# A Mission-Aligned World Bank:
## From ambition to delivery

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**A Mission-Aligned World Bank: From ambition to delivery**
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## About the Institute for Innovation and Public Purpose

The Institute for Innovation and Public Purpose (IIPP) at University College London (UCL) brings together cutting-edge academic theory with teaching and policy practice to rethink the role of the state in tackling some of the biggest challenges facing society.

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# Executive Summary


The World Bank's adoption of missions as an organising framework — through initiatives such as Mission 300 and Mission Water — signals an ambition to operate not only at greater scale, but with more coherence and direction, structuring interventions around clear societal objectives.

Simultaneously, the Bank's latest flagship report on industrial policy marks a clear and welcome departure from earlier scepticism about state intervention, recognising the role of governments in shaping successful structural transformations. As the Bank seeks to implement its missions, this shift signals an opportunity to reassess the economic thinking embedded in its operational architecture. This requires moving beyond a model centred on fixing market failures and mobilising private capital, towards one in which markets are actively shaped, states act as strategic investors, and finance is directed towards transformative investments and innovation.

A mission-oriented approach to economic policy has the power to translate broad societal challenges into concrete, time-bound objectives that direct investment, innovation, and policy across sectors, with growth and jobs emerging as outcomes of that process rather than targets in themselves. Delivering on missions requires directing investment, building capabilities, and aligning public and private actors around shared goals. Industrial strategy provides the operational means through which this can be achieved.

This paper outlines the change in economic thinking that needs to accompany a mission-oriented approach to development and maps the requirements of this approach onto the Bank's operational architecture across five dimensions: directionality, financing, public–private relationships, implementation capabilities, and country ownership. For each dimension, it examines where the Bank's current model supports mission delivery and where its underlying economic logic creates difficulties. It then presents a preliminary assessment of thirty Mission 300 energy compacts, highlighting the gap between mission ambition and institutional design, and how that gap can be corrected. Finally, it draws on Mission Water and the work of the Global Commission on the Economics of Water to illustrate what a mission-oriented water compact could look like in practice.

The Bank's current repositioning is an opportunity to reconsider old economic assumptions. This paper considers how the World Bank's operational architecture and institutional design would need to evolve to fully realise the transformative potential of mission-oriented development, and to deliver on the ambition.

## Glossary

**AfDB** — African Development Bank

**CPF** — Country Partnership Framework

**CPIA** — Country Policy and Institutional Assessment

**DPF** — Development Policy Financing

**DSA** — Debt Sustainability Analysis

**DSF** — Debt Sustainability Framework

**EU** — European Union

**GCEW** — Global Commission on the Economics of Water

**GDP** — Gross Domestic Product

**IBRD** — International Bank for Reconstruction and Development

**IDA** — International Development Association

**IFC** — International Finance Corporation

**IMF** — International Monetary Fund

**JWP** — Just Water Partnership

**LIC** — Low-Income Country

**M&E** — Monitoring and Evaluation

**MDB** — Multilateral Development Bank

**MFD** — Maximising Finance for Development

**MIGA** — Multilateral Investment Guarantee Agency

**NDB** — National Development Bank

**PDB** — Public Development Bank

**SCD** — Systematic Country Diagnostic

**SDG** — Sustainable Development Goal



## 1. The World Bank's Mission Opportunity

Over the past decade, development finance strategies have increasingly focused on mobilising private capital through instruments such as guarantees and blended finance (United Nations, 2015; World Bank, 2015). This approach has not translated into stronger development outcomes. Progress towards meeting the United Nations' Sustainable Development Goals (SDGs) has stalled, while underlying pressures are intensifying (UNCTAD, 2020, 2025a). Climate risks are escalating, debt vulnerabilities are rising across low- and middle-income countries, and more than one billion young people are expected to enter the global workforce over the next decade without sufficient job creation to absorb them (Merling, Vasic-Lalovic and Valle Cuéllar, 2024; World Bank, 2026a; Banga, 2026).

The structural transformation necessary to address these challenges requires not only more finance, but a shift in how development finance is organised — from mobilising external capital to prioritising long-term investment (Mazzucato and Penna, 2016; Mazzucato, 2021, 2025a; UNCTAD, 2025b). The World Bank Group[1] (the Bank) has begun to move in this direction (World Bank, 2024a). Through initiatives such as Mission 300 and Mission Water, the Bank has adopted missions as an organising framework, aiming to structure interventions around clear societal objectives, supported by coordinated investment programmes and country-led strategies (World Bank, 2025a, 2026b). Its latest flagship report on industrial policy marks a further step, recognising the role governments play in directing investment and shaping structural transformation (Fernandes and Reed, 2026; Gill, 2026). These moves signal an institutional shift beyond the model that guided its operations for decades.

As the multilateral development bank (MDB) with the widest global reach across low- and middle-income countries, shaping both the scale and direction of development finance, how the Bank responds to current challenges will shape development outcomes globally (Gallagher and Bhandary, 2023; UNCTAD, 2025b). Founded alongside the International Monetary Fund (IMF) at the Bretton Woods Conference in 1944, the two institutions share overlapping membership and governance structures, with the IMF focused on short-term macroeconomic stabilisation and the Bank on longer-term development finance, together sitting at the centre of the international development finance architecture (Ocampo, 2017a).

1 The World Bank Group comprises five institutions: the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for Settlement of Investment Disputes (ICSID).

This repositioning represents not only a shift in priorities, but also an opportunity to reassess the economic thinking embedded in the Bank's operations. A mission-oriented approach to development requires coordinated, cross-sectoral investment, patient public finance, new symbiotic forms of public–private collaboration, and dynamic capabilities for managing complex transformation processes (Mazzucato, 2018a, 2021, 2025a). Ultimately, this entails a shift in the understanding of public finance, away from market fixing and filling gaps and towards shaping markets, and directing investment and innovation around shared objectives (Mazzucato, 2016, 2021).

The paper outlines the change in economic thinking that needs to accompany a mission-oriented approach to development and maps its requirements onto the World Bank's operational architecture across five dimensions of market shaping: directionality, financing, public–private relationships, implementation capabilities, and country ownership.

## 2. A Mission-Oriented Approach to Development and Industrial Strategy

The concept of missions has gained prominence across a wide range of policy domains as governments and international institutions look for ways to coordinate action around complex societal challenges. Rooted in the economics of innovation, the mission-oriented approach emphasises the role of public institutions in directing technological change, coordinating investment, and crowding in private-sector participation around clearly defined goals (Freeman, 1995; Block, Keller and Evans, 2011; Mazzucato, 2018a, 2021).

A mission-oriented approach to development rests on a different economic foundation from that which underpins much of contemporary development policy. This section develops the analytical framework of a mission-oriented approach to development. It begins by defining the conceptual structure and the institutional conditions required for effective design and delivery of mission-oriented policies. It then examines the economic foundations that these conditions rest on, across three areas: how markets are understood, what role the state is assigned, and how investment and finance are organised. The section concludes with an overview of what a mission-oriented approach to development looks like in practice, including the role of industrial strategy in delivering on mission objectives.

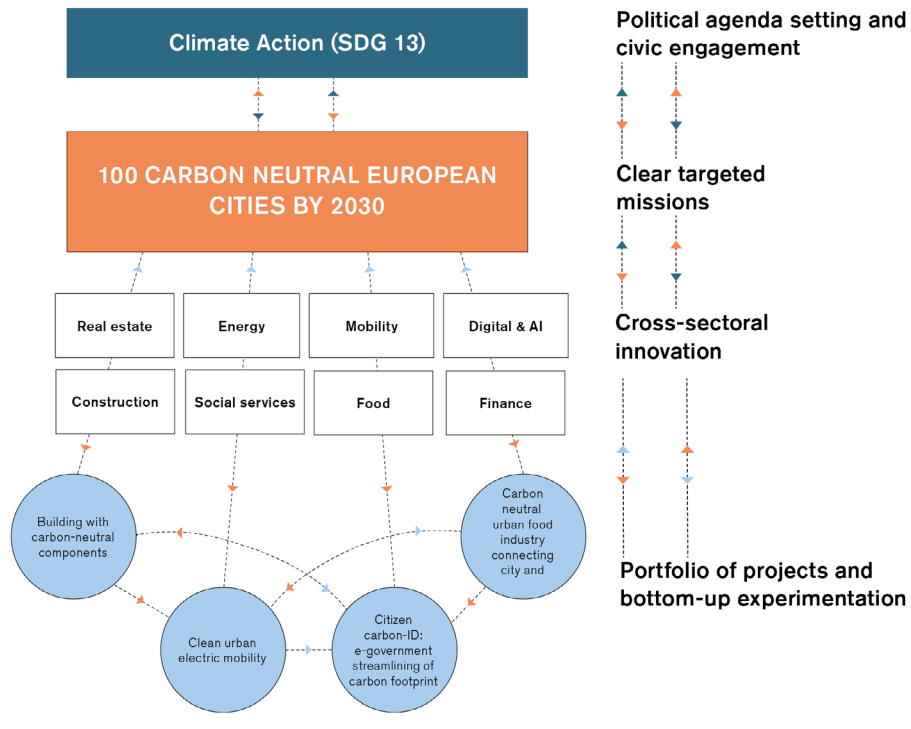


### 2.1. Missions and Industrial Strategy

Mission-oriented policy starts from the question of purpose: what problems need to be solved to create a more inclusive and sustainable economy driven by innovation and investment? Broad challenges like climate change, water insecurity, or energy access, can be translated into missions that are concrete, time-bound, and measurable and which produce growth as a result of the economy wide investment they inspire (Mazzucato, 2018a, 2021).

