2016 Annual Report

Highlights from Financial Year 2016
July 1, 2015- June 30, 2016

Foreword

Over the past year the Forward Look process has been a unique opportunity for shareholders and World Bank management to engage in a broad discussion on the future role of the WBG and how the institution can deliver on its role. These discussions will serve as guidance for identifying the financial strength required to do so. It has been multilateralism at its best. It has been encouraging to see a strong agreement among countries on the WBG's unique capacity to deliver on the global agenda for 2030 as defined by the SDGs through its multi-sector approach, its capital leveraging and mobilizing powers, its convening power, and strong global knowledge. The WBG's twin goals of reducing extreme poverty and ensuring shared prosperity offer guidance for selectivity and prioritization within that overall framework.

The Nordic-Baltic Countries' development agenda is well-reflected in the priorities of the WBG as it sets course for 2030. A continued strong focus on the WBG's core mission to promote inclusive, sustainable growth with poverty reduction also for women, an increased focus on fragile and conflict affected countries, climate change, and strengthen engagement with the private sector. All of this has to be delivered through better and ever closer collaboration with other development partners and the private sector. The Nordic-Baltic countries want the Bank to be agile and respond to pressing needs. This year the WGB proved its capacity as a convener, a problem solver, and a capital mobilizer when it set to fill one important gap between the humanitarian and development activities in the MENA region by initiating a facility for concessional finance of middle-income countries hosting large refugee populations.

During the year and as part of making the WBG more fit for purpose to deliver on the Forward Look process, a number of initiatives have been launched to make the institution more agile, client responsive and less bureaucratic. More is underway to ensure stronger focus on development impact, learning and adaptation through the project/program cycle. The new Safeguards regime must also be seen in this context. These are all areas that the Nordic-Baltic Office will follow closely to ensure that great strategies are turned into actions in support of the poor.

In October, the Annual Meetings of WBG Governors will consider the Forward Look. And thereafter negotiations of a package of measures to ensure the financial capacity of the World Bank Group towards 2030 will follow.

I joined the Nordic-Baltic Office at the height of the Forward Look. It has been a fantastic start to participate in these discussions about the future of the WBG. I would like to thank my predecessor, Satu Santala, for her valuable work the past three years and all her support in the transition phase. Great thanks also go to the engaged and dedicated staff at the Nordic-Baltic Office and in our Capitals.

Together, we will continue to make a strong contribution to the work of the WBG.

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

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Annexes

Abbreviations

AMC	Asset Management Company
CCAP	Climate Change Action Plan
CCSA	Cross-Cutting Solution Area
CLR	Completion and Learning Review
CPF	Country Partnership Framework
CSO	Civil society organization
DPL	Development Policy Lending
ECR	External and Corporate Relations
EDGE	Economic Dividends for Gender Equality
ER	Expenditure Review
FCS	Fragile and conflict-affected situations
FCV	Fragility, conflict and violence
FMTAAS	Funding Mechanism for Technical Assistance and Advisory Services
HR	Human Resources
IAD	Internal Audit Department
IBRD	International Bank for Reconstruction and Development
ICT	Information and communications technology
IDA	International Development Association
IFC	International Finance Corporation
IFFs	Illicit financial flows
IG&A	Institutional, Governance, & Administrative
LIC	Low-income country
MCCP	Managed Co-Lending Portfolio Program
MDBs	Multilateral development banks
MENA	Middle East and North Africa
MIC	Middle-income country
MIGA	Multilateral Investment Guarantee Agency
NDC	Nationally Determined Contribution
NBC	Nordic-Baltic Constituency
NBO	Nordic-Baltic Office
PEF	Pandemic Emergency Facility
PLR	Performance and Learning Review
SCD	Systematic Country Diagnostic
SDGs	Sustainable Development Goals
UN	United Nations
WBG	World Bank Group (IBRD/IDA, IFC, MIGA, ICSID)
WDR	World Development Report
WHO	World Health Organization

Future of the World Bank Group in an Evolving International Context

The UN Sustainable Development Goals, the Paris Climate Accord, and the Addis Ababa Agenda for Action for Financing for Development have set concrete goals to be addressed by 2030. The Board of Executive Directors initiated in 2015 extensive discussions how the World Bank Group (WBG) should position itself in a changing international economic environment to support the achievement of these global goals. In addition, discussions started on a review to adjust WBG shareholding to the evolution of countries' economic weight and development contributions.

The discussion of making the WBG fit for purpose to deliver on the twin goals and the above global agendas comes at a time marked by a volatile economic environment with falling growth rates in major emerging markets and continued slow growth in developed economies as well as a low interest rate regime. The financial situation in fiscal year (FY) 2016 highlighted that the International Bank for Reconstruction and Development's (IBRD) future allocable income is projected to remain constrained.

Better and Bigger—WBG Fit for Purpose

During FY16, the Board engaged in a series of discussions as part of a Forward Look process to shape the vision for the WBG towards 2030, and what it would take to deliver that vision both in terms of the Bank's way of working, its global and country engagements, and its financial capacity. These discussions have taken place against strong development gains over the past decades, including progress on reducing poverty, and at the same time growing international challenges stemming from continued poverty (particularly in Africa), and threats to the progress achieved from climate change, conflicts and instability, and threats against globalization.

One dimension of the Forward Look discussions has been to define the comparative advantages of the WBG in this changing landscape as one player among many and with more multilateral development banks (MDBs) on the scene. The Nordic-Baltic view has been that the WBG brings unique advantages in a range of areas: most notably its global knowledge, its strong analytical capacity, it's convening power, and its capacity to mobilize development finance also from the private sector.

Among shareholders there is a strong view that the WBG is uniquely placed to continue to deliver private sector-led sustainable growth and employment, including by fostering a closer working relationship between the IDA (International Development Association), IBRD, IFC (International Finance Corporation) and MIGA (Multilateral Investment Guarantee Agency). Furthermore, shareholders want to see the WBG as an even more active player in combating climate change, engaging in conflict and fragile situations, contributing to domestic resource mobilization and combatting illicit financial flows (IFF) to name a few of the many demands.

