2018 Annual Report

Nordic-Baltic Office World Bank Group

Highlights from Financial Year 2018
July 1, 2017- June 30, 2018

Foreword

2018 proved to be a very successful year for the World Bank Group (WBG). In a global environment of dwindling support for multilateralism, the WBG shareholders came together and agreed to the largest capital increase ever. The agreement on the "Sustainable Financing for Sustainable Development" package represents a carefully crafted balanced compromise where developed and developing countries alike contribute to enhancing the financial power of the WBG and set the WBG on a pathway to contribute substantially to delivering the 2030 agenda of growth and poverty reduction through private sector solutions, combatting climate change and addressing fragility and inequality, including gender inequality.

This achievement underscores the trust and global support the WBG group enjoys from client countries across all income spectra and from developed countries. The capital increase for the IBRD was primarily driven by the middle-income countries, including China, India, Indonesia and the large Latin American countries, which are also going to be the largest contributors through paid-in capital and loan proceeds. Additionally, the capital increase for the IFC (International Finance Corporation) was also strongly supported by the low-income countries, as they strive to see enhanced private sector investments in their countries. The Nordic-Baltic Constituency (NBC) contributed to the consensus by helping to balance many different interests to find workable ways forward, while at the same time ensuring that our policy objectives and priorities were well reflected in the final package.

FY18 was not all about the capital increases. The WBG also ramped up its efforts in fragile states with better analyses of risks and stronger emphasis on prevention and building resilience. The new instruments under the IDA18 –Crisis Response Window, Refugee Window and Private Sector Window got off to a good start and proved their validity and relevance. Maximizing Financing for Development – where the WB supports policy reforms and institution building and IFC then helps bring in the private sector – was deployed in a convincing fashion, with large investments in sectors such as renewable energy. The WBG also took steps to become a preferred partner for developing countries, as these countries grapple with their responses to technological disruption and what that means for future growth prospects. This annual report will provide you with insights into these areas.

Finally, I want to thank all colleagues in the Nordic-Baltic Office and Capitals for the great team-work and collaboration, not least in the context of reaching an agreement of the capital package.

Susan Ulbæk
Executive Director
Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, Sweden

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Abbreviations

ASA	Advisory Services and Analytics
BETF	Bank Executed Trust Funds
CPF	Country Partnership Framework
DRM	Domestic Resource Mobilization
ESF	Environmental and Social Framework
ESS	Environmental and Social Standards
FCS	Fragile and Conflictive States
FCV	Fragility, Conflict and Violence
FIF	Financial Intermediary Fund
FY	Fiscal Year
GBV/ SEA	Gender Based Violence and Sexual Exploitation and Abuse
GCRP	Global Crisis Response Platform
GPSA	Global Partnership for Social Accountability GPSA
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFC	International Finance Corporation
IFFs	Illicit Financial Flows
IG&A	Institutional, Governance and Administrative Unit
LMIC	Low Middle Income Countries
MFD	Maximizing Financing for Development
MDBs	Multilateral Development Banks
MFD	Maximizing Financing for Development
MIGA	Multilateral Investment Guarantee Agency
NB	Nordic-Baltic
NBC	Nordic-Baltic Constituency
NBO	Nordic-Baltic Office
NDC	Nationally Determined Contributions
NTF	Nordic Trust Fund
OECD	Organization for Economic Co-operation and Development
OFCs	Offshore Financial Centers
PCT	Platform for Collaboration on Tax
SDGs	Sustainable Development Goals
UN	United Nations
USD	United States Dollar
We-Fi	Women Entrepreneurs Finance Initiative
WB	World Bank (IBRD/IDA)
WBG	World Bank Group (IBRD/IDA, IFC, MIGA, ICSID)
WDR	World Development Report

Highlights of FY18

The Capital Increase

With the agreement at the 2018 Spring Meetings on a policy and capital package for IBRD (International Bank for Reconstruction and Development) and IFC, the WBG is well placed to make a substantial contribution to the achievement of the 2030 development agenda. The agreement on the largest ever capital increase for IBRD and IFC, as well as the replenishment of IDA (International Development Association) in late 2016, make it possible for the WBG to invest and mobilize private capital to the tune of USD 100 bn a year in the coming decade for the benefit of development.

The capital-policy package, "Sustainable Financing for Sustainable Development" is based on the strategy set out in the Forward Look adopted by Governors at the Annual Meeting in 2016. The Forward Look underscored the importance of the WBG for all clients, where the WBG presents a diversified and tailored response to each client; maximizing financing for development through the mobilization of private capital and private sector solutions; leading on global issues such as climate, fragility, migration and forced displacement; and improving the WBG business model to be faster, more agile, client responsive and efficient.

The capital package for IBRD is a balanced package with contributions from all shareholders and efficiency gains from the WB (World Bank). The developing countries will contribute about 45 percent of the paid-in capital of USD 7.5 bn; in addition, the IBRD borrowers will contribute through a boost in loan pricing for all IBRD clients, but with waivers for recently graduated IDA-countries, as well as small states. The WB itself will contribute through continued WBG expenditure reviews to drive down costs and a lower trajectory for salary increases; as well as continued balance sheet optimization and active portfolio management. The financial package for IFC includes a USD 5.5 bn paid-in capital increase, where the developing countries are expected to contribute close to 50 percent; as well as elimination of IDA-transfers from IFC and balance sheet optimization and active portfolio management.

Figure 1: Summary of IBRD and IFC Financing Package Proposal

	US$13B Paid-In Capital Increase	Income Transfers	Budget	B/S Optimization	Loan Pricing
IBRD	US$7.5B paid-in	Continued IBRD transfers to IDA approved annually by the IBRD's Board of Governors based upon evaluation of IBRD's annual results and considering reserve retention needs.	Maintain Expenditure Review (ER) savings Further economy of scale and efficiency savings by FY30 Compensation – contain salary growth	Continue Active Portfolio Management Continue to explore innovative balance sheet optimization measures	Introduce a standard set of maturity premium increase adapted to the specific circumstances of different income groups.
IFC	US$5.5B paid-in	Eliminate IDA transfers Continue with Income designations to Creating Markets Advisory Window and other advisory services according to formula agreed in November 2016	Maintain Expenditure Review (ER) savings Further economy of scale and efficiency savings by FY30 Compensation – contain salary growth	Continue an active mobilization strategy to conserve capital Maintain a balanced portfolio Continue an active portfolio management approach including equity sales	Maintain a risk and market based approach to pricing Maintain minimum hurdles for return on capital per type of investment product

The capital package was accompanied by a policy package that in greater detail sets out the strategic commitments by the WBG already agreed upon in the Forward Look. Some highlights in which the NBC played a leading role include: 1) Over time a shift in resources towards low middle income countries (LMICs), including prioritization of support for IDA graduates; and from IFC a commitment to increase IFC investments in IDA and FCV (Fragility, Conflict and Violence) countries to 40 percent by the end of FY30; 2) WBG Country Partnership Frameworks for countries above the graduation threshold to discuss a trajectory towards graduation without questioning the voluntary nature of graduation; 3) strengthened risk analysis and improved crisis prevention and response; 4) Scaling up IBRD climate co-benefits to reach 30 percent in 2020-2023 and IFC climate co-benefits to reach 35 percent in 2030, in expectation that more climate investments will be ready for private sector solutions; 5) designing and implementing gender interventions that meaningfully narrow the gender gap to increase from 42 to 55 percent of all projects by 2023; 6) leveraging WBG knowledge and convening role; 7) further development of the WBG approach to creating markets – Maximizing Financing for Development - and increasing private sector mobilization from both the IBRD and IFC; and 8) strengthening financial sustainability by establishing a Sustainable Annual Lending Limit in order to ensure that lending is automatically aligned to the long term sustainability of the lending capacity. A full overview of the policy commitments is included in Annex I.

In addition, shareholders at the Spring Meetings agreed to a shareholding review, based on the dynamic formula agreed in 2016 which stipulates that shareholding is based on the economic weight in the global economy (80 percent) and contributions to IDA (20 percent). The shareholding review led to a slight increase in the shareholding of the developing countries to 47.xx of the votes.

The negotiations of the capital-policy package and shareholding was a lengthy and drawn out process, involving more than 100 engagements by the Board before a deal was finally reached in the Spring of 2018. The change of administration by the largest shareholder, US, led to a delay in the negotiations by six months. Most of the discussions centered around the balance of financial aspects of the package, where the borrowers found that measures already agreed upon in 2014 to ramp up loan pricing made it difficult to do more in this area, without hampering the competitiveness of the Bank. The borrowers were also skeptical about continued transfers to IDA from IBRD and IFC. In the end, solutions were found that implied small price increases centered on longer maturities for the richer borrowers and a compromise with regard to IDA transfers, as developed countries and IDA countries accepted an elimination of IDA-transfers from IFC, in exchange for a commitment to seriously increase IFC investments in IDA-countries.

Regarding the policy aspects, the most difficult discussions regarded ensuring sufficient funding for IDA graduates and LMICs, as well as graduation of countries as they grow richer. Some donor countries wanted to set specific targets for LMICs' annual share of commitments and a much more aggressive graduation policy towards UMICs, questioning the existing principle of voluntary graduation. A compromise was found that acknowledged the importance of sufficient funding for IDA graduates when they become IBRD-borrowers. With regard to graduation, it was agreed that graduation and building the foundation for graduation would be an integral part of the Country Partnership Framework process. Discussions on climate centered on how large a share of Bank operations should be reserved for climate, in light of the many other demands by developing countries, including for human development. As a result, it was agreed to have a goal for commitments in 2023 and to then come back to the issue at that time.

NBC worked to reach a balanced consensus, but also one that would ensure more resources for low-income countries through IFC and for LMICs through both IBRD and IFC. NBC also played a strong role in getting the policy package defined and negotiated, including through European coordination in the WBG and by reaching out and balancing views across shareholders.

Financial Highlights

Total commitment in FY18 from the WBG amounted to USD 75.6 bn, including core mobilization from the IFC. This was an increase of about USD 9 bn, compared to FY17. The increase was driven by a strong increase in IDA, as implementation of the IDA18 commenced. IFC also increased its commitment by including core mobilization with some USD 4 bn IBRD stayed flat and was on a lower trajectory, due to the uncertainty about reaching an agreement on the capital package. As soon as the agreement was secured, operations picked up.

The largest increase in commitments were for Africa, as IDA increased its allocation by more than 50 percent to the region. South Asia also experienced a nearly doubling of IDA. East Asia saw a sharp drop in lending from IDA, as countries graduate out of IDA, as well as a drop-in lending from IBRD as IBRD countries rely more on advisory services, compared to lending, as is the case for China. Lending for the remaining regions remained about flat.

Education and health received the largest increases in lending, both in IBRD and IDA countries. This increase reflects the strengthened emphasis the WBG is attaching to human development, as a prerequisite for growth and effective participation in tomorrow's economic development. The strong increase in support for education is also likely linked to the awareness created by last years' World Development Report on the need to enhance the quality of education. Other areas that have seen great increases in support are agriculture in IBRD countries and support for public sector reforms and energy in IDA-countries. See also Annex C and D.

The financial results of FY18 were again very good. IBRD saw an increase in the allocable income of 45 percent, compared to last year – amounting to USD 1.16 bn and driven mainly by the increased loan income, due to the large outstanding portfolio and pricing measures agreed to in 2014, as well as a reduction in budget spending. In total, IBRD will be able to add USD 913 mn to its reserves after transferring to IDA USD 248 mn Also, IFC had a productive year with high activity, but saw a small decrease in business revenues as treasury income fell significantly and administrative expenses grew slightly. IFC's allocable income came to USD1.3 bn Based on previous agreements on a sliding scale formula for IDA transfers for IDA18, there will be a transfer of USD 115 mn to IDA, as well as designations for advisory services to the tune of USD 115 mn, leaving IFC to be able to increase its reserves with USD 1.088 bn (Annex D).

During FY18, IDA made the first issuance of bonds in international capital markets to boost lending to IDA countries, as part of the IDA18 agreement. The issuance was more than 3 times oversubscribed, as investors showed strong interest in buying IDA bonds, even though lending is for the poorest countries. It bodes well for using IDA – the single largest capital fund in any MDB (Multilateral Development Banks), to leverage funding from capital markets.

Nordic-Baltic Priority Areas

Sustainable Growth and Jobs

Sustainable growth and jobs are the most important contributors to reducing poverty and enhancing shared prosperity. Contributing to growth and jobs continue to be the main focus of the WBG's global analytical work, as it seeks to address challenges related to changing patterns of globalization, rapid technological change, population growth and over exploitation of natural resources. Helping countries to identify their possible growth paths are also at the center of client focused work, e.g. the Country Partnership Framework process that forms the basis for WBG interventions.

Globalization and manufacturing have over the past decades played a large role in bringing about huge gains in poverty reduction, not least in Asia. However, fast paced technological change and changes to globalization patterns mean that this growth path is less viable going forward. The WBG has over the past year sought to provide the analyses and contribute to the debate about how countries should react to these changing trends and what policies must be put in place to adapt and possibly reap the benefits of new developments. On the whole, the WB in this analytical work presents a less gloomy outlook for most developing countries, pointing to the many positive attributes from technological changes as such changes also bring opportunities for creating new jobs and increased productivity, including in the informal sector, and delivering more social services more effectively.

At the same time, the WB also makes it clear that to reap the potential benefits of technological change, countries must step up their efforts to ensure good and sound policies that underpin competitive private sector development, good infrastructure linking countries to global markets – virtual or real, well-educated and skilled populations and social protection systems to manage transitions. Two fundamental challenges stand out for which countries must prepare: the shift in skills mix required to succeed in the labor market and the shift in production patterns and the rise of the platform economy, which carries the risk of concentrating activities in a few very large companies curtailing competitiveness and opportunities for taxation.

The debate about the future of jobs has renewed the focus on human development, as countries with healthy and well-educated work forces stand a better chance of participating in the new economy. This makes investing in human development a high priority. To get to the skills necessary for thriving in the new economy – creativity, adaptability and advanced cognitive skills – investments must be made from early childhood through the full life span of a person. Research shows that many developing countries underinvest in the early childhood years, making it very difficult to catch up later.