A central feature of this framework is the distinction between challenges, missions, sectors, and projects. Challenges define broad societal goals, while missions translate them into specific and actionable targets that can guide investment and innovation across many sectors. Following Mazzucato (2018b, 2019), missions were adopted as a central organising principle within the EU's Horizon Europe programme, situated at the level of the European Commission to enable cross-sectoral coordination. Figure 1 illustrates one of the missions adopted by the European Union, where the overarching challenge of climate change is translated into a concrete mission: achieving carbon-neutral cities (Mazzucato, 2018b, 2019).

**Figure 1.** From Grand Challenges to Mission Projects




**Source:** Adapted from Mazzucato (2018b, 2019).

This mission provides a clear direction for policy and investment, mobilising action across multiple sectors. Rather than being ends in themselves ('picking winners'), these sectors are domains through which the mission is pursued. At the implementation level, missions rely on outcomes-oriented tools such as procurement and public loans so that the 'willing' can invest towards mission accomplished.

Such tools enable a portfolio approach, ensuring that risk is distributed rather than concentrated: government sets the direction but does not dictate the how. In the case of climate change, this includes a diverse set of projects that are often locally specific but aligned around a shared objective. Direction is set at the mission level, while solutions emerge through experimentation across sectors and actors. This problem-oriented approach can generate wide-ranging spillovers across areas such as health, computing, and materials, producing innovations from medical devices and water purification systems to consumer technologies like memory foam and portable computing (Mazzucato, 2021).

The key insight is that missions do not target growth directly; they generate it through problem-oriented investment and innovation. Growth, jobs, and inclusion are outcomes that emerge from mission-oriented processes, not targets that can be pursued in isolation. This distinction is consequential for how policy is organised. Missions operate through portfolios of investments, which serve as units of delivery rather than units of design. When growth itself becomes the objective, or when policy is organised around individual projects rather than mission portfolios, investment fragments and systemic impact is lost.

If done well, so that innovation is catalysed across multiple sectors, missions lead to directed growth because innovation is a key driver of growth (Romer, 1990). In this sense, public policy can shape the path of technical change, not just its pace (Acemoglu et al., 2012; Aghion et al., 2016; Mazzucato and Perez, 2023). Missions harness this insight, providing the directionality needed to align investments, policies, and innovations towards a common goal (Mazzucato, 2021).

Translating mission ambition into outcomes requires specific institutional conditions. Because missions address complex, systemic challenges, they place distinct demands on how policy is designed, financed, and governed (Mazzucato, 2018a, 2021). Delivering on these demands requires a set of core conditions. These cannot be met where markets are treated as self-correcting, the state is confined to fixing failures, and finance is organised around mobilising scarce savings rather than directing investment.

Missions are inherently cross-sectoral. Delivering them requires **directionality**; that is, investment portfolios that integrate multiple domains around a shared objective, coordinating actors, sectors, and instruments towards a clearly defined goal rather than organising policy along sectoral lines.

Missions require patient, long-term investment in areas characterised by uncertainty and coordination challenges. Therefore, **financing** must be anchored in public investment, with MDBs and National Development Banks (NDBs) positioned to generate multiplier effects that crowd in complementary private finance. Additionality must be assessed in terms of mission outcomes, not mobilisation volumes.

Missions involve both public and private actors, but the terms of engagement are critical. **Symbiotic public–private relationships** require that private actors that benefit from public support do their part: this means they should be subject to conditionalities aligned with mission outcomes, including reinvestment, capability development, affordability, sustainability and the sharing of returns (Mazzucato and Rodrik, 2026).

Missions are complex and evolving. **Implementation** requires dynamic capabilities within public institutions: the capacity to set strategic direction, manage interdependent investments, coordinate across agencies, and learn from implementation (Mazzucato and Kattel, 2026).

Missions should not be technocratic; while providing a clear direction, they involve distributional choices and competing priorities and must stimulate bottom-up innovation. **Country ownership** requires that missions emerge from national deliberation, grounded in local productive structures, institutional capacities, and political conditions (Mazzucato and Heher, 2025).

A mission-oriented approach to development reflects these principles in policy design. The following three sections examine the way in which missions require that economic assumptions embedded in dominant development frameworks undergo a change.

## 2.2. Shaping Markets

Dominant approaches to development policy are built on a set of assumptions about how economies operate. Grounding this perspective is the belief that markets, free from intervention, allocate resources efficiently (Stiglitz, 2002, 2018; Rodrik, 2009; Mankiw, 2021). Firms and individuals are assumed to make rational decisions to maximise utility, and through their interactions, prices adjust to balance supply and demand, leading to equilibrium outcomes.

These microeconomic foundations are extended to the macroeconomic level through general equilibrium frameworks, in which aggregate outcomes are understood as the result of decentralised optimising behaviour (Arrow, 1974; Stiglitz, 2018). Within this analytical structure, the economy is conceptualised as a system that tends towards efficient equilibria under conditions such as perfect information, rational expectations, and diminishing returns (Mazzucato, 2016; Stiglitz, 2018; Mazzucato and Perez, 2023).

This theoretical architecture provides the basis for how policy problems are defined and how appropriate interventions are evaluated. If markets are assumed to converge towards efficient outcomes, then deviations from equilibrium are interpreted as distortions, and the role of policy is correspondingly limited to correcting specific market failures, providing public goods, and maintaining the conditions under which private actors can allocate resources efficiently (Stiglitz, 2002, 2018).

This framework rests on assumptions embedded in standard general equilibrium models that abstract from key features of real economies, including fundamental uncertainty, cumulative learning processes, increasing returns, and the need for coordination across sectors and agents (Stiglitz, 2018). When markets are modelled as tending towards efficient equilibria, the scope for policy is narrowed to the removal of frictions, generating a systematic bias towards liberalisation, deregulation, and the minimisation of public intervention (Rodrik, 2009; Botta and Tori, 2018; Stiglitz, 2018).

Within this equilibrium framework, comparative advantage is treated as a property to be discovered and exploited through market opening and price correction (Rodrik, 2009). Countries are encouraged to specialise according to their existing productive structure, on the expectation that gains from trade and investment will follow. However, this logic is inherently static: it optimises within a given structure rather than addressing how that structure might be transformed (Reinert, 1999, 2008; Chang, 2002). The strategies it supports focus on improving the conditions for exchange, while neglecting the processes through which new productive capacities emerge.

As Reinert (2008) argues, this framework cannot explain how countries that are now wealthy developed, since their trajectories depended on the exact forms of directed investment, capability building, and institutional coordination that the equilibrium model treats as unnecessary or harmful.

In practice, structural transformation does not emerge from the efficient allocation of existing resources; it arises from the creation of new capabilities,



sectors, and markets that did not previously exist. This process is characterised by increasing returns, where early investments generate learning, scale economies, and spillovers that compound over time, and by strong complementarities across investments, where the viability of one depends on others being made in parallel (Kaldor, 1966; Romer, 1989; Deleidi and Mazzucato, 2021).

Under these conditions, market signals alone cannot coordinate transformation because the relevant markets do not yet exist, and the price system reflects the current structure of the economy rather than the one that investment aims to build (Mazzucato, 2016; Mazzucato and Penna, 2016; Mazzucato, Kattel and Ryan-Collins, 2020). As a result, decentralised decision-making leads to systematic underinvestment in areas characterised by high uncertainty, long time horizons, and strong interdependencies (Rodrik, 2009).

From this perspective, markets are not pre-existing allocation mechanisms that policy can either distort or correct; they are outcomes of collective action, institutional design, and sustained public and private investment. Market shaping thus begins from the recognition that development requires direction-setting: identifying which economic structures need to be built and organising the investments, institutions, and policy instruments needed to build them (Mazzucato, 2016).

## 2.3. Building Entrepreneurial States

If markets are outcomes of coordination and institutional design rather than pre-existing allocation mechanisms, then the role of the state cannot be confined to correcting isolated market failures. Instead, the state becomes a central actor in shaping the direction of economic development.

Within the market-failure framework, state intervention is justified only where markets fail to provide public goods, or where externalities, information asymmetries, or coordination failures prevent efficient outcomes (Rodrik, 2009; Mazzucato, 2016). The scope of legitimate public action is defined by the boundaries of market failure, and the objective of intervention is to restore the conditions under which private allocation can function, setting a ceiling on what public institutions are expected to do.

In *The Entrepreneurial State: debunking public vs. private sector myths*, Mazzucato (2013a) demonstrates that the state has historically acted as an investor of first resort in areas characterised by high uncertainty, long time horizons, and capital

intensity, where private actors are unwilling or unable to lead. This role extends beyond correcting failures to actively shaping and creating markets. It includes building the institutional and material conditions through which markets emerge, such as infrastructure, standards, demand creation, regulatory frameworks, and the coordination of actors across sectors (Mazzucato, 2016; Mazzucato and Macfarlane, 2023).

Empirical evidence supports this perspective. Markets in renewable energy, for example, did not arise spontaneously from price signals but were constructed through public procurement, feed-in tariffs, public R&D, and the deliberate development of supply chains and technical standards (Block, Keller and Evans, 2011). When such interventions are sustained and strategically aligned, they can crowd in private investment by creating the technological, infrastructural, and demand conditions upon which firms depend (Mazzucato, 2013a).

This market-shaping role places specific demands on public institutions. It requires what the innovation systems literature terms dynamic capabilities: the organisational capacity to set strategic direction, coordinate across agencies and sectors, learn from implementation, and adapt to evolving conditions (Kattel and Mazzucato, 2018; Mazzucato, Kattel and Ryan-Collins, 2020). These capabilities go beyond market-enabling functions and involve making strategic investment decisions under uncertainty, managing portfolios of interdependent interventions, and building coalitions across public and private actors around shared objectives (Dweck and Mazzucato, 2025).