Another aspect has been the Bank's ability to respond to client's demands by being more agile and less bureaucratic. The need to shift staff incentives from achieving high lending volumes to a focus on development impact and implementation has been stressed. This is a process that is already underway, but will get more traction with the implementation of the new safeguards regime (see chapter on Safeguards – New Environmental and Social Framework).

Discussions have also centered on the need to align Bank resources with the strategic goals of the institution. The twin goals (ending extreme poverty and promoting shared prosperity) and the WBG's global reach and knowledge give the Group a significant role across a wide range of countries. Since the onset of the financial crisis, demand for funding from high-income and middle-income countries has been strong. Nonetheless, there is recognition that the WBG must target its funding to the poorest countries; a point of view that the Nordic-Baltic countries have worked for.

The Forward Look process has also looked into the financial capacities of the IBRD and the IFC going forward. The many demands on these institutions will require a stronger financial capacity. Negotiations for the replenishment of IDA18 is on-going, and it is expected that the Forward Look serves as background for discussions on the recapitalization of IBRD and IFC starting in 2017. The low interest regime and the transfers to IDA from both IBRD and IFC compound the need to look at recapitalization. The Board will submit a final report on the Forward Look to governors at the Annual Meetings in October 2016.

Shareholding Review

As set in the previous Voice and Shareholding Reform principles in 2010, the WBG is committed to reviewing its shareholding every five years to reflect changes in countries' economic weight in the global economy. The current review started in early FY16 and will continue through the first quarter of FY17.

The Board of Executive Directors, including the Nordic-Baltic Chair, is committed to delivering results on the Voice and Shareholding Review according to the agreed principles, of which strengthening developing countries' voices at the WBG is the key guiding principle.

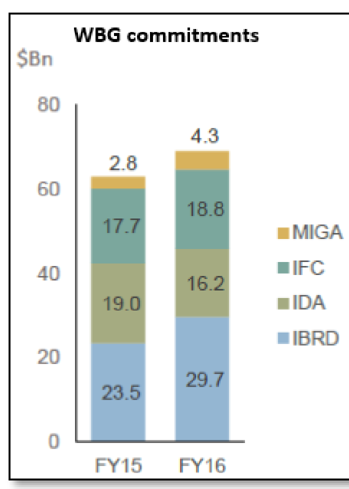
Discussions and consultations on developing a new Dynamic Shareholding Formula were held throughout the year. In addition to the calculation of the economic weight in the global economy, an important element under discussion has been the way to reflect countries' contribution to IDA in the shareholding formula – a sign of support to the global mandate of the WBG and acknowledgement of responsibility to contribute in line with growing shareholding.

The Board will also submit a report to governors at the Annual Meetings in October 2016.

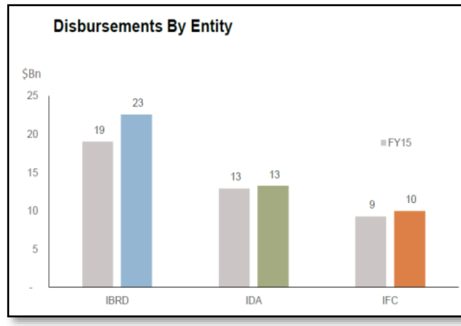
WBG Financial Highlights – and Clouds on the Horizon

The WBG increased commitments and disbursements to clients in FY16 due to strong demand for capital. The global market environment in FY16 remained volatile and the Bank's capacity to earn income came under pressure from low interest rates and volatile markets.

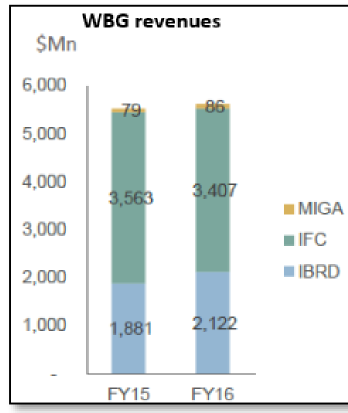
WBG commitments increased by 12 percent from FY15 to FY16 and totaled \$69 billion. The IBRD's commitments grew from \$23.5 billion in FY15 to \$29.7 billion in FY16 (26 percent increase). The IDA's FY16 commitments decreased due to lower commitments in the Africa region. IFC's long-term finance from its own account increased from \$10.5 billion in FY15 to \$11 billion in FY16. Core mobilization increased from \$7.1 billion to \$7.7 billion, and MIGA had a new business record high: an increase of 51 percent compared to FY15. The result was driven by several large guarantees supported in Sub-Saharan Africa and the East Asia and Pacific region.



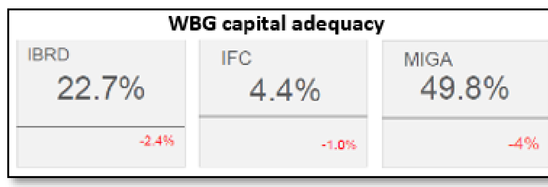
WBG disbursements increased by 11 percent from FY15 to FY16, totaling $45.6 billion. IBRD's disbursements totaled $22.5 billion (a $3.5 billion, 19 percent, increase); IDA totaled $13.2 billion (a $0.3 billion, 2 percent, increase); and IFC totaled $9.9 billion (a $0.7 billion, 7 percent, increase).



WBG business revenue increased 2 percent in FY16 bringing business revenue to $5.615 billion. The increase was mainly driven by IBRD's revenue increase of $240 million, which was partly offset by the decline in IFC's revenue by $156 million. MIGA had a 9 percent revenue increase.



Income Allocation. Both IBRD's and IFC's allocable income decreased significantly in FY16. IBRD's allocable income in FY16 was $593 million and declined by $93 million (14 percent) compared to FY15. In accordance with previous agreements, $497 billion was allocated to IDA, and the remaining $96 million transferred to the reserves. IFC's allocable income declined by 42 percent from FY15, totaling $161 million. The steep decline in IFC's allocable income was driven by the negative overall result for IFC in FY16, causing a net loss of $33 million. According to the sliding-scale formula, the maximum allocable income was $161 million; $101 million was transferred to IDA and $60 million was allocated for the Funding Mechanism for Technical Assistance and Advisory Services (FMTAAS).



