

What is Governance at the World Bank? And while we're at it, what is the World Bank?

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There are a lot of opinions about what the World Bank is, and what it is not

- **Some people still equate it with the now outdated Washington Consensus, but it goes much beyond that.**
- **It was created in the aftermath of World War II, with the idea that there was a need to reconstruct and develop, based on a foundation of cooperation**

United Nations Monetary and Financial Conference

BRETTON WOODS, NEW HAMPSHIRE
JULY 1 TO JULY 22, 1944

EXTRACTS FROM
FINAL ACT AND RELATED DOCUMENTS



The borrowers have shifted over time...

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

LOAN TO
CRÉDIT NATIONAL POUR FACILITER
LA RÉPARATION DES DOMMAGES
CAUSÉS PAR LA GUERRE
GUARANTEED BY
THE REPUBLIC OF FRANCE

Loan Number — 1 F-

LOAN AGREEMENT
GUARANTEE AGREEMENT
LETTER FROM MINISTER OF FINANCE
LOAN REGULATIONS NO. 1
Dated May 9, 1947



Loan Agreement, First World
Bank Loan (to France)

ANALYSIS OF THE LOAN APPLICATION OF THE NETHERLANDS

The Netherlands application dated April 7, 1947 was received in the Loan Department on April 9.

The following is a short analysis of the document submitted to the Bank:

A. The total damages resulting from the war are estimated at 19,560 million florins on the basis of the present purchasing power attributed to that currency.

B. Minimum investments for the total programme provided for in 1947, 1948, and 1949 reach 5,105 million florins. (Investments in 1946 reached 1,788 million florins)

C. An emergency program has been established giving priority to transportation and industry and particularly to those industries which will have an overall effect on production or on the volume of exports:

I. Transportation & Communications:

Investments over the 3-year period:

	Foreign exchange requirements expressed in millions of fl.	Balance to be supplied in Dutch currency (in millions of fl.)
Ocean shipping	400	355
Railways	35	20
Automobiles	1.8	--
Lorries	52	13
Buses	12	18
Aircraft	40	--
Post office Telegraph & Telephone Communications	16	59
	556.8	445

Analysis of Loan Application, First
World Bank Loan to the
Netherlands

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

FOR THE PRESS FOR IMMEDIATE RELEASE
Press Release No. 61 August 22, 1947

Denmark-LWJ

The Kingdom of Denmark became the third member country to obtain a loan from the International Bank for Reconstruction and Development when a Loan Agreement calling for a commitment of \$40,000,000 was signed today by Ambassador Hendrik Kauffmann on behalf of the Danish Government and by President John J. McCloy for the Bank.

The loan will bear interest at 3½ per cent. In accordance with its Articles of Agreement the Bank will also charge a commission of 1 per cent annually to be set aside in a special reserve fund. The loan runs for 25 years and amortization payments provide for retirement of the loan by final maturity in 1972. Since time will be required to bring Danish exports and imports into better balance, payments on principal are not due to begin until 1953 and then in modest amounts with payments increasing as the loan approaches maturity.

The loan is designed to hasten Danish economic recovery by making possible imports of agricultural and textile machinery, machine tools, trucks, steel products, textiles and chemicals. With its national budget in balance, production increasing and price and wage levels under control, a degree of economic stability appears to have been reached and Denmark is in a position where the assistance afforded by the Bank's loan can become quickly effective.

The loan constitutes approximately 8 per cent of the contemplated capital expenditures to be made by Denmark during 1947-1948, the great bulk of the reconstruction effort depending upon private enterprise and private financing. Under the Loan Agreement the Bank will be furnished with full information concerning all goods to be purchased with the proceeds of the loan and their

Press Release, First World Bank
Loan to Denmark

June 23, 1950

The Bank's Role in the Post-1952 World

President Truman, in his letter appointing Mr. Gordon Gray Special Assistant to the President with the function of advising and assisting in coordinating and stimulating the activities of the various governmental agencies which can contribute to the solution of the problem of the dollar gap, pointed out that the U.S. is now a creditor nation and that this fact has an important bearing on both U.S. domestic and foreign policies. The President stated that "We cannot continue to sell our goods abroad, or receive a return on our public and private investments abroad, unless foreign countries can obtain the necessary dollars to make their payments." President Truman requested Mr. Gray to determine the nature, dimensions and significance of the problem on the basis of which a policy could be determined.