This perspective aligns with the structuralist tradition, which emphasises that development is a process of structural transformation driven by increasing returns, complementarities, and cumulative causation, rather than the efficient allocation of given resources (Prebisch, 1962; Kaldor, 1966; Hirschman, 1975). Historical experiences of structural transformation further underscore this role. Processes of late industrialisation were driven by sustained public efforts to direct investment, build productive capabilities, and shape market conditions (Chang, 2002; Stiglitz, 2002; Amsden, 2004; Cherif and Hasanov, 2019).

Foundational technologies underpinning contemporary digital economies, including the Internet, GPS, touchscreen displays, and the core components of artificial intelligence, emerged from sustained public investment (Block, Keller and Evans, 2011; Mazzucato, 2013a, 2021). By contrast, policy frameworks emphasising liberalisation and a limited role for the state have often been associated with weaker productive capacity and slower transformation (Ostry, Loungani and Furceri, 2016; Forster et al., 2019, 2020; Babb and Kentikelenis, 2021; Kentikelenis and Stubbs, 2023). These approaches aimed to improve the use of existing resources within a given structure, over the creation of new capabilities, constraining the ability of states to direct long-term development processes.

Where these capabilities have been eroded through decades of outsourcing, fiscal consolidation, and the systematic narrowing of the state's role to facilitation rather than direction, the institutional infrastructure required for mission-oriented development does not exist and must be actively rebuilt (Mazzucato and Collington, 2024; Dweck and Mazzucato, 2025). In developing economies, the erosion has often been compounded by structural adjustment programmes and policy conditionality that constrained public investment, mandated liberalisation, and reduced the scope of industrial policy, frequently dismantling the very institutional capacities required for directing structural transformation (Forster et al., 2019, 2020; Babb and Kentikelenis, 2021; Kentikelenis and Stubbs, 2023).

## 2.4. Directing Finance

If the state plays a central role in shaping markets and directing structural transformation, the question of how such investments are financed becomes central. Direction-setting requires not only institutional capacity, but financial systems capable of supporting long-term, uncertain, and coordinated investments at scale.

Dominant development frameworks approach finance through the lens of a 'finance gap', in which insufficient domestic savings constrain investment, and development depends on attracting external capital to fill the shortfall (Kregel, 2007). This framing underpins contemporary policy approaches to development finance, particularly the emphasis on mobilising private capital through blended finance mechanisms (Gabor, 2021; Mazzucato, 2025a; Mazzucato and Vieira de Sá, 2025). Positioned as a primary tool for closing the SDG financing gap, blended finance seeks to attract private investment through public risk-sharing and de-risking strategies (Mazzucato, 2025a; Mazzucato and Vieira de Sá, 2025).

However, evidence suggests that it has not delivered at the required scale, quality, or equity: volumes remain limited relative to need, additionality is difficult to establish, leverage is weakest in lower-income contexts, and allocations are skewed towards lower-risk activities and international firms, often generating new fiscal risks (Attridge and Engen, 2019; Kenny, 2022, 2024). Rather than isolated shortcomings, these outcomes reflect structural features of the gap-filling approach (Mazzucato, 2025a; Mazzucato and Vieira de Sá, 2025).

This logic is formalised in the loanable funds doctrine, in which savings automatically translate into investment and the interest rate equilibrates the two (Tsiang, 1989; Kregel, 2004; Mankiw, 2021). This premise does not reflect how modern financial systems operate, where investment is not constrained by prior savings. In practice, credit is created endogenously within the financial system, primarily through the lending activities of commercial banks, whose balance sheet expansion generates deposits, and alongside public financial institutions that can direct this credit to strategic priorities (Wray, 1992; McLeay, Radia and Thomas, 2014; Werner, 2014; Murau and Klooster, 2023).

The capacity to create credit is inseparable from the institutional and policy frameworks that govern financial systems, linking monetary operations directly to questions of development strategy (Kregel, 2004, 2007; de Carvalho et al., 2019). Financial systems are not neutral infrastructures, but legally and institutionally constructed arrangements that shape the direction of investment (Pistor, 2020). This also challenges the conventional view that public investment crowds out private investment (Fischer and Easterly, 1990). Within a framework where finance is not constrained by a fixed pool of savings, public investment does not displace private activity but can crowd it in by reducing uncertainty, creating new markets, and improving the expected returns to private investment.

Historical processes of structural transformation have relied on this capacity. Industrialisation across Europe and East Asia and post-war reconstruction were supported by the active direction of credit through public financial institutions towards priority sectors and capabilities (de Carvalho et al., 2019; Nissanke and Ocampo, 2019). National and regional development banks played a central role in these processes, acting not as residual lenders but as strategic investors channelling patient finance towards the creation of new productive capacity (de Carvalho et al., 2019; Mazzucato and Macfarlane, 2023).

When investment is assumed to be constrained by insufficient domestic savings, the policy response is to turn outward. However, reliance on external finance exposes developing economies to structural vulnerabilities rooted in the hierarchical nature of the international monetary system (Murau, Pape and Pforr, 2022; Murau and Klooster, 2023). Access to finance is mediated by a currency hierarchy in which a small number of currencies, particularly the US dollar, function as global means of payment and stores of value, while most developing economies borrow in currencies they do not issue (de Paula, Fritz and Prates, 2017; Conti and Prates, 2018; Alami et al., 2023).



This creates structural dependence on foreign currency financing, which exposes these economies to exchange rate risk, balance sheet mismatches, and sudden stops in capital flows (Ramos and Prates, 2021; Pérez Caldentey, 2024). Within this system, access to emergency liquidity in those key currencies is conditional and procyclical, often forcing fiscal adjustment that constrains public investment precisely when it is most needed (Ocampo, 2017b; Alami et al., 2023). The gap-filling framework generates a paradox: the strategy adopted to overcome financial constraints produces new forms of financial vulnerability that further limit the capacity for sustained public investment.

The constraint on development finance is not the quantity of capital available globally, but its quality and direction (Mazzucato and Macfarlane, 2023; Mazzucato, 2025a). Multilateral and national development banks (NDBs) are institutionally positioned to provide the kind of long-term, patient finance structured to support transformation (Mazzucato, 2023; Mazzucato and Macfarlane, 2023). When these institutions direct credit towards mission-critical sectors, public investment can generate a greater multiplier effect: anchoring investment portfolios, creating the conditions that attract complementary private finance, and producing system-wide returns including productivity gains, technological learning, and the creation of new markets (Deleidi and Mazzucato, 2021; Mazzucato, 2023; Mariotti et al., 2025).

The finance-gap framework assumes that the binding constraint is the supply of investable capital. Yet in many developing economies, the constraint operates in the opposite direction: there are not enough firms with the capacity and ambition to absorb investment productively at scale. This reflects weaknesses in innovation ecosystems, including the absence of procurement policies that enable firms to scale, limited public investment in research and technology, and insufficient institutional support for capability development in emerging sectors (Mazzucato, 2021). Where these conditions are absent, increasing the supply of finance does not produce transformation; it flows towards existing activities, reinforcing rather than restructuring the productive base (Mazzucato, 2013b).

The challenge is therefore not to mobilise savings across borders, but to build the institutional capacity to create, direct, and govern finance in service of long-term structural change (Grabel, 2015; Fritz, de Paula and Prates, 2018, 2022; Pérez Caldentey and Vernengo, 2020).

## 2.5. Fiscal and Policy Space for Mission-Oriented Development

Bringing these elements together, a mission-oriented approach to development and industrial strategy reframes both the objectives and the instruments of economic policy, linking the economic foundations discussed above to the institutional conditions missions require.

The institutional conditions outlined in Section 2.1 – directionality, market-shaping financing, reciprocal public–private relationships, implementation capabilities, and country ownership – require a coordinated approach to structuring investment, building capabilities, and aligning public and private action around shared goals (Mazzucato, 2021; Mazzucato, Doyle and Kuehn Von Burgsdorff, 2024). Industrial strategy provides the operational framework for doing this: it is the means through which missions organise the creation of new productive capacity, direct finance towards priority sectors, and coordinate actors across the economy towards defined outcomes. Historically, successful processes of structural transformation have depended on precisely this kind of coordinated public leadership (Chang, 2002; Wade, 2003; Amsden, 2004; Reinert, 2008; Burlamaqui and Kattel, 2014; de Carvalho et al., 2019).

How industrial strategy performs this role depends on its underlying economic assumptions. Where markets are treated as given, the state confined to fixing failures, and finance understood as scarce, industrial strategy becomes a set of corrective instruments applied within existing constraints. Where markets are understood as shaped, the state as a co-creator of productive capacity, and finance as organised through institutional capacity, industrial strategy becomes a framework for directing and transforming economic structures.

These assumptions also shape how fiscal and policy space are understood. Fiscal space refers to the capacity of governments to undertake sustained public investment, but this capacity is inseparable from policy space: the ability to deploy the full range of instruments required to direct and coordinate economic activity. Where markets are treated as efficient and investment as constrained by scarce savings, fiscal space appears as a fixed boundary, and policy space is narrowed to maintaining macroeconomic discipline, attracting external capital, and minimising public intervention (de Carvalho et al., 2019; Mazzucato and Macfarlane, 2023; Assa and Morgan, 2025).

If, instead, markets are understood as outcomes of coordination and institutional design, the state as an investor and coordinator, and finance as something that can be actively created and directed, then fiscal and policy space are not exogenous constraints. They are shaped by institutions, public financial capacities, access to liquidity, the design of fiscal rules, and the broader multilateral architecture governing debt, capital flows, and development finance.