Capital adequacy is the main factor defining the lending headroom for the WBG institutions. In FY16, capital adequacy declined in all the WBG institutions. IBRD's capital adequacy, defined by equity-to-loan ratio, has decreased by 2.4 percent since the end of FY15. This decrease is due primarily to the increase in loan exposures. IFC's capital adequacy, defined by deployable strategic capital, fell from 5.4 percent in FY15 to 4.4 percent at the end of FY16. The increase in capital required for the investment portfolio was offset by a decline in capital to support the treasury portfolio and for operational risks.

Outlook for the future. The IBRD's future allocable income is projected to remain constrained primarily due to the low interest rate environment. The IBRD equity-to-loans ratio is projected to continue its declining trend and is expected to come close to the 20 pct. which is the minimum to ensure financial sustainability and preserve IBRD's credit rating. IFC does not expect financial performance to rebound significantly in the near future. As MIGA's growth continues to accelerate, the Agency expects to make increasing use of reinsurance and mobilize private sector insurance capacity in supporting developmentally sound projects. In this environment, and as part of the Forward Look process, discussions have initiated to increase the income through increased loan prices, reducing transfers to IDA, cutting back administrative costs, and capital increases.

Private Sector Leveraging

Implementing the Sustainable Development Goals (SDGs) and the WBG goals cannot be achieved without the private sector as it is a powerful engine for economic growth, job creation, tax revenues, products, and services.

Key agreements in 2015 signaled a new consensus that the most enduring and scalable solutions to development problems have emerged through the interplay of private investment and public policy. Expectations as to the role of the private sector have been raised.

IFC has leveraged shareholders' initial $2.5 billion paid-in capital into the world's largest multilateral development bank focused on the private sector, with an investment portfolio of over $50 billion in over 100 countries. IFC has adapted its investment and advisory services to emerging challenges and established mobilization platforms, thereby injecting more private capital into development.

While there are high ambitions for the role of the private sector, in FY16, the private sector environment has been characterized by higher risk and uncertainty. The withdrawal of private capital from emerging markets has been severe. To this is added volatility in currency markets, steep declines in energy and commodity prices, coupled with geopolitical and economic dislocations. Global trade has declined, and overcapacity in many sectors creates a need for restructuring and consolidation. Regulatory responses to the 2008/09 financial crisis (Basel III) have triggered deleveraging among commercial banks and some have withdrawn from developing countries.

While this situation has affected IFC's profitability and its unrealized capital gains, it has also led IFC in FY16 to chart a path designed to maximize its economic impact and safeguard its financial sustainability. IFC has thus engaged in developing more innovative financing schemes. The Managed Co-Lending Portfolio Program (MCCP), a new IFC Syndications product that mobilizes third-party capital for infrastructure investment in emerging markets, serves as an example. One product, the MCCP Infra, with an IFC initial investment of $125 million, will mobilize close to $1 billion from insurance investors.

IFC mobilizes funds through two major platforms. One is the IFC Asset Management Company, which today manages approx.$9.1 billion in assets through 12 investment funds—including two that were launched this year. The other is its loan-syndications program—unveiled in 1957—that has more than 80 financial institutions co-invest with IFC. At the end of FY16, IFC's syndications portfolio totaled more than $15 billion. In all, IFC mobilized $7.7 billion for investment in developing countries in FY16.

The Nordic-Baltic Office (NBO) has been engaged with IFC and the new CEO of IFC since March 2016, Philippe Le Houerou, on how best to focus on the foundations of productivity growth: infrastructure, financial inclusion, and human capital. NBO has also encouraged IFC to work more with the World Bank and International Monetary Fund on the structural reform agenda to mitigate risk and help create a conducive and competitive environment for private investments. The Nordic Baltic Office has also worked to strengthen the engagement of IFC in LICs and IDA-Countries, and to step up its work on ensuring development impact of its investments.

Box 1: Leveraging IFC Capital

IFC's business model is driven by the ability to leverage and mobilize the private sector. IFC serves as a powerful leveraging mechanism that has provided substantial financing for development without recourse to government guarantees, debt, or contingent liabilities.

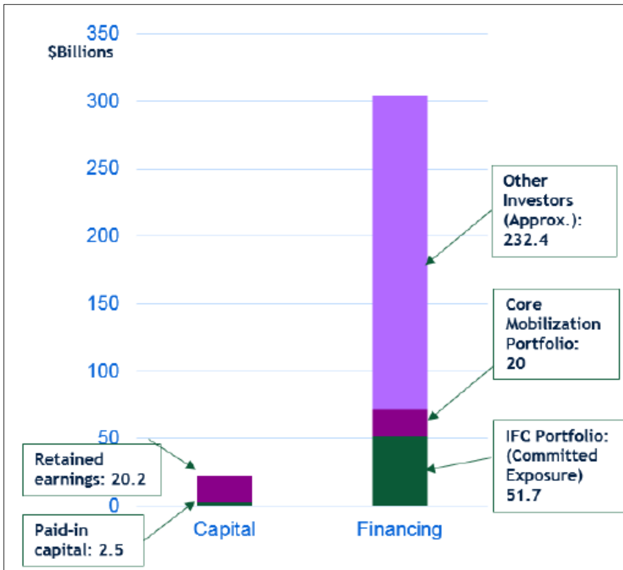
Each dollar of IFC capital leads to approximately $20 of total project financing, including co-financing.

Over time, as this capital generates earnings and is redeployed, the leverage ratio grows further.

IFC's core mobilization ratio has been trending up and currently stands at 70 cents for each dollar of own account financing.

There is a significant opportunity for IFC to drive a higher core mobilization ratio through existing platforms (Asset Management Company, MCPP) as well as new and innovative opportunities.

Note: Additional leverage is a preliminary staff estimate based on an average IFC share of financing of 17 percent of non-corporate loans.



Capital and Portfolio figures based on IFC Balance Sheet, June 30, 2014 and indicative estimates for direct and indirect mobilizations

World Bank Group Strategy Implementation

Country Engagement Model

The implementation of the WBG Country Engagement Model, initiated in 2015, is now well under way. The new model to work with client countries aims to achieve (i) stronger alignment with the WBG's strategic goals and with client development plans; (ii) a higher degree of selectivity in areas of engagement based on potential impact and the World Bank's comparative advantage; (iii) increased work flexibility with the possibility for mid-course corrections; and (iv) a stronger focus on learning from prior engagement in countries.

