

# Executive Summary

Attacking persistent poverty in low- and middle-income countries is the greatest single challenge facing the global development community as the world moves forward into the 21st century. But despite progress during the past decade, the battle is far from won, and progress has been slower than had been hoped at the beginning of the 1990s. This report discusses how the Bank is responding to this challenge and translating the approach of the *World Development Report 2000/2001* on poverty into practice.<sup>1</sup>

## Fighting poverty: the unfinished struggle

In response to the experience of the 1990s, the international community has adopted a set of international development goals for reductions in income poverty and improvements in human development indicators. These goals were recently reaffirmed and expanded in the Millennium Declaration of the United Nations. Progress and prospects towards achieving the goals are summarized below and in chapter 1.

*Trends in income poverty.* The international development goals and many publications, including the World Bank's *World Development Report 2000/2001*, *Attacking Poverty (WDR 2000/2001)* have paid increasing attention to non-income dimensions of poverty. Nevertheless, trends in income poverty remain the most commonly used yardstick of poverty reduction over time. On this basis, the picture for the past decade has been mixed. The proportion of the world's population living on less than \$1 per day—a broadly accepted measure of dire poverty—fell from 28 percent in 1990 to 23 percent in 1999. But the combination of slow economic growth and continued population growth over the period has meant that there has been little change in the total number of poor people—nearly 1.2 billion still live in deep deprivation. In regional terms, numbers have fallen substantially in East Asia but have risen in other parts of the developing world, more than doubling

in the transition economies of Europe and Central Asia, and rising significantly in Sub-Saharan Africa. The numbers of people living on under \$2 per day—a more adequate measure of poverty in some regions, for example in Europe and Central Asia—have actually increased globally (rising from 2.7 billion to 2.8 billion) since 1990, and in all regions except East Asia and Latin America and the Caribbean.

Economic growth is critical for reducing income poverty. The Bank's *Global Economic Prospects 2002* (World Bank 2002) shows that the target of halving dire income poverty by 2015 can be met if the average per capita GDP growth rate for developing countries can be sustained at 3.6 percent a year (twice the 1990s average of 1.8 percent). Under this scenario of robust growth, the incidence of those living on \$1 a day could fall to 12 percent, and their absolute numbers could drop to about 750 million by 2015. But even under this scenario, many countries would still not reach the goal. In Sub-Saharan Africa, the incidence of poverty would be 39 percent (down from 47 percent in 1990) and the number of poor would increase to 345 million compared to roughly 240 million in 1990 and 300 million in 1999.

*Progress towards human development goals.* Income is not the only dimension by which to measure deprivation. Poor people typically lack access to even minimally decent education, health care, and basic physical infrastructure. The international development goals enshrined in the Millennium Declaration capture some of these other dimensions of need, with improvements mainly targeted at targets to be met by 2015 compared with the reference year of 1990. Thus far progress has been slow. Primary school enrollments remain off track for realizing the goal of universal primary schooling by 2015. Even where countries have succeeded in bringing more children to school, there are concerns about the quality of education. Overall progress towards gender equality in primary and secondary education has also been too slow to meet the target of achieving equality by 2005. And mortality and health indicators have not

improved as hoped. Over half a million women continue to die each year during pregnancy or childbirth. With respect to under-five mortality, only a substantial acceleration of recent progress would allow any region to reach the targeted two-thirds reduction by 2015.

Poor people everywhere continue to suffer from unacceptably low social conditions and lack of access to services. The Millennium Declaration includes a call for halving the proportion of people without access to safe and affordable water. An additional 1.5 billion people would need to gain access by 2015 if this target is to be reached. Malnutrition rates are systematically higher for the poor than the better-off, and use of services ranging from immunization to treatment of respiratory infections and diarrhea is lower. Lack of voice and representation make it harder for the poor to get service providers to cater to their needs.

The AIDS crisis is having a devastating impact on developing countries, especially in Africa. Health care systems— weakened by the impact of AIDS, along with conflict and poor management—cannot cope with traditional illnesses. Malaria and tuberculosis continue to kill millions—malaria alone is estimated to reduce GDP growth rates by 0.5 per year on average in Sub-Saharan Africa. Life expectancy in the region fell from 50 years in 1987 to 47 years in 1999; in the countries hardest hit by AIDS (such as Botswana, Zimbabwe, South Africa, and Lesotho) the average lifespan was cut short by more than ten years. Child mortality increased from 155 per 1,000 in 1990 to 161 per 1,000 in 1999 in Sub-Saharan Africa, but fell in all other regions.