For many developing economies, policy space is shaped by their position within the international monetary and financial system, where access to liquidity is uneven and mediated through a currency hierarchy (Conti and Prates, 2018; Fritz, de Paula and Prates, 2018; Murau, Pape and Pforr, 2022; Alami et al., 2023). Countries that do not issue widely accepted currencies face tighter external constraints, including exposure to volatile capital flows, limited access to emergency liquidity, and policy conditionality linked to external financing (Fritz, de Paula and Prates, 2018; Patrício Ferreira Lima, 2022). These factors restrict the ability to sustain public investment and pursue long-term industrial strategies, particularly during periods of global stress.

The experience of the COVID-19 pandemic illustrates that these constraints are institutional rather than immutable. The allocation of $650 billion in Special Drawing Rights (SDRs) by the IMF expanded global liquidity and enabled many countries to sustain public spending, protect social programmes, and maintain investment (Cashman, Arauz and Merling, 2022). This demonstrates that fiscal and policy space can be expanded through changes in the international financial architecture. The challenge is not only to respond in moments of crisis, but to institutionalise access to liquidity and financing mechanisms that support sustained, mission-oriented investment over time (Ocampo, 2017b; UNCTAD, 2025b).

This distinction is decisive for mission-oriented development. Missions are not about increasing spending in the abstract, but about organising the right quantity and quality of investment to solve problems in ways that expand productive capacity, stimulate learning, and generate spillovers across sectors. This requires fiscal rules and debt frameworks capable of distinguishing between current spending and investments that build capabilities, infrastructure, and new markets (Guzman and Heymann, 2015; Zucker-Marques, Gallagher and Volz, 2024). It also requires moving beyond forms of conditionality that prioritise fiscal consolidation over long-term development outcomes (Kentikelenis, Stubbs and King, 2016).

A mission-oriented approach therefore depends on expanding both fiscal and policy space: enabling governments to use procurement, public development banks, tax tools, regulation, and public–private partnerships in ways that align investment with mission objectives and ensure that risks and rewards are shared more symmetrically.

Different perceptions of fiscal and policy space translate directly into different forms of industrial strategy. Where both are treated as fixed constraints, industrial policy becomes a process of selecting feasible interventions within existing conditions, guided by comparative advantage and constrained by fiscal limits. Where they are understood as variables that can be shaped, industrial strategy becomes a framework for expanding capabilities, directing investment, and transforming those conditions over time.

This distinction is reflected in the renewed global embrace of industrial policy (Aiginger and Rodrik, 2020; Chang and Andreoni, 2020; Alami, Taggart and Chodor, 2025). The World Bank's recent industrial policy report marks a welcome departure from earlier scepticism and provides a valuable overview of policy tools across countries (Fernandes and Reed, 2026). However, its framework remains grounded in a market-failure approach: industrial policy is presented as a set of instruments matched to country characteristics, with interventions selected based on existing constraints such as market size, state capacity, and fiscal space. Comparative advantage guides targeting, policies are framed as temporary, and governance is focused on technocratic effectiveness. The result is an approach that is oriented to selecting feasible interventions within given conditions, rather than transforming those conditions over time.

Whereas traditional industrial policy picks winners — specific sectors, technologies, or types of firms — mission-oriented industrial policy picks the willing (Mazzucato, 2018a). This means supporting firms across different sectors to invest towards mission objectives. Rather than diagnosing where markets fail, this approach asks what economic structures need to be created in order to achieve the objectives that missions define (Mazzucato, 2021; Mazzucato, Doyle and Kuehn Von Burgsdorff, 2024). As the delivery mechanism for missions, industrial strategy must align an entire architecture of public action around mission objectives. This includes directing finance towards building new capabilities, using development banks and public investment to anchor portfolios and crowd in private investment, deploying procurement and regulation strategically, and ensuring that public support is conditional on alignment with public goals and the sharing of risks and rewards (Lazonick and Mazzucato, 2013; Mazzucato and Penna, 2016).

Taken together, these distinctions underpin the five dimensions of mission-oriented policy design introduced earlier. Directionality depends on the ability to define and sustain investment priorities over time. Market-shaping finance requires financial systems capable of creating and directing credit towards those priorities. Reciprocal public–private relationships depend on the capacity to govern investments and align incentives. Implementation capabilities rely on public institutions that can coordinate, learn, and adapt.

Furthermore, these elements redefine what country ownership means in a mission-oriented framework. Ownership is not limited to participation in strategy design or alignment with externally defined priorities. It is the capacity to define direction, mobilise and direct finance, deploy policy instruments, and implement and adapt strategies over time (Dweck and Mazzucato, 2025). This requires not only fiscal and policy space, but also the institutional and organisational capabilities to coordinate across sectors, manage uncertainty, and sustain long-term investment (Kattel and Mazzucato, 2018; Dweck and Mazzucato, 2025).

**Table 1.** Mission-Aligned Development versus Dominant Development Frameworks

| Delivery area | Mission-oriented development | Dominant development frameworks |
|---|---|---|
| **Directionality** | Direction is actively set through missions that define desired structural transformation pathways. | Comparative advantage: policy supports sectors where countries are already competitive. |
| **Financing** | Finance is created and directed; public institutions provide patient, long-term, mission-aligned investment. | Investment constrained by savings; focus on mobilising external capital and de-risking private investment. |
| **Public–private relationships** | Public investment creates and shapes markets; risks and rewards shared. | Public sector facilitates and de-risks; private sector allocates and captures returns. |
| **Implementation** | Dynamic capabilities built through coordination, experimentation, and learning across institutions. | Emphasis on fiscal discipline, 'business-friendly' environment. |
| **Country ownership** | Strategy defined and implemented through nationally led processes that determine priorities, instruments, and sequencing. | Strategy shaped by external constraints, financing conditions, and standardised reform templates. |

**Source:** Authors' elaboration.

# 3. A Mission-Aligned World Bank

Translating mission-oriented development into practice depends on institutional design. The preceding sections established that a mission-oriented approach to development depends on five interrelated conditions: directionality, market-shaping finance, reciprocal public–private relationships, implementation capabilities, and country ownership.

This section examines what alignment with these conditions would require across the World Bank's principal operational instruments. The Bank's engagement with client countries is structured through a set of instruments and institutional frameworks that play a central role in defining development priorities, allocating resources, and shaping policy choices. Taken together, these instruments — spanning country diagnostics, financing frameworks, private sector engagement tools, and governance assessments — form an integrated system that influences both fiscal and policy space for borrowing countries.

For each of the five dimensions, the section first identifies what mission-oriented development requires, then examines how existing instruments operate in practice, and outlines how they could evolve to support mission delivery.

## 3.1. Directionality: From Projects to Mission-Oriented Portfolios

Missions require coordination at two levels. Within government, delivering on cross-sectoral objectives such as energy access or water security demands interministerial alignment; that is, the capacity to set shared priorities, coordinate public investment across ministries, and manage trade-offs between competing demands. Across the economy, such delivery requires intersectoral coordination among firms, investors, and public agencies, linking infrastructure with productive capacity, skills development with technology adoption, and upstream suppliers with downstream manufacturers. Directionality means organising both of these levels around a common objective, so that investments across domains reinforce rather than fragment one another (Mazzucato, 2021).

The World Bank's approach to direction-setting is structured primarily through its country engagement instruments, notably the **Systematic Country Diagnostic (SCD)** and the **Country Partnership Framework (CPF)** (World Bank, 2017, 2025b). The SCD is the Bank's core analytical tool at the country level, identifying key constraints to poverty reduction and shared prosperity based on economic, institutional, and sectoral analysis. The CPF translates these diagnostics into an operational strategy, setting out priority areas for Bank support, the composition of lending, and the results framework over a multi-year period. Together, these instruments play a central role in shaping how development priorities are defined and how resources are allocated across sectors.

In practice, however, both the SCD and CPF are structured around sector-based analyses and lending targets rather than the cross-sectoral investment portfolios that missions require. This reflects a broader organisational logic in which programming is arranged around sector Global Practices, each with its own lending pipeline, technical staff, and performance metrics (World Bank, 2026c). Energy access illustrates the constraint. Delivering on it depends not only on generation and grid expansion, but also on the development of productive uses in agriculture and industry, the construction of supporting infrastructure, and the coordination of skills and service delivery. Organising instruments by sector fragments these complementarities and limits system-level impact.

A mission-oriented reconfiguration would restructure these instruments around portfolio logic. SCDs would identify mission priorities and map the cross-sectoral investments required to achieve them. CPFs would coordinate financing and implementation around mission objectives rather than aggregating sector targets. Compacts and country platforms would function as integrated frameworks for mission delivery, linking interventions across domains within a single portfolio and serving as the institutional space where interministerial and intersectoral coordination is organised (Mazzucato and Heher, 2025).

This is distinct from existing country platform models, including Just Energy Transition Partnerships, which have mostly focused on mobilising finance within a single sector rather than structuring cross-sectoral investment around shared mission objectives. Sector Global Practices would continue to provide technical expertise but would operate within mission-defined portfolios rather than serving as the primary organising unit.

This shift also requires a change in how performance is assessed. The Bank's current evaluation architecture focuses on individual project completion reports. A mission-oriented approach would evaluate outcomes at the portfolio level, assessing whether investments are shifting patterns of production, enabling learning, and building the capabilities required for structural transformation (Mazzucato and Macfarlane, 2023).

## 3.2. Financing: From Filling Gaps to Shaping Investment

Mission-oriented development requires financing organised around the scale, direction, and time horizon of the investments needed to deliver on mission objectives (Mazzucato, 2025a). As Section 2.4 established, the relevant constraint is not the quantity of capital available but its quality and direction: whether financial systems are capable of supporting long-term, coordinated, and uncertainty-bearing investment at the scale that structural transformation demands (Mazzucato and Macfarlane, 2023; Mazzucato, 2025a).