The four modules of this new client engagement are:

To date, the Board has discussed over 30 Country Partnership Frameworks (CPFs) and 5 Country Engagement Notes. The Systematic Country Diagnostics (SCDs), which form the basis for the CPFs, have worked well as a platform for both engagements with client governments and within the WBG. Their value goes well beyond that of input into CPFs as an evidence-based diagnostic that integrates analysis of growth, poverty, inclusion, political economy, and sustainability. The main challenges are narrowing the areas of engagements to the critical few through a selective approach.

The NBO has paid particular attention to the One World Bank Group approach, ensuring strong IFC participation, integration, and selectivity in the CPFs. We have also stressed the importance of coordination and collaboration with other development partners at the country level. The NBO will continue to follow closely the participation of the Cross-cutting Solution Areas (CCSAs) in the country engagement model to ensure that their contributions are taken into account both in the analysis serving as a basis for the SCDs and in the preparation and subsequent implementation of the CPFs.

A process evaluation by the Independent Evaluation Group (IEG) is under way to assess how the new country engagement model is working and how lessons learned during implementation are taken on board by management.

Box 2: Middle East and North Africa

The Middle East and North Africa (MENA) region continues to suffer from prolonged instability. The WBG has remained engaged, wherever possible, in long-term activities to promote growth, governance, and inclusion in the private sector. An updated strategy for the region, which better reflects the reality and the volatility of the region, was presented to the Board in February 2016. The Bank will increase its engagement and triple its commitments to the region in the next five years to nearly $20 billion to address the consequences of conflict and to help countries recover and rebuild. Along with the strategy, two financial mechanisms have been developed to address the challenges the region is facing due the conflict in Syria, particularly in Jordan and Lebanon hosting large refugee communities. Given the impact on human suffering and the global implications of instability in the MENA region, the Nordic- Baltic Countries is strongly supportive of the increased engagement of the WBG in that region and continues to follow the situation closely.

Global Perspective

True to its global shareholding and its global reach, the WBG played a key role in the most important global processes and agreements, as well as approved a number of new policy plans and strategies to follow-up on its international commitments. These included the Climate Change Action Plan, the Gender Strategy, new actions aimed at increasing Domestic Resource Mobilization in developing countries, a stocktaking report on IFFs, and various crisis response packages to global pandemics, fragility, and refugee crises.

Sustainable Development Goals

During FY16, the WBG contributed actively to a successful agreement on the SDGs and emphasized the importance of the implementation process after the adoption of the goals. The WBG made continuous efforts to align its work with respect to improved preparedness to respond to emergencies while simultaneously working to prevent crises. Additionally, the WBG has remained at the forefront, working with other development partners and actors, to be more efficient and transparent and to offer greater levels of funding and with more flexibility. Efforts to improve the collection and use of better quality data to measure progress on the SDGs were also a key action point for the WBG during FY16.

Overall, the agreed SGDs and the WBG's new corporate goals (end poverty; boost shared prosperity; sustainability) are well aligned, and the WBG continues to be committed to joint MDB action, especially on data and evidence, country-level engagements, and innovative financing mechanisms. Creating cross-country partnerships is another important aspect of achieving the SDGs, and throughout FY16, the WBG continued its commitment to sharing knowledge, creating partnerships, and promoting best practices. One of the channels explicitly created to accomplish this was the sharing of knowledge in over 200 engagements through the South-South Knowledge Exchange Facility.

Climate Action Plan

In order to reach the twin goals of ending poverty and boosting shared prosperity, it is crucial to equally address climate and development challenges by increasing investments in climate-smart and climate-resilient solutions. The WBG is positioning itself as a leader among MDBs in climate-smart development. Investing in adaptation and mitigation, renewable energy, and energy efficiency, as well as catalyzing private investments in these areas, are crucial to meeting the climate change challenge.

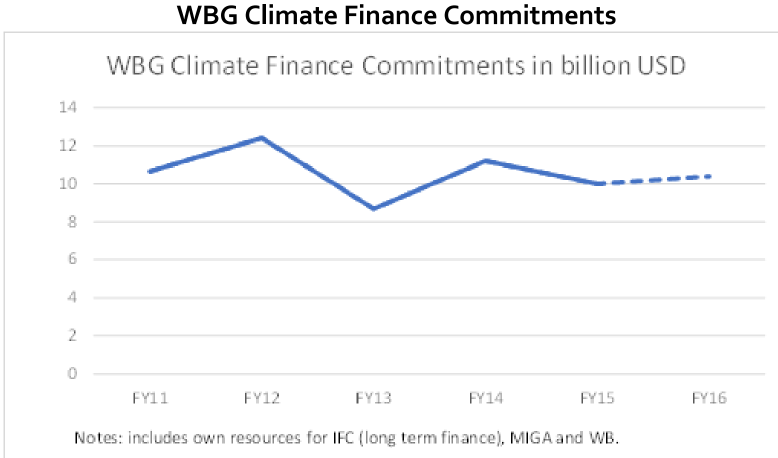
Prior to the twenty-first Conference of the Parties (COP21) in Paris in 2015, President Kim pledged a one-third increase in direct funding for climate work, from 21 percent per year to 28 percent per year. This, combined with continued efforts to leverage co-financing for climate-related projects, would bring the WBG's total climate financing to $29 billion by 2020. The Climate Change Action Plan (CCAP), presented to the Board in April 2016, represents the operationalization of the WBG's climate commitments. It aims to help clients implement their climate commitments as detailed in their Nationally Determined Contributions (NDCs) and, simultaneously, protect the poor.

The CCAP will be fundamental to mainstreaming and further strengthening the WBG's response to climate challenges. It follows five priority lines:

- Building low-carbon, climate-resilient cities;
- Moving forward on climate-smart agriculture;
- Working with others to accelerate energy efficiency, investment in renewable energy, and universal access to modern energy;
- Laying the groundwork for placing a robust value on carbon; and
- Supporting the removal of harmful fossil fuel subsidies.