At the Annual Meeting in October 2017, the President of the World Bank announced the Human Capital project. One important feature of this project is the human capital index, which will provide a measurement of where countries are with regard to their human development, based on indicators related to health and learning. The intention is to contribute to a debate in countries to ensure a push for larger and more effective investments in human development going forward.

Ahead of the Annual Meetings in 2018, the WB will launch its World Development Report (WDR) 2019, "The Changing Nature of Work." The WDR19 captures much of this debate and suggests ways for countries to prepare for the new economy.

The NBC has contributed to this debate and the analytical work going into this debate in two ways. Firstly, by stressing the importance of the WB in analyzing and addressing the impact of changes in low-income countries on the poor and women. The high degree of self-employment and informality in most developing countries' labor markets, make these markets less vulnerable to change, but also hinders productivity development and income development. Secondly, by providing Nordic-Baltic experiences with regard to human development, lifelong learning, flexicurity, and labor market regulation, as some of these experiences may be useful for Middle Income Countries as they seek to develop their response to the changing environment. In addition, NBC is keen to see that the international debate on taxation leads to tangible results, in order for countries to be able to raise the revenues necessary to invest in human development and social protection.

Climate

The World Bank Group has over the past year ramped up climate investments with a very strong outcome. By the end of FY18, climate co-benefits in investments reached 32 percent – up from 22 percent in 2017 and exceeding the target of 28 percent expected to be reached in 2020. Climate co-benefits are now more diversified across the portfolio, with both mitigation and adaptation co-benefits picking up. This is a result that just a few months earlier in the context of the capital discussions was seen as impossible to reach in the near future.

The large increase in climate co-benefits in FY18 derives from a combination of factors, most importantly from an increased client demand, based on stronger risk assessments related to the impact from climate change. Another factor has been that of more strategic programming and greater attention to climate related issues in project design across sectors. Strong attention to climate related risks are now included in all Systematic Country Diagnostics and Country Partnership Frameworks are increasingly designed to help client countries implement their Nationally Determined Contributions (NDC). Efforts are made to help clients integrate climate adaptation and mitigation risks and actions into core economic and financial planning. In line with the Paris Action Plan, the WB is helping clients design the next generation of NDCs. Climate-related policy triggers are also increasingly incorporated into policy lending e.g. targets for reductions in energy subsidies.

The WB continues to provide analytical leadership in key areas for progressing on the climate change agenda. This includes work on carbon pricing needed to deliver the Paris goals and helping to create and connect carbon markets through support for climate finance solutions; helping clients develop regulatory frameworks; and building capacity and market infrastructure. It also includes analytics related to the impact on migration from climate change; support for fiscal frameworks that factor in climate risks, etc.

Through approaches such as Maximizing Financing for Development (MFD), the WBG continues to leverage resources to finance climate action, by crowding in the private sector and supporting policies and institutions that can enable transformational private sector financed solutions. This is reflected in a number of large renewable energy projects, approved during 2018. The WBG's capacity to combine policy reforms by IBRD/IDA with financing from IFC and various other sources, including syndication of local and DFI financing and de-risking products form MIGA (Multilateral Investment Guarantee Agency), has proved to be a successful model for investments in renewables. IFC's continued work on country sector analysis is expected to further leverage on MFD and produce a pipeline of renewable projects, reflecting the needs of each country.

To unlock private finance to deal with climate risks, the WB is developing risk financing instruments with programs such as the Disaster Risk Financing and Insurance Program, offering countries financial protection in the event of a natural disaster. The successful launch of the world's largest green bond fund by IFC in March 2018 indicated the market's strong appetite for green bonds and the WBG is helping to further expand the green bond market by providing standards and capacity building and helping clients with issuing their own bonds.

At the Paris Summit in December 2017, the WBG committed to refraining from financing up-stream oil and gas projects, after 2019. Simultaneously, the WBG committed to increase transparency and disclose greenhouse gas emissions on investment projects and apply a shadow price on carbon in all project-related economic analysis for IBRD/IDA engagements. The implementation of these commitments is still underway. The WBG will announce post-2020 climate actions and targets at COP24 in Poland, in December 2018.

The WB is scaling up investments in renewable energy with renewable energy constituting close to 100 percent of all energy generation investments. Low prices on solar generated energy allows for stronger private sector engagement, where the WBG increasingly serves as an enabler rather than a financier. All agricultural projects are climate screened and made climate smart, whilst the same goes for 80 percent of all water projects.

The NBC continue to support the WBGs efforts in the climate area. In particular, we support efforts to enable the private sector to invest in climate friendly solutions, whether in energy, transport or other sectors, including though sector policy reforms that provide the regulatory environment for private sector-based solutions. In this context, we continuously stress the importance that a strong climate analysis be included in project documentation. We find it important for the WBG continue to develop ways that climate risks are better integrated in economic modeling, both at the global and national levels, to help clients in their planning efforts also in the medium to longer term. We also wish to see stronger commitment to support adaptation and resilience in IDA countries. Finally, as the WBG is now showing strong results in committing funding for climate change action, we find that the time has come to shift focus towards outcome-oriented targets.

Gender

The World Bank is now two years into implementation of its 2016-2023 Gender Strategy and implementation of all four pillars of the strategy is progressing well.

Women's economic empowerment remains centrally placed in the Bank engagement on Gender. In the past year, focus has been on occupational sex segregation/breaking down barriers into male dominated professions, as well as addressing childcare and care for the elderly. An IFC flagship event on tackling childcare, as a key impediment to women's labor force participation, was held at the 2017 Annual Meetings.

The Annual Meetings 2017 also saw the launch of the Women's Entrepreneurship Finance Initiative (We-Fi). After having been announced at the G20 Leaders' Summit in July 2017, the We-Fi was established and operationalized in record time. It now has 14 contributing donors and the first round of grants was approved in April 2018. The establishment of We-Fi builds on a wealth of knowledge and evidence, generated by the Gender Innovation Labs. It is a good example of how the Bank tests ideas and utilizes the evidence generated to scale successful concepts.

With its June 2017 report on the economic impacts of child marriage, the Bank in collaboration with Bill & Melinda Gates Foundation, Children's Investment Fund Foundation, Global Partnership for Education and the International Center for Research on Women, contributed to the evidence on benefits of ending child early and forced marriage. The report costed child marriage, noting that child marriage would cost developing countries trillions of dollars by 2030. On the other hand, ending child marriage would positively impact girls' educational attainment, women's expected earnings, under five-mortality and lead to lower population growth.

In May 2018, the Bank issued the first note in a series on costing of gender inequality, focusing on losses in national wealth, due to gender inequality in earnings. The note estimated a global loss in human capital wealth of more than US$ 160tn dollars. Subsequent reports in the series will focus on 1) Fertility and population growth; 2) Health and nutrition; 3) Child marriage and educational attainment; and 4) Agency, including decision-making and the risk of gender-based violence.

During the IBRD/IFC Capital Increase negotiations, NBC managed to elevate the ambition level for gender tagged projects from the current target of 42 percent to 55 percent by 2023, coinciding with the gender strategy. This means that 55 percent of all projects in 2023 will go through a gender analysis to identify gender gaps, that must then be addressed in the operation and monitored and reported on as reductions in the identified gap.

Efforts to address gender-based violence and sexual exploitation and abuse (GBV/SEA) have remained prominent during the past year, especially in the FCV context. WBG staff are being trained on how to identify risks, factor in prevention and put in place mechanisms to handle GBV/SEA when it occurs. NBC has kept a keen eye on these aspects in projects, at times challenging the Bank to ensure that these matters are sufficiently addressed in the project design.

On the internal HR side, the Bank has continued its efforts to improve gender equality across the World Bank Group, at all levels. Likewise, the Bank has an enhanced focus on supplier diversity in WBG procurement, with a target of increasing procurement from women owned companies, from the current 3 percent to 7 percent, by 2023. Mandatory e-learning on sexual harassment has been rolled out and reporting mechanisms are in the process of being improved. In addition, all units within the Bank are being offered facilitated training on establishing a conducive work environment. The Bank also has made significant efforts to address sexual harassment internally in the Bank, by ramping up internal procedures to prevent such behavior and to address perpetrators and victims when harassment does take place.

Fragile States

Preventing and addressing Fragility, Conflict and Violence and Forced Displacement remains a key priority for the WBG, as 50 percent of the world's poor are expected to live in countries affected by fragility and conflict by 2030. The WBG is increasingly taking a more holistic approach to FCVs, addressing the full spectrum of situations, from prevention and crisis response to transition and recovery. This also implies sustained engagement, even in active conflict situations. The WBG also played a key role in pressing forward the new ways of working to bridge the gap between humanitarian relief and development efforts; in particular, in the context of long-term protracted crises and famine in parts of Africa and Yemen.

To strengthen efforts to manage multidimensional risk and strategically prevent and address crises, the WBG in 2018 launched the Global Crisis Risk Platform (GCRP). This is an update of the Crisis Response Platform from 2016 which has been developed to ensure a stronger focus on prevention and preparedness, in line with the UN/WBG Pathways to Peace document. The GCRP has five focus areas: 1) Integrated crisis risk monitoring and analyses; 2) Strategic programming to mitigate crisis risk; 3) Crisis risk management financing; 4) Operationalization and delivery; and 5) Internal organization. Hence, the platform is a tool for internal coordination and knowledge sharing to strategically prevent and address crises. It will ensure fast response and can hopefully contribute to preventing crisis, including through early reprogramming of existing Bank operations. In addition to enhancing internal WBG collaboration, it would also allow the WBG to be more effective in its dealings with other partners, including the UN, bilaterals, and NGOs.

The significant increase in funding to FCV in IDA18 (US$ 14 bn a doubling compared to IDA17), the Crisis Response Window and the Refugee Window, which were all strongly supported by the Nordic-Baltic countries, are clear signals of the development partners' and the WBG's strong commitment to implement the FCV strategy and strengthen the engagement in fragile situations. These new instruments got off to a good start. The refugee window has been used to address the situation of refugees and their host communities e.g. in Uganda and Cameroon, focusing on strengthening social service delivery and in Bangladesh, to support the Rohingya refugees. Of the USD 2.5 bn set aside in the Private Sector Window, USD 185 mn has been committed, unlocking USD 600 mn in IFC and MIGA finance and guarantees, as well as USD 800 mn from other private sources.

The IFC is scaling up in FCVs, something also the IDA18 Private-Sector Window has incentivized. Notably, IFC's attention to refugees is increasing, looking into particular Private Sector Solutions for Refugees and Host Communities. Over the past years, IFC has been engaged with refugee communities and host communities to provide job opportunities and livelihood, in close collaboration with the Bank and other actors. Engagements include microfinance, vocational training, investment in agribusiness and improving working conditions for refugees. One outstanding issue is lack of access to blended finance for this particular type of activity which is often riskier and requires more planning. IFC is developing a new USD 40 bn blend facility for Refugees in the MENA-region. Collaboration between IFC and UNRWA could also potentially lead to a scale up of private sector initiatives vis-à-vis the Palestinian Refugees. In Kenya, the IFC recently published a study on the Kakuma refugee camp as a marketplace, identifying it as a market of significant size, with diverse opportunities both for refugees and the host communities. This sort of study is instrumental when considering the need to move beyond humanitarian financing, as displaced people remain displaced for protracted periods of time, often for generations.

While the WBG is not and should not be a humanitarian actor, its strong development background, convening power and considerable analytical and innovative capacity as well as financing capacity, including flexible crisis financing instruments, make the WBG an essential player in any crisis. The Nordic-Baltic Constituency would like to see the WB play a role in crisis situations, while at the same time pointing to the importance of complementing the UN Humanitarian organizations. The WBG should play a more proactive role in prevention of crises, including though better analysis of big data to foresee e.g. famine, establishment of social safety nets and development of insurance schemes. The NBC has long emphasized the need to strengthen partnership with the United Nations (UN) in general, specifically in FCVs. The UN-WB Partnership Framework and the Humanitarian-Development-Peace Initiative (HDPI) ensure closer collaboration and new ways of working together between the UN and the WBG in FCV to build resilience and tackle fragility and forced displacement.

The NBC will continue to support and closely monitor the FCV agenda and the WBG's delivery on its FCV commitments. An important part of this is to ensure that the WBG has the right instruments and procedures for acting rapidly and flexibly, as is required to be successful in changing environments. Furthermore, it is crucial to ensure there are enough staff with the right competences on the ground in fragile situations.

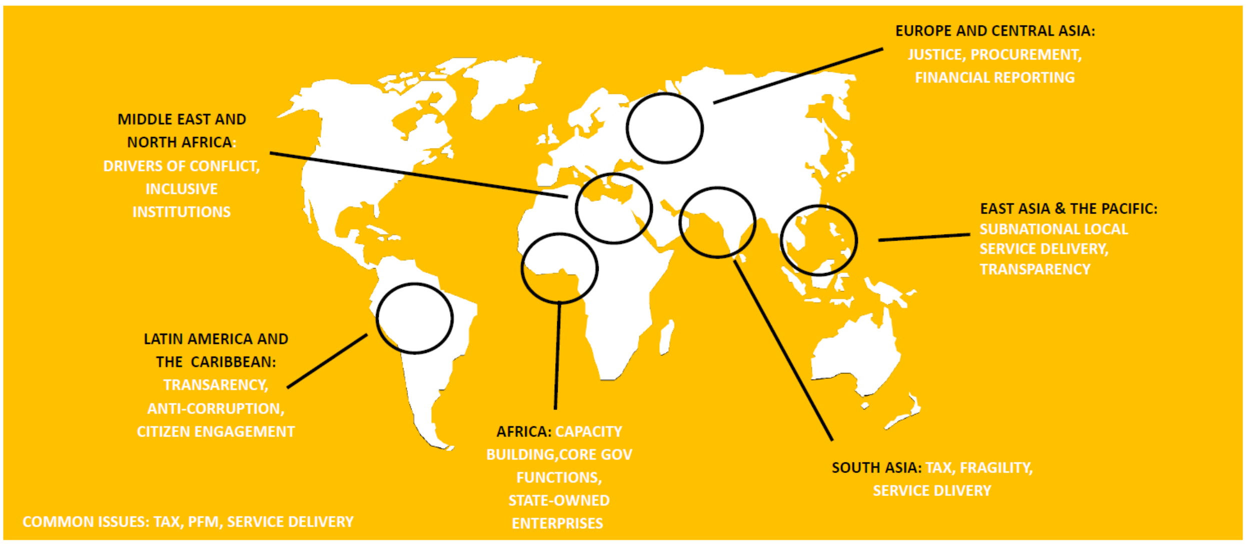
Governance, Domestic Resource Mobilization and Illicit Financial Flows

Good governance and strong accountable institutions ensuring effective service delivery, domestic resource mobilization (DRM) as well as curbing illicit financial flows (IFFs) have key roles to play in contributing to the Sustainable Development Goals (SDGs) and the WBG's twin goals of reducing poverty and boosting shared prosperity.