The World Bank operates through two main lending windows (World Bank, 2017, 2025b). The **International Development Association (IDA)** provides concessional financing — including low-interest loans with long maturities and, in some cases, grants — to the world's poorest countries. The **International Bank for Reconstruction and Development (IBRD)** lends to middle-income and creditworthy low-income countries at rates that, while significantly below commercial market terms, are not concessional.

For IDA-eligible countries, the principal debt assessment instrument is the **Debt Sustainability Framework for Low-Income Countries (LIC-DSF)**, developed and maintained jointly by the IMF and the World Bank (IMF and World Bank, 2018). The LIC-DSF assesses whether a country can sustain its current and projected levels of public and external debt without risking debt distress, and its ratings directly influence access to IDA resources and the terms on which concessional finance is provided. For IBRD-eligible countries with market access, the World Bank relies on the IMF's **Debt Sustainability Analyses (DSA)**, which assess fiscal risks and debt trajectories and inform borrowing terms (IMF, 2021).

In both cases, debt assessments serve a gatekeeping function: they define the boundaries of available fiscal space. As Section 2.5 argued, how fiscal space is understood depends on the economic assumptions that underpin it. Both frameworks evaluate public borrowing primarily through the lens of fiscal risk and debt service capacity, without systematically accounting for the productive assets, capabilities, and growth dynamics that investment generates. A mission-aligned approach would require incorporating asset-side analysis into these frameworks, so that borrowing to finance critical investments is assessed on the basis of whether it expands the economy's productive base and improves future debt sustainability, not treated as equivalent to any other fiscal expenditure.

**Development Policy Financing (DPF)** is the Bank's instrument for providing budget support to governments, disbursed in exchange for agreed policy and institutional reforms. It represented more than a quarter of total World Bank lending between 2015 and 2021 and was the dominant instrument in sectors such as energy (World Bank, 2021a, 2024b, 2025b, 2026d). In its current form, DPF conditions are structured around reforms such as fiscal adjustment, liberalisation, regulatory streamlining, and measures oriented towards attracting private investment. This is reinforced by the **Maximising Finance for Development (MFD)** strategy and its operational expression, the **Cascade**.

The Cascade establishes a sequential decision process: commercial financing is considered first, and public resources are deployed only where private solutions are deemed unavailable (Gabor, 2021). The effect is to position public finance as a residual, used to fill gaps left by the market rather than to anchor and direct investment portfolios. Together, DPF and the Cascade reflect the underlying assumption identified in Section 2.4: that the binding constraint on development is the supply of investable capital, and that the role of public institutions is to simply attract and de-risk external finance — not to direct investment towards building productive capacity.

A mission-oriented reorientation would reposition DPF from an instrument of fiscal discipline to one that builds the institutional conditions missions require: coordination mechanisms across ministries, public investment management systems, and the regulatory and organisational infrastructure needed for cross-sectoral delivery. The Cascade logic would be replaced by a framework in which public investment leads, anchoring portfolios around mission objectives and setting the terms on which private capital is invited to participate.

Lastly, one of the most consequential shifts concerns the relationship between the World Bank, other multilateral development banks, and national development banks. Public Development Banks collectively hold over $23 trillion in assets and are institutionally positioned to direct patient, long-term credit towards mission-critical sectors aligned with national priorities (Jiajun Xu and Marodon, 2023; Mazzucato, 2023). As Section 2.4 argued, they are potential anchors of mission-oriented investment portfolios at the country level, providing the kind of finance that structural transformation requires: long-term, risk-tolerant, and directed towards building productive capacity rather than generating short-term returns (Mazzucato, 2023).

Under the current financing architecture, however, the relationship between the World Bank and NDBs is shaped by the same Cascade logic that governs the broader approach to development finance. Where NDBs are engaged, it is often to channel externally designed instruments rather than to strengthen their

capacity as autonomous strategic investors (Mariotti et al., 2025). The emphasis on private capital mobilisation positions NDBs as intermediaries in a system oriented towards de-risking rather than as institutions capable of anchoring and directing public investment portfolios.

The World Bank's role should be to strengthen NDBs rather than to substitute for or bypass them. This means deploying its balance sheet, guarantees, and concessional resources to expand NDB lending capacity, supporting the development of their governance and risk management capabilities, and coordinating across the MDB system to align financing with mission objectives (Mazzucato, 2023).

MDB reform in this framing is not only about mobilising more capital at greater scale; it is about reorienting the purpose and structure of multilateral finance towards anchoring mission-oriented investment portfolios and supporting the national institutions through which missions are ultimately delivered.

## 3.3. Public–Private Relationships: From De-Risking to Reciprocity

A mission-oriented World Bank structures public–private relationships around reciprocity. This means embedding conditionality for a symbiotic relationship between the public and private sectors that ensures private sector investment contributes towards mission outcomes (Lazonick and Mazzucato, 2013; Mazzucato and Rodrik, 2026).

This principle of conditionality follows from the recognition that public investment plays a foundational role in creating and shaping the markets in which private actors operate. Where the state bears the costs and risks of early-stage investment, infrastructure development, and demand creation, there is a strong economic case for structuring the terms of private participation to reflect this public contribution (Lazonick and Mazzucato, 2013). Mazzucato and Rodrik (2026) developed a taxonomy of how conditionality can be embedded in specific policy instruments, including procurement contracts, public loans and credit lines, subsidies, tax incentives, and equity investments. In each case, the design of the instrument determines whether public support generates aligned outcomes or simply transfers value to private actors.

The World Bank engages private actors primarily through two institutions and a set of financing structures. The **International Finance Corporation (IFC)** is the Bank Group's private sector arm, providing equity investments, loans, and advisory services to private firms in developing countries. The



**Multilateral Investment Guarantee Agency (MIGA)** offers political risk insurance and credit enhancement to investors and lenders, reducing the non-commercial risks associated with investment in developing economies (World Bank, 2025b). In addition, blended finance structures use concessional public resources — including from IDA or donor trust funds — to reduce risk or improve returns for private investors in transactions that would otherwise not proceed on commercial terms (World Bank, 2025b). IFC applies its Performance Standards on Environmental and Social Sustainability to all investments it supports, covering areas including labour conditions, pollution prevention, biodiversity, and community engagement. These standards function primarily as safeguards — setting floors on environmental and social practice — rather than as conditionalities that direct private investment towards mission outcomes (World Bank, 2012).

These instruments are designed primarily to attract private capital by improving the risk-return profile of investment (World Bank, 2025b). Conditionality is applied predominantly to governments, through policy reforms attached to DPF, while private actors face limited obligations regarding how public support is used or how outcomes are distributed (Babb and Kentikelenis, 2021).

In blended finance structures, where the asymmetry between public risk and private return is most visible, few mechanisms exist to ensure that publicly subsidised investment generates outcomes aligned with development objectives rather than private return expectations (Mazzucato and Vieira de Sá, 2025). The result is an asymmetry in which public institutions absorb risk without shaping how investment contributes to mission outcomes, while private actors retain discretion over investment decisions, time horizons, and the distribution of returns.

A mission-oriented reorientation would embed reciprocity into the design of these instruments. IFC equity investments would incorporate conditions tied to reinvestment, local capability development, and technology transfer. MIGA guarantees would link risk coverage to performance benchmarks aligned with mission objectives. Blended finance structures would require that concessional public resources are matched by outcome-based obligations on private participants, including mechanisms for sharing upside returns when publicly supported investments succeed. Where public resources reduce risk or anchor investment, the terms of private participation should include obligations on labour standards, ensuring that mission delivery creates decent jobs rather than treating employment as a residual byproduct of capital mobilisation.

At the country level, the Bank can support governments in embedding conditionality for private actors in their own national instruments. Public

procurement, which constitutes a significant share of GDP in most developing economies, is a particularly powerful tool for directing demand towards mission-aligned outcomes, including local content, innovation, and sustainability standards (Mazzucato, Kattel and Ryan-Collins, 2020). Public loans channelled through NDBs can attach conditions on reinvestment, employment, and capability building. Subsidies and tax incentives can be structured with performance requirements and sunset provisions tied to mission milestones. The Bank's technical assistance and lending operations can support the design and implementation of these instruments rather than focusing narrowly on the enabling environment for private investment.

Without these changes, the Bank's approach will continue to socialise risks while privatising returns, limiting the contribution of private actors to mission delivery and undermining the public legitimacy of mission-oriented strategies.

## 3.4. Implementation: From Outsourcing to Public Sector Capabilities

Mission delivery requires the capacity to set strategic direction, coordinate investment across sectors, manage portfolios of interdependent interventions, and adapt as conditions evolve. These are the dynamic capabilities that the innovation systems literature has identified as central to governing complex transformation processes (Mazzucato, Kattel and Ryan-Collins, 2020; Mazzucato and Kattel, 2026).

Dynamic capabilities are distinct from what governance frameworks typically assess. The distinction between capabilities and capacity is central (Kattel and Mazzucato, 2018). Capacity refers to the resources and routines available to public institutions: staffing, budgets, and standard operating procedures. Capabilities refer to the ability to deploy those resources in ways that are strategic, adaptive, and coordinated. An institution can have significant capacity – qualified personnel, established processes – while lacking the capability to set direction, manage cross-sectoral coordination, or learn from implementation (Kattel et al., 2025).

Mazzucato and Kattel (2026) develop this into a theory of market-shaping states, showing that effective mission implementation rests on the interaction of three layers: structural capacities that enable governments to set and sustain direction over time, organisational routines that translate direction into coordinated practice, and dynamic capabilities that allow experimentation, learning, and reconfiguration under uncertainty. Without all three, mission ambition either rigidifies into top-down planning or dissipates into uncoordinated experimentation.