Overall trends, however, mask a great variety of country experiences. Those with good policies and institutions have succeeded in raising growth and reducing poverty. But gains from growth can be undermined by income equality. Country-level data also mask the special problems faced by particular regions and social groups within countries—for example, women and ethnic minorities.

### **The Bank's response: operationalizing the *WDR 2000/2001* through broader understanding and sharper focus**

The trends in poverty indicators outlined above have challenged the Bank and the wider development community to reflect on what has worked and what has not in efforts to support developing countries' poverty reduction strategies. Recent work on aid effectiveness and the *World Development Report 2000/2001* together provide the intellectual underpinnings for broadening our understanding of poverty and sharpening the focus of our support. The Bank has also refined its support for global public goods in the context

of poverty reduction and the *WDR 2000/2001* framework. And the Bank's strategic directions and business models, including Country Assistance Strategies, Sector Strategies, and analytical work, have evolved to respond to the challenge. These developments are described below and in chapter 2.

*Strengthening intellectual underpinnings.* What can be done to fight poverty more effectively? How can aid support poverty reduction? Recent research on aid effectiveness has shown that aid works when a country's overall policy and expenditure framework is appropriate, institutions are strong, and government and people together are strongly committed to reforms developed in partnership with donors and civil society. Drawing on the experience of the 1990s, the *World Development Report 2000/2001* reviewed the nature and causes of poverty and proposed an expanded framework for action in three interconnected areas— promoting opportunity, enhancing empowerment, and increasing security for poor people across the world. Building on the evidence on aid effectiveness, the *WDR* advocated providing assistance more selectively, focusing on countries with strong commitment to reforms and using delivery mechanisms that respect country ownership. The *WDR 2000/2001* framework is changing the way the Bank and other development organizations do business.

*Refining strategic directions and the country business model.* The Bank's January 2001 Strategic Framework Paper (SFP) reaffirms the country business model endorsed by the Development Committee at the Prague meeting in September 2000. The SFP stresses the central role of poverty reduction in its mission and takes the international development goals as a frame of reference. The SFP translates the main themes of the *WDR 2000/2001* into two priority areas for action: (i) building the climate for investment, jobs, and sustainable growth and (ii) investing in poor people and empowering them to participate in development. The SFP also calls for selective, poverty-focused Bank action in the global arena.

The Bank's country business model permits the effective operationalization of the concepts emphasized in the *WDR 2000/2001*. It is centered on the country's vision, good diagnosis of the policies proposed, a Bank program in support of the vision and informed by the diagnosis, and a focus on results. It translates into specific approaches to support for low- and middle-income countries, endorsed by the Development Committee.

- *Low-income countries.* The support provided to low-income countries by our concessional lending affiliate,

the International Development Association (IDA), is now grounded in the Poverty Reduction Strategy Paper (PRSP), that articulates the country's vision. The PRSP approach is an operational expression of the principles of the Comprehensive Development Framework (CDF)—country ownership of strategies based on broad participatory processes, a long-term perspective and a multifaceted approach to poverty reduction, a focus on partnerships with others, and concrete, monitorable outcomes and results for poor people. For low-income countries, the PRSP is the approach through which the Bank is working toward operationalizing the *WDR 2000/2001*. Debt relief under the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative is also provided within the context of poverty reduction strategies, and has already reduced the debt burden of a number of countries. The CAS, the Bank's country business plan, reflects the vision as well as resources and instruments available, and the contribution of other partners.

- *Middle-income countries.* A substantial proportion of the world's poor live in middle-income countries (MICs). Hence the Bank is selectively engaged with these countries, with a main emphasis on two areas: reducing vulnerability to shocks and crises that can erode gains in fighting poverty; and supporting governments' efforts to help social groups or geographical areas within MICs that suffer disproportionately from poverty. As with poor countries, the Bank will support national strategies for growth and poverty reduction that are developed and owned by countries themselves.

*Reorienting country assistance and sector strategies.*

Reflecting the country's vision, the Bank prepares Country Assistance Strategies (CASs) that set out the program of support over the medium term. A review of CASs prepared in fiscal years 2000–2001 shows that they are becoming more country- and poverty-centered (for example by being based on country-owned poverty reduction strategies where available).