To facilitate constructive discussions and deepen learning on climate change at the Board, the NBO, along with other Executive Directors' offices, co-organized a "Green Bag Lunch" ahead of the Board discussion of the CCAP. This was an opportunity for Board members to delve deeper into various aspects of the CCAP during the course of a very informal conversation with the Climate Change CCSA. The NBO plans to organize more sessions in order for climate issues to remain a high priority on the Board's agenda.

WBG Climate Finance Commitments



A New Gender Strategy

As of 2016, the WBG has a new *Gender Strategy 2016-2023: Gender Equality, Poverty Reduction, and Inclusive Growth*. The Strategy reflects an extensive dialogue across the WBG as well as with governments, civil society organizations, and development partners. As evidenced in the process, the strategy on gender equality remains high on the WBG agenda and continues to have strong support from shareholders.

A thematic chapter of the recent IEG Report, *Results and Performance of the World Bank Group 2015*, concluded there is much that the WBG can do to improve its work on gender. We see the new Gender Strategy as an opportunity to address the weaknesses outlined in the report and the future focus should be on implementation of the strategy.

As mentioned in last year's NBO Annual Report, the WBG decided in 2015 to pursue EDGE certification. EDGE (Economic Dividends for Gender Equality) is a global standard for workplace gender equality ensuring that certified organizations have a structured, systematic approach to measure, track, and close the workplace gender gap. In early 2016, WBG headquarters received the first level of certification, EDGE Assess. The WBG is the first international financial institution to receive this certification and continues to work toward higher levels of EDGE certification.

Domestic Resource Mobilization and Illicit Financial Flows

During FY16, the issue of Domestic Resource Mobilization started to attract more attention in donor countries due to challenging domestic economic situations and decreasing official development assistance levels in many countries; and also in the developing world, with a renewed interest in reducing aid dependency through improved public financial management and tax collection systems.

IFFs are an integral part of public finances, and with the remarkable gross figures published on the level of illicit financial flows outward from developing countries, countries of origin increasingly brought the issue into the global spotlight during FY16. In Spring 2016, with the leaked Panama Papers and other revelations of the use of offshore financial centers for tax avoidance schemes, the issue gained even greater prominence.

The NBO has worked closely with various WBG actors and stakeholders, thus resulting in greater priority being accorded to IFFs in the WBG's own action agenda. With an internal stocktaking report being prepared on the WBG's current and possible future actions to curb IFF, the Nordic-Baltic Chair will continue to track results and push for progress on the issue, which will be demonstrated in the coming years.

Pandemics

The Ebola crisis highlighted a key lesson: the need to focus on preparedness and rapid response in health emergencies. President Kim has advocated for the development of better tools to tackle such situations and the Board approved the proposal for the Pandemic Emergency Financing Facility (PEF) on May 3, 2016. The PEF was developed by the WBG in consultation with the World Health Organization (WHO) and other partners to provide surge funding for response efforts in IDA countries to help prevent rare, high-severity disease outbreaks from becoming pandemics. The PEF intends to fill a gap in the global pandemic financing architecture and to provide financing required by IDA countries after the initial outbreak and before large-scale humanitarian relief assistance can be mobilized. The PEF complements existing financing mechanisms, including IDA's Immediate Response Mechanism and Crisis Response Window, as well as the WHO's Contingency Fund for Emergencies. The PEF was launched at the G-7 Summit on May 26-27, 2016 with the goal that the PEF would be up and running by the end of calendar year 2016. The NBO has followed the issue closely and stressed the importance of coordination of international relief efforts, including with the WHO, as key to the PEF's success.

Fragility and Refugee Crisis

Fragility, conflict and violence (FCV) continues to be a key corporate priority for the WBG as there are about 1.2 billion people living in countries affected by fragility; addressing these challenges is key to achieving the WBG's corporate goals. The FCV CCSA presented to the Board a renewed and updated strategy focusing on a differentiated approach that addresses the full spectrum of situations, from prevention and crisis response to transition and recovery; the Nairobi Hub will play an increased role in this regard. With the appointment of Mr. Saroj Jha as the new Senior Director on FCV in FY16, WBG work in this area seems to be gaining momentum once again. The NBO has emphasized the need to strengthen partnerships with the United Nations (UN), underlined gender perspectives in fragile situations, and encouraged a stronger WBG leadership role on FCV implementation. The NBO will continue to support and closely monitor this agenda and WBG's delivery on its FCV commitments.

Migration and forced displacement calls for a global response. The WBG is analyzing ways to strengthen its response to refugees and other forcibly displaced persons by building on its comparative advantage. The new WBG Strategy on the Middle East and North Africa, along with the two financial mechanisms developed to support Jordan and Lebanon, are examples of the WBG's innovative approach to address the problems of displacement at the source. Currently, the Bank is working on a global crisis response platform that would provide resources for risk mitigation and crisis response to low- and middle-income countries, with an immediate focus on countries hosting refugees across the world. This platform is expected to be launched at the UN General Assembly in September 2016. The NBO has followed this work closely and has emphasized the need for broader collaboration, working in close partnership with the UN and other key bilateral partners.

A Better WBG – The Change Process

Strategic Staffing and Human Resources

In FY16, Senior Management's human resources focus was on the implementation, monitoring, and reporting of results with the objective of ensuring the Bank has the right skills in the right place at the right time in line with evolving client demand and business and funding needs. Special emphasis has been placed on the improvement of leadership, internal Bank processes, and career development as a follow up to the 2015 Staff Engagement Survey. Limited progress has been made with regard to diversity and inclusion, gender targets, and educational diversity within the institution, which continue to be a concern. The NBO has paid particular attention to these areas and has continued to encourage Senior Management to further its progress by focusing on practical implementation, sharing action plans, and monitoring commitments.

The Expenditure Review and Efficiency

In November 2013, the WBG set the goal of achieving aggregate savings of $400 million, or 8 percent, of the administrative budget over a three-year period (FY15-17). These savings would help the WBG meet its financial obligations, strengthen reserves, and reinvest in key areas and strategic priorities as determined through the W process.

Progress on the Expenditure Review (ER) process have been periodically communicated to the Board through the Quarterly Business Risk Review. The ER is broadly on track: approximately 64 percent of the estimated ER savings ($263 million cumulatively) were received in FY16.