<u>Governance</u>: Governance and building institutions have been a long-standing core component of WBG work. Under IDA18, it formed the basis for a special theme covering DRM, IFFs and demand-side governance, including citizen engagement and the open government received special attention. Governance issues have increasingly taken a front seat in CPFs (Country Partnership Framework), also in response to the recent World Development Report on Governance. During FY18, more attention was given to more intensive uses of technology and e-governance in bringing about better governance. Going

forward, the WBG will continue to tailor its support to governance issues each region faces (Figure 1). In Africa, governance support is responding to demands for capacity building, the restoration of core governance functions after conflict, anticorruption and openness and transparency. In East Asia and the Pacific, governance support is working to reduce government fragmentation, to support better service delivery at all levels and strengthening systems of accountability and transparency. In Eastern Europe and Central Asia, governance support is promoting strengthening transparency and oversight and reforms to help build a public-private interface. In Latin America and the Caribbean, governance support is responding to increasing demands for transparency and accountability through "second generation" governance reforms. In the Middle East and North Africa, governance support is responding to drivers of conflict and building inclusive institutions. In South Asia, governance programs are responding to issues of service delivery in decentralized settings, transparency and fragility.

Figure 2: The WBG support to the governance demands in each region FY18



Source: WBG, the Governance Global Practice

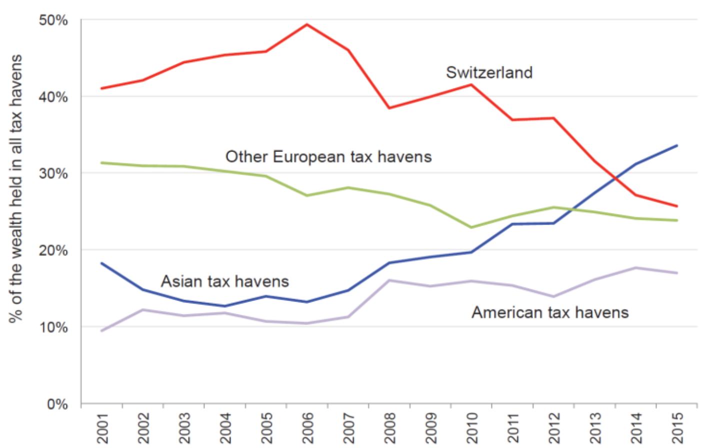
Domestic Resource Mobilization: The World Bank tax engagements aim to support countries to strengthen tax systems by facilitating the design and implementation of evidence-based tax capacity development and policy reforms. The WB has identified three primary DRM goals, focused on both client country engagements and the international dialogue on tax: 1) Establish mutually recognized roles of International Organizations for more effective delivery for clients; 2) Strengthen the legitimacy of the international tax system; and 3) Help to support countries achieve a minimum tax revenue of 15 percent of GDP, with a focus on the poorest countries below the threshold. In FY18, The World Bank's DRM activities spanned 113 countries, across all regions, including advisory services and lending operations. Advisory Services and Analytics (ASA) products are being delivered in 93 countries and lending in 59, with planned lending in an additional 20 countries. Combined lending and ASA activities are ongoing in 41 countries. In FY18, 27 new DRM operations amounting to US$493.7 mn were approved. Africa and East Asia & Pacific account for more than 70 percent of this amount.

In February 2018, a three-day conference titled "Taxation and the SDGs" was organized by the Platform for Collaboration on Tax (PCT). The PCT brings together the International Monetary Fund (IMF), the Organization for Economic Co-operation and Development (OECD), the United Nations (UN) and the World Bank Group (WBG), who have each worked for many decades to support their member countries to effectively mobilize tax revenues from the most economically advanced to the poorest. The PCT secretariat is based in The World Bank Global Tax Team. At the conference, the Nordic-Baltic Office

(NBO) joined the WBG, UN, IMF, OECD amongst other development partners, in underlining the importance of tax systems to generate domestic resources needed to meet the SDGs and promote inclusive economic growth and ending poverty. But that the focus on taxation had to come with equal attention to effective spending of tax proceeds. The conference drew more than 450 participants from 106 countries, including ministers and deputy ministers of finance, tax authorities, and senior representatives from civil society, private sector, academia, regional and global organizations.

Tax Havens and Implications for Global Inequality: The NBO organized a discussion about tax havens, with Executive Directors inviting as a guest speaker Gabriel Zucman, Berkeley University. Zucman has developed what is now seen as the gold standard for quantifying the volume of the world's wealth held in tax heavens. Based on his research, he suggests that at least US$7.6tn., equivalent to 8% of the global financial assets of households, are kept outside the reach of national tax administrations (see Figure 3). The discussion at the WBG focused on how we can make globalization and tax justice compatible. The discussion provided additional evidence as to the importance of revising the WBG Offshore Financial Centers (OFC) policy to promote DRM by fair and equitable tax systems and IFF, by using internationally agreed standards as a basis for use of Off Shore Financial Centers as intermediary jurisdictions for operations; while at the same time, ensuring that IBRD works with OFCs to attain implementation and compliance.

Figure 3: Where is the world's offshore wealth?



Source: Gabriele Zucman. Note: this figure plots the share of global offshore wealth managed in Switzerland, in the European offshore centers (Cyprus, Guernsey, Jersey, Isle of Man, Luxembourg, Austria, Belgium, and the United Kingdom), in the Asian offshore centers (defined as Hong Kong, Singapore, Macao, Malaysia, Bahrain, as well as the Bahamas, Bermuda, and the Netherland Antilles), and in the American offshore centers (defined as the Cayman Islands, Panama, and the United States).

Anti-Corruption: Corruption discourages investment, leads to mistrust of institutions and harms the poor the most. The poor pay a higher share of their income in bribes and are most likely to be deterred from using services. The WB has continued an extensive program of activities to confront corruption, deploying its convening power, global reach and technical expertise. Its work emphasizes the critical role of transparency in addressing corruption and the transformative power of technology to generate, exchange, and analyze information. The Vice Presidency for Integrity works to investigate allegation of corruption in WBG projects and to help prevent corruption. One large achievement has been cross debarment of companies engaging in corrupt practices across the Multilateral Development Banks, which is expected to further dissuade companies from engaging in such fraudulence.

Open Government and Citizen Engagement: A key objective is to catalyze larger, multiyear support for open governance reforms. Activities include access to information, asset disclosure, citizen engagement, fiscal transparency, open contracting, open data, participatory budgeting, service delivery and social accountability. The Global Partnership for Social Accountability (GPSA) portfolio of 34 projects involves more than 200 civil society organizations and thousands of volunteers in 25 countries.

Human Rights and Development Trust Fund

The WBG shares the aspiration in the Universal Declaration of Human Rights and aims to assist member countries in meeting their human rights obligations through its support to development and meeting the SDGs. The Nordic countries in 2009 established the Nordic Trust Fund (NTF), joined later by Germany to support the Bank in these efforts. The NTF has a knowledge and learning mandate which aims to ensure that the WB has an informed view about how human rights supports development in both its analytical work and operations. Integrating human rights considerations helps the WB achieve its twin goals of reducing poverty and boosting shared prosperity. The Human rights agenda of the NTF tallies closely with the Environmental and Social Framework and its focus on operational requirements such as transparency, accountability, participation, and inclusion.

In FY18 an independent external evaluation of the NTF was conducted which found that the NTF had contributed to human rights considerations increasingly informing the WB analytical and operational work thereby strengthening development outcomes. The evaluation also found growing acceptance at the Bank of aspects of the human rights agenda, but pointed to the need for coherent messaging from Bank leadership on this issue. The Evaluation concluded that the NTF can continue to play an advisory role by supporting the development of evidence of the benefits of incorporating human rights through grants, that help to influence the design of Bank loans and its approach to policy dialogue.

Work is currently ongoing to prepare the next phase of the Trust Fund, which will now be called the Human Rights and Development Trust Fund, reflecting that the NTF is no longer just a Nordic initiative, but one that the WB and many shareholders see value in.

Illicit Financial Flows (IFFs) remain a threat to many countries: To assist countries in identifying the sources of illicit money and the strengths and weaknesses of their defenses against them, the Bank developed the National Risk Assessment on Money Laundering and Terrorism Financing (NRA) tool. In FY18, 15, new country engagements delivering the NRA have been initiated (bringing the total up to over 100). A methodology to measure and analyze IFFs will be developed, using the information collected in the assessments. The Bank has also launched a new Rapid Assessment Tool targeting illicit flows and a regional risk assessment tool is being designed. In December 2017, the Global Forum on Asset Recovery was hosted at the Bank. They work to reclaim proceeds of corruption from financial centers around the world. The Bank is also helping clients strengthen their legal framework to tackle IFFs. As an example, the Bank is helping Colombia review its legislative framework and draft a comprehensive statute against illicit finance.

Maximizing Finance for Development – One World Bank Group

Developing countries have greatly raised their expectations for development with the SDGs. There is no way the SDGs can be delivered through relying on countries' domestic revenue mobilization, nor by development aid. Crowding in private capital has to be part of the solution. To this end, the WBG has been advocating for Maximizing Finance for Development, which is an approach to development finance which essentially starts by asking what it would take to ensure private sector funding. Increasingly, the WBG public and private sector arms work in tandem to unlock private capital. IBRD/IDA supports sector reforms that improve the investment climate, sets the regulatory conditions, and hence creates the environment which allows the private sector to come in with the support from IFC /MIGA. If scaled up, this approach has a lot of potential to help build the infrastructure that has in many countries been areas for public sector investments, including utilities and infrastructure.

This approach has proven impactful in different environments and sectors. A couple of examples to illustrate. Renewable energy in Egypt. Since 2014, IBRD has supported policy reforms in the energy sector including through policy loans with actions to reduce energy subsidies, as well as freeing up the market for energy prices. This helped build investor confidence in the sector, on which basis it was possible with the support from IFC and MIGA to mobilize a consortium of 9 international Banks to invest USD 650 mn for solar energy. In Afghanistan, IDA and IFC are collaborating to improve the income of raisin growers. Through IDA, farmers are supported to improve the growing and handling of raisin production. IFC is providing working capital to raisin producing plants to improve the product and make them available in export markets.

Maximizing Finance for Development requires strong collaboration across the WBG. It also requires working with governments to diagnose opportunities and prioritize these into the Country Partnership process. Working on reforms in a country can be a long-term process, but the notion that private capital may be forthcoming to finance much needed infrastructure investments can act as an additional incentive.

Given the increased stress on many countries' public resources and the looming debt crisis in several countries, the MFD approach can be part of the response to these countries' continued needs for investments in infrastructure to ensure growth and poverty reduction.

The NBC is very supportive of this initiative, while at the same time pointing to the continued need for the Bank to ensure that private sector mobilization contributes to inclusive growth and poverty reduction. Ensuring the necessary regulatory frameworks and working to implement the Environmental and Social Framework though capacity building in countries remains central.

Environmental and Social Framework

Following the Board's approval of the Environmental and Social Framework (ESF), also known as Safeguards, in August 2016, focus has been on preparing for implementation. Training staff, preparing Borrowers through capacity building, ensuring adequate resources, both in terms of budget and staffing, and strategic partnerships with development partners to ensure common approaches and learning from work already done, have been essential aspects of this preparation.

During this past year, the bulk of the efforts have been concentrated on the Guidance Notes, which provide guidance for Borrowers and staff on the application of the Environmental and Social Standards (ESS). A period of consultations ensured a lot of useful feedback from different stakeholders, including shareholders, development partners and civil society. The Guidance Notes are meant to be live documents, that are adapted throughout implementation, based on lessons learned and best practices. For the NBC, this is essential. The ESF is set to launch in October 2018.

Driving Efficiencies

The World Bank Group has achieved considerable progress on financial sustainability, after five years of flat nominal Bank budgets. This has been accomplished in an environment of higher volume of work - with IBRD and IDA operations growing by 21 percent since FY14 and despite the rising cost of doing business for any given level of lending, due to the Bank's move towards Lower Middle-income Countries and Low-income Countries. The WBG achieved its Group-wide Expenditure Review targets, set out in FY13, to strengthen its financial sustainability by increasing revenues and reducing costs by US 400 mn against a trajectory of not taking any measures to cut costs. The IBRD reached its Budget Anchor in FY18, whereas IDA will remain slightly above its anchor as revenue increases will lag cost increases in the early stage of IDA18. In FY19, both institutions are expected to cover their operating expenditures with business revenues. The IFC has remained financially sustainable, with income from lending operations covering its administrative expenses. The WBG has improved its strategic planning, performance monitoring and budgeting through a coordinated WBG W-process and strengthened resource management systems, reports and accountabilities.

A set of Business Reviews has been implemented in the Bank to evaluate spending in each Institutional, Governance and Administrative Unit (IG&A) and to identify opportunities for greater efficiency and strategic alignment. Business Reviews in FY16 and FY17 covered about half of the IG&A units and further reviews were conducted in FY18 (Corporate Secretariat, Treasury, WBG Credit Risk Office and Operations Policy and Country Services) and are planned for FY19 (Accounting and Business Services; Budget, Performance and Strategic Planning; Development Finance and Internal Justice Units). This practice follows from commitment to budget discipline, through benchmarking and ensuring continued efficiency focus and cost discipline. The Bank has put in place a peer review and governance mechanism and is making use of outside expertise and benchmarking where appropriate. Business reviews will be conducted in operational units over the coming years.