The Bank also periodically prepares sector strategies that guide the staff's work in individual sectors of activity. Recently updated sector strategies (covering, for example, the public sector, social protection, the urban sector, and the financial sector) have been increasingly oriented to the achievement of the international development goals, and specifically discuss the proposals for attacking poverty described in the *WDR 2000/2001*; the gender and environment strategies are good examples. Forthcoming sector strategies will continue this trend.

*Improving poverty analysis.* Good decisions depend on sound analysis. The *WDR 2000/2001* stresses the importance of understanding country and context-specific determinants of poverty in order to effectively act to reduce poverty. The Bank undertakes a substantial amount of analytical work to understand poverty better, including formal country Poverty Assessments and other types of analysis, and formulate a professional assessment of the country's policies and institutions for achieving the vision. Several Poverty Assessments undertaken in fiscal years 2000–2001 focused on the links between economic growth and poverty, on whether growth had been pro-poor (a key concern of the *WDR 2000/2001*), and on the institutional and incentive factors influencing the delivery of social services to the poor. Other analytical studies conducted for countries, such as Public Expenditure Reviews and Institutional and Governance Reviews, also provide important contributions to our poverty reduction work.

The PRSP approach has prompted a major new piece of analytical work, the *Sourcebook for Poverty Reduction Strategies*, which brings together information on the linkages between poverty reduction and action across a range of sectors and cross-cutting areas of activity (such as the environment and gender). Analytical work on poverty also includes cross-country studies—a notable recent example is a study on poverty in the transition economies of the Europe and Central Asia region—along with sectorally focused poverty work in individual countries and country-based informal poverty analysis. These analytical underpinnings are now feeding into countries' poverty reduction strategies (one example is the work done recently with local partners in Uganda).

*Tracking results: monitoring and evaluation.* Results are what matter in the end. Enhancing aid effectiveness, applying the results-oriented CDF/PRSP approach, and promoting the principle of country ownership means enhancing country level, and country managed, systems for monitoring poverty outcomes and for evaluating the impact of strategies and interventions. And the Bank's own monitoring and evaluation systems are being strengthened to capture more comprehensively the poverty impact of its policy-based and investment lending. The multidimensional strategy for attacking poverty described in the *WDR 2000/2001* entails expanding monitoring and evaluation efforts to cover new areas, such as various aspects of empowerment (or lack of it) among the poor. The Bank and other development partners are working to help countries improve the availability of the statistical data on which effective poverty monitoring and evaluation depend and

strengthen feedback loops between data collectors and policy makers. More than 200 Bank lending operations include support for building statistical capacity and the ability to use data for policymaking. We are working with others—for example, through the PARIS21 consortium and the Trust Fund for Statistical Capacity Building—to support country monitoring capacity and data availability. The result: growing country level data availability, for example in the form of income or consumption surveys, and use in policy formulation. Better tools to track poverty outcomes and impacts, such as the Core Welfare Indicators Questionnaire, are also being developed and made available to countries.

Country-level capacity for data collection needs to be complemented by domestic capacity for data analysis and evaluation. We therefore support programs such as the Poverty Analysis Initiative for training officials in East Asia, West Africa, and the Caribbean, and the Evaluation Capacity Development project (which is currently providing assistance to seven countries in three regions).

The Bank itself is enhancing its own monitoring and evaluation systems and capacity in the context of CASs, Bank-supported policy reforms, and investment operations. Initiatives, such as the Monitoring and Evaluation Improvement Program and the work on poverty and social impact analysis undertaken jointly with the IMF, are addressing this need.

*Supporting global public goods.* The Bank continues to play a major role in helping to address global issues of special relevance to poverty reduction, such as responding to the threat posed by communicable diseases (especially HIV/AIDS, malaria, and TB), addressing the degradation of environmental commons, and supporting improvements in international financial architecture (so as to help avert or manage financial crises, which can be especially devastating for poor countries and people). It is also working to enhance the global spread of information technology and knowledge, and to promote trade expansion and integration with the global community in support of economic growth and poverty reduction.