For the next year and onward, policies adopted through ER (for example, travel) will continue to enhance efficiency. Business reviews will also continue over the coming years; for instance, reviews of External and Corporate Relations (ECR), IAD, and Human Resources Department are planned for FY17.

The NBO has been a strong supporter of the implementation of the ER program and has encouraged management to continue increasing efficiencies across business lines, including in operations. The NBO has encouraged the Bank to exhaust all opportunities to improve its efficiency and effectiveness in a sustainable way. Institutional, Governance, & Administrative (IG&A) units' business reviews and the simplification agenda in operations provide potential tools to safeguard efficiency, but are not yet working well enough. Hence, the Bank should consider new anchors and ways to measure budget efficiency, such as value for money.

Second Year of the W Process – Allocating Budget toward Priorities

As part of the new WBG Strategy and Financial Sustainability Framework, a new Strategic Planning, Budget, and Performance Review process, commonly referred to as the W process, was implemented in FY14. This process was created to simplify and increase flexibility to align resources directly with the WBG strategy and the twin goals. The process covers all revenues and expenses (including trust funds) and is designed to promote selectivity, linking budget to results, and to oversee the medium term horizon for planning purposes. This process supports increased coordination across the WBG; focuses on demand, delivery and results; strengthens incentives for cost savings, revenue enhancement, and provides more flexibility.

The proposed FY17-19 Budget Framework and the FY17 Budget reflect the key decisions taken during the W process: focusing on fragile and conflict-affected situations (FCS) and IDA countries; and expanding activities in gender, climate change, environmental and social safeguards, fiduciary standards and on refugees' issues.

IFC Strategy and Budget Allocations: Toward Priorities

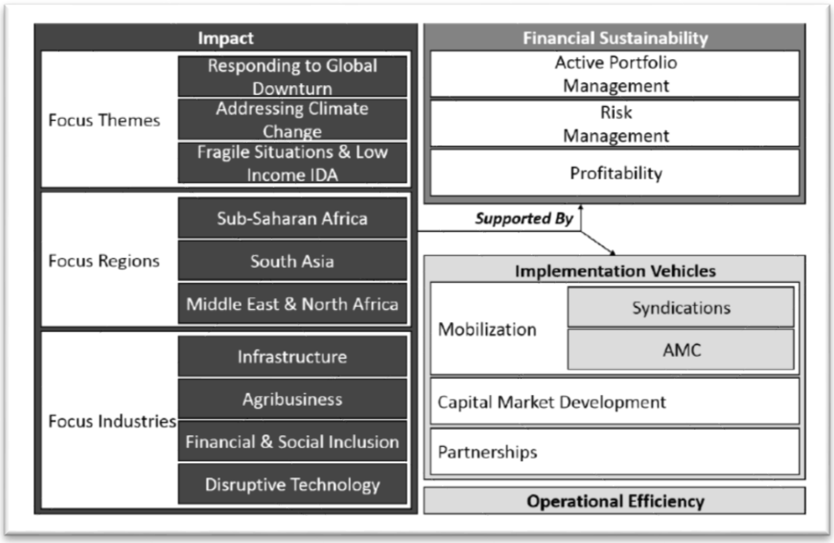
IFC's strategy, approved by the Board every year for a period of three years, is part of IFC's W process. In FY16, IFC's strategy content was revised, and consequently, it has a clearer link to WBG goals, priorities, and methods of measuring whether the organization achieved its ambitions. IFC's priorities for the coming three-year period include focus themes, focus regions, and focus industries (see below).

IFC will focus on industries and themes that contribute to productivity growth in addition to addressing sources of risk. The strategy focuses on the key constraints to higher productivity growth: infrastructure, finance, and human capital.

IFC's administrative budget for FY17 is $1,005.5 million, which represents a 3 percent nominal (1 percent real) increase compared to the previous year. Combined with further expenditure review savings and productivity gains, the slight budget increase will allow IFC to deploy incremental resources for FCS, climate change, mobilization, capital markets, security, and information technology. Simultaneously, resource deployment will shift toward thematic, regional, and sectoral strategic priorities in line with the institution's strategy and WBG's country engagement strategies.

The achievement of IFC's strategy, taken as a whole, rests on the assumption of the 3 percent nominal increase of the IFC budget also projected to occur in 2018 and 2019. Additionally, the proposed IDA Private Sector Window in IDA18 will help mitigate the incremental risks of increasing engagements in FCS.

IFC's FY17-19 Strategic Priorities



The NBO has been supportive of the IFC strategy and budget and stressed the importance of a clear and explicit link between IFC's strategy and budget. The NBO supported IFC strategic priorities, in particular, FCS, IDA countries, and climate change. We also insisted that gender should be one of IFC's strategic cross-cutting themes and our request was addressed. With respect to IFC's effort in FCS countries, we stressed that IFC cannot and should not count only on the IDA Private Sector Window in order to increase its activities in FCS countries. IFC should step up its efforts in difficult markets regardless of the availability of IDA funding.

Trust Fund Reform

A Trust Fund reform process has been under way for several years in order to simplify and standardize the way external funds are managed. Three pillars were developed for this reform: (i) simplified fees and cost recovery; (ii) governance and allocation; and (iii) results frameworks and monitoring and evaluation. Thus far, the focus has been on simplification of the fee structure and increased cost recovery. The latter is also part of a group of measures the Executive Board has endorsed to enable the WB to increase revenues and lending and reduce costs. Gradual implementation of the simplified fee structure and increased cost recovery began on July 1, 2015.

Discussions are still ongoing on the two remaining pillars of the reform. While progress had been slow on these issues in FY15, these discussions are now making solid progress.

IDA18 Replenishment and IDA+

The discussions for the 18th Capital Replenishment of IDA reached the midpoint by the end of FY16. These discussions centered on selecting the overarching theme for IDA18 and its special themes, while the results framework remained under discussion. The remaining third and fourth replenishment meetings are scheduled to take place in October and December 2016.

The discussions that will continue through the end of the 18th replenishment round include in-depth analysis of the demand for IDA concessional and non-concessional resources. These discussions have provoked intensive deliberations on the financing framework of IDA and the potential leveraging options of IDA resources.

