Transforming Bank Group Engagement in Infrastructure

A new infrastructure strategy challenges our status quo and proposes a new way forward

January 27, 2012—Since 2003, the Bank Group has been scaling up infrastructure commitments. At the peak of the global crisis, the Group emerged as the largest multilateral development financier in infrastructure, with $30 billion in new commitments. It now represents 43 percent of the Group’s assistance.

However, the Group’s client countries continue to demand more—and increasingly complex and riskier—interventions in infrastructure. They see infrastructure as critical not only to support social progress and growth, but also to address the more systemic challenges of today’s world, from social stability to rapid urbanization, climate change, natural disasters, and food and energy security.

Finding solutions to these challenges requires tackling the complexity and inter-connectivity of sectors. This realization—that infrastructure is more than the sum of actions by individual sectors—is shaping the global agenda, from the G-20 Summits in Korea and Cannes to the upcoming summit in Mexico and the Rio+20 conference.

The Next Frontier

In response to this evolving context, the Bank Group has developed an updated infrastructure strategy for FY12-15. The strategy specifies what the Bank Group will do over the next three years in all the infrastructure sectors—energy, information and communication technologies, transport, and water.

Check out the strategy and more on SDN’s new intranet infrastructure portal.

“This strategy update lays out a framework for how to transform the Bank Group’s engagement in infrastructure across sectors in order to respond to demands for more cross-cutting and integrated solutions,” said Rachel Kyle, SDN VP. “This is the next frontier for World Bank Group engagement and, if we get it right, it has the potential to accelerate growth and shift clients towards a more sustainable development trajectory.”

For Vincent Gouarne, director of Global Infrastructure and Natural Resources at IFC, “This strategy will ensure a better Bank Group response for infrastructure financing at a time when governments are fiscally constrained and official development assistance flows have been reduced.”

Three Pillars

The new strategy rests on three pillars:

- **Core Engagement**—the bulk of the Group’s engagement will continue to be single-sector interventions in support of the access and growth agendas. But more effectiveness is needed in the areas of poverty, governance, and gender.

- **Transformational Engagement**—the Group will scale up its engagement in tackling the more systemic development challenges. This will require reaching out beyond the line ministries and traditional partners; repositioning the Group in global forums to lead the infrastructure debate; and facilitating knowledge transfer between clients instead of merely generating it. It will also require new types of projects that optimize spatial, green, inclusive and co-benefits. In Sub-Saharan Africa, for instance, this will involve more emphasis on regional projects that connect countries with power grids, broadband, transportation corridors, and large-scale renewable energy. In East Asia, it will involve partnering with city mayors, the private sector, civil society, regional organizations, and other donors to seek solutions to urban resilience and optimize low-carbon growth.

- **Mobilization of Private Capital**—the Group will start thinking beyond its existing capital and mobilizing...
Mobilization of Private Capital—the Group will start thinking beyond its existing capital and mobilize more systematically other sources of finance.

"The strategy’s vision is anchored in country realities," observed Jose Luis Irigoyen, director of Transport, Water and ICT, with six Bank Group regional action plans outlining how the strategy will be implemented. See Related Content for the action plans.

A Strategy for the Whole Bank Group

"The Anchor took on the new role of facilitator in this strategic effort," explained Nancy Vandyke, lead economist and strategy TTL for Transport, Water and ICT. "We established a new Bank Group Infrastructure Strategy Committee, with infrastructure and sector specialists from all regions, IFC, MIGA and WBI. Experts from across the Group helped the committee brainstorm and articulate aspects of the strategy."

The result was a strategy that was "truly unique and integrative" according to the Board of Directors’ Committee on Development Effectiveness.

Joachim Von Amsberg, OPCS VP, commented that, "There is tremendous potential for synergies and great opportunities for learning among the WB, IFC, and MGA. However, we must improve upon internal processes which may hamper collaboration."

For Michel Wormser, MIGA Vice President and Chief Operating Officer, the strategy “emphasizes the potential impact of bringing together the different members of the Bank Group, with our respective skills and instruments, in advancing transformational projects in our member countries.”

How is the Strategy Relevant for You? What the Experts Say

John Roome, SDN sector director for EAP: "In EAP, the Bank can afford to engage in what may be a more risky, complex and long-term effort. We need to bring the dialogue to another level, and change the way we engage with clients and the interlocutors with whom we are working."

Jack Stein, SDN sector director for SAR: "The Bank had become a small player in the dialogue with some client countries by relying excessively on small, fragmented and opportunistic projects. The region is therefore shifting towards bigger, more innovative, and higher impact infrastructure projects."

Jamal Saghir, SDN sector director for Africa: "The strategy resonates with the Africa Strategy’s broader development agenda, particularly its focus on PPPs and transformational projects. Given huge infrastructure needs in Sub-Saharan Africa, IDA will continue to play an important role in the infrastructure business, leveraging its resources with the private sector."

Laszlo Lovei, SDN ECA sector director (until recently SDN MNA sector director): “For MNA, infrastructure projects will be transformational to the extent that they lead to extensive improvements in job creation and regional integration.”

Ede Jorge Ijjasz-Vasquez, SDN LAC sector director: “This strategy provides a platform for the World Bank Group to work with our clients to support green and inclusive growth through the right incentives, investments, regulations and behavioral changes.”

Andrew Steer, the Bank’s special envoy for Climate Change: “Infrastructure is one of the make or break issues in our march towards a sustainable world. It is critical that we get it right.”


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This is good and challenging effort of World Bank. To mobilize the private capital/ investment in a systematic manner, Public Private partnership is ...

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