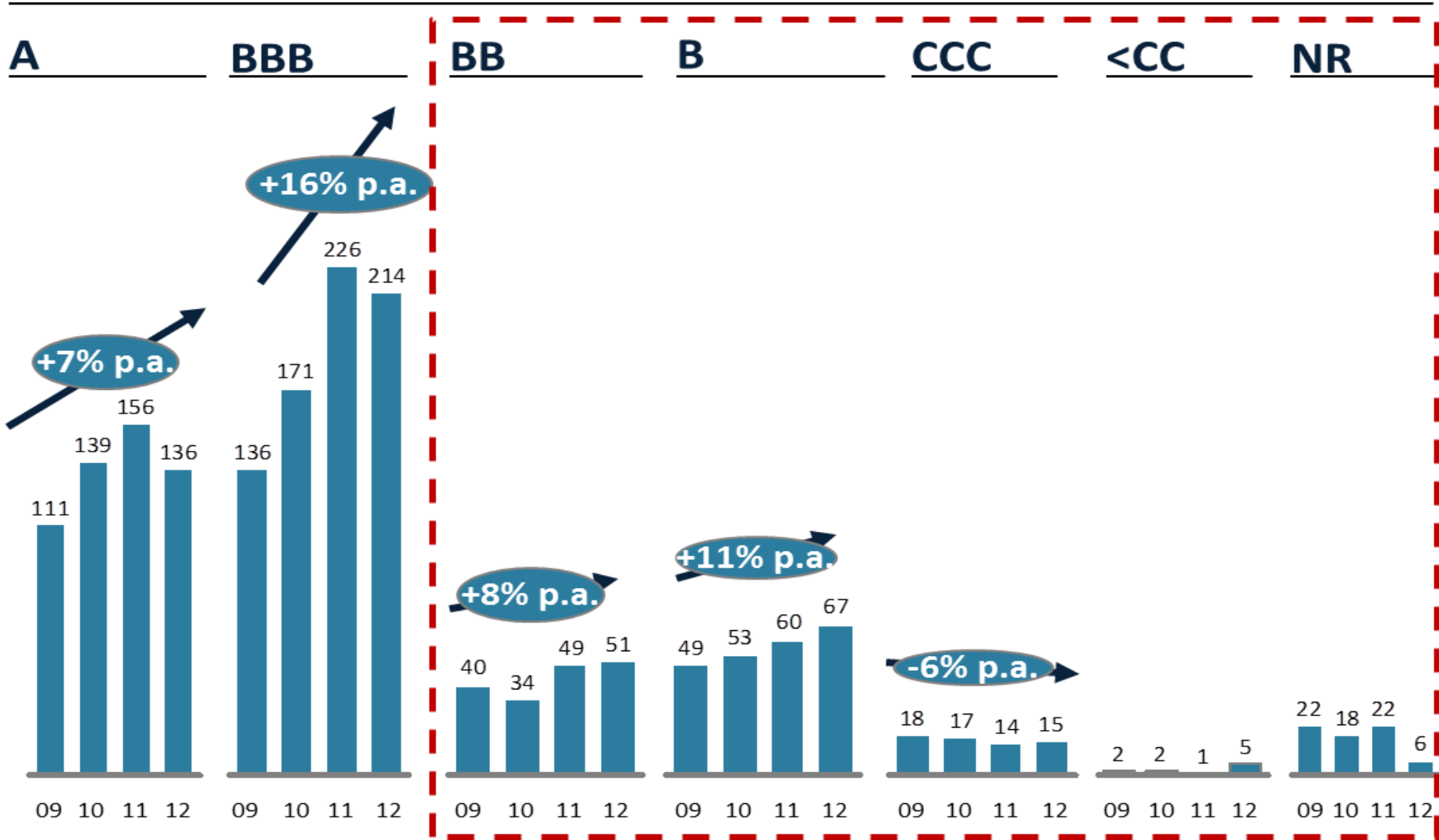
Foreign Direct Investment Flows

Millions of dollars



Source: UNCTAD World Investment Report 2022

FDI Growth Rates vs. Credit Rating



BB/B/CCC/<
CC & NR

Growth rate:
3,2%

FDI billions of US\$

MAXIMIZING FINANCE FOR DEVELOPMENT

We cannot achieve the World Bank Group's goals – ending extreme poverty and boosting shared prosperity – without much more funding for efforts that help the poor. And to meet the Sustainable Development Goals by 2030, countries need to scale up financing from billions to trillions of dollars.

Private finance is the largest resource to help fill this gap.