The function of the Gray Group consists of two main tasks. First, it has the responsibility of determining whether, in 1953, after the end of the Marshall Plan, there will continue to be a dollar gap and what its size is likely to be. This is the question of what the balance of payments surplus of the U.S. is likely to be if there is to be convertibility of currencies and the kind of free trading system towards which U.S. policy has consistently been aimed and if the world is not to be forced to make such arbitrary and difficult adjustments as would undermine both the foreign policy and perhaps even the domestic economic policy of the U.S. It is, of course, merely stating a truism to say that balance might be had at some level without any U.S. surplus but it is extremely doubtful whether there could be such a balance with convertibility of currencies and non-discrimination in trading relations and the consequences of such a forced reduction on the levels of world trade, output, and living standards and on American foreign policy and domestic economic policy might be so severe as to make such an adjustment impossible. Secondly, after having determined what the size of the dollar gap is likely to be in 1953, Mr. Gray has been asked to recommend a "practical and forward-looking course of action" consistent with the general American policy of advocating a free flow of international trade with as little arbitrary interference as possible.

The recommendations which Mr. Gray will make to the President are likely to have a fundamental influence on the operations of the Bank. If, for example, these recommendations were to involve any large appropriations of grant funds for economic development purposes or any substantial expansion of the lending activities of the Bank, these policies could very well mean the elimination of the Bank from any possibility of effective action and would, in fact, virtually signify the end of the Bank. There is, of course, nothing sacrosanct about the Bank as an institution; only if it has an important role to perform in the world and effectively performs that role does it have a raison d'être. It is, therefore, of primary importance for the Bank to consider what its role in the post-Marshall Plan world can be and whether it might effectively be fitted into the kind of program which Mr. Gray is likely to recommend.

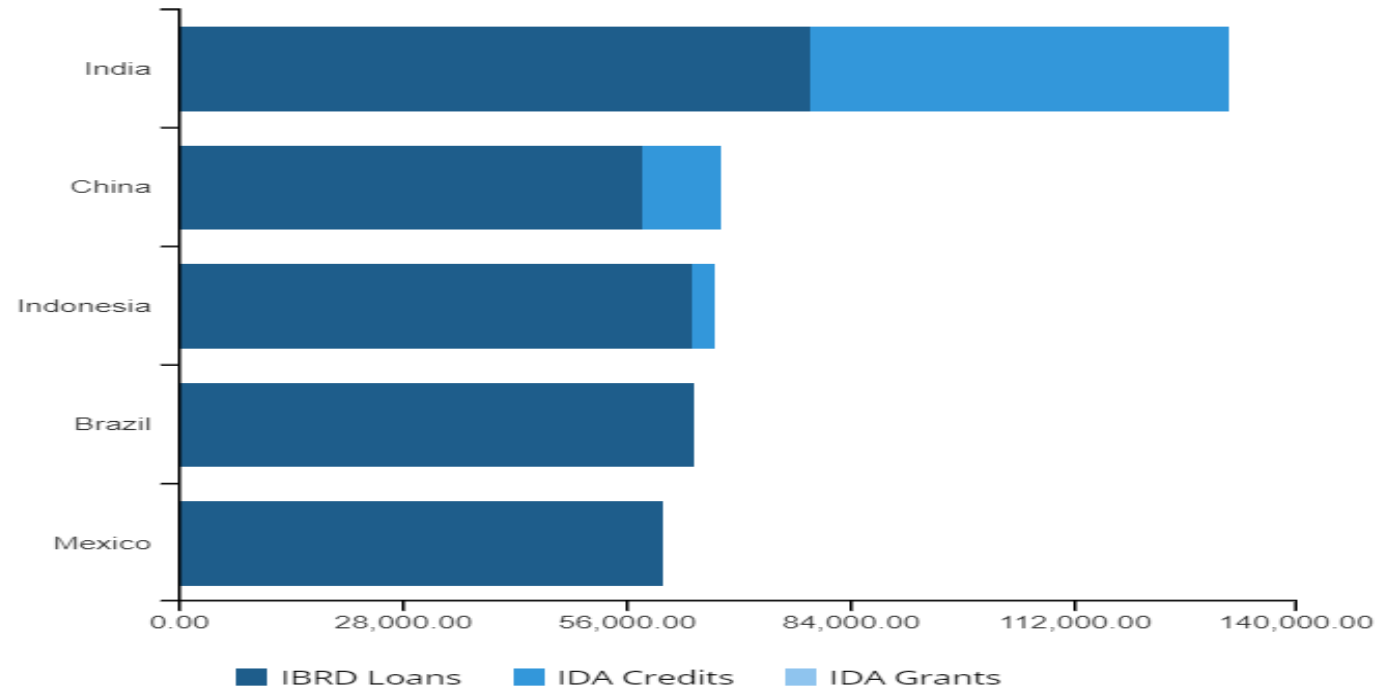
Internal memo, The Bank's
Role in the Post-1952 World