The drive for efficiencies will be a part of the Bank's normal modus operandi going forward. The Bank will revise and further develop tools to monitor both budget sustainability and efficiency, as the current budget anchors only account for the former. With a strengthened capital position, the IBRD would be able to deliver more cost-effectively due to economies of scale, with the anchor estimated to decline to 50-60 percent by FY30. With a growing balance sheet in IDA and FCS, the IFC cannot expect to maintain historical returns, as deploying resources to focus areas will come at a higher cost of doing business and with higher risk. The economies of scale stemming from a capital injection and consequent portfolio growth will, however, enhance the IFC's cost-effectiveness and support its sustainability.

Containing staff expenditure growth is of pivotal importance to maintain WBG budget sustainability in the long term and as part of the capital increase discussions, it was agreed to lower the increases in staff salaries.

External Funds have grown significantly as a source of the Bank budget funds in recent years, but this share is expected to stabilize as most of the Bank Executed Trust Funds (BETFs)that will be drawn on in FY19 have already been paid in. The Bank is currently reviewing its model to work with Trust Funds to increase efficiency by using economies of scale, introducing greater standardization and limiting customization where and when appropriate.

Trust Fund Reform

In FY17, the WBG launched a new Trust Fund (TF) Reform Process, aimed at streamlining the TF structure across the institution. The main priorities for the TF reform are:

- Achieve better strategic alignment between TFs and WBG corporate goals, with a focus on fewer, larger programs
- Improve efficiency and reduce transaction costs, e.g. through common governance, standardization of key TF features (i.e. reporting, results frameworks) and less customization
- Increase the focus on results
- On Financial Intermediary Funds (FIFs), the WBG aims to be more stringent in the choice of which FIFs to take on and impose a stricter governance of those that are taken onboard.

The NBC support the spirit of the TF reform, while recognizing the need to maintain some flexibility where stand-alone TFs might still be the only option – or the preferred option of donors. Consultations with donors are still ongoing, and the Nordic-Baltic Constituency are actively engaging in these.

Annex A: The World Bank and the Nordic-Baltic Office at a Glance

The World Bank was established in 1944 primarily to help rebuild Europe after the Second World War. Today, the WBG's mission has shifted to help reduce poverty in the developing world through economic and social development and reconstruction. The World Bank is formally one of the UN specialized agencies, entirely with its own autonomous financing and decision-making, with 189 member countries as shareholders. The World Bank Group consists of five separate organizations: IBRD and IDA provide low-interest loans, interest-free credit, and grants to developing country governments; IFC promotes private sector investment by co-investing with equity and loans to companies in developing countries as well as providing advisory services, both to companies and the public sector; MIGA provides guarantees against political risk to investors in and lenders to developing countries; and ICSID settles investment disputes between foreign investors and their host countries. [1]

The World Bank's highest decision-making body is its Board of Governors, representing member countries as government shareholders. The Governors, generally finance and development ministers from all member countries, meet once a year for an annual meeting, jointly with the IMF and twice a year at a 25-member Development Committee meeting, providing political guidance for the World Bank. The daily decision making is delegated from Governors/Ministers to 25 Executive Directors, representing one or several of the 189 shareholders in the Executive Board. The Nordic-Baltic countries are represented at the Board by one Executive Director (ED).

The ED is assisted by the Nordic-Baltic Office (NBO), where the following people worked during the time covered by the report:

Executive Director	Susan Ulbæk (Denmark)
Alternate Executive Director	Martin Põder (Estonia)
Senior Advisor	Sanne Frost Helt (Denmark)
Senior Advisor	Arto Eno (Finland)
Senior Advisor	Emil Hreggvidsson (Iceland)
Advisor	Anna Dravniece (Latvia)
Advisor	Eivile Cipkute (Lithuania)
Advisor	Marianne Krey-Jacobsen (Norway)
Advisor	Anna von Wachenfelt (Sweden)
Sr. Executive Assistant	Colleen J. Martin
Program Assistant	Veronica Marchant

The Nordic-Baltic Executive Director is the Vice Chair of the Human Resources Committee (HR) and is a member of the Committee on Development Effectiveness (CODE).

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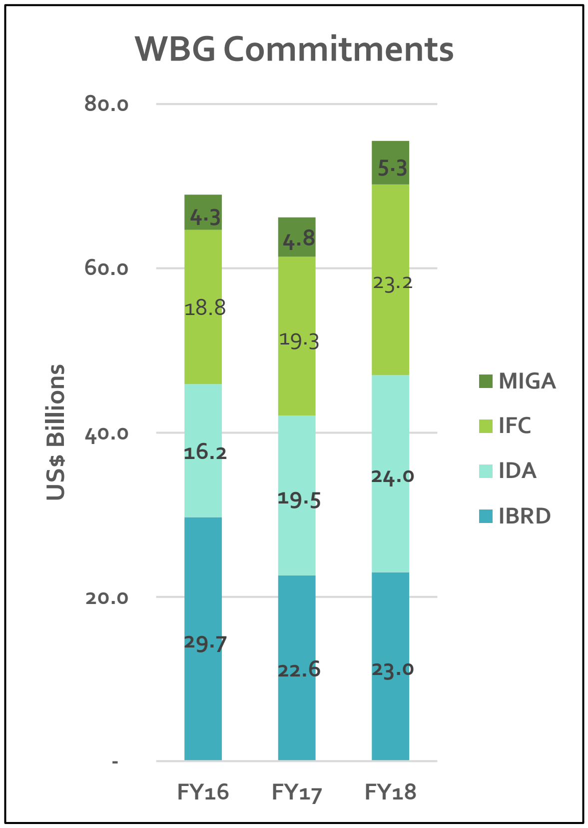
[1] The International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for Settlement of Investment Disputes (ICSID).

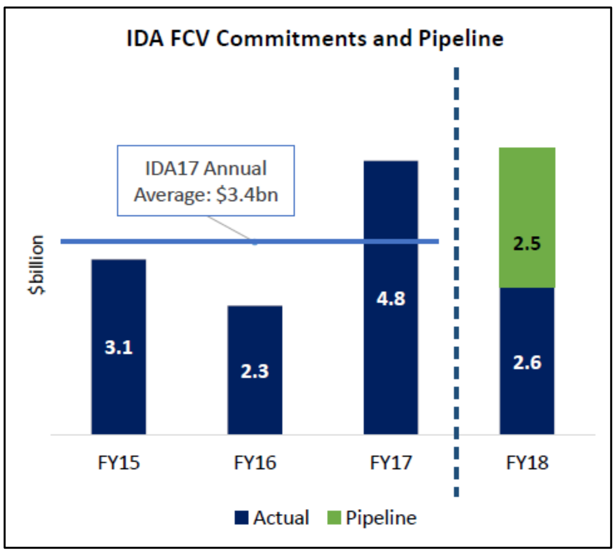
Annex B: IBRD, IDA, IFC, MIGA FY18 Facts and Figures

Annex i : The World Bank Group Commitments FY16-FY18

WBG Commitments FY16-FY18			
US$ Billions			
	FY16	**FY17**	**FY18**
IBRD	29.7	22.6	23.0
IDA	16.2	19.5	24.0
IFC	18.8	19.3	23.2
MIGA	4.3	4.8	5.3
Total	69.0	66.2	75.5

Note: IFC commitments includes funds mobilized from investment partners. MIGA values report the institution's fiscal year gross issuance.





Annex ii: The World Bank Group Regional Breakdown of Commitments

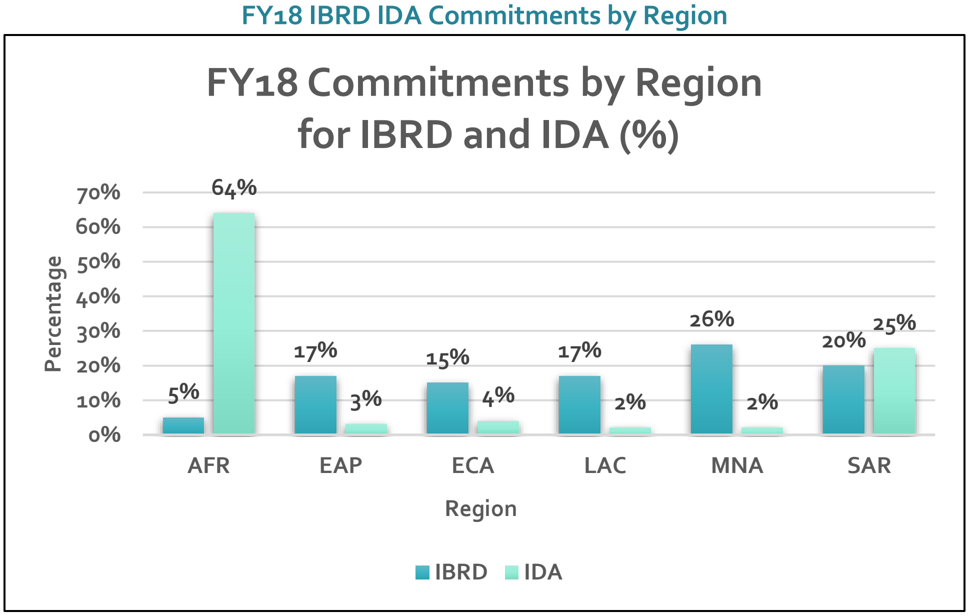
FY16-18 IBRD IDA Commitments by Region

IBRD Lending Commitments by Fiscal Year US$ millions			
Region	**FY16**	**FY17**	**FY18**
Africa	669	1,163	1,120
East Asia and Pacific	5,176	4,404	3,981
Europe and Central Asia	7,039	4,569	3,550
Latin America and the Caribbean	8,035	5,373	3,898
Middle East and North Africa	5,170	4,869	5,945
South Asia	3,640	2,233	4,508
Total	**29,729**	**22,611**	**23,002**

IDA Lending Commitments by Fiscal Year US$ millions			
Region	**FY16**	**FY17**	**FY18**
Africa	8,677	10,679	15410
East Asia and Pacific	2,324	2,703	631
Europe and Central Asia	233	739	958
Latin America and the Caribbean	183	503	428
Middle East and North Africa	31	1,011	430
South Asia	4,723	3,828	6152
Total	**16,171**	**19,463**	**24,010**

Note: FY17 IDA commitments total does not include a $50 million grant for the Pandemic Emergency Financing Facility.

FY18 IBRD IDA Commitments by Region



FY16-18 IFC Commitments by Region

IFC FY16-FY18 Long-Term Commitments By Region						
Dollar Amounts in Millions, for IFC's Own Account as of June 30, 2016						
	FY16		FY17		FY18*	
Region	**$ millions[1]**	**Percent**	**$ millions[1]**	**Percent**	**$ millions[1]**	**Percent**
Latin America and the Caribbean	$ 2,688	24.18%	$ 2,693	22.72%	$ 2,509	21.58%
East Asia and the Pacific	$ 2,307	20.75%	$ 1,738	14.66%	$ 1,940	16.89%
Sub-Saharan Africa	$ 1,398	12.58%	$ 2,323	19.59%	$ 1,566	13.25%
Europe and Central Asia	$ 2,131	19.17%	$ 2,084	17.58%	$ 2,256	19.40%
South Asia	$ 1,428	12.85%	$ 1,982	16.72%	$ 2,080	17.88%
Middle East and North Africa	$ 955	8.59%	$ 951	8.03%	$ 1,010	8.69%
Global	$ 210	1.89%	$ 84	0.71%	$ 268	2.31%
Total	**$ 11,117**	100.0%	**$ 11,854**	100.00%	**$ 11,629**	100.00%
[1] Amounts include regional shares of investments that are officially classified as global projects.						
*Afghanistan and Pakistan, which previously were grouped under the Middle East and North Africa region, are now grouped under South Asia. In FY18, these countries accounted for US$2 million of IFC's commitments.						