The Bank's principal instrument for assessing governance and institutional quality is the **Country Policy and Institutional Assessment (CPIA)**, an annual diagnostic that rates countries across sixteen criteria covering economic management, structural policies, social inclusion, and public sector governance (World Bank, 2021b). CPIA scores carry significant operational weight: they directly determine the allocation of IDA concessional resources, meaning that countries' access to the Bank's most favourable financing terms depends on how they perform against these criteria. The CPIA evaluates countries against conditions emphasising fiscal discipline, regulatory quality, and the business environment. These are market-enabling conditions. The capabilities most closely associated with mission delivery are precisely those that the CPIA does not capture (Mazzucato and Kattel, 2026).

This creates a structural bias. Countries are rewarded for maintaining market-enabling frameworks rather than for building the institutional infrastructure required for structural transformation. The effect extends beyond measurement: because CPIA scores determine access to concessional finance, they shape the incentive structure within which governments allocate institutional effort and design reform programmes. Technical assistance follows a similar pattern. The Bank's current programming tends to prioritise capacity in the conventional sense: training, systems, and procedures oriented towards project implementation and regulatory compliance, rather than the organisational capabilities needed to design and govern cross-sectoral mission portfolios.

These instruments do not operate in isolation. Together, the CPIA, DSF, DPF, and technical assistance constitute an integrated system that defines the policy environment in which governments operate (World Bank, 2021a, 2021b, 2024b, 2025b). Where each instrument individually assesses or rewards market-enabling conditions, the cumulative effect is a policy architecture that systematically undervalues the capabilities missions require.

A mission-oriented reorientation would restructure this system to support an all-of-government approach to mission delivery. The CPIA, or a complementary assessment framework, would incorporate criteria for the dynamic capabilities that missions require, such as strategic coordination across ministries, adaptive management of complex investment portfolios, and the institutional infrastructure needed to sustain direction over time. Since these assessments shape access

to concessional finance, reforming what they measure would shift the incentive structure within which governments build institutional capacity.

Technical assistance would be reoriented towards building these organisational capabilities: supporting interministerial coordination mechanisms, developing adaptive monitoring and evaluation systems, and building the analytical infrastructure needed to manage cross-sectoral investment portfolios over extended time horizons. The aim would be to enable public institutions to work across sectoral boundaries towards shared objectives rather than meeting fragmented compliance criteria.

## 3.5. Country Ownership: Integrating Missions into National Policies

Mission-oriented development cannot be designed through standardised templates. Because missions address context-specific challenges through coordinated investment across sectors, the policy tools and institutional structures required will vary across countries, reflecting differences in productive structures, political economies, and institutional capacities. Country ownership in this framework means more than consultation within externally defined processes: it requires that countries shape the direction, design, and implementation of mission strategies (Dweck and Mazzucato, 2025; Mazzucato and Heher, 2025).

This means treating missions not as stand-alone initiatives but as organising frameworks for national development strategy, embedding climate and development goals across fiscal, financial, and industrial policy and requiring whole-of-government coordination under central political leadership (Mazzucato and Songwe, 2024; Mazzucato, 2025b). It also means transforming **country platforms** from being tools for de-risking private investment, towards being anchors for a full range of policies needed to stimulate the private sector investment that mission delivery requires.

The instruments through which the Bank structures country engagement — SCDs, CPFs, and compacts — apply common analytical frameworks across countries, organising engagement around predefined categories and priorities (World Bank, 2025b, 2026e). SCDs assess development constraints through standardised diagnostic structures. CPFs translate these into operational strategies using common templates for priority-setting and results frameworks. Compacts structure partner coordination around uniform pillars. This uniformity serves institutional coherence and comparability, but it limits the scope for context-specific strategy design.

Countries differ in their productive structures, institutional capacities, and political economies, and mission delivery depends on how these conditions shape priorities, sequencing, and implementation. Standardised frameworks can produce strategies that are formally aligned with national plans but weakly embedded in domestic institutions and processes. The risk is that country engagement becomes an exercise in fitting national realities into externally defined categories rather than supporting the identification of mission priorities that emerge from domestic deliberation.

A mission-based reorientation would structure country engagement around nationally led processes of mission design. SCDs would support the identification of mission priorities emerging from domestic deliberation, rather than defining them through external analytical frameworks. CPFs would align financing and implementation with these priorities, reflecting country-specific strategies rather than standardised templates. Compacts and country platforms would be the outcome of co-designed processes involving government, firms, workers, and civil society, shaping both objectives and delivery pathways.

Monitoring and evaluation would also be reoriented. Rather than relying on standardised indicators, frameworks would assess progress against nationally defined mission objectives and track the evolution of capabilities required for delivery. This would allow evaluation to reflect context-specific pathways of structural transformation.

Country ownership, understood this way, is not a procedural requirement but a condition for mission delivery. Without a shift in how it is operationalised, the Bank's approach will continue to limit the ability of countries to design and implement development strategies that reflect their own priorities and institutional realities.

Table 2 maps these five dimensions as an interconnected system, identifying for each dimension the gap between current practice and mission-aligned reform, the Bank instruments involved, and the country-level tools through which missions are ultimately delivered. The table makes visible what the current architecture obscures: that reforming any single instrument without addressing the others is unlikely to produce mission alignment.

**Table 2.** Reform Agenda for a Mission-Aligned World Bank

| Dimension | Current practice | Mission-aligned reform | WB | Country-level |
|---|---|---|---|---|
| **Directionality** | Programmes structured by sectors and lending pipelines | Organise engagement around cross-sectoral mission portfolios; support interministerial and intersectoral coordination | SCDs, CPFs, compacts, Global Practices | Country platforms, interministerial mechanisms |
| **Financing** | DSF/DSA assess borrowing through fiscal risk only; DPF tied to fiscal adjustment; Cascade positions public finance as residual. | Reform DSF/DSA; reorient DPF towards institutional conditions for missions; replace Cascade with public-investment-led portfolios; strengthen NDBs. | DSF, DSA, DPF, Cascade | NDBs, public credit allocation, NDB–MDB coordination |
| **Public–private relationships** | IFC and MIGA designed to de-risk; safeguards set floors not mission direction; conditionality applied to governments; limited obligations on private actors | Embed outcome-based conditionality in IFC, MIGA, and blended finance; link support to reinvestment, capability building, and upside sharing. | IFC, MIGA, blended finance | Procurement, NDB lending, subsidies, tax incentives |
| **Implementation** | CPIA assesses market-enabling conditions and determines IDA allocation; technical assistance oriented to project delivery and compliance. | Reform CPIA to assess dynamic capabilities; reorient technical assistance towards cross-sectoral coordination and adaptive management. | CPIA, technical assistance | Interministerial coordination, adaptive M&E. |
| **Country ownership** | SCDs, CPFs, and compacts apply standardised templates with limited scope for context-specific design. | Enable nationally led mission design; co-designed compacts and country-specific CPFs. | SCDs, CPFs, M&E | National deliberation, mission co-design processes |

**Source:** Authors' elaboration.

# 4. World Bank Missions in Practice

Mission 300 aims to bring electricity access to 300 million people across Africa by 2030 (World Bank, 2026b). Mission Water frames water security as a systemic challenge requiring coordinated action across agriculture, ecosystems, urban systems, and energy (World Bank, 2025a). These initiatives are a significant and welcome shift in how the Bank frames its engagements. This section considers what mission-oriented delivery would look like in practice.

It begins with an overview of Mission 300, including what operationalising its ambition would require when assessed against the mission-oriented framework developed in this paper. It then presents a preliminary assessment of the 30 National Energy Compacts developed under the initiative, evaluating the extent to which the framework is reflected in country–level strategy design. The assessment is based on the publicly available compact documents and is intended as a diagnostic starting point, identifying systematic patterns that can guide deeper, country-specific analysis rather than delivering a definitive evaluation.

The section then turns to Mission Water, describing the initiative as set out in the Bank's Water Strategy Implementation Plan before developing a forward-looking illustration of what a compact designed from mission-oriented principles would require, drawing on the work of the Global Commission on the Economics of Water (Mazzucato et al., 2024; Mazzucato and Kühn von Burgsdorff, 2025).

## 4.1. Mission 300: Electrifying Africa

Energy poverty in Sub-Saharan Africa represents one of the most consequential structural barriers to development on the continent, and Mission 300 is the joint response of the World Bank Group and the African Development Bank. Based on a commitment to connect 300 million people to electricity by 2030, the initiative deploys $30 billion in energy spending across the continent between 2024 and 2030, structured around country-level National Energy Compacts through which governments commit to the sectoral reforms considered necessary to attract and sustain investment at scale (World Bank, 2025c, 2026b).