...as the focus shifted more broadly to economic development

Total lending over all years (Millions of US\$ equivalent)

Lending by Country

Displaying the top 5 countries for the selected period



Source: World Bank Group Finances, <https://financesapp.worldbank.org/summaries/ibrd-ida/#ibrd-len/>

But the collective task of reconstruction – of lifting people out of poverty – remains at the core of the Bank’s mission.

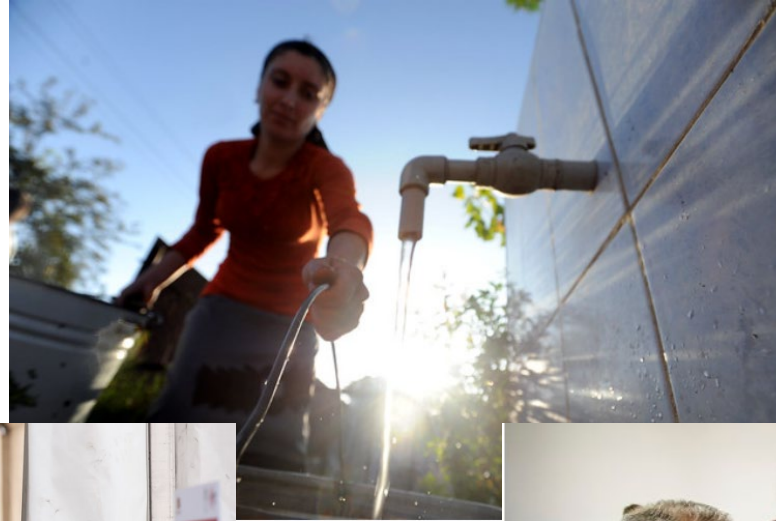
Our Mission

The World Bank has two goals: end extreme poverty and promote shared prosperity in a sustainable way.

Globally, 659 million people – or about 8.5 percent of the population are estimated to live on less than US\$2.15/day (2017 PPP)

Almost half of the world’s population (46.9 percent) lives on less than US\$6.85/day (2017 PPP)

Development is recognized to have many aspects



People seem to agree that governance is important and institutions matter, but what *are* they?



BANK OF ENGLAND

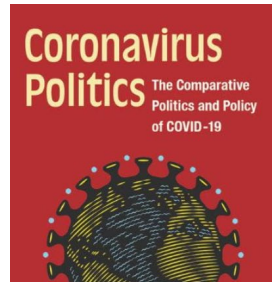
Speech

Why institutions matter (more than ever)

Speech given by
Andrew G Haldane, Executive Director, Financial Stability

Centre for Research on Socio-Cultural Change (CRESC) At
Oriental and African Studies, London

