

HARTWIG SCHAFER
Vice President
Operations Policy and Country Services

March 23, 2017

Mr. John Larkin
Assistant Secretary
Banks and Infrastructure Finance Branch
Multilateral Development and Finance Division
Department of Foreign Affairs and Trade
Australian Government
R G Casey Building
John McEwen Cres
Barton 0221
Australia

Dear Mr. Larkin,

*MOPAN 2015-16 Institutional Assessment Report of the World Bank:
World Bank Management Response*

We would like to thank MOPAN member countries for this assessment which presents findings of the 2015-16 Institutional Assessment of the World Bank. We would also like to thank the Australian Government as institutional lead for this exercise. We appreciate the constructive collaboration we have enjoyed throughout this process.

The MOPAN assessment is a valuable exercise to foster learning and improve an assessed organization's contribution toward achieving greater development results overall. We appreciate that one of MOPAN's goals is to reduce the need for bilateral assessments and lighten the burden for multilateral organizations. We note the reshaped assessment approach, MOPAN 3.0, which, in addition to assessing four dimensions of organizational effectiveness, covers a fifth aspect -- development effectiveness (i.e. results). We appreciate that in the new approach, MOPAN is collecting data from more partner countries.

We are pleased to note that the assessment concludes that the World Bank is ***“a mature and high-performing organization, which meets the requirements of an effective multilateral organization that both is fit for purpose and can anticipate and adjust to a changing world”***. We are pleased to see that reorganization of the World Bank Group (WBG) and various reform processes embarked on over the last few years are bearing fruit.

Areas of improvement identified in the assessment mirror those we have also identified. We are continuously working to improve in these areas. I would like to outline some of the initiatives through which the Bank is addressing these areas for improvement.

Strategic and operational approach in situations of fragility, conflict and violence (FCV). Continuing the expansion of the Bank's work on FCV, IDA18 introduces several new innovative financing mechanisms, such as a sub-window for refugees and host communities, the FCV risk mitigation regime and a private sector window. Under IDA18, the Bank has committed to ensure that all Country Partnership Frameworks in fragile and conflict situations and countries at risk are informed by risk and resilience assessments. The Bank has also committed to enhancing staffing for IDA FCV settings to better address increased demands vis-à-vis dialogue, coordination, partnerships and portfolio support. The Bank recognizes that greater effectiveness in FCV settings requires additional effort to assess and adapt operational policies and instruments to optimize the flexibility they offer.

Knowledge management. Knowledge is central to the World Bank's mission. As the assessment states, the Bank has reorganized its operational staff to facilitate the generation, sharing and application of knowledge. It has introduced a new country engagement model that is more evidence-based and depends on tools such as the Systematic Country Diagnostics. The Bank has recently appointed a Knowledge Management Director who is developing a knowledge management framework and action plan. The purpose is to better harvest, curate and manage the tacit and explicit knowledge the Bank produces. The Bank is continuing to invest in a learning culture. One aspect of this work is development of a WBG Evaluation Framework that will, among other things, address learning from evaluations.

Results and performance reporting. The World Bank acknowledges the need to further strengthen results measurement and learning from evidence. This includes enhancing client capacity to make data available at the country level and use evidence for policy-making. We already have a number of reforms and initiatives under way to address results measurement and learning. The Corporate Scorecards and IDA Results Measurement System are being updated and further harmonized for the next cycle starting in FY18. These aim to improve measurability and reporting quality and align to emerging issues and priorities, such as the Sustainable Development Goals. We are also reforming our Core Sector Indicators and projects' Implementation Completion Reports, developing tools and guidance and strengthening monitoring & evaluation capacity across the institution. This is being done through enhanced training and professionalization of the Results Measurement and Evidence Stream—a WBG-wide professional network. Management is closely monitoring these actions, including by overseeing implementation of action plans for various Independent Evaluation Group evaluations related to results, monitoring & evaluation and learning.

Framework for working in partnerships. The Bank has been continuously working to improve the selectivity and alignment of its engagement in partnerships. Fundraising plans and activities are now shared across WBG institutions and integrated into annual strategy and business planning discussions. High-level strategic consultations with major donors enable in-depth discussions on shared visions and alignment of priorities. In

preparing Country Partnership Frameworks, we consider trust funds and other external funding as an integrated part of the exercise. Approval of new trust funds has been fully aligned with the new World Bank organizational structure to ensure that advice and clearance are received from sector and country units, as appropriate. The Bank is now finalizing 'Guidance on Managing Trust Funds for Results'. The Bank is also embarking on a new phase of trust fund reform. Strengthening partnerships will be a key element of this exercise. As the MOPAN assessment states, the partnership approach is now well developed at the country level with national partners.

Speed of implementation. It is very important to our clients that the Bank be efficient, responsive and flexible. As the assessment states, the Bank has set targets and put into place measures to increase speed of delivery. The time for operational delivery is being monitored through an indicator in the World Bank Corporate Scorecard. The World Bank has already introduced a new procurement framework. It has also launched a program of "Agile Pilots"—a set of experiments and initiatives to improve the way the Bank works toward becoming a more agile Bank. This effort builds on the simplification agenda, but will go deeper to address some core behavior/culture issues—the way we work—that prevent us from being faster and better in the service of clients.

We are gratified by the overall findings of the MOPAN assessment of the World Bank and encouraged in our on-going efforts to improve our work. We look forward to working closely with you and your team to launch and disseminate the assessment.

Yours sincerely,



Hartwig Schafer

cc.: Mr. Jason Allford, Executive Director, EDS09
Ms. Jessica Hoverman, Advisor, EDS09
Ms. Chantal Verger, Acting Head of Secretariat, MOPAN Secretariat