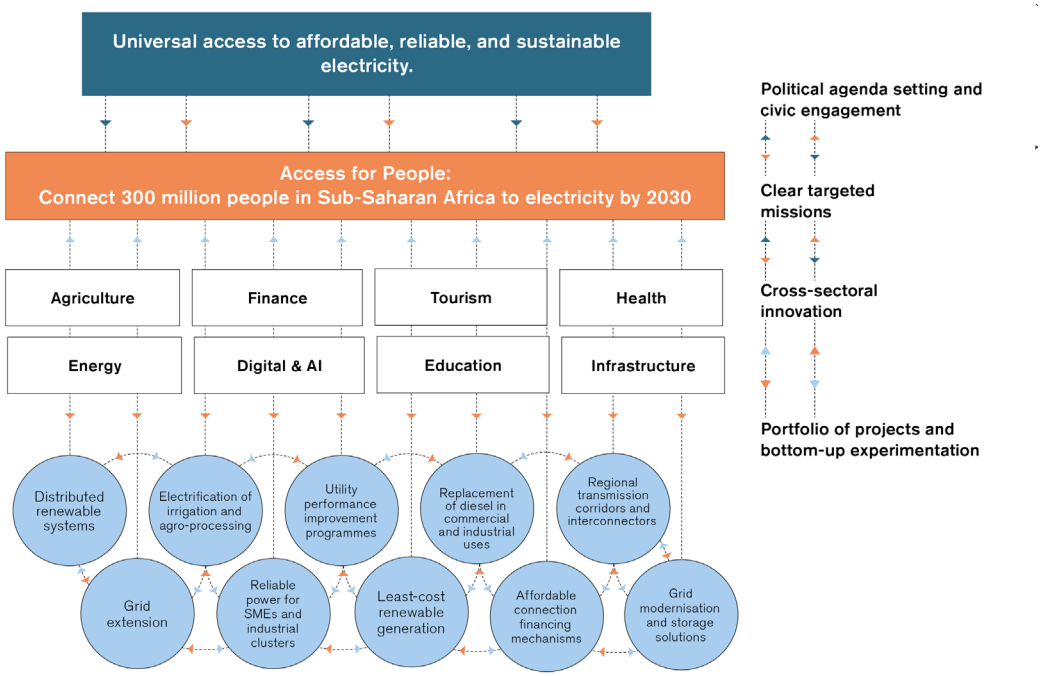
The initiative is organised around four interconnected areas of intervention: scaling connections through on- and off-grid solutions; least-cost generation through private sector investment enabled by guarantees and technical assistance; regional trade and integration through support to power pools and transmission infrastructure; and sector and utility reform through multi-year programmatic approaches. Country-level National Energy Compacts provide the primary architecture for delivery, structured around five reform pillars: generation expansion and cost reduction; regional integration; last-mile access through distributed renewables and clean cooking; private sector participation; and financially viable utilities (World Bank, 2025c). The political commitment behind the initiative is substantial, with 48 countries signing the Dar es Salaam Energy Declaration in January 2025 committing to critical energy sector reforms (World Bank, 2025c).

The Bank signals awareness of the cross-sectoral logic that energy access requires. The Mission 300 framework explicitly recognises that energy for development demands more than household connections, identifying the need for electricity access for productive uses in agriculture, social infrastructure, and commercial and industrial activity (World Bank, 2025c). This signifies recognition

that energy access functions as an enabler of structural transformation rather than an end in itself. However, the design of the compacts and the instruments behind them organise delivery within the energy sector. The five reform pillars address conditions internal to the electricity system, including generation, distribution, utility viability, and private participation, rather than the cross-sectoral investment portfolios through which energy access generates productive transformation. The initiative's ambition is systemic; its institutional architecture remains sectoral.

Figure 2 presents an example for a potential mission map for energy access designed according to the framework developed in this paper. Beginning from the societal objective of productive livelihoods enabled by reliable and affordable energy, the map traces the cross-sectoral investment portfolios required to achieve it, spanning agriculture, finance, tourism, health, energy, digital and AI, education, and infrastructure. In this architecture, energy access functions as a coordinating objective that mobilises investment across sectors, rather than as a sector to be reformed. Governance, finance, and skills serve as cross-cutting enablers. This structural logic provides the benchmark against which the energy compacts are assessed in the following section.

**Figure 2.** Mission map for Mission 300




**Source:** Authors' elaboration, building on World Bank (2025c).



## 4.2. Assessing Mission 300: Translating Missions into Energy Compacts

Mission 300 Energy Compacts offer a window into how the Bank is operationalising its mission ambition at the country level. The framework developed in Sections 2 and 3 provides a basis for assessing whether mission-oriented approaches are reflected in institutional practice.

This assessment is best understood as a preliminary diagnostic rather than a definitive evaluation. It is designed to identify systematic patterns in how mission-oriented principles are translated into institutional design, using a transparent and reproducible method applied consistently across all 30 cases. The objective is not to rank countries or to deliver a final judgment on Mission 300's effectiveness, but to provide an empirical starting point that can guide deeper, country-specific analysis of the alignment — or potential misalignment — between mission ambition and country-level implementation.

The analysis is based on a structured review of the 30 National Energy Compacts developed under the Mission 300 initiative that have been published by the Bank (World Bank, 2026b). These documents, prepared by national governments in coordination with the World Bank and the African Development Bank, provide a standardised representation of country-level strategies, including stated priorities, investment approaches, policy commitments, and institutional arrangements. They range from 10 to 60 pages, approximately, and are written in English (16 compacts) or French (14 compacts).

Each compact is assessed against the five dimensions identified in Section 3: directionality, financing, public–private relationships, implementation capabilities, and country ownership. For each dimension, two binary questions are applied: one aspirational, assessing whether the relevant principle is articulated at the level of stated goals or framing; and one operational, assessing whether it is reflected in concrete institutional arrangements, financing structures, or monitoring frameworks. This yields a 10-point assessment for each compact and allows for a systematic evaluation of the gap between ambition and implementation. The aspirational/operational distinction separates ambition from delivery.

Scoring is based on qualitative content analysis. A computational pipeline was used to extract dimension-relevant text passages from each compact using curated keyword clusters, with the evidence organised into a structured workbook for systematic review. The extraction is rule-based and fully deterministic. Each compact was assessed against the 10 binary questions,

drawing on the extracted passages and consulting the original documents where the extracted text was insufficient. Scores are assigned only where there is explicit evidence in the compact text. Where evidence is absent or ambiguous, the operational score defaults to 'No', reflecting the methodological position that the burden of proof lies with operationalisation rather than stated intent.

Two features of the assessment design warrant emphasis. First, on the country ownership dimension, the adoption of a standardised five-pillar template across all 30 compacts – organising interventions around generation, regional integration, distributed renewable energy and clean cooking, private sector participation, and utility financial viability – is itself treated as evidence against operational country ownership. Second, the assessment draws exclusively on the publicly available compact documents, which introduces a limitation, in that the documents are an imperfect window onto the processes that produced them. A compact may have been developed through genuine national deliberation without documenting that process; conversely, a compact may document stakeholder consultation that was limited in practice. The full coding framework, detailed assessment criteria, extraction methodology, and complete results are provided in the accompanying methodological note (Mazzucato and Merling, 2026).

This preliminary assessment hints at a consistent pattern across the 30 compacts. While elements of mission-oriented thinking are present, they are not systematically translated into the design of investment, financing, partnerships, and implementation capabilities. Based on the compact documents reviewed, the result is a partial alignment: mission objectives are articulated at the level of framing, but the underlying structure of delivery remains shaped by prevailing approaches. These patterns should be read as indicative rather than conclusive since the compacts are an imperfect window onto the full range of institutional processes underway in each country.

The patterns identified across the 30 compacts suggest that the primary constraint is not the absence of mission ambition, but the persistence of underlying assumptions identified in Sections 2 and 3 that continue to shape how the Bank's instruments operate: markets are treated as given rather than shaped, the state is confined to enabling private activity rather than directing investment, and finance is organised around mobilising external capital rather than anchoring public investment portfolios.

Where mission objectives are channelled through instruments built on these premises, the compacts risk reproducing the very fragmentation, short-termism, and weak coordination that missions are intended to overcome. The consistency of these findings points to structural rather than country-specific constraints, though deeper analysis will be needed to assess how individual countries are addressing these gaps beyond what the compact documents capture.

Table 3 summarises the patterns identified across the 30 compacts. For each of the five dimensions developed in Section 3, the table distinguishes between what the compacts articulate at the level of stated goals and what is reflected in their operational design. A consistent pattern emerges: mission-oriented principles are present in the framing of the compacts but are not yet systematically embedded in the instruments, financing structures, and institutional arrangements through which they are delivered. The final column identifies where this alignment could be strengthened. These patterns should be read as indicative rather than conclusive; the compacts are an imperfect window onto the full range of institutional processes underway in each country.

**Table 3.** Patterns in Mission 300 Energy Compacts

| Dimension | What compacts articulate | Prevailing operational pattern | Opportunity |
|---|---|---|---|
| **Directionality** | References to mission objectives and cross-sectoral linkages between energy and broader development. | Strategies organised around sector-specific interventions and pipelines. | Restructure compacts around cross-sectoral portfolio logic. |
| **Financing** | Acknowledgement of investment needs; inclusion of public finance components alongside mobilisation targets. | Financing framed around private capital mobilisation and de-risking. Public finance positioned as residual rather than anchor. | Position public finance as investor of first resort; use MDB and NDB balance sheets to anchor portfolios and crowd in private capital. |
| **Public–private relationships** | Recognition of the private sector's role in delivery and the importance of enabling private sector participation. | Partnerships structured around de-risking, with limited provisions for linking public support to reinvestment, capability development, or the sharing of returns. | Embed reciprocity: outcome-based conditions for private sector on reinvestment, job creation, environmental performance, and upside sharing. |
| **Implementation** | References to coordination challenges and institutional reform. | Emphasis on regulatory frameworks and conventional capacity rather than the dynamic capabilities | Invest in dynamic capabilities: interministerial coordination, adaptive M&E, and organisational infrastructure for complex portfolios. |
| **Country ownership** | Inclusion of national priorities and stakeholder consultation. | All 30 compacts adopt a standardised five-pillar template, suggesting strategy remains shaped by external frameworks rather than nationally led deliberation. | Enable nationally led mission design; co-designed compacts grounded in local productive structures and institutional capacities. |

## 4.3. Mission Water: Translating Ambition into Mission-Oriented Delivery

Water insecurity represents one of the most systemic and cross-cutting development challenges of our time, and Mission Water is the World Bank Group's response. Framed around the goal of advancing water security for 400 million people by 2030, the initiative deploys the Bank's Water Strategy Implementation Plan across three pillars: Water for People, which targets universal access to safe drinking water, sanitation, and hygiene for 250 million people; Water for Food, enhancing food production and farmer livelihoods for 50 million people; and Water for Planet, which reduces water-related risks and sustainably manages water resources for 100 million people (World Bank, 2025a).