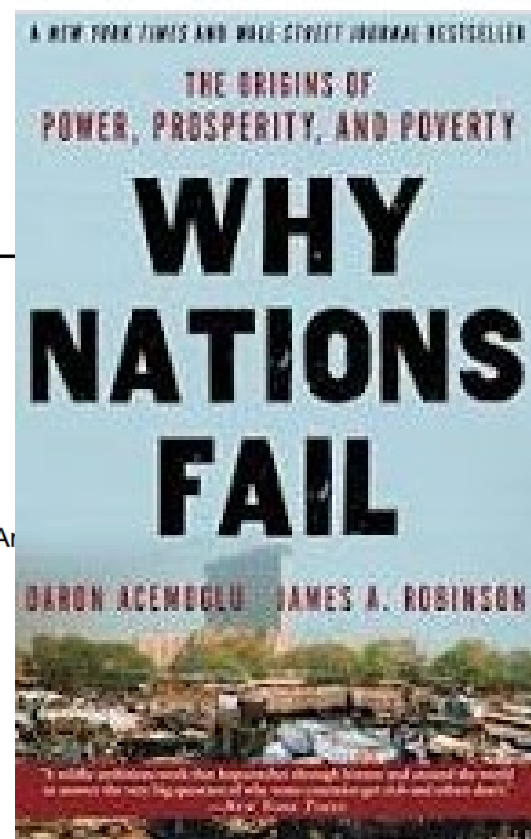
4 September 2013



Korea Policy Forum:
How Institutions Matter in Pandemic Responses: The South Korean Case
Thursday, April 15 | 9:00 AM- 10:00 AM EDT | Livestream via ZOOM

East Asia National
Resource Center
THE GEORGE WASHINGTON UNIVERSITY

Institute for
Korean Studies
THE GEORGE WASHINGTON UNIVERSITY



PEACE, JUSTICE, AND STRONG INSTITUTIONS: WHY THEY MATTER

What's the goal here?

Promote peaceful and inclusive societies for

and feel safe as they go about their lives whatever their ethnicity, faith or sexual orientation.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Today, 20 million people are refugees, over 41 million people have been internally



WORLD BANK GROUP
Governance

Within the Governance GP, we work across a wide range of areas

The Governance GP helps client countries build capable, efficient, inclusive, transparent, and accountable institutions for enhancing trust, public service delivery, and private sector development			
Public Finance	Public Administration	Public Institutions	Fiduciary Assurance
<p>FOCUS AREAS:</p> <ul style="list-style-type: none">• Public expenditure management• Domestic resource mobilization• SOE governance and oversight• Financial reporting and auditing	<p>FOCUS AREAS:</p> <ul style="list-style-type: none">• Public administration reform• Anticorruption and integrity• Justice, rule of law, and accountability• Subnational governance	<p>FOCUS AREAS:</p> <ul style="list-style-type: none">• Global Observatory on Governance trends• Data and Analytics• Governance Engagement for operations and country strategic documents (CPF/SCD/CCDR/CEM)• Political Economy	<p>FOCUS AREAS:</p> <ul style="list-style-type: none">• Financial management• Procurement• Country systems for Bank operations
Cross-cutting areas: GovTech, Gender, Green Institutions, FCV			

Who are we?

672
technical
staff

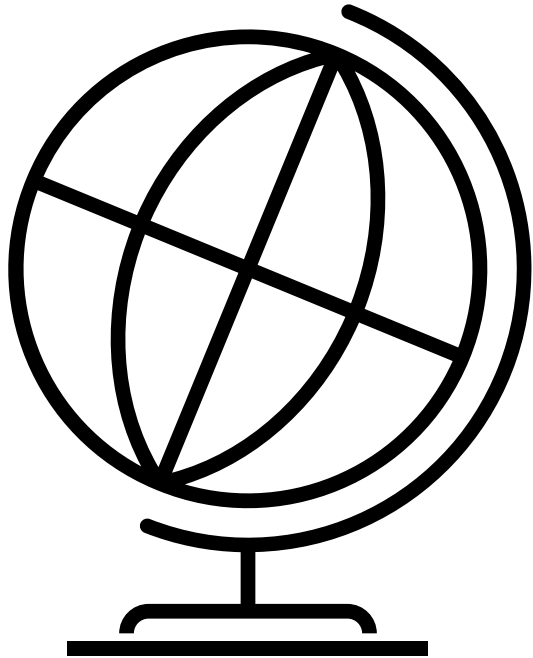
221 Procurement Specialists

193 Financial Management
Specialists

185 Governance/Public Sector
Specialists

73 Other specialists

Who are we?