With heightened global development ambitions, including SDGs, COP21, Sendai Agreement, and the Addis Ababa Action Agenda, the needs for development financing for the poorest, IDA-only countries, have increased considerably. At the same time, unprecedented global challenges such as climate change, fragility, refugee crises, pandemics, and demographic pressures demonstrate that the financing needs of middle-income developing countries are increasing as well. These needs and challenges might be eased through further integration of concessional and leveraged funding and the discussions of different options will continue throughout the third and fourth quarter of FY17. The NBO continues to engage actively and constructively in these discussions according to our common priorities as the NBC is one of the biggest burden sharers of the IDA replenishments.

Safeguards – New Environmental and Social Framework

The WB's environmental and social safeguard policies are a cornerstone for sustainable poverty reduction and development. Their objective is to prevent and mitigate undue harm to people and their environment in the development process, and these policies provide guidelines for WB staff as well as borrowers in the identification, preparation, and implementation of programs and projects. The effectiveness and development impact of projects and programs supported by the WB have substantially increased as a result of adhesion to these policies.

The Bank’s current policies, issued nearly 20 years ago, were for years viewed as setting the standards for MDBs in protections for people and the environment. Responding in part to a 2010 report from the World Bank’s IEG, the Board instructed management to revise the existing safeguards policies to increase coverage, social inclusion, and harmonization across the Group; enhance client capacity, responsibility and ownership; strengthen safeguards supervision, monitoring, evaluation to ensure rigorous implementation of our policies; and improve accountability and grievance redress systems and instruments for communities and individuals who want to express their concerns about World Bank-financed investment projects. A review of the safeguards began in July 2012.

The proposal builds on the previous safeguard policies and aims to consolidate them into a more modern, unified framework that is more efficient and effective to apply and implement. It includes a vision statement on environmental and social sustainability; a policy outlining the WB’s responsibilities, and 10 environmental and social standards that are required from the partner country (see next page).

The safeguards review has been the most extensive consultation ever conducted by the World Bank. It concludes nearly four years of analysis and engagement around the world with governments, development experts, and civil society groups, reaching nearly 8,000 stakeholders in 63 countries.

In FY16 the third phase of consultations were conducted, focusing on the implementation of the framework in borrowing countries and on issues that require further attention. The discussions in The Committee on Development Effectiveness (CODE) were difficult and the Board was deeply divided on a number of issues, including human rights, climate change, labor rights, indigenous peoples, and use of country systems.

The NBO, as co-chair of CODE, was very active in seeking to reconcile positions, finding compromises, while ensuring that our constituency’s position on the contentious issues were reflected in the final outcome.

Required Environmental and Social Standards for Partner Countries

Standard	Modernizing
ESS1: Assessment and Management of ESS Risks and Impacts	Non-discrimination, adaptive management, time frame for compliance
ESS2: Labor and working conditions	Prohibiting child labor and forced labor, focus on OHS, grievance mechanism
ESS3: Resource Efficiency and Pollution Prevention	Efficient management of energy, water, and other resources and materials
ESS4: Community Health and Safety	Focus on risks and impacts on communities through design and safety of infrastructure, equipment, products, services, traffic, and hazardous materials
ESS5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Greater clarity on treatment of state land, land titling, access to common resources, voluntary transactions, force evictions
ESS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	Requirement to assess and mitigate impacts on biodiversity
ESS7: Indigenous Peoples	Clearer definitions, introduction of FPIC in specified circumstances
ESS8: Cultural Heritage	Adopt chance find procedure, enhanced consultation with affected communities
ESS9: Financial Intermediaries	Establish E&S procedures commensurate with FI nature, risk level and impact
ESS10: Information Disclosure and Stakeholder Engagement	Meaningful consultation, access to information and grievance redress

The Board approved the new Environmental and Social Framework (ESF) on August 4, 2016.

The framework makes important advances in areas such as transparency, non-discrimination, social inclusion, public participation, and accountability. Moreover, it places greater emphasis on the use of borrower frameworks and capacity building, with the aim of constructing sustainable borrower institutions and increasing efficiency. It introduces comprehensive labor and working condition protection; an over-arching non-discrimination principle; community health and safety measures that address road safety, emergency response and disaster mitigation; and a responsibility to include stakeholder engagement throughout the project cycle.

The new framework will promote better and lasting development outcomes. It provides broader coverage and access, and will benefit more people, especially vulnerable and disadvantaged groups. It will also strengthen partnerships with other MDBs, development partners, and bilateral donors. While recognizing that the new framework had several positive elements, some CSOs found that it should have gone further, others found that it was important that the ESF went from a compliance approach to one building on partnership and countries' own regulatory regimes, and the importance would be on implementation and monitoring.

The World Bank has embarked on an intensive preparation and training period that will last through FY17 to ensure its entry into effect in early 2018. The World Bank's current safeguards are expected to run in parallel for about seven years to govern projects approved before the launch of the new ESF. The NBO will closely follow the process leading up to the launch and subsequent implementation of the new ESF.

Box 4: Human Rights

Although a sensitive topic, in the past year a broad understanding has emerged among shareholders that human rights are important for the WBG and its mission. The adoption of the SDGs has contributed to this new appreciation of human rights issues. The NBO has continuously tried to advance the human rights agenda in the Bank, including in Board discussions, in the safeguard reform process, and with support of the Nordic Trust Fund for Human Rights.

The WBG does not have an official human rights policy, but core human rights principles such as non-discrimination, accountability, participation, and transparency are important principles in the Bank's work. The Bank's citizen engagement agenda has grown in prominence and the discussion on non-discrimination continues to evolve.

The rights of sexual minorities are at the forefront of the human rights agenda and have continued to gain traction in the Bank. During the 2016 Spring Meetings, the WBG President announced the Bank would hire an advisor to work specifically on sexual minorities and development (currently in process). We are hopeful that this will further the Bank's work on this important issue.

Knowledge Products

The WBG is a knowledge bank and, as such, its flagship reports are considered authoritative voices on a wide range of economic and development-related issues.