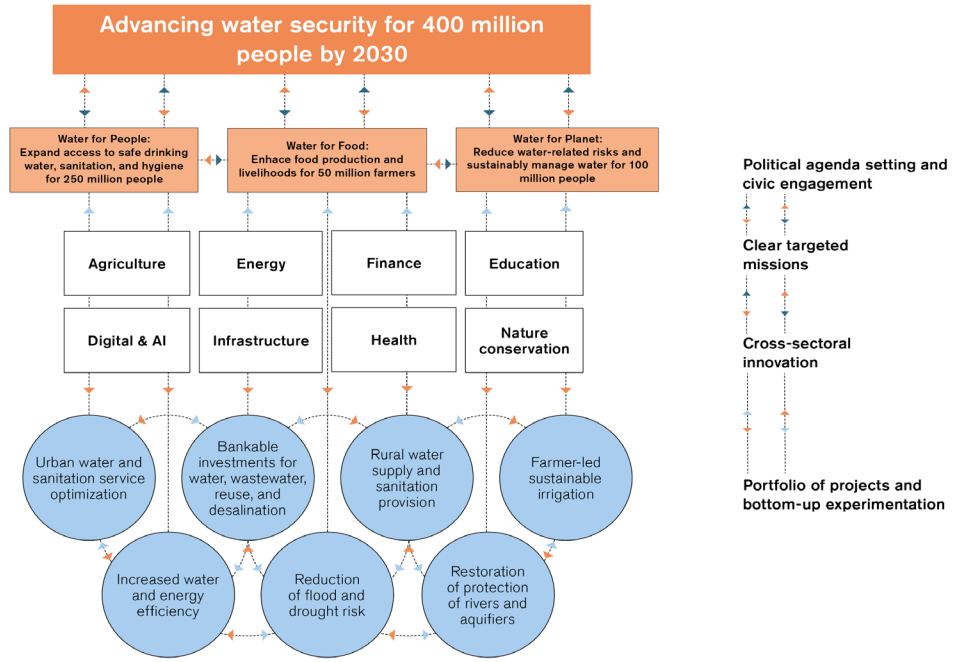
Implementation is proposed across seven scalable solutions: urban water and sanitation, bankable investments for wastewater and desalination, rural water supply, farmer-led irrigation, water and energy efficiency, flood and drought risk reduction, and the restoration of rivers and aquifers (World Bank, 2025a). Country-level Water Compacts structured around government-owned and government-led commitments to policy reform, private sector participation, and capital mobilisation are proposed as the primary delivery mechanism (World Bank, 2025a).

At the national level, engagement is channelled through finance ministries and line ministries. This approach tends to anchor strategy in fiscal and creditworthiness considerations rather than in the interministerial coordination that cross-sectoral mission delivery requires (World Bank, 2025a). The initiative is designed to extend well beyond the WBG's own target: Mission Water aims to mobilise, align, and coordinate financial and technical support from multilateral development banks, bilateral partners, UN agencies, and philanthropies, with an aspirational reach potentially exceeding one billion people if key partners join (World Bank, 2025a).

Figure 3 presents an example of what this could look like as a mission. This illustration translates the Bank's three-pillar vision into the cross-sectoral investment portfolios, governance structures, and financing architecture that mission delivery demands. Figure 3 lays out how realising water security for people, food, and the planet simultaneously requires coordinated investment across agriculture, energy, finance, education, digital and AI, infrastructure, health, and nature conservation.



**Figure 3.** Mission map for Mission Water




**Source:** Authors' elaboration building on World Bank (2025a).

## 4.4. Designing a Mission-Oriented Water Compact

In 2024, the Global Commission on the Economics of Water (GCEW) proposed a fundamental reframing: that the hydrological cycle should be governed as a global common good, with water policy organised around efficiency, equity, and environmental sustainability simultaneously rather than treated as competing objectives (Mazzucato et al., 2024). This framework offers a basis for considering how the World Bank might design compacts capable of delivering on Mission Water.

The GCEW proposed Just Water Partnerships as the institutional model for doing so: equity centred public–private–people arrangements structured around shared missions and outcome-based conditionalities, where the terms of engagement are oriented towards system-wide results rather than narrowly defined returns.

Building on this framework, Mazzucato and Kühn von Burgsdorff (2025) operationalised the Commission's agenda into a mission-oriented approach to water governance organised around five interconnected mission areas. These are: (1) launching a new revolution in food systems, to improve water productivity in agriculture while meeting growing nutritional demands; (2) conserving and

restoring natural habitats critical to green water and the hydrological cycle; (3) establishing a circular water economy that maximises reuse and recovery; (4) enabling a clean-energy world and AI-rich era achieved with lower water intensity; and (5) ensuring that no child dies from unsafe water by 2030, by securing reliable and affordable access to potable water and sanitation for every underserved community.

The GCEW framework provides the basis for that translation across the five dimensions of directionality, financing, public–private relationships, implementation capabilities, and country ownership (Mazzucato et al., 2024).

A mission-oriented water compact begins with **directionality**. Rather than organising interventions around water supply infrastructure, SCDs would need to identify mission priorities across sectors and systems, and map the complementary investments required to achieve them, rather than aggregate sector-specific lending targets. CPFs would align financing and implementation around these cross-sectoral portfolios, and compacts and country platforms would serve as the institutional space where interministerial coordination across agriculture, energy, environment, industry, and finance ministries is organised and sustained.

**Financing** follows from this cross-sectoral structure. Water systems involve long-term investment, uncertain returns, and benefits distributed across sectors and over time. The DSF needs to incorporate asset-side analysis, evaluating public borrowing in relation to the productive capacity and system-wide returns that water investment generates, rather than assessing it solely through fiscal risk and debt service capacity. DPF must be reoriented away from fiscal adjustment and towards building the institutional conditions that water missions require, including coordination mechanisms, public investment management systems, and the regulatory infrastructure needed for cross-sectoral delivery.

**Public–private relationships** must be designed in a way that reflects the systemic characteristics of water. Just Water Partnerships, which embed efficiency, equity, and environmental sustainability as the shared foundation for public–private collaboration, provide one institutional model for how these conditions can be operationalised in practice, ensuring that the terms of engagement across IFC, MIGA, and blended finance instruments are oriented towards system-wide outcomes rather than narrowly defined returns (Mazzucato and Kühn von Burgsdorff, 2025).



**Implementation** depends on the active development of dynamic capabilities within public institutions. Technical assistance should be directed towards building the organisational capabilities needed to design, coordinate, and govern cross-sectoral water investment portfolios, supporting the development of interministerial coordination mechanisms and adaptive monitoring systems. The CPIA needs to reward the strategic coordination and adaptive management capacities that water mission delivery requires.

**Country ownership** is a foundational condition. Water systems are inherently context-specific and a compact effective in one setting cannot simply be transferred to another. SCD must support the identification of mission priorities emerging from domestic deliberation rather than defining them through external analytical frameworks. CPFs should align financing with these nationally defined priorities rather than applying standardised templates. Compacts and country platforms must be the outcome of co-designed processes involving government, firms, workers, and civil society, shaping both objectives and delivery pathways.

These five dimensions define what a mission-oriented water compact would require: cross-sectoral investment portfolios organised through reformed SCDs and CPFs; public finance anchored through a restructured DSF and reoriented DPF; reciprocal conditionality embedded in IFC, MIGA, and blended finance instruments; governance institutions assessed and built for dynamic capabilities rather than market-enabling compliance; and nationally led design processes that reflect the context in which delivery must occur.

## 5. Conclusion

The World Bank is at an inflection point. Its major initiatives around electrification, water and health are adopting the language of missions. Its recent industrial policy report acknowledges that the framework it promoted for three decades has not delivered sustained industrialisation or inclusive growth and recognised that industrial policies were implemented by countries seen as development success stories (Fernandes and Reed, 2026; Gill, 2026). An additional step is needed for the Bank to complete its evolution into an institution fit for addressing current challenges: revisiting and updating the economic foundations that shaped its past advice.

Mission-oriented development and industrial strategy are best understood as interdependent. Industrial strategy provides the means for delivering on missions: directing investment, building capabilities, and aligning actors across sectors and time horizons. Missions provide the direction, defining the objectives around which these processes are organised. When embedded in outcomes-oriented industrial policy tools — from loans to procurement — missions can catalyse the investment and innovation that ultimately drive growth, job creation, and development outcomes.

In terms of the World Bank's Mission initiatives, this paper identifies a gap between ambition and delivery. While mission-oriented objectives are increasingly articulated, the instruments through which they are pursued continue to reflect a model centred on sectoral programming, private capital mobilisation, and market-enabling governance.

Yet, missions can still offer a way forward. Mission 300 and Mission Water provide concrete settings in which the Bank can learn to work differently — coordinating across sectors, providing direction, and stimulating innovation and directed growth. Getting this right matters beyond energy and water: the same principles underpin what it would take to deliver on pandemic preparedness, universal health access, or any of the complex challenges the Bank's mission agenda aims to address (World Health Organization, 2023).

The Bank's current trajectory creates an opportunity to revisit the economic assumptions that guide operational practice – recognising the importance of market shaping, state capacity, public investment, and directed finance. Whether this opportunity is realised will depend on the extent to which the Bank translates its mission ambition into an institutional architecture aligned with what market shaping and mission-oriented development demand.



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