103 **Countries** outside of the US
in which staff are based

462 **Field-based** staff

117 **Nationalities**
represented

Today, governments are facing the need to respond to multiple crises at once.

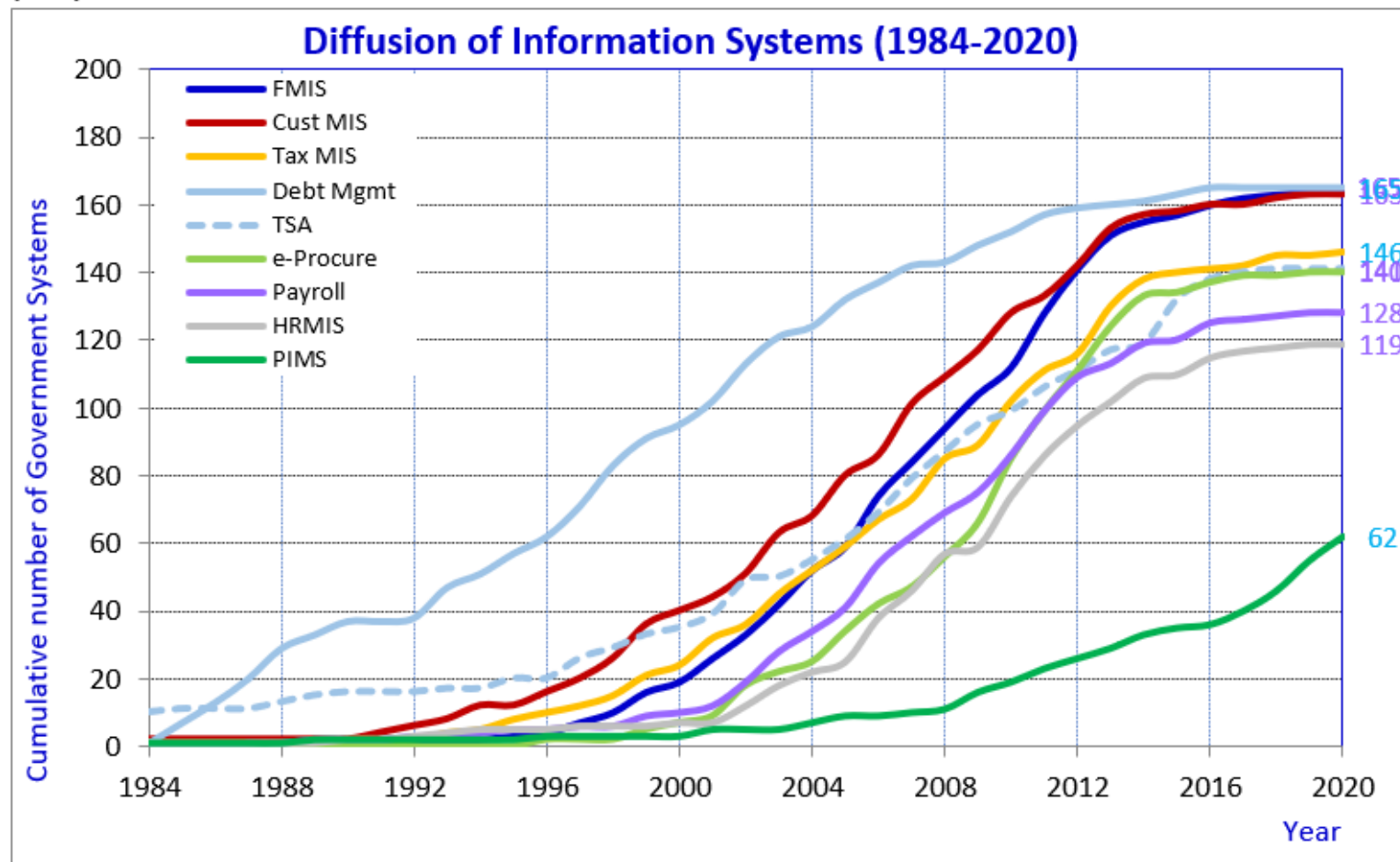
- **Climate change**
- **Debt crises**
- **Pandemic preparedness, and the lingering impacts of COVID-19**
- **Conflict**

Bringing renewed attention to key governance issues.