FY16-18 MIGA Commitments by Region

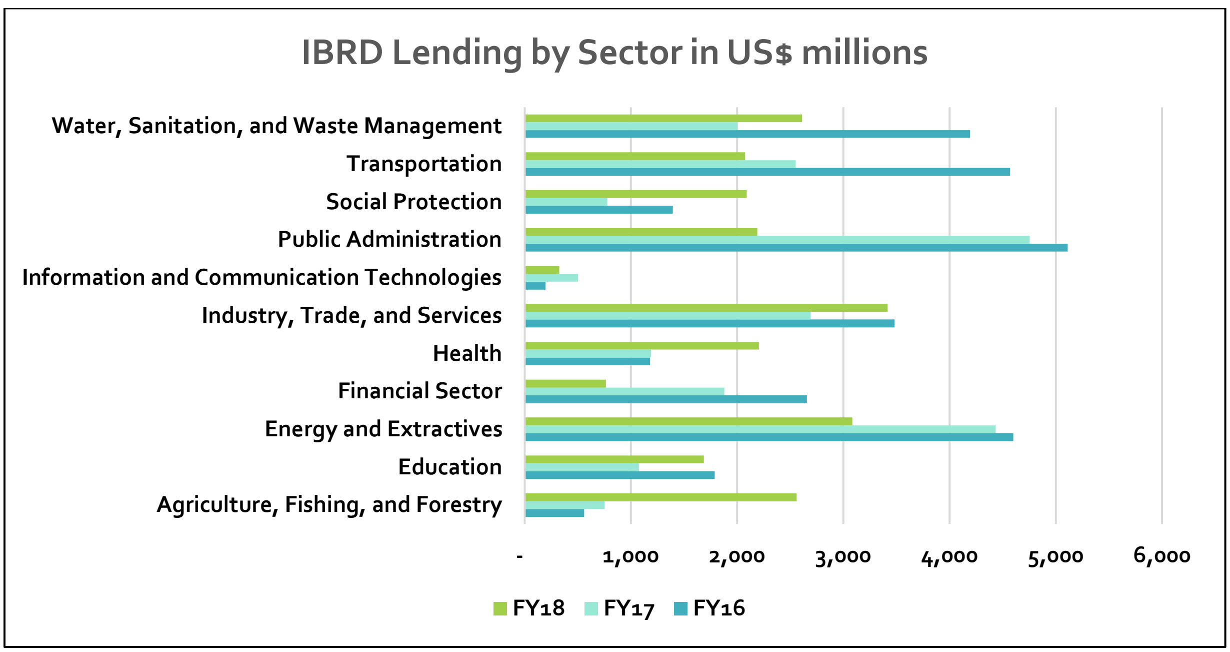
Region Breakdown	**2016**	**2017**	**2018**
East Asia and the Pacific	1250	512	172
South Asia	69	239	132
Europe and Central Asia	727	1869	1943
Latin America and the Caribbean	439	963	1597
Middle East and North Africa	15	216	365
Sun-Saharan Africa	1758	1044	1043
Total Gross Issuance	**4258**	**4842**	**5251**

Annex iii : The World Bank Group Sectoral Breakdown of Commitments

IBRD Lending by Sector

IBRD Commitments by Sector			
US$ millions			
	FY16	FY17	FY18
Agriculture, Fishing, and Forestry	561	754	2,561
Education	1,788	1,074	1,685
Energy and Extractives	4,599	4,434	3,084
Financial Sector	2,657	1,879	764
Health	1,181	1,189	2,204
Industry, Trade, and Services	3,483	2,694	3,416
Information and Communication Technologies	194	503	324
Public Administration	5,111	4,754	2,189
Social Protection	1,393	778	2,091
Transportation	4,569	2,551	2,074
Water, Sanitation, and Waste Management	4,192	2,000	2,610
Total	**29,729**	**22,611**	**23,002**

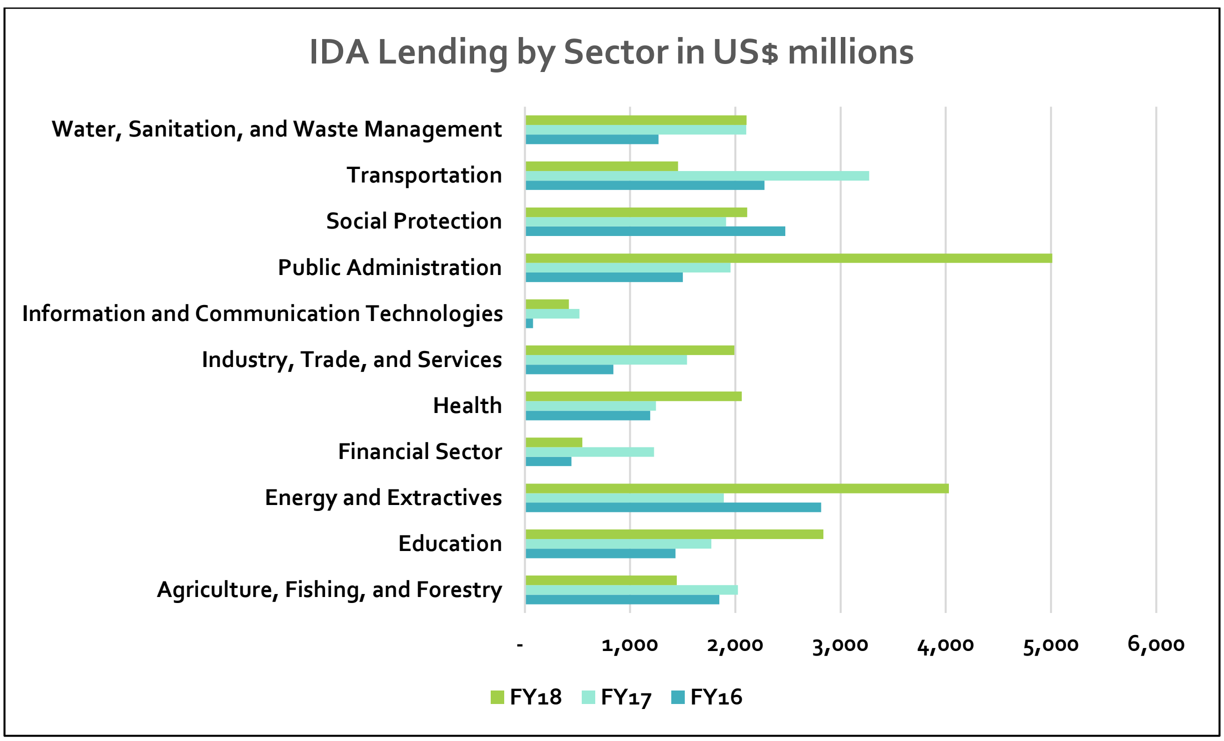
Note: Numbers may not add to totals because of rounding. As of fiscal 2017, new sector categories have replaced the previous taxonomy as part of an internal data modernization effort. Past fiscal year data have been revised to reflect the new categories and therefore may not match figures published in previous fiscal years.



IDA Lending by Sector

IDA Commitments by Sector			
US$ millions			
	FY16	FY17	FY18
Agriculture, Fishing, and Forestry	1,849	2,025	1,442
Education	1,431	1,773	2,836
Energy and Extractives	2,814	1,891	4,028
Financial Sector	443	1,227	546
Health	1,191	1,246	2,062
Industry, Trade, and Services	841	1,541	1,991
Information and Communication Technologies	78	519	419
Public Administration	1,500	1,954	5,013
Social Protection	2,475	1,913	2,112
Transportation	2,277	3,271	1,455
Water, Sanitation, and Waste Management	1,271	2,102	2,105
Total	**16,171**	**19,463**	**24,010**

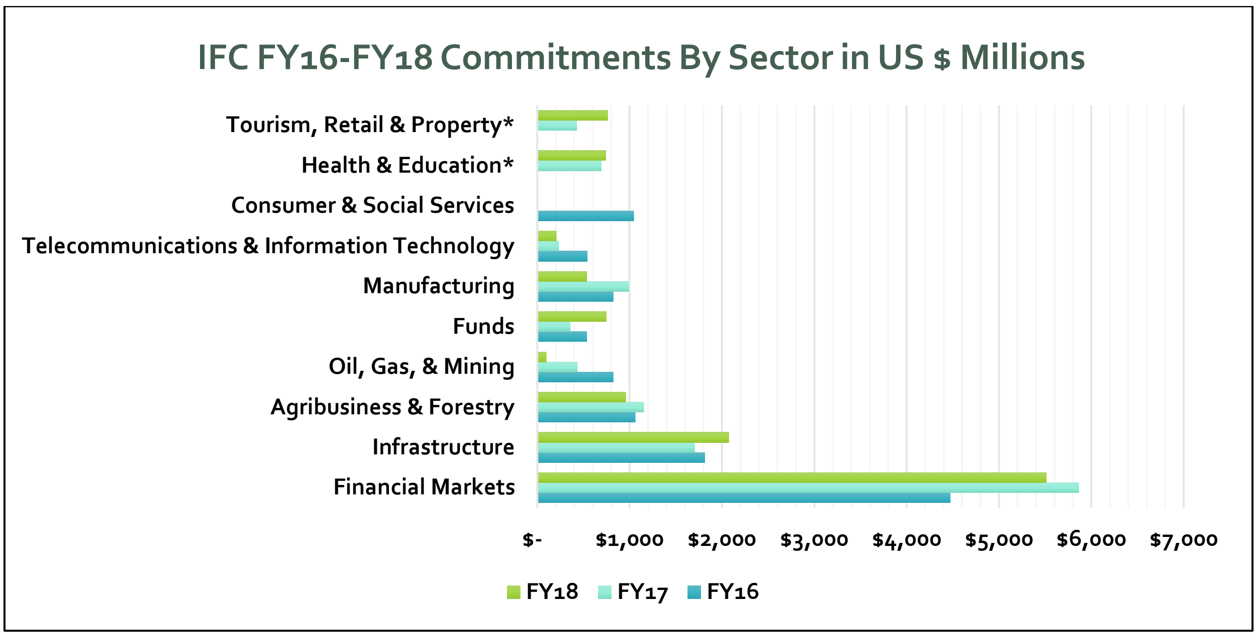
Note: Numbers may not add to totals because of rounding. IDA lending total for FY17 does not include a $50 million grant for the Pandemic Emergency Financing Facility. As of fiscal 2017, new sector categories have replaced the previous taxonomy as part of an internal data modernization effort. Past fiscal year data have been revised to reflect the new categories and therefore may not match figures published in previous fiscal years.



IFC Lending by Sector

IFC FY16-17 Commitments By Sector

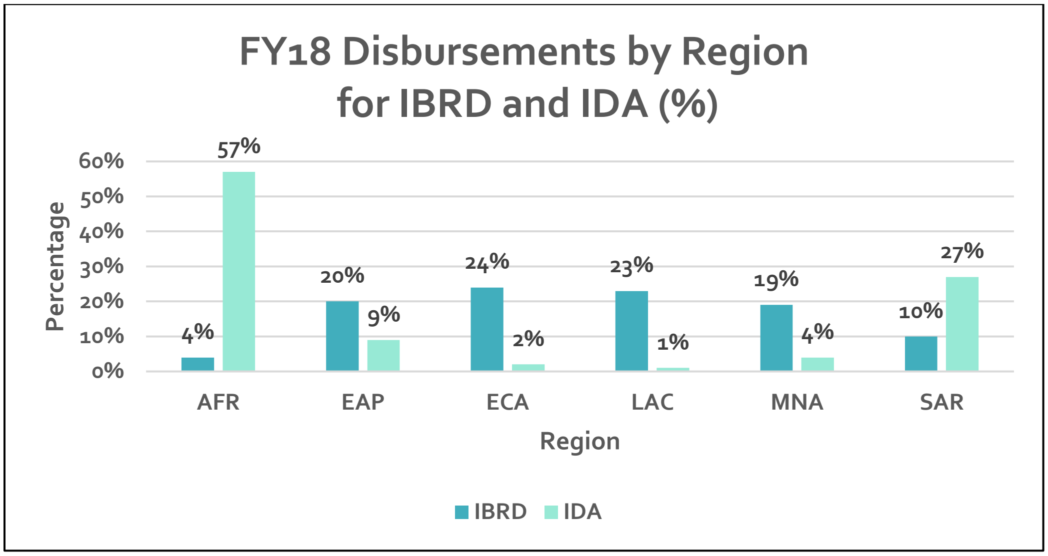
IFC FY16-FY18 Commitments By Sector						
Dollar Amounts in Millions, for IFC's Own Account as of June 30, 2016						
	FY16		FY17		FY18*	
Industry	**$ millions[1]**	**Percent**	**$ millions[1]**	**Percent**	**$ millions[1]**	**Percent**
Financial Markets	$ 4,474	40.24%	$ 5,862	49.45%	$ 5,509	47.37%
Infrastructure	$ 1,813	16.31%	$ 1,705	14.38%	$ 2,073	17.83%
Agribusiness & Forestry	$ 1,062	9.55%	$ 1,155	9.75%	$ 956	8.22%
Oil, Gas, & Mining	$ 824	7.41%	$ 435	3.67%	$ 97	0.83%
Funds	$ 534	4.80%	$ 356	3.00%	$ 747	6.42%
Manufacturing	$ 824	7.41%	$ 989	8.34%	$ 536	4.61%
Telecommunications & Information Technology	$ 541	4.86%	$ 232	1.96%	$ 207	1.78%
Health & Education*			$ 692	5.84%	$ 739	6.36%
Tourism, Retail & Property*	$ 1,046	9.41%	$ 429	3.62%	$ 764	6.57%
Total	**$ 10,071**	100.00%	**$ 11,854**	100%	**$ 11,629**	100%
*Prior to FY17 Health & Education and Tourism, Retail & Property were aggregated under Consumer and Social Services and since have been split.						

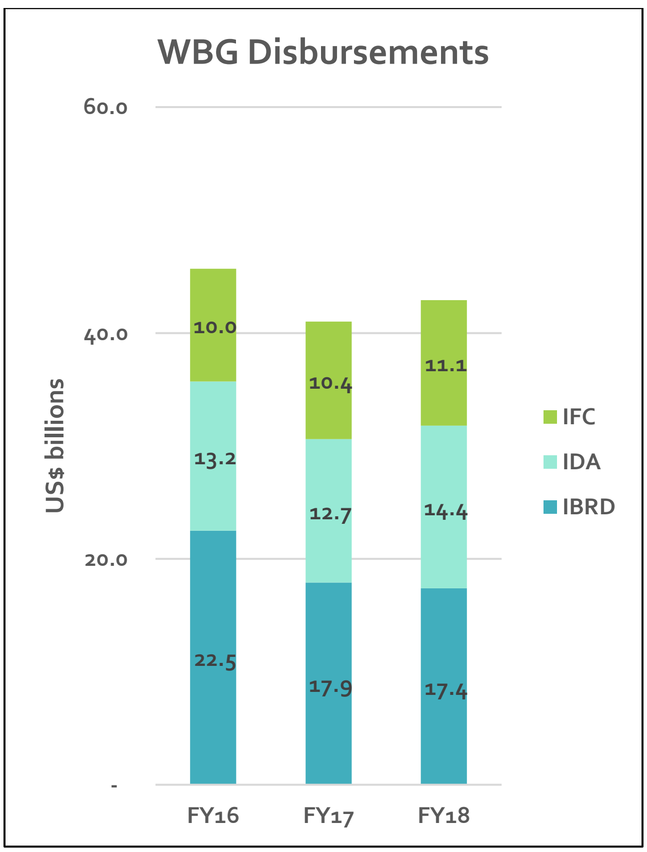


*Prior to FY17 Health & Education and Tourism, Retail & Property were aggregated under Consumer and Social Services and since have been split.