### **Orienting Bank operations to support opportunity, empowerment, and security**

The *WDR 2000/2001* laid out a comprehensive agenda for attacking poverty based on a three-pronged strategy: increasing opportunity, enhancing empowerment, and strengthening security among the poor. The Bank's strategic framework

and country business model outlined above—founded on country-owned vision, context-specific diagnosis of the policies proposed, a Bank program to support the vision and informed by the diagnosis, and a focus on results—are the cornerstones of the Bank's operationalization of the *WDR 2000/2001* agenda. The Bank is addressing all three elements of poverty reduction outlined by the *WDR 2000/2001*—increasing opportunity; enhancing empowerment; and strengthening security—by undertaking action on a broad front within the context of its overarching business model. While Bank approaches to address each of the three pillars of the *WDR 2000/2001* are presented separately below, each will typically have a positive impact on more than a single component.

*Increasing opportunity.* The Bank has traditionally focused on fostering growth and enhancing human development, the two main pillars of the *WDR 1990/1991* on poverty. To operationalize the *WDR 2000/2001*, we will continue to focus on these areas, but with some shifts in emphasis. First, we will pay more attention to the country and institutional underpinnings of growth-oriented policies and to their distributional effects, for example, by using poverty and social impact analysis to help determine the consequences for poor people of a given growth strategy (or a set of alternative strategies). Second, we will look for ways to help countries make markets work better for the poor, and hence stimulate pro-poor growth. This will involve enhancing the investment and savings climate for the poor, entailing support for pro-poor legal and regulatory arrangements, access to financial markets and business services, and infrastructure provision. Third, we will continue to support investments—in health, education, water, and sanitation services—that help build the human capital of poor people, but will focus increasingly on improving the delivery and responsiveness of services to the poor, and the accountability of service providers. We will also look for opportunities to capitalize on opportunities for public/private partnerships in these areas.

*Enhancing empowerment.* The empowerment component of the *WDR 2000/2001* agenda poses special challenges for the Bank. In order to frame our engagement in this area and to provide practical direction to staff, we are currently preparing a sourcebook for staff on empowerment, which will clarify concepts, outline areas/entry points for action, and point to good practice. We currently expect our role with respect to empowerment to have four main components. First, we are building on progress already made in incorporating inclusion and participation into our operations,

while working to avoid potential risks and problems (for example in terms of costs and variability in quality). We will address these and other issues in the context of an updated participation strategy in the Bank's forthcoming Social Development Strategy Paper, and in light of evolving experience with the PRSP approach, which strongly emphasizes broad-based participation in strategy formulation and outcome monitoring. Second, we will continue to support the strengthening of local organizational capacity and poor people's participation in economic decision-making in two main ways: supporting Community-Driven Development (CDD) approaches in the context of individual projects; and supporting countries' decentralization efforts in the context of public sector reform, including exploring ways to expand our support for poor people's organizations. Third, we intend to expand our support for country-driven efforts to enhance accountability and enforcement—for example, through better systems for public expenditure management, monitoring, and oversight, tailored to country-specific institutional contexts. Fostering participatory approaches and information flows to improve the accountability of public institutions to the poor is a key element of this approach. Fourth, and relatedly, we will continue supporting efforts to enhance citizens' access to information, at both the project and the country program/policy level. The PRSP approach is part of this effort, as is our support for budgetary transparency, disclosure and publication of information on outcomes.

As we move forward in operationalizing empowerment, careful benchmarking, monitoring, and evaluation of progress will be required. Developing indicators and measures of success will be a critical dimension of this agenda. We intend to establish an interdisciplinary group of staff that will exchange experiences and monitor progress with implementation.

*Strengthening security.* The *WDR 2000/2001* stresses the importance of efforts to reduce the risks faced by poor people owing to their vulnerability to economic shocks, natural disasters, ill health, disability, and personal violence. Risk and vulnerability are particularly important drivers of poverty in many of the Bank's middle-income member countries. We are committed to expanding our operational work in three important areas related to enhancing the security and reducing the risk and vulnerability of poor people. First, we have developed a social risk management framework, presented in the fiscal year 2001 Social Protection Strategy Paper, which is intended to operationalize the security dimension of the *WDR*. The challenge now is to refine and implement the framework in ways that ensure

that risk and vulnerability considerations are systematically taken into account in our work. In the social protection sector, work is well underway, with the adoption of regional social risk management strategies, and more systematic efforts are going into applying the risk management framework to Bank country assistance strategies and in the design of specific operations. Second, we have an active program in the field of disaster mitigation and management. Operations in this area are evolving beyond support for reconstruction and are focusing increasingly on helping countries to design mitigation and coping strategies, and to ensure that that rehabilitation investment is resilient to future disasters. Third, we expect to continue to be engaged in post-conflict reconstruction. The Bank's Conflict Prevention and Reconstruction Unit administers a Post-Conflict Fund, which is already assisting 24 of the 37 countries currently considered to be conflict-affected. We are also focusing on developing a broader understanding of security and conflict, including underlying institutional and social tensions, in order to better support conflict-affected countries.

