

Bank's own internal control unit, which reports to the Board's audit committee. KPMG carries out regular, independent and robust external audits of the institution. KPMG also reports to the Board, which is responsible for ensuring that the recommendations are implemented. A number of initiatives have been launched with the aim of improving risk management. Weaknesses have been discovered in the implementation of internal controls, but these have been dealt with by management, showing that systems are in place for correcting deviations.

An anti-corruption strategy has recently been implemented and integrated into the Bank's operations. Guidelines aimed at employees have also been introduced. A separate unit investigates this type of case, and various mechanisms are in place which offer the potential to impose penalties. Lists are kept of individuals and companies which are fully or partly blacklisted due to involvement in corruption cases. A system is also in place for protecting whistle-blowers.

3. Norway's policy towards the WB

The organisation is important to Norway because it is the most important channel for providing development assistance to the poorest countries in the world, and because it supports health and education, infrastructure and agriculture, and institution-building and economic development.

Through Nordic cooperation and alliance-building, Norway will work to:

- Ensure that the World Bank puts poverty reduction (in accordance with the UN Millennium Development Goal) at the top of its agenda, as a strategic objective and not simply as an instrument for economic growth.
- Ensure that the World Bank facilitates genuine national ownership, and that countries are given real opportunities to make their own policy choices.
- Ensure that the World Bank helps strengthen development aid effectiveness through improved cooperation and harmonisation between bilateral and multilateral donors, including the UN system.
- Ensure that important cross-cutting issues like the

The Bank recently completed an extensive reform agenda encompassing a new strategic plan, a stronger focus on results, and a number of internal reforms including decentralisation and greater flexibility in the use of various instruments. All of these reforms aim to make the Bank more modern, open, flexible and adapted to new challenges. In connection with the reforms, and in response to increased demand, the World Bank's ordinary loan capital was increased by 45 percent in 2010. This will enable the Bank to maintain its relative size and influence as the most central global development actor. A transfer of votes from donor countries to medium-income countries and developing countries was undertaken simultaneously, to increase the influence of these countries in, and their ownership of, the institution.

In 2010, donors' trust in the World Bank resulted in a record 16th replenishment of the IDA, totalling USD 50 billion. IDA 16 had particular focus on results, gave greater priority to results-based management and ensured that efforts relating to fragile states, gender equality and climate change will be strengthened.

environment, gender equality and good governance are incorporated into the World Bank's operations, and that the human rights perspective is given a clearer profile.

- Support the World Bank's efforts to promote private-sector development in poor countries.
- Support measures that can help to make the World Bank more efficient, for example through decentralisation and greater cooperation across departments and regions, as well as stronger emphasis on results-based management, both internally and in borrower countries.
- Ensure that the World Bank is democratised and becomes a more transparent institution.
- Ensure that the World Bank's work on environmental issues is intensified by developing cooperation in the areas of climate and clean energy, and to support the new carbon and climate funds, with emphasis on forestry measures to prevent deforestation, the development of small-scale hydropower and other renewable energy sources, and climate change adaptation measures.

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<http://www.regjeringen.no/en/dep/ud/selected-topics/un>.

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 Robert B. Zoellick (USA)

Date of annual meeting in 2011: 23 September in Washington, D.C

Norway's representation on Board of Governors: Norway is part of a constituency consisting of the other Nordic and Baltic countries. Sweden is a Board member for the period 2009–2013

Number of Norwegian staff: 30

Responsible ministry: Norwegian Ministry of Foreign Affairs (MFA)

Website: www.worldbank.org

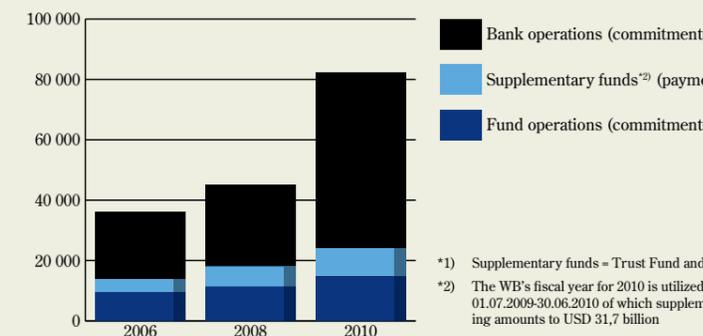
The five largest shareholders in the Bank, and Norway, in 2010:

Countries	%
1 USA	16,03
2 Japan	9,59
3 Germany	4,39
4 France	4,21
5 UK	4,21
32 Norway	0,62

The five largest donors of supplementary funds, and Norway, in 2010 (in USD million)