Annex iv: The World Bank Group Disbursement FY16-FY18

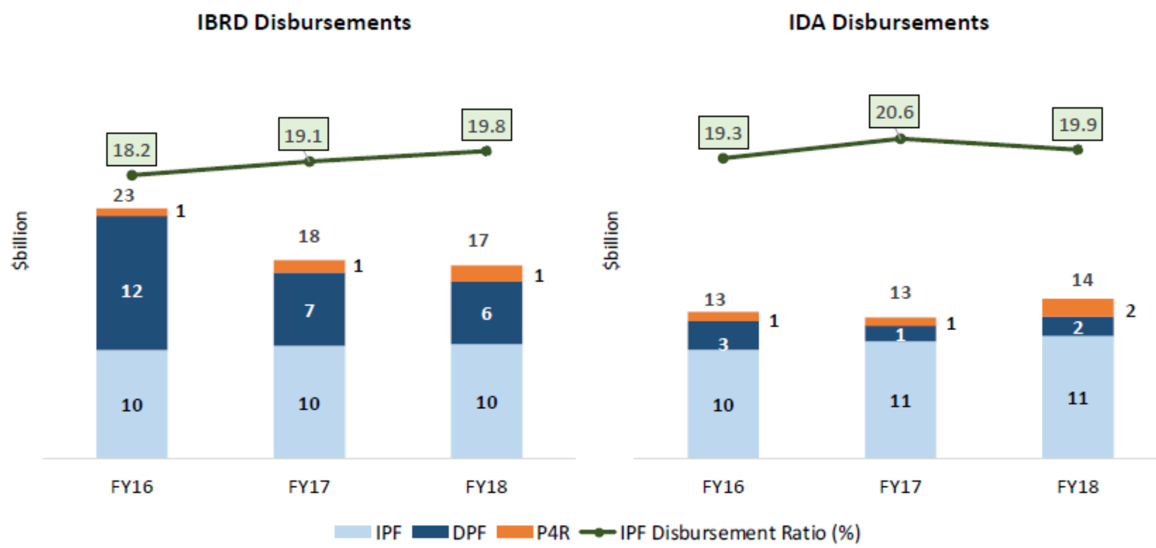
FY17 IBRD IDA Gross Disbursements by Region





WBG Disbursements FY16-FY18			
US$ billions			
	FY16	FY17	FY18
IBRD	22.5	17.9	17.4
IDA	13.2	12.7	14.4
IFC	10.0	10.4	11.1
Total	45.7	41	42.9

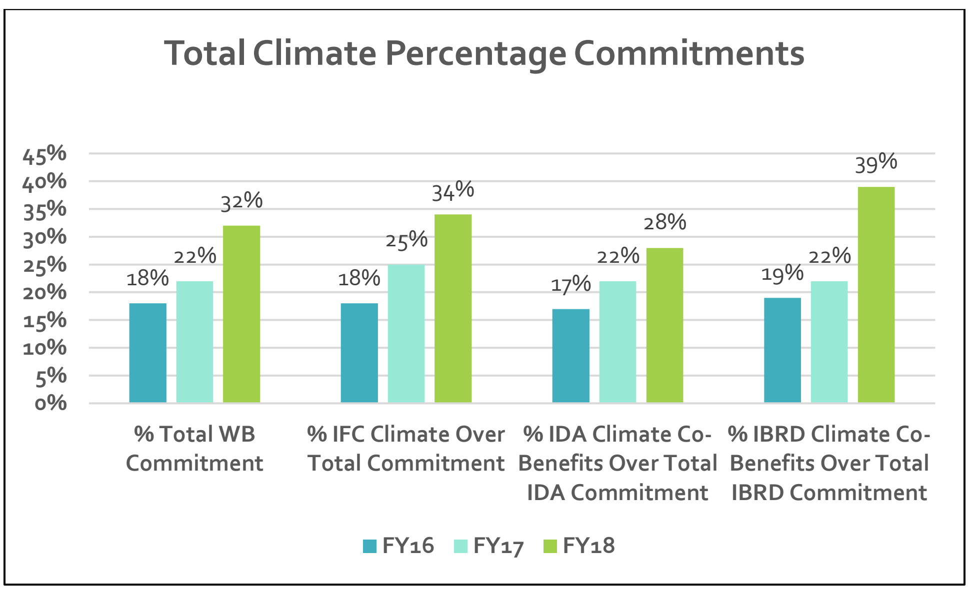
IBRD / IDA Disbursements on Instruments



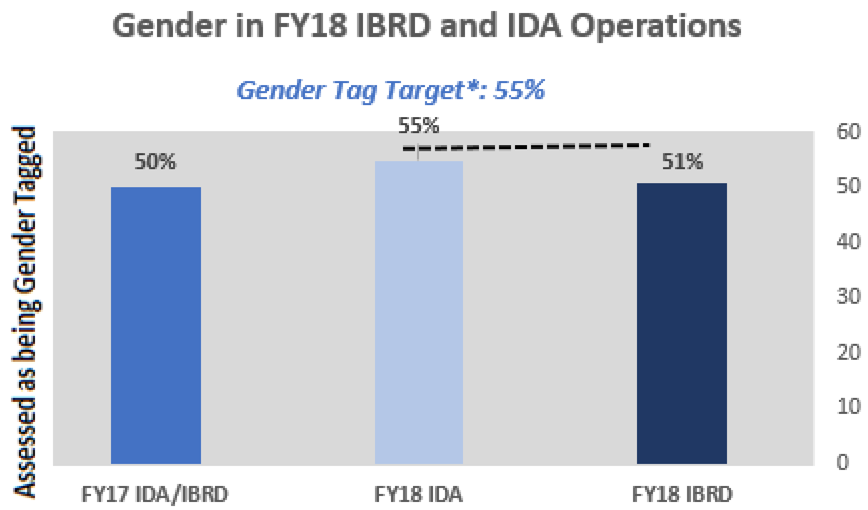
Data as of June 30, 2018

Note: IPF Disbursement ratio is defined as the ratio of disbursements during the fiscal year to the undisbursed balance at the beginning of the fiscal year. IPF: Investment Project; PforR: Program for Results; DPF: Development Policy Forum

Annex v : Climate – Getting to 28 %



Annex vi : Gender Indicators



Gender Tagged projects: Includes projects that (1) Identify gender gap in project analysis as part of the WBG's country engagement framework; (2) aim to address these gaps through specific actions supported by the project; and (3) link financed indicators in the results framework.

*Target for IBRD is 55% by 2023

Note: Preliminary FY18 Q4 data

Annex vii : IBRD Commitments by Income Category

IBRD Commitments US$ billions	FY18	Percentage (%)
Lower Middle Income (LM)	12.8	56
Upper Middle Income (UM)	10.1	44
High Income (H)	0.1	0
Total	**23**	**100**

Annex C: The World Bank Group Selected Finance Data FY16-18

IBRD Selected Finance Data

Table 1: Condensed Statement of Income

In millions of U.S. dollars

For the fiscal year ended June 30,	*2018*	*2017*	*2016*	*FY18 vs FY17*	*FY17 vs FY16*
Interest Revenue, net of Funding Costs					
Interest margin	$ 1,184	$ 1,022	$ 921	$ 162	$ 101
Equity contribution, (including EMF) [a]	746	719	831	27	(112)
Investments, net	231	170	110	61	60
Net Interest Revenue	$ 2,161	$ 1,911	$ 1,862	$ 250	$ 49
Provision for losses on loans and other exposures, net - release /(charge) [b]	28	(14)	(15)	42	1
Net non-interest expenses (Table 4)	(1,185)	(1,347)	(1,319)	162	(28)
Net other revenue [b] (Table 3)	138	129	41	9	88
Board of Governors-approved and other transfers	(178)	(497)	(705)	319	208
Unrealized mark-to-market gains/(losses) on non-trading portfolios, net [a]	(266)	(419)	631	153	(1,050)
Net Income (Loss)	$ 698	$ (237)	$ 495	$ 935	$ (732)
Adjustments to reconcile net income/(loss) to allocable income:					
Pension and other adjustments	19	116	24	(97)	92
Board of Governors-approved and other transfers	178	497	705	(319)	(208)
Unrealized mark-to-market gains/(losses) on non-trading portfolios, net [a]	266	419	(631)	(153)	1,050
Allocable Income	$ 1,161	$ 795	$ 593	$ 366	$ 202

a. This includes the reclassification of net realized mark- to-market gains of $39 million for FY16, associated with the termination of certain positions under the EMF, from unrealized mark-to-market losses on non-trading portfolios, net, to equity contribution. There were no realized gains for FY17 & FY18 for the EMF portfolio (See Table 6).

b. Includes a $3 million reduction (expense) in the recoverable asset for FY18 and $3 million for FY17. FY16 amount includes a $42 million increase (income) in the recoverable asset. These amounts relate to the change in the value of the risk coverage received (recoverable assets) associated with the MDB EEA transactions and are included in other non-interest revenue on IBRD's Statement of Income.

Table 2: Condensed Balance Sheet

In millions of U.S. dollars

As of June 30,	*2018*	*2017*	*Variance*
Investments and due from banks	$ 73,188	$ 73,656	$ (468)
Net loans outstanding	183,588	177,422	6,166
Receivable from derivatives	141,716	150,112	(8,396)
Other assets	4,564	4,708	(144)
Total Assets	**$** 403,056	**$ 405,898**	**$ (2,842)**
Borrow ings	208,009	205,942	2,067
Payable for derivatives	147,096	153,129	(6,033)
Other liabilities	6,107	7,029	(922)
Equity	41,844	39,798	2,046
Total Liabilities and Equity	**$ 403,056**	**$ 405,898**	**$ (2,842)**

IDA Selected Finance Data

Table 2: Condensed Statement of Income

In millions of U.S.dollars

For the fiscal year ended June 30,	2018	2017	Variance
Interest Revenue			
Loans	$ 1,376	$ 1,232	$ 144
Investments, net	420	391	29
Borrowings, net	(149)	(102)	(47)
Interest Revenue, net of borrowing expenses	**1,647**	**1,521**	**126**
Provision for losses on loans and other exposures, (charge) release	(548)	56	(604)
Other expenses, net (Table 10)	(23)	(2)	(21)
Net non-interest expenses (Table 9)	(1,464)	(1,499)	35
Transfers from affiliated organizations and others	203	599	(396)
Non-functional currency translation adjustment gains (losses), net	89	(49)	138
Unrealized mark-to-market losses on investments-trading portfolio, net	(128)	(367)	239
Unrealized mark-to-market (losses) gains on non-trading portfolios, net	(38)	22	(60)
Development grants	(4,969)	(2,577)	(2,392)
Net Loss	**$ (5,231)**	**$ (2,296)**	**$ (2,935)**

Table 3: Condensed Balance Sheet

In millions of U.S.dollars

As of June 30,	2018	2017	Variance
Assets			
Due from Banks	$ 523	$ 483	$ 40
Investments	36,075	32,033	4,042
Net loans outstanding	145,656	138,351	7,305
Receivable from derivatives	21,914	23,843	(1,929)
Other assets	2,162	2,331	(169)
Total assets	**$ 206,330**	**$ 197,041**	**$ 9,289**
Liabilities			
Borrowings	$ 7,305	$ 3,660	$ 3,645
Payable for derivatives	21,958	24,073	(2,115)
Other liabilities	13,122	10,832	2,290
Equity	163,945	158,476	5,469
Total liabilities and equity	**$ 206,330**	**$ 197,041**	**$ 9,289**

IFC Selected Finance Data

Selected Financial data as of and for the last Five Fiscal Years (US$ millions)

AS OF AND FOR THE YEARS ENDED JUNE 30	2018	2017	2016	2015	2014
Consolidated income highlights:					
Income from loans and guarantees, including realized gains and losses on loans and associated derivatives	**$ 1,377**	$ 1,298	$ 1,126	$ 1,123	$ 1,065
Provision for losses on loans, guarantees, accrued interest and other receivables	**(90)**	(86)	(359)	(171)	(88)
Income from equity investments and associated derivatives	**853**	707	518	427	1,289
Income from debt securities, including realized gains and losses on debt securities and associated derivatives	**363**	282	129	132	89
Income from liquid asset trading activities	**771**	917	504	467	599
Charges on borrowings	**(1,041)**	(712)	(409)	(258)	(196)
Other income	**578**	528	501	505	461
Other expenses	**(1,662)**	(1,617)	(1,464)	(1,423)	(1,418)
Foreign currency transaction gains and losses on non-trading activities	**123**	(188)	(46)	53	(19)
Income before net unrealized gains and losses on non-trading financial instruments accounted for at fair value and grants to IDA	**1,272**	1,129	500	855	1,782
Net unrealized gains and losses on non-trading financial instruments accounted for at fair value	**88**	394	(204)	(106)	(43)
Income before grants to IDA	**1,360**	1,523	296	749	1,739
Grants to IDA	**(80)**	(101)	(330)	(340)	(251)
Net income (loss)	**1,280**	1,422	(34)	409	1,488
Less: Net (gains) losses attributable to non-controlling interests	**-**	(4)	1	36	(5)
Net income (loss) attributable to IFC	**$ 1,280**	$ 1,418	$ (33)	$ 445	$ 1,483

AS OF AND FOR THE YEARS ENDED JUNE 30	2018	2017	2016	2015	2014
Consolidated balance sheet highlights:					
Total assets	**$ 94,272**	$ 92,254	$ 90,434	$ 87,548	$ 84,130
Liquid assets[4]	**38,936**	39,192	41,373	39,475	33,738
Investments	**42,264**	40,519	37,356	37,578	38,176
Borrowings outstanding, including fair value adjustments	**53,095**	54,103	55,142	51,265	49,481
Total capital	**$ 26,136**	$ 25,053	$ 22,766	$ 24,426	$ 23,990
of which					
Undesignated retained earnings	**$ 23,116**	$ 21,901	$ 20,475	$ 20,457	$ 20,002
Designated retained earnings	**190**	125	133	184	194
Capital stock	**2,566**	2,566	2,566	2,566	2,502
Accumulated other comprehensive income (loss) (AOCI)	**264**	458	(431)	1,197	1,239
Non-controlling interests	**-**	3	23	22	53

