World Bank Group Engagement in Resource-Rich Developing Countries: The Cases of the Plurinational State of Bolivia, Kazakhstan, Mongolia, and Zambia

Clustered Country Program Evaluation Synthesis Report

AN INDEPENDENT EVALUATION
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An Independent Evaluation
Overview

This report by the Independent Evaluation Group (IEG) summarizes the experiences of and draws lessons from the country program evaluations of four natural resource-rich countries: the Plurinational State of Bolivia, Kazakhstan, Mongolia, and Zambia. It concludes that although the challenges identified in these countries are not unique, they manifest themselves with particular intensity in three closely interrelated areas that need to be defined and structured as a coherent strategy: (i) management of revenues from an exhaustible resource; (ii) growth and employment in the nonextractive sectors, and (iii) inclusive growth and reduction of poverty.

Overall, looking at the four resource-rich countries in this evaluation, one does not see the World Bank Group as having a consistent framework for engagement, driven by the defining characteristics of these countries—their rich endowment with non-renewable natural resources and dependence on revenues from their exploitation. Each of the four stories evolved in a unique way that depended on how the country teams decided to react to differing country circumstances. The main challenge for the Bank Group in these countries today is how to stay relevant and competitive, as its value proposition is no longer its financial resources, but its knowledge and global experience, which may call for a more modest scope of interventions while keeping the focus on key challenges.

The increasingly demand-driven nature of Bank Group programs in these countries and the focus on client-led selectivity imposed certain limitations on fulfilling the Bank Group’s mandate as a global development institution, leaving some gaps in important areas. The quality of the Bank Group’s outputs, and especially the increasingly intensive analytical and advisory activities, has been consistently high, but its effectiveness has been uneven, if measured by actual follow-up on policy advice. The World Bank’s programs often lacked attention to the demand side of reforms, including building partnerships and maintaining communication with stakeholders beyond the executive branch of government.

Overall, summarizing Bank Group engagement in these countries, the report concludes that: (i) the Bank Group is well-positioned and technically equipped to effectively assist in implementing policies and strengthening institutions for prudent management of natural resources and revenues derived from their
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exploitation; (ii) economic diversification and growth of nonextractive sectors proved to be an elusive target, and Bank Group strategies and analytical products struggled to define diversification as a specific strategic objective; and (iii) a decade of high commodity prices resulted in economic growth and progress on poverty reduction and most social development indicators, but inequality remained a persistent and growing challenge.