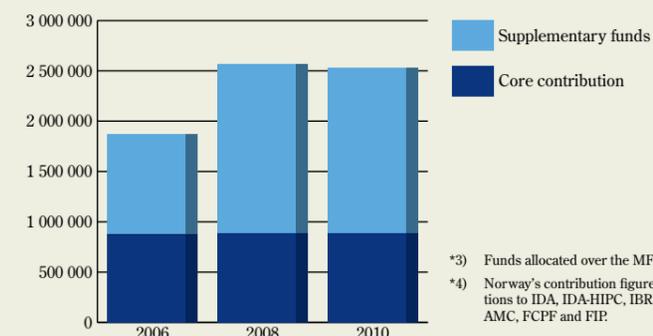
Countries	Amount
1 USA	1 461
2 UK	1 350
3 Canada	1 009
4 EC	902
5 The Netherlands	677
7 Norway	456

Total revenues^{*1)} (in millions of US\$), by loans, grants:



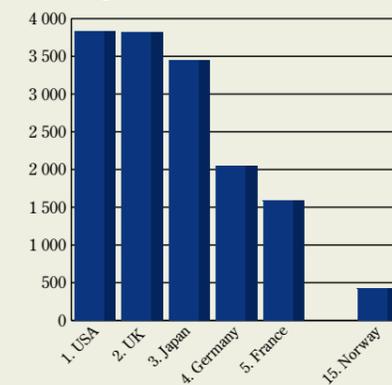
*1) Supplementary funds = Trust Fund and Co-funding
*2) The WB's fiscal year for 2010 is utilized, that is from 01.07.2009-30.06.2010 of which supplementary funding amounts to USD 31,7 billion

Norway's contributions^{*3)*4)} (in NOK 1 000)



*3) Funds allocated over the MFA's budget
*4) Norway's contribution figures include contributions to IDA, IDA-HIPC, IBRD and IFC, but not AMC, FCPF and FIP

Most recent replenishment of the fund, and the five largest donors, and Norway (in millions of US\$)



IDA16
Total capital replenishment: USD 49,3 milliarder
Of which donor contribution amounts to USD 31,7 billion
Replenishment year: 2011, 2012, 2013

Mandate and areas of activity

The mandate of the World Bank is to reduce poverty by contributing to sustainable economic development in developing countries. The Bank's strategic plan is focused on poor and vulnerable groups, particularly in Africa, on facilitating economic growth, on promoting global collective action and good governance, and on crisis prevention. The World Bank Group primarily comprises the following institutions:

The International Bank for Reconstruction and Development (IBRD) issues loans on favourable terms, and gives technical assistance, to governments in medium-income countries and creditworthy low-income countries. The IBRD borrows money on international capital markets based on its share capital. The share capital, to which all member states have contributed, makes the IBRD highly creditworthy, and allows the bank to borrow funds on highly favourable terms.

The International Development Association (IDA) issues interest-free, long-term loans and provides grants to the governments of the world's 79 poorest countries. The loan funds and grants are 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 consultancy, to private enterprises and government authorities in developing countries.

Results achieved in 2010

Following a massive increase in contributions from the Bank in 2009 to assist countries in dealing with the financial crisis, the activity level was lower in 2010, but still above the pre-crisis level. In total, allocations of around NOK 600 billion were made in the form of loans, grants and debt relief. Almost half of the funds were used to support infrastructure, transport, energy, water or sanitation projects. These investments sup-

port economic growth, at the same time creating important jobs in the recipient countries.

Significant funding is also provided for social programmes and for the prevention of natural disasters. There was also focus on food prices, and around 40 million people have been helped during the food crisis, not least through projects aimed at effectivising the production and distribution of agricultural products. The IFC has also helped to reduce the vulnerability of developing countries to fluctuations in food prices by developing effective risk management tools and easing access to loans.

The World Bank is giving high priority to promoting the private sector, and in total provided NOK 70 billion in private-sector loans.

The Bank's own 2011 results report shows that 76 percent of its projects achieved their aims satisfactorily, a figure which does not represent a noteworthy increase on previous years. At the same time, there are regional differences, with a negative trend in respect of projects in the Middle East and North Africa. There are also variations between sectors: while falls in the number of projects achieving their aims has been reported in the health and education sectors, increases have been reported for areas like governance and public administration. The best results were achieved by projects which helped to build a foundation for economic growth. Here, satisfactory results were achieved in 80 percent of the projects. This is true, not least, of infrastructure projects. A review of the Bank's country strategies for 64 countries has again shown that the best results are obtained in areas linked to economic growth, and the poorest in the area of good governance. Projects attain the best results in countries with good public administrations. The report shows that the Bank has a potential for improvement as regards documenting and ensuring that projects have a development effect.

2. Assessments: Results, effectiveness and monitoring

In general, Norway's evaluations of the World Bank correspond well with studies undertaken by other donor countries, such as the UK's Multilateral Aid Review (MAR) and the Multilateral Organisations Performance Assessment Network (MOPAN) review. The World Bank is regarded as an important driver as regards enabling recipient countries to achieve the UN Millennium Development Goals. The Bank's evaluation shows that 76 percent of projects achieved their objectives satisfactorily. As in the case of other institutions, it is difficult to make precise statements about the contribution of projects to poverty reduction and increased growth, but as the World Bank is the largest multilateral development agency, it is safe to say that at least some of the reduction in poverty can probably be ascribed to the Bank's activities.