MIGA Selected Finance Data

Condensed Balance Sheets

	As of the fiscal years ended June 30,				
	2018	2017	2016	2015	2014
Assets					
Cash and Investments (including Derivatives)	1,698	1,668	1,688	1,657	1,572
Demand Notes and Other Assets	410	439	435	286	309
Estimated Reinsurance Recoverables	252	224	216	125	127
Total Assets	2,360	2,331	2,339	2,068	2,008
Liabilities					
Derivative Liabilities	147	150	349	270	203
Other Liabilities	499	568	457	361	409
Reserve for claims (gross)	453	400	546	466	422
Total Liabilities	1,099	1,118	1,351	1,097	1,034
Equity					
Paid-in Capital	366	366	366	366	366
Retained Earnings/ Accumulated Other Comprehensive Loss	895	847	622	605	608
Total Equity	1,261	1,213	989	971	974
Total Liabilities and Equity	2,360	2,331	2,339	2,068	2,008

Summary Income Statement

	For the fiscal years ended June 30,				
	2018	2017	2016	2015	2014
Income					
Net Premium Income	104	93	86	79	72
Investment Income	16	5	23	24	53
Miscellaneous Income	0	1	-	-	-
Total Income	120	99	109	103	125
Expenses					
(Increase) Decrease in reserves*	(28)	154	(4)	(51)	(13)
Administrative expenses	(52)	(51)	(48)	(45)	(45)
Translation Gains (Losses)	0	(2)	(0)	(18)	3
Decrease in Reserves and Total Expenses	(79)	101	(52)	(114)	(55)
Net Income (Loss)	41	200	57	(11)	70

**Net of translation adjustments*

Annex D: Nordic-Baltic Contributions to WBG Funds

Development Partner	IDA	IBRD/IDA TFs	FIFs	IFC TFs	Total
Nordic countries					
Denmark	498	398	623	27	1,546
Finland	425	196	213	86	921
Iceland	17	6	2	-	25
Norway	562	1,644	1,289	54	3,548
Sweden	1,812	858	1,864	29	4,563
Total Nordic countries	3,314	3,103	3,991	196	10,603
Baltic countries					
Estonia	7	4	1	-	12
Latvia	6	-	0	-	6
Lithuania	5	0	0	-	6
Total Baltic countries	18	4	2	-	24
Grand Total	**3,332**	**3,106**	**3,992**	**196**	**10,627**

Note:

(i) FIFs most important Financial Intermediary Funds (FIF) are The Global Fund to Fight AIDS, Tuberculosis, and Malaria (US$ 1042 mn), Global Partnership for Education (US$ 703 mn), Green Climate Fund (US$ 665 mn), and Global Environment Facility (US$ 200 mn).

(ii) Trust Funds of which are Afghanistan Reconstruction Trust Fund (US$ 598 mn), Multi-Donor Trust Fund for the Global Financing Facility in Support of Every Woman Every Child (US$ 258 mn), Carbon Fund of the Forest Carbon Partnership Facility (US$ 232 mn).

(iii) Latvia contributed US$ 0.41 million towards FIFs and Lithuania contributed US$ 0.071 million and US$ 0.11 million towards IBRD/IDA TFs and FiFs respectively.

Annex E: Nordic-Baltic Staff in WBG FY17-FY18

WBG Active Full-Time Nordic-Baltic Staff (FY17-FY18)

Nordic & Baltic	IBRD				IFC				MIGA				TOTAL
	2017		2018		2017		2018		2017		2018		
	Core	Other*	Core	Other*	Core	Other*	Core	Other*	Core	Other*	Core	Other*	
Denmark	50	3	50	5	14	1	15	1	0		0		71
Estonia	4		5		0		0		0		0		5
Finland	25		27	1	4		5		0		0		33
Iceland	2		3		1		1		0		0		4
Latvia	11		9		3		3		1		1		13
Lithuania	12		12		2		3		0		0		15
Norway	24	3	23	1	3		3		0		0		27
Sweden	45	4	51	7	6		6		2		2		66
Grand Total	**173**	**10**	**180**	**14**	**33**	**1**	**36**	**1**	**3**		**3**		**234**

WBG Active Full-Time Nordic-Baltic Staff Distribution By Grade Level as of end of June, 2018

Grade	Denmark	Estonia	Finland	Iceland	Latvia	Lithuania	Norway	Sweden	Grand Total
GC								1	1
GD						4			4
GE	2		1		1	2	1	2	9
GF	7		10	1	2	4	5	9	38
GG	29	3	12	2	8	4	12	32	102
GH	25	2	7	1	2	1	8	13	59
GI	1		2					2	5
GJ	1								1
UC	6		1				1	7	15
Grand Total	**71** (0)	**5** (+1)	**33** (0)	**4** (+1)	**13** (-2)	**15** (+1)	**27** (-3)	**66** (+6)	**234**

*In Comparison to FY16-FY18

Annex F: Nordic-Baltic Countries Procurement Data FY16-17

	Overall Results Fiscal Years 2016 -2018									
	Denmark	Estonia	Finland	Iceland	Latvia	Lithuania	Norway	Sweden	Constituency Total	Bankwide Total
Total	$64,318,037	$6,529,889	$17,337,914	$19,846,482	$8,383,546	$41,781,462	$14,687,751	$81,531,735	$254,416,816	$ 35,533,263,632
Average of WB Totals (%)	0.18%	0.02%	0.05%	0.06%	0.02%	0.12%	0.04%	0.23%	0.72%	

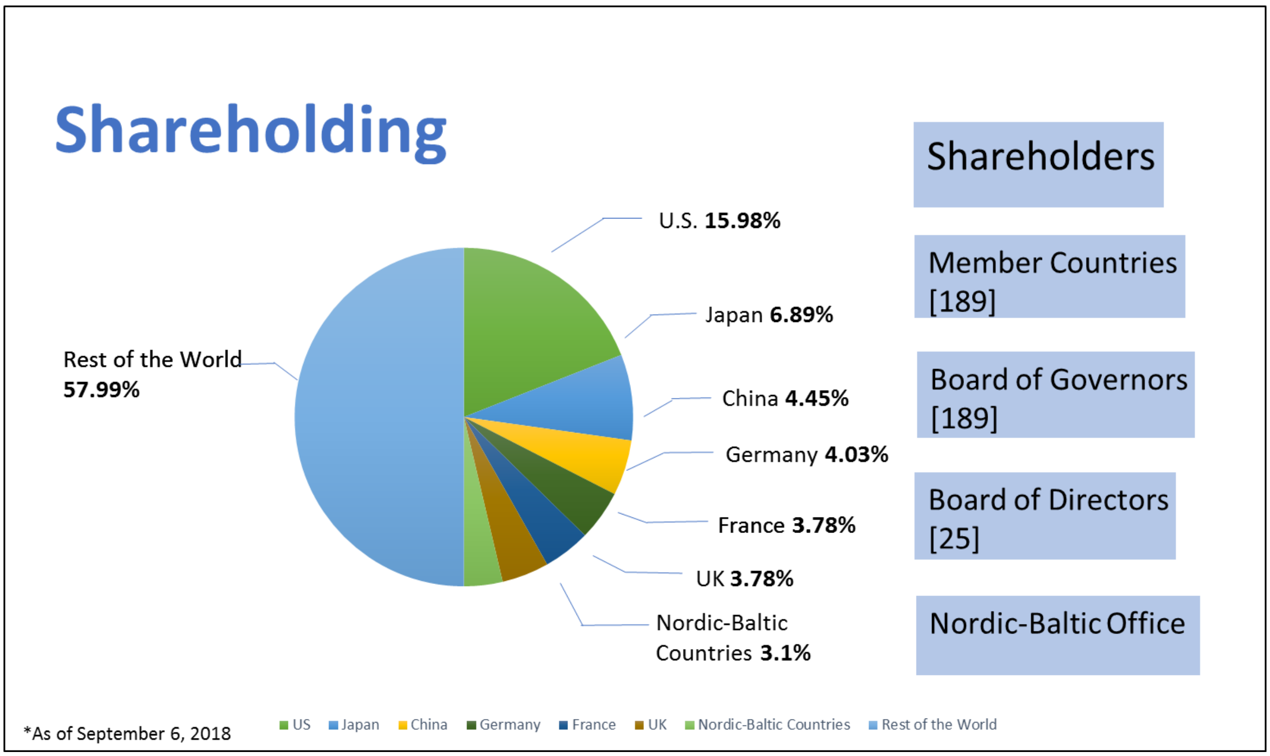
	Fiscal Year 2016				
	Civil Works	Consultant Services	Goods	FY Total	Percentage of WB Total
Denmark		$2,973,939	$7,914,171	$10,888,110	0.08%
Estonia		$359,048		$359,048	0.00%
Finland		$5,478,590		$5,478,590	0.04%
Latvia		$187,530	$5,147,425	$5,334,955	0.04%
Lithuania	$18,756,176	$1,095,653		$19,851,829	0.14%
Norway		$893,491		$893,491	0.01%
Sweden	$38,536,870	$381,750	$19,167,020	$58,085,640	0.41%
Constituency Total	$57,293,045	$11,370,002	$32,228,617	$100,891,664	0.71%
Bank-wide Total	$9,447,167,752	$1,542,472,491	$3,211,212,011	$14,200,852,255	
Constituency % of Total	0.61%	0.74%	1.00%	0.71%	

	Fiscal Year 2017				
	Civil Works	Consultant Services	Goods	FY Total	Percentage of WB Total
Denmark		$17,709,843	$13,807,592	$31,517,435	0.29%
Finland	$1,200,492	$4,109,296		$5,309,788	0.05%
Iceland	$18,027,945	$100,700		$18,128,645	0.17%
Latvia		$14,500	$1,480,200	$1,494,700	0.01%
Lithuania	$16,068,904	$0		$16,068,904	0.15%
Norway		$657,660		$657,660	0.01%
Sweden		$17,402,324	$2,504,909	$19,907,233	0.18%
Constituency Total	$35,297,342	$39,994,322	$17,792,701	$93,084,365	0.86%
Bank-wide Total	$7,420,915,802	$1,253,918,071	$2,113,491,291	$10,788,325,163	
Constituency % of Total	0.48%	3.19%	0.84%	0.86%	

	Fiscal Year 2018				
	Civil Works	Consultant Services	Goods	FY Total	Percentage of WB Total
Denmark		$13,408,019	$8,504,473	$21,912,493	0.21%
Estonia		$1,439,459	$4,731,381	$6,170,840	0.06%
Finland		$4,071,956	$2,477,580	$6,549,536	0.06%
Iceland		$1,717,836		$1,717,836	0.02%
Latvia	$862,695		$691,196	$1,553,891	0.01%
Lithuania		$0	$5,860,729	$5,860,729	0.06%
Norway		$11,741,380	$1,395,220	$13,136,600	0.12%
Sweden		$1,141,818	$2,397,044	$3,538,862	0.03%
Constituency Total	$862,695	$33,520,468	$26,057,624	$60,440,787	0.57%
Bank-wide Total	$6,870,740,998	$2,376,066,073	$1,297,279,144	$10,544,086,214	
Constituency % of Total	0.01%	1.41%	2.01%	0.57%	

* These figures capture only contracts awarded *above* WB's prior review thresholds under IDA-IBRD investment lending operations. Therefore, the data in these reports should be used only as a proxy. Also note that the nationality of the firms considered in this reports indicate place of registration of the firm, which may or may not be the actual nationality of the firm. For instance, if Siemens (DK) wins a contract, then the database show it as a Danish award,

Annex G: Shareholding



Annex: H: Summary of the Corporate Scorecard

May be accessed at: http://scorecard.worldbank.org/

Annex: I: WBG Policy Package

Summary of WBG Capital Package – Policy Package

		WBG[36]	IBRD	IFC
FINANCING CAPACITY		US$100B nominal average annual capacity over FY19-30 (US$85B in FY16 prices) and reach about US$130B in FY30, representing an increase of about $315 billion in cumulative nominal total over FY19-30 compared to the scenario with no capital package, including $110B in additional mobilization.	US$32B nominal average annual commitments over FY19-FY30 (US$27B in FY16 prices), a 15% increase from long-term historical average, reaching US$36B in nominal terms by FY30. Combined with mobilization from private sector, the package would support $190B in cumulative nominal incremental financing over FY19-30 compared to no capital increase scenario.	US$33B nominal average annual commitments (US$27B in FY16 prices), reaching US$25B in own account and US$23B in mobilization in nominal terms by FY30. The package would support $125B cumulative incremental financing in nominal terms over FY19-30 compared to no capital increase scenario.
ENGAGE ALL CLIENTS	IDA and LMICs (below IBRD Graduation Discussion Income, GDI)[37]	• Channeling more resources to countries at the lower to middle range of the income spectrum • US$380B cumulative total WBG financing to IDA countries in nominal terms over FY19-30, US$60 more than if no package. • US$540B cumulative WBG financing to MICs below GDI in nominal terms over FY19-30, US$145B more than if no package. Combined with IBRD mobilization from private sector, the increase would reach US$175B. • Implementing IDA18 and continuing IDA's strong support for LICs' development needs.	• Prioritizing support to IDA graduates and new blends, aiming to make available resources to replace 100% of IDA financing for IDA graduates. • Increase the share of non-crisis IBRD lending to countries below the Graduation Discussion Income (GDI) to [67% during FY19-21, 68% during FY22-FY24, and 70% over FY25-FY30]. • US$265B cumulative IBRD financing to below GDI countries over FY19-30 in nominal terms, US$115B, or 75%, more than if no package, accounting for 80% to 85% of additional capital use. Combined with mobilization from private sector, the increase would reach $145B. • Higher SBL increase for countries below GDI. • Price discount for below-GDI countries, with blends and recent IDA graduates exempted from the price increase.	• Increase share of IFC investments in IDA and FCS countries to 40% by FY30[38], and 32.5% average over FY19-30 ○ Utilize replenished PSW resources to increase share of IFC investments in Low-income IDA[39] and IDA FCS countries to 15-18% and 15-20% by 2026 and 2030 respectively (conditional on PSW continuation and sizing). ○ US$135B cumulative IFC financing (own account and core mobilization) to IDA and FCS countries over FY19-30 in nominal terms, US$60BB more than if no package (75% more). • US$125B cumulative IFC financing to below-GDI countries over FY19-30 in nominal terms, $30B, or 35% more than if no package.