## Challenges ahead

Despite substantial changes in how the Bank organizes itself to fulfill its core poverty reduction mandate, major challenges remain. Below and in chapter 4 we single out just four: deepening the country-centered orientation embedded in the CDF/PRSP approach; strengthening partnerships and their benefits, again in line with CDF/PRSP principles; further changes in the way we do business; and further mainstreaming the *WDR 2000/2001* framework for attacking poverty.

*Deepening country orientation.* The Bank has done much in this area, especially since the PRSP process was institutionalized for low-income countries in late 1999. Country Assistance Strategies increasingly reflect the vision laid out in country documents. But country orientation presents its own challenges. For example, there is no guarantee that country and Bank approaches to poverty reduction will automatically coincide. And the quality of country strategies can suffer from the imperative of speedy preparation related to donors' and countries' concerns about early access to debt relief and concessional assistance. The participatory processes sought under the PRSP approach also present challenges, both for countries (which understandably wish to maintain the sovereignty of governments and associated representative institutions), and

for the Bank in evaluating the extent to which country strategies have been informed by genuinely broad-based participation.

*Strengthening partnerships.* Partnership is at the heart of the CDF/PRSP approach, the drive towards enhanced aid effectiveness, and the *WDR 2000/2001* framework for attacking poverty. Much has recently been achieved in strengthening partnerships—for example, in the PRSP context between the Bank and the IMF, and between the Bank (and the IMF) and other external partners—including bilateral donors and multilateral agencies (for example, UN organizations and the regional development banks). We have also developed closer links with nongovernmental organizations dedicated to poverty reduction and to support for the Millennium Development Goals. But much remains to be done. The goal of ensuring that all external supporters collaborate in assisting low-income countries on the basis of their comparative advantage remains to be achieved, as does the hoped-for harmonization of donor policies and procedures that would ease administrative burdens on recipient countries. Work is ongoing in these areas in various fora, but the international community (including the Bank) still has much to do before an effective division of labor and harmonization of procedures is achieved.

*Further changes in the way we do business.* Implementing the changes in the way we work implicit in the CDF/PRSP approach, the country business model, the SFP, and the *WDR 2000/2001* goes beyond policies and processes; it entails further changes in our institutional culture—not just in what we do but in how we do it. For example, both the CDF/PRSP approach and the *WDR* agenda put a premium on more integrative and interdisciplinary teamwork across different Bank Group units. Cross-sectoral approaches are required in areas such as governance and gender. Technical skills in areas such as poverty analysis and the relationship between public actions and poverty reduction, along with the skills needed to implement the SFP and our work on global public goods, are being supported through a revamped Staff Learning Program. Perhaps most fundamentally, the priority attached to country ownership, which in effect transforms the traditional client-donor relationship into an owner-supporter relationship, is spurring further attitudinal change. Practical experience—for example with implementing the PRSP process—is already promoting such change, and this “learning-by-doing” process may be as important as formal learning/training programs in the process of culture change.

*Mainstreaming the WDR 2000/2001.* Many of the challenges we face in implementing the *WDR 2000/2001* framework for attacking poverty were implicit in the summary of chapter 3 above. Here we single out a few of the most important ones.

*Increasing opportunity.* The key challenge in this area is to deepen our understanding of what pro-poor growth means, and to find ways to support it effectively in our operations. At the macro level this involves assessing the distributional effects of policy—including the scaling up of poverty and social impact analysis work. At the micro level, it involves looking at the barriers to fuller participation of poor people in markets. Both approaches will require substantial additional data and analytical work, followed by systematic efforts to promote pro-poor growth in policy-based and investment lending.

*Empowering the poor.* Here the question is how best to inform our own work on the basis of poor peoples’ views, and to use their strengths to enhance the effectiveness of our operations. We are also supporting institutional development that helps to empower the poor and promotes effective delivery of services to them. And, as already noted, we need clearly to define the Bank’s comparative advantage and mandate in this complex but crucial area.