In Search of Synergies: One WBG

- JDW Pushes idea of One World Bank Group
 - Peter Woicke : IFC EVP and IBRD MD
- One WBG seen as key to maximize development impact
- Some experimentation but results rather marginal.
 - The roaring 90s => Economies in transition: PSD critical .
 - Joint IDA/IFC products 2000s
 - Joint IFC/MIGA group 2012: same clients
 - Joint Departments IBRD-IFC (JYK initiative) 2014
 - Infrastructure
 - Financial sector...
 - Alignment of IFC organizational management structure with IBRD: more IFC-VPs (PLH)
 - CAS become joint IBRD/IFC/MIGA Country Partnership Frameworks (President Kim)
 - IDA PSW 2018
- But no consistent institutional support and little incentives for staff or managers
- Will today be different? President Ajay Banga: « **The World Bank can be a catalyst of change and ... bring in private sector investors for development**»

Key concepts 1/2

- **Cascade** is how the World Bank Group operationalizes its Maximizing Finance for Development approach. To maximize the impact of scarce public resources, the Cascade first seeks to mobilize commercial finance, enabled by upstream reforms where necessary. Where risks remain high, the priority is to apply guarantees and risk-sharing instruments. Official and public resources are applied only where market solutions are not possible through sector reform and risk mitigation.
- **catalyzation, or catalyzing private capital** World Bank Group activities that, in the absence of any active or direct role or cofinancing by the Bank Group, have a role in Maximizing Finance for Development. Examples include International Development Association-issued bonds, the Global Infrastructure Facility, and loans, credits, and technical assistance to improve the policy and enabling environment as well as public investments that complement private investments.
- **core mobilization** Third-party finance deployed as a result of an active and direct effort on the part of the International Finance Corporation. Such activity would usually be evidenced through the payment of a fee. Core mobilization includes third-party funding from both private and public sources (including other multilateral development banks, development finance institutions, and sovereign wealth funds) on commercial terms that are raised due to active and direct efforts by the International Finance Corporation.
- **Maximizing Finance for Development** The World Bank Group's coordinated approach to private capital mobilization. The World Bank Group aspires to responsibly crowd in private capital without pushing the public sector into unsustainable debt and contingent liabilities. This entails pursuing private sector solutions where they can help achieve development goals and reserving scarce public finance for where it is most needed.

Key concepts 2/2

- **off-balance sheet** Lending and advisory activities use the assets of the respective institution's balance sheet to support client countries or corporates. Advisory services and analytics are similarly funded using the respective balance sheets or supported by public sector-linked trust funds. Capital raised through private capital mobilization activities is considered an off-balance sheet item and is channelled directly to support the client.
- **private capital mobilization** Includes both private direct mobilization and private indirect mobilization. Multilateral development banks have defined this as investment by a private entity. Private capital mobilization is the measure of reporting by all World Bank Group institutions as part of the joint reporting to the Group of Twenty on a calendar-year basis.
- **private capital mobilization ratio** The volume of private capital mobilized by a World Bank Group institution relative to its own lending commitments in a year. Private capital mobilization was an important capital increase commitment.
- **private direct mobilization** Financing from a private entity on commercial terms because of the direct and active involvement of a multilateral development bank. Private direct mobilization does not include sponsor financing.
- **private indirect mobilization** Financing from private entities provided in connection with a specific activity for which a multilateral development bank is providing financing, but where no multilateral development bank is playing an active or direct role that leads to the commitment of the private entity's finance. (sponsor financing)

From Marrakech, back to the future?

End poverty on a livable planet

- Urgency: *“Making good on our ambition will require us to evolve to maximize resources and write a new playbook, to think creatively, take informed risks and forge new partnerships with civil society et multilateral institutions.”* Ajay Banga NYT, June 2 2023
- New playbook => change
 1. For **operation**: faster to process, greater scale, quicker impact
 2. With more available **capital**: increase in capital and leverage
 3. Better **partnerships**: MDBs, private sector
 - ex. standard investment packages to mobilize private sector and achieve scale
- Change includes: Adopting and Operationalizing the One WBG Approach

Adopting and Operationalization the One WB Approach

- Develop Consistent **WBG metrics**
 - eg. Relating to enabling private capital
- Pilot **OneWB country representation**
 - Better coordination of country engagement
 - To optimal public and private sector solutions
- Establish New **Private Sector Investment Lab**
 - Blended finance
 - Credit-enhance or de-risk investments
- Explore Private to Sovereign **Climate Financing Investment Fund**
 - To mobilize private capital from institutional investors
 - To co-finance green public projects
- Disseminate Global Emerging Markets **Risk Database**
 - Increase risk transparency for private sector investors
 - Hosted by G20
- Facilitate **Global Challenge Programs** to scale-up joint products or programs
 - Across WB institutions
- Mobilize **institutional investor finance** through MIGA
 - Originate and transfer of IBRD transactions with support of MIGA guarantees



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MERCI - THANK YOU