- **Domestic revenue mobilization**
- **Whole-of-government approaches to digital government transformation (GovTech)**
- **Anticorruption, accountability and citizen engagement**

As well as the question of how public policies interact with more intangible factors like trust.

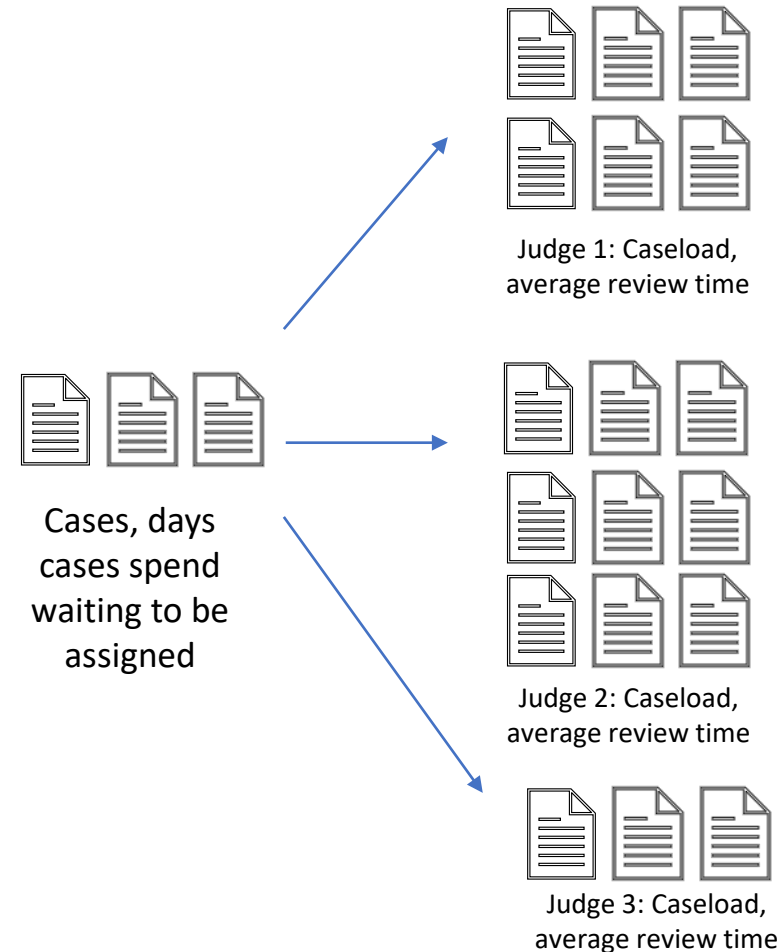
Advances over recent decades now put many governments in the position to focus on reforms with important impacts on their quality of expenditure - and through it pressing challenges like climate change



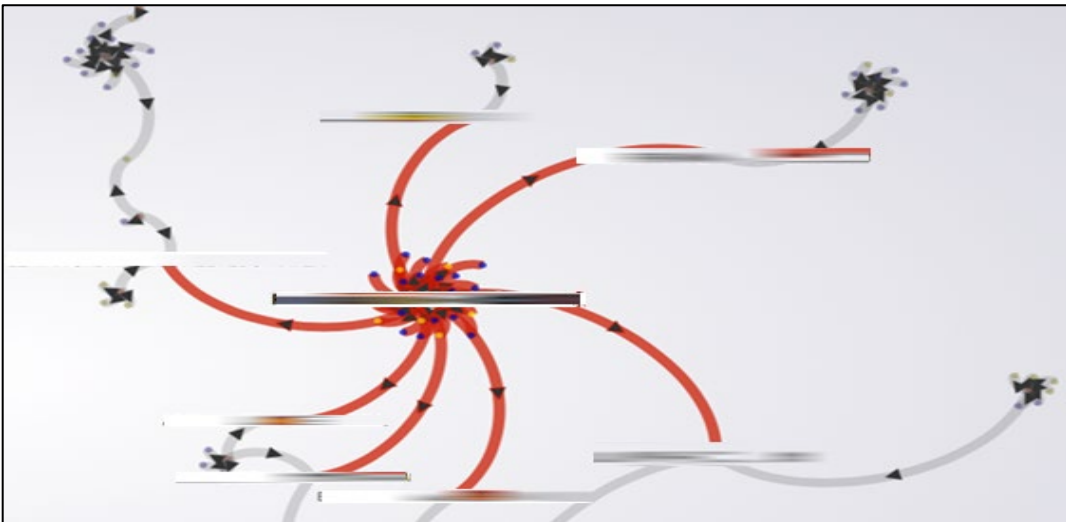
Source: GovTech Maturity Index.