*Enhancing security.* We are already working on issues related to risk and vulnerability. The challenge will be to mainstream this work systematically in our operations. We are also following through on regional social protection plans to focus our lending and non-lending work more sharply on actions that will help the poor and vulnerable to withstand economic shocks, natural disasters and conflict, and on approaches that reduce their future vulnerability.

*Strengthening diagnosis.* As noted above, we are working to enhance our understanding of what works and what does not with respect to pro-poor growth. But the challenge in this area goes deeper: it involves supporting countries in building their own capacity to undertake analytical work in this and other areas; the adoption of multidisciplinary approaches to analysis (in line with the *WDR*’s emphasis on the multifaceted nature of poverty and ways of attacking it); and the expanded use of qualitative as well as quantitative methodologies in our analytical work.

*Strengthening monitoring and evaluation.* Relatedly, monitoring and evaluation need to be increasingly undertaken at the country level by the countries themselves. This implies substantial capacity building work, by the Bank Group and development partners. The *WDR*’s focus on empowerment and security also challenges us and others to develop indicators that can track these dimensions of poverty

and incorporate them into our lending operations and policy advice to countries.

## Conclusion

The period under review has been one of real progress in broadening the concept and sharpening the focus of the Bank's work on fulfilling its core mandate—to fight poverty with passion and professionalism for lasting results. The *WDR 2000/2001* has been a milestone in this work, codifying and extending the scope of the poverty reduction mission. And the international community as a whole—poor countries, rich countries, United Nations, and other multilateral agencies, nongovernmental and civil society organizations—has renewed and strengthened its commitment to attacking world poverty, notably through the framing and wide adoption of the Millennium Declaration. Important advances have also been made in the tools available to address poverty, for example, through the embodiment of CDF principles in the PRSP approach, and the broad

endorsement of that approach by poor countries and donors alike. But we should never forget that the most important participants in the struggle to reduce the scourge of poverty in a world of historically unparalleled global wealth are poor people themselves. All our energies, all our efforts, must be geared to better understanding their needs, building on their strengths, and supporting their aspirations for a better tomorrow for their children. That must remain our goal as we move forward.

## Note

1. This edition of the Annual Progress Report on Poverty Reduction consolidates the findings of two documents prepared by World Bank staff and presented to the institution's Executive Board in June 2001: a report, *Poverty Reduction and the World Bank: Progress in Fiscal 2000 and 2001*, and a paper, *Attacking Poverty: Operationalizing the World Development Report 2000/2001 at the World Bank*. The standard annual progress report annexes are included at the end.



# Introduction

This Progress Report on Poverty Reduction is the seventh in a series of annual reports presented by the management of the World Bank to its Board of Executive Directors to inform them on progress made in reducing poverty and strengthening the poverty focus and impact of Bank activities. The report was prepared by the Poverty Reduction Group in the Poverty Reduction and Economic Management Network (PREM). It reflects broad consultations with staff from other groups and networks in the Bank, as well as discussions with the Board's Committee on Development Effectiveness and the full Board of Executive Directors.

After the previous Progress Report was published in August 2000, the *World Development Report (WDR) 2000/2001* on *Attacking Poverty* was completed and widely discussed. The *WDR 2000/2001* broadens the concept of poverty and calls for actions to promote opportunity, facilitate empowerment, and enhance security for poor people. It articulates and consolidates an intellectual framework for poverty reduction that has evolved through the 1990s, giving it more prominence and focus. Over the last two years, the *WDR* has provided an important intellectual anchor for the Bank's change agenda and operations.

This progress report, therefore, in addition to covering progress made on the Bank's poverty reduction agenda, also examines the progress made and challenges faced by the Bank in operationalizing the *WDR 2000/2001*. It covers four main areas: the status of poverty around the world (chapter 1); the poverty focus of World Bank activities in fiscal years 2000 and 2001 (chapter 2); how the Bank is moving ahead to operationalize the approach to poverty reduction put forward in the *WDR 2000/2001* (chapter 3); and the challenges that lie ahead (chapter 4).

In summary, the report says that much has been accomplished in sharpening the poverty focus of Bank activities and operationalizing the *WDR* through clearer strategic focus (including on the internationally agreed development goals) with respect to country business models, country assistance and sector strategies, and links between analytical work, strategy formulation and interventions. There have been significant changes in the way the Bank does business. But much remains to be done to build on these changes in the years to come for the Bank to fulfill its mission of fighting poverty—especially in the context of slower-than-hoped-for global poverty reduction and uneven progress across regions and countries.