

World Bank Group

The World Bank Group (WBG) approach focuses on four business lines in energy supply:

- Helping the poor directly
- Improving macroeconomic and fiscal balances
- Promoting good governance and private sector development
- Protecting the environment

To realize the transition from traditional to modern energy use for poor households that goes hand in hand with efficient and environmentally sustainable supply and use of energy, greater choice of energy services for consumers, and macroeconomic and fiscal stability the WBG implements these business lines in a variety of ways:

It works with clients and partners. For example, it supports the development of energy strategies for developing and transition economies within a comprehensive development framework ensuring that their poverty reduction strategies deal with energy issues.

It deploys its instruments selectively. For example, it combines financing with capacity building assistance and advice or knowledge transfer. Where country and project creditworthiness is sufficient, the International Finance Corporation (IFC) can issue loans and equity, and the Multilateral Investment Guarantee Agency (MIGA) guarantees, to support private investments. Where it is not, the International Bank for Reconstruction and Development (IBRD) or the International Development Association (IDA) can issue partial risk guarantees with sovereign counter-guarantees to support private investments, particularly where the key risk of a project relates to concerns about government performance or policy reversal. Similarly, IBRD or IDA partial credit guarantees with sovereign counter-guarantees can help to catalyze long-term private financing for projects that improve public services. IBRD loans and IDA credits to countries with sovereign guarantees can also be used when private financing cannot be catalyzed. These instruments can be combined to provide large amounts of financing in highly risky environments. All the instruments have similar requirements with respect to the assessment and mitigation of environmental and social impacts and other safeguard policies. To produce the greatest impact from its assistance, the WBG combines financing with advice and knowledge transfer. It also provides free-standing technical assistance and advice as part of the services under each business line, in some cases through special programs such as the Energy Sector Management Assistance Programme supported by the World Bank and UNDP.

It forms partnerships with stakeholders. Besides governments, donors, and utilities, this community includes nongovernmental organizations, project developers, and private investors in energy corporations.

It exploits its comparative advantages. The WBG's comparative advantages derive from its ability as a multilateral lender to offer a combination of financing instruments, access to decision makers and a comprehensive view of economic and social development that derives from its experience working at the interface of poverty, macroeconomics, governance, and environment. These enable it to support private investment flows to non-investment grade countries, the implementation of reforms and capacity building for well-regulated and competitive energy markets and knowledge transfer.

For additional information see:

<http://www.worldbank.org/energy/> and <http://www.esmap.org/> or contact Kyran O'Sullivan at kosullivan@worldbank.org