The World Bank is currently implementing a very robust system for results reporting. The system encompasses a number of indicators at different levels, as well as operational and organisational efficiency, project quality, and the implementation of important cross-cutting considerations like gender equality. Accordingly, it will now be possible to evaluate the Bank's contributions to results at global and country level, and to measure the efficiency of its operations. Not least, a solid framework has been put in place at country level, and it will now be possible to compare results for different projects, sectors, and countries. This was also possible previously, but there was no reliable general systematic framework for this kind of comparison. Moreover, causal connections between the World Bank's efforts at project level and global development trends will be highlighted. However, the Bank's operations have not as yet developed a sufficiently strong results culture – incentives remain linked to activities and lending volumes.

Several evaluations (MOPAN, COMPAS) have shown that the World Bank utilises results and evaluations to adjust its efforts and focus where necessary, and the Bank has increased the resources dedicated to project follow-up.

The Bank uses performance-based budgeting to allocate funds to the poorest countries in the world. Under this system, funds are allocated in accordance with objective governance indicators, results achieved by Bank-financed projects, and needs. However, countries which are in conflict or which have recently emerged from conflict do poorly under this system. Norway has argued that results-based budgeting is not entirely suited to the special needs of these countries.

The World Bank has an independent evaluation system, and is known for the very high quality of its evaluations. Evaluations are considered at Board level, management responds to evaluations, and mechanisms have been established whereby management and the evaluation unit agree which recommendations should be followed up on. Nevertheless, such follow-up by management and the Board has been a little too sporadic, and efforts are now being made to strengthen follow-up in relation to both management and the evaluation unit. In addition, a results framework is being developed for

use in evaluation, which will show how many recommendations are actually followed up on.

A new, improved gender and gender equality strategy is being implemented from 2011. The new strategy is intended to help to improve the integration of the gender equality perspective at all levels of World Bank operations. Norway has advocated raising gender equality higher on the agenda, but dissatisfaction has been expressed as regards the Bank's inability to incorporate gender equality into its regular work and to highlight the gender perspective in its strategies and operations. The criticism is primarily focused on three specific issues: the management of the Bank must do more to ensure that gender equality is not added as an extra dimension financed by supplementary funds from donor countries, the Bank's country directors must take gender equality seriously, and gender equality must, correspondingly, be incorporated into the country directors' operations at country level.

The IFC is currently reviewing its guidelines and standards for environmental and social sustainability, and disclosure policy. The process has been comprehensive and participatory. Human rights, transparency and environmental considerations are given greater protection in the new guidelines, which also provide for increased access to information about the decision-making processes linked to the IFC's investments.

A number of external evaluations, for example by the Center for Global Development, have given the World Bank top marks as regards securing lasting results through high-quality development assistance. However, evaluations of the Bank differ in relation to development aid effectiveness and the Paris/Accra Agenda. The Bank is highly valued because it adapts loans and grants extensively to the priorities of national authorities; its specialist advice and expertise are respected. At the same time, the Bank is regarded as somewhat wilful and inflexible, and not always equally responsive in all contexts. For example, the World Bank makes little use of countries' own tender regulations, and continues to use parallel implementation units instead of allowing countries to implement directly. Nevertheless, many people regard the Bank as the most central participant in the dialogue between the international community and national authorities.

One of the World Bank's weaknesses is also that it is not always equally good at cooperating with other development assistance institutions. This is seen in relation to the UN and civil society, but also with regard to bilateral actors. MOPAN and the UK's MAR confirm this. At the same time, the Bank's technical expertise and specialist advice are highly valued by recipient countries. There is now strong focus on improving cooperation with the UN, not least in relation to reconstruction in countries which are emerging from conflict.

There is strong focus on internal checks regarding the use of funds, and a strong culture of compliance with auditors' comments. The Bank's internal audits are performed by the

Over the course of the last decade, IDA assistance has helped to save at least 13 million lives. The IDA has financed the vaccination of 310 million children, given more than 177 million people access to water and sanitation facilities, helped to ensure that over 47 million people have gained access to health services, and provided nutritional supplements to 98 million children. In Afghanistan, these efforts have helped to reduce infant mortality by 22 percent and child mortality by 26 percent. The distribution of mosquito nets has reduced malaria-related fatalities among children in Kenya by 25 percent. Moreover, IDA assistance brings improved education to over 100 million children each year. In Djibouti, more pupils are now completing primary education without having to repeat a year. In Ethiopia, 264,000 primary school teachers have been employed, which has helped to increase pupil enrolment by 15 percent.

Source: World Bank