[35] The dollar numbers in the policy package table are for illustrative purposes. Actual numbers will depend on actual WBG financing over time which is subject to movement in uncontrollable external factors. The IBRD and IFC policy ambitions are expressed as a percentage of financing. Given the uncertainties involved, the illustrative IBRD dollar numbers assume the application of these percentages to both crisis and non-crisis financing.
[36] All WBG figures include IDA and MIGA. IDA annual commitment is assumed to grow in line with inflation from IDA18 level (with average for FY19-30 at US$24B in FY16 prices and US$28B in nominal terms, reaching US$32B in FY30). MIGA annual commitments are assumed to average US$7B in FY16 prices or US$8B in nominal terms over FY19-30, reaching US$11B in FY30. For illustrative purposes, IDA and MIGA figures assume the continuation of the split across income categories over the FY15-17 period.
[37] For simplicity of reporting, IFC financing to IDA countries includes financing to IBRD blend countries and FCS. IBRD financing to blend countries is included under MICs below-GDI.
[38] IDA countries are those eligible for IDA financing as of July 1, 2016, including Blend and GAP countries as per commitments in Board document "IFC/R2016-0326/1" titled "A revised Approach to IFC designations" of November 2016, FCS list may vary overtime.
[39] LIC IDA countries are those categorized as such as of July 1, 2016 as per IFC Commitments in Board document "IFC/R2016-0326/1" titled "A revised Approach to IFC designations" of November 2016.

		WBG	IBRD	IFC
ENGAGE ALL CLIENTS	**UMICs (above GDI)**	• Focused and innovative solutions to increasingly sophisticated and complex challenges for boosting shared prosperity and delivering GPGs. • Selective private sector investments by IFC with rigorous additionality assessment and focus on regional partnerships, frontier regions, and financial stability. • WBG CPFs for countries above the IBRD GDI discuss trajectory towards key elements of the IBRD graduation policy and present envisaged evolution in WBG engagement with sharper focus and selectivity. • US$285B cumulative total WBG financing to these countries in nominal terms over FY19-30, US$70B more than if no package. Combined with IBRD mobilization from private sector, the increase would reach US$80B.	• US$120B cumulative IBRD financing to above GDI countries over FY19-30 in nominal terms, US$35B, or 40%, more than if no package. Combined with mobilization from private sector, the increase would reach US$45B. • Lending for crisis response (excluded from lending share target). • More systematic approach toward trajectory of IBRD Graduation in CPFs. • New activities in CPFs for countries above the IBRD GDI will have a primary focus on specific interventions to strengthen policies and institutions required for sustainable IBRD graduation, those that create knowledge, and those that generate positive externalities at the regional or global level. The key elements of the IBRD graduation policy to be discussed are the extent of access to external capital markets on reasonable terms, and the pace of institutional strengthening toward economic and social goals.	• US$135B cumulative IFC financing to above GDI countries over FY19-30 in nominal terms, US$35B more than if no package (35% increase). • Selective private sector investments by IFC that follow a rigorous approach to Additionality and focus on: ○ Knowledge sharing and partnerships for South-South investments ○ Investing in players that have the potential to become regional champions ○ Investments in Global public goods such as Climate ○ Inclusion & financial stability (Frontier regions, gender, capital markets developments) ○ Investments that contribute to IFC financial sustainability
	Small states	Addressing special development challenges and vulnerability of small states.	• Double IBRD base allocation, subject to prudential limits • Exempted from proposed maturity premium increase.	Promoting regional approach to investments in the middle to upper income small states and leveraging de-risking tools for the Lower income and FCV ones
LEAD ON GLOBAL ISSUES	**Crisis management and FCV**	• Strengthened response to national, regional and global crises • Preventing escalation of FCV situations and their spillovers • Enhanced impact by increasing private sector involvement.	• IBRD crisis response incorporated in Financial Sustainability Framework to protect development gains and limit crisis spillovers across borders (economic crisis, pandemics, refugees). • Pivot to prevention aiming to prevent escalation of FCV situations and their spillovers through increased allocation of resources.	• IFC to strengthen partnerships with WB and others to ensure a coordinated approach on: ○ promoting pioneering investments and policies ○ opening up the countries to domestic and foreign investors ○ creating jobs to prevent further instability and social unrest • Increasing IFC investments in high-risk FCV markets accompanied by

		WBG	IBRD	IFC
				upstream diagnostic work and implementation of specific de-risking solutions such as PSW.

LEAD ON GLOBAL ISSUES	**Climate change**	• Substantially scaling up WBG financing to tackle climate change, aiming to increase share of climate lending and investments to at least 30% for IBRD and 32% for IFC on average over FY20-30, with annual IBRD and IFC climate co-benefits expected to be 1.7 times higher than in no capital increase scenario.
		• All projects screened for climate risk; investment operations in key emission-producing sectors to incorporate the shadow price of carbon in economic analysis and to apply GHG accounting, with annual disclosure of GHG emissions.
			• IBRD average climate co-benefits of at least 30% over FY20-FY23, with this ambition maintained or increasing to FY30, reaching a cumulative US$105B, 1.8 times or US$45B more than if no package.
			• All projects screened for climate risk; IBRD-financed investment operations in key emission producing sectors to incorporate the shadow price of carbon in economic analysis and to apply GHG accounting, with annual disclosure of GHG emissions.
			• In co-operation with other MDBs, the WBG will review the methodology used for computing climate co-benefits with a view to better capturing adaptation benefits.
				• Increasing share of climate investments to 35% by FY30 and reaching an average of 32% between FY20 and FY30 vs 28% in the no capital increase scenario.
				• Screening all projects for climate risk; investments in key emission producing sectors to
				  o incorporate the shadow price of carbon in economic analysis
				  o apply GHG accounting, with annual disclosure of GHG emissions
				• Leveraging WB policy work and expand use of private sector solutions that
				  o cut across sectors and country groups
				  o Expand share of early stage equity investments and new technologies
				  o help countries meet their NDCs

	Gender	Implementing four pillars of WBG Gender Strategy to meaningfully narrow gender gaps.	Designing and implementing operations to meaningfully narrow male-female gaps in the four key pillars of the strategy - • Proportion of operations that narrow gender gaps ("gender tagged") increasing from 42 percent to 55 percent by FY23, with ambition maintained or increasing to FY30 (equiv. to approx. $20B nominal financing for such projects by FY30) • Increasing share of operations with financial sector components that include specific actions to close gender gaps in access to and use of financial services from 55 to 60 percent by FY23, with ambition maintained or increasing to FY30.	• Flagging all projects with Gender component by 2020. • Quadruple the amount of annual financing dedicated to women and women-led SMEs, and increase the amount of annual commitments to FIs specifically targeting women to US$2.6B by 2030 up from $1B estimated in FY18. • Doubling the share of women directors IFC nominates to Boards of companies where it has an equity investment (from 26% currently to 50%).

<table>
<tr><th colspan="2"></th><th>WBG</th><th>IBRD</th><th>IFC</th></tr>
<tr><td>LEAD ON GLOBAL ISSUES</td><td>Knowledge & convening role</td><td colspan="3">Leveraging WBG knowledge and convening role to support designing and sharing development solutions for greater impact
• New research to underpin improved policymaking on emerging challenges
• Systematically harness and share knowledge (e.g. South-South exchange) embedded in financing operations across the income spectrum
• Support innovative approaches for data collection
• Continue to strengthen public access to development data
• Help countries share experience with cascade approach to maximize finance for development
• IFC to also invest with private companies that have the strategy and the potential to become regional champions
• Helping countries share experience on maximizing finance for development
• Convening the public and private sectors on pressing global challenges
• The World Bank will develop a Strategic Framework for Knowledge Generation and Sharing</td></tr>
<tr><td colspan="2">CREATE MARKETS</td><td>• Adopting a Systematic approach to creating markets and mobilization of private sector solutions across the WBG by linking reform, Advisory, Investment, and Mobilization to deliver "solutions packages". Using outcome of diagnostics work to deploy solutions that leverage WBG entities' delivery channels from addressing policy and legal frameworks, to upstream project preparation work to mobilizing private sector solutions and using the cascade approach as the "operating system" to maximize finance for development, and create performing, competitive, innovative and integrated markets.
• Growing use of private sector solutions and mobilization of private finance with annual WBG mobilization by IBRD and IFC 1.7 times higher in FY30 than in no capital increase scenario.</td><td>• Increasing private sector mobilization of IBRD operations and supporting policy reforms to unlock opportunities for private sector investment.
• Increasing IBRD mobilization ratio to 25% on average over FY19-FY30 (vs. 18-20% with no capital increase).
• US$95B cumulative IBRD mobilization volumes over FY19-FY30 in nominal terms, double than if no package.</td><td>Scaling up private sector solutions by -
• Deepening WBG collaboration for policy reform to eliminate obstacles to private investment
• Using advisory services for upstream project preparation as well as de-risking tools where needed to build up the pipeline of bankable projects
• Drawing in new private sector investors by investing on own account and creating new instruments/platforms for mobilization
• Delivering US$220B in own account investments and US$175B cumulative IFC core mobilization volumes over FY19-FY30 in nominal terms.</td></tr>
</table>

		WBG	IBRD	IFC
IMPROVE INTERNAL GOVERNANCE	**Strengthen financial sustainability framework**	Strengthening existing financial sustainability framework with new tools and improvements to – • Preserve AAA rating • Use capital efficiently to support prudent and predictable lending and investment level aligned with strategy • Ensure sustainable income generation to cover operating expenses • Enhance internal governance framework	Introducing an IBRD financial sustainability framework with the following objectives – • Lending remains automatically aligned to long-term sustainable capacity consistent with capital adequacy policy, assuming no further capital injection and continuation of transfers based on the IDA18 formula • Pressures for lending beyond sustainable level force trade-off decision between volume and lending terms • Efficient use of capital while retaining flexibility to respond to crises • 10-year Sustainable Annual Lending Limit ("SALL") • A set of rules to size the lending program with automatic self-correcting mechanisms to stay aligned with SALL and automatically building up a crisis buffer, including automatic harder terms for accessing crisis buffer with exceptions approved by the Board on a case-by-case basis (with cap of 20% on exceptions) • Approval by Governors of the objectives and principles of the framework, as part of the capital increase resolutions • Annual Board update on lending program, SALL and status of the buffer and Board authorizations related to the buffer.	Continuing application of the existing framework which contains: • strategic capital adequacy framework with minimum DSC ratio, • minimum investment return targets for new projects, • income-based designations, • active portfolio management and mobilization strategies that aim at optimizing Balance Sheet use • economic capital allocation framework to manage exposure limits; and Improving certain aspects of the framework through: • Formal review and reaffirmation of DSC ratio policy range at least annually • Applying modifications to stress-testing framework and monitor new risk and capital models • Establishing more granular policy ratios

<table>
<tr><th colspan="2"></th><th>WBG</th><th>IBRD</th><th>IFC</th></tr>
<tr><td rowspan="2">IMPROVE INTERNAL GOVERNANCE</td><td>Improve WBG effectiveness</td><td colspan="3">Further implementing “Agile” reforms and administrative simplifications to deploy WBG resources more efficiently including through -
• Empowered and engaged staff seeking continuous improvement
• Solution-driven, mobilization-driven and adaptive approaches</td></tr>
<tr><td>Improve WBG efficiency</td><td colspan="3">Continuing to pursue WBG efficiency gains through the following-
• Revised WBG compensation methodology to contain salary growth (incl. for the structure adjustment: excluding U.S. Federal Reserve from the public sector and including NGOs and academia to the public sector; approval of the structure adjustment by the Board in January every year to align with budget preparation;
• Estimate a delta between an agreed WBG pay-line to which all salaries will be pegged and what an IFC-only pay-line would be, based on a more appropriate private sector basket in relation to hiring trends and provide Management flexibility to use up to this delta for awards considering budget trajectory/discipline and institutional performance parameters. MIGA and WB finance complex will follow a similar approach to calibrate their own respective awards programs.
• IFC will build on its current awards program in line with the above, and shift the allocation of these awards to further incentivize creating new markets and reward WBG staff who support origination through the cascade approach; and explore long-term incentives linked to development impact measures.
• Replace current Salary Progression Adjustment and the Supplemental Merit Increase with a Merit Element; and introduce a cap of 1.8% in FY19 and of 1.5% on the merit element size from FY20 onwards. This will be coupled with other HR measures aimed to enhance performance culture, reduce heaviness, control overall position count, optimize grade mix (incl. setting targets for WB of 10% (in Operations units) and 5% (in Institutional, Governance and Administrative units) for GH positions; IFC aims to decrease its proportion of GH staff by 10%), and provide additional workforce flexibility.
• Corporate procurement savings (achieve savings and cost avoidance in procurement negotiations and introduce more transparent pricing/economical standards for goods and service.
• Global real estate and facilities (optimize use of office space in both HQ and country offices, increase space sharing between IBRD/IFC/MIGA, ensure synergies in real estate management within WBG through Real Estate Committee.
• Other measures (e.g. Improved process and decision-making ability, tighter control of travel expenses and food expenditures, implementation of WBG shared service strategy).</td></tr>
<tr><td colspan="2">Policy Commitments Reporting and Monitoring Mechanism</td><td colspan="3">• Policy commitment baseline and targets to be set out in Report to the Governors.
• Progress against commitment targets to be provided via regular updates to the Board, e.g. WBG Corporate Scorecard, Strategy and Business Outlook, updates under Financial Sustainability Framework, and operations updates.
• Periodically assess progress to ensure that IBRD resources are deployed across the income spectrum to maximize development impact, including -
○ The progress towards the targets for the IBRD lending share to below GDI countries will be reviewed annually, in light of lending trends, country debt sustainability and demand, and risk profiles. It will also recognize uncertainties due to country movements around income boundaries and IDA graduations.
○ Progress towards key elements of IBRD graduation policy for countries above GDI will be presented in CPFs and updated in Performance and Learning Reviews.
• Annual Reporting to the Board on IFC engagements in IDA/FCS
• Higher IFC selectivity in UMICs to be articulated in projects' Board documents.</td></tr>
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