While also creating new opportunities to bring together datasets to better understand service delivery processes

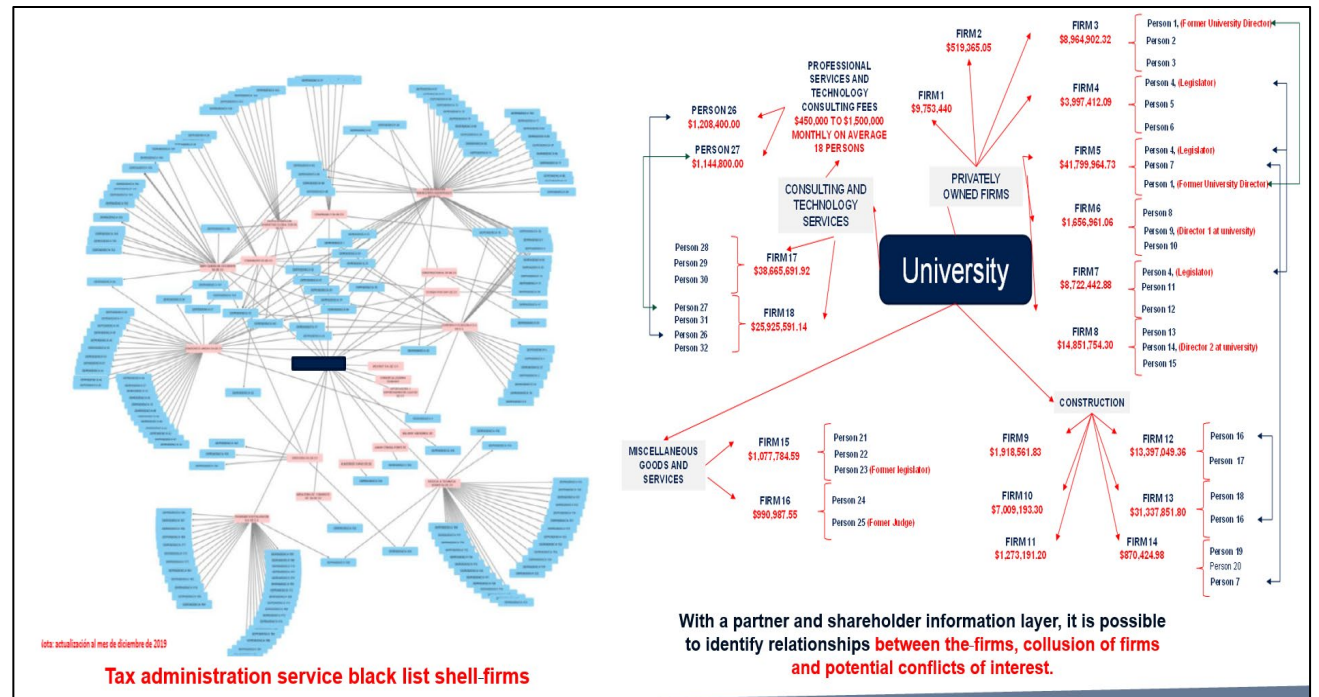
Bringing transparency to judicial review processes



As well as to detect and address fraud and corruption risks



Source: Presentation, Daniel Ortega, World Bank. Governance Risk Assessment System: Data Analytics to Deter Corruption, Session on Data and Technology to Detect and Fight Corruption, Anticorruption for Development Global Forum, June 27, 2023.



Source: Presentation, Emilio Barriga Delgado, Federalized Spending Special Auditor, Mexico. Session on Data and Technology to Detect and Fight Corruption, Anticorruption for Development Global Forum, June 27, 2023.