Among the most widely known are World Development Report, which provides in-depth analysis and policy recommendations on specific and important aspects of development, and the Doing Business Report, in which business regulations in 189 economies are compared.

World Development Reports 2016 and 2017

The 2016 World Development Report (WDR) on Digital Dividends explores the Internet's impact on growth, social and economic opportunity, and the efficiency of public service delivery. Digital technologies have boosted growth, expanded opportunities, and improved service delivery. Yet their aggregate impact has fallen short and is unevenly distributed. For digital technologies to benefit everyone everywhere, closing of the remaining digital divide is required, especially regarding Internet access.

The Nordic-Baltic Constituency (NBC) strongly supported the preparation of this report, both financially and intellectually. Estonia has contributed to this work, with President Ilves participating in the High-Level Advisory Panel. The report was launched in January 2016.

The 2017 World Development Report will focus on the role of governance and will examine the institutional foundations of a well-functioning state and address two sets of issues facing the development community: (i) the complicated interaction between economic development and the quality of governance; and (ii) the persistence of gaps between intended governance reforms and actual outcomes. To achieve this, the 2017 WDR will emphasize the importance of taking into account the nature of governance when designing interventions for effective service delivery and human well-being.

The proposed focus is on three elements:

- The existence of a capable bureaucracy for the effective provision of goods and services
- The existence of rule of law (the presence of norms and legal principles that reflect the beliefs and aspirations of societies)

- The existence of mechanisms to make governments accountable (to reduce corruption and make the political system more responsive to all groups in society)

The NBC has long requested a WDR on governance and has welcomed the choice of topic, especially in the context of the Development Agenda 2030 and SDG 16. For the NBC, a strong emphasis on gender throughout the report, the inclusion of human rights, as well as addressing IFFs thoroughly are fundamental elements. The NBC also systematically highlights the importance of the operational impact of the WDR.

The 2016 and 2017 WDRs are conceived as part of a trilogy of WDRs, alongside the 2015 WDR on Mind, Society and Behavior, which examines how policymakers can make full use of behavioral, technological, and institutional instruments to promote economic development and end poverty.

Doing Business in 2016 – Results and Further Adjustments to Methodology

Doing Business 2016, a WBG flagship publication, is the thirteenth in a series of annual reports measuring the regulations that enhance business activity and those that constrain it. Doing Business presents quantitative indicators that can be compared across 189 economies and over time. The report measures regulations affecting 11 areas of the life of a business, such as starting a business, dealing with construction permits, attaining electricity, registering property, and receiving credit. The indicators are used to analyze economic outcomes and identify what reforms of business regulation have worked, where, and why.

The methodology of the Doing Business report continues to evolve to better capture business environments and associated changes. This year's Doing Business report continues a two-year process of introducing improvements to complement the emphasis on the efficiency of regulation with a greater focus on its quality. Changes for next year will include new research on procurement processes and will correct certain gender biases due to the legal gender differences in measured processes.

All NBC countries have placed in the top 25 of the ease of doing business rankings for 2016. Denmark is in third place with the highest ranking. Sweden, Finland, and Norway occupy positions 8, 9, and 10, respectively, while the remaining NBO countries rank between 16 and 22. Compared to the previous year, all NBC countries have improved their rankings. As the current Doing Business methodology not only reflects the relative position of each member, but also the overall business environment and its changes, the rankings mean that the overall doing business environment in all NBC countries has improved.

Box 5: Independent Evaluation Group (IEG)

The IEG is charged with evaluating the activities of the WBG to provide an objective assessment of the impact of the WBG's work and to identify and disseminate lessons learned. The IEG conducts not only project-level evaluations, but also literature reviews, analytical work, project documentation, portfolio reviews, country case studies, and impact evaluations.

During FY16, steps have been taken to implement recommendations from the Independent Review of IEG, which concluded in FY15 and, among other things, determined that the IEG should further focus on utilization and learning, without losing its vital accountability function.

The major IEG products finalized during FY16 include: Financial Inclusion – A Foothold on the Ladder toward Prosperity?; World Bank Group Engagement in Resource-Rich Developing Countries: The Cases of the Plurinational State of Bolivia, Kazakhstan, Mongolia, and Zambia; and Behind the Mirror: A Report on the Self-Evaluation systems of the World Bank Group.

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 188 shareholders in the Executive Board. The Nordic and 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 Ulbaek (Denmark) from July 1, 2016
	Satu Santala (Finland) until June 30, 2016
Alternate Executive Director	Martin Põder (Estonia) from July 1, 2016
	Sanita Bajare (Latvia) until June 30, 2016
Senior Advisor	Peter Ellehoj (Denmark)
Senior Advisor	Jussi Lehmusvaara (Finland) until July 1, 2016
	Arto Eno (Finland) from July 1, 2016
Senior Advisor	Ivar Sikk (Estonia) until June 30, 2016
	Eivile Cipkute (Lithuania) from July 1, 2016
Advisor	Eivile Cipkute (Lithuania) until June 30, 2016
Advisor	Anna Dravniece (Latvia)
Advisor	Emil Hreggvidsson (Iceland)
Advisor	Marianne Krey-Jacobsen (Norway)
Advisor	Sara Gustafsson (Sweden) until August 12, 2016
	Marcus Svedberg (Sweden) from August 15, 2016
Sr. Executive Assistant	Betsy A. Barrientos
Program Assistant	Susan Giebel, until January 14, 2016
	Veronica Marchant, from April 11, 2016

The Nordic Baltic Executive Director is the Co-Chair of the Committee on Development Effectiveness (CODE) and is a member of the Budget Committee (BC). The Alternate Executive Director is the Chair of the Subcommittee on Development Effectiveness.

[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 and IDA Operational Summary

IBRD: Gross Disbursements by Region
(in million US$)

	2016	% of total	2015	% of total
Africa	$ 874	4%	$ 816	4%
East Asia and Pacific	$ 5,205	23%	$ 3,596	19%
Europe and Central Asia	$ 5,167	23%	$ 5,829	31%
Latin America and the Caribbean	$ 5,236	23%	$ 5,726	30%
Middle East and North Africa	$ 4,427	20%	$ 1,779	9%
South Asia	$ 1,623	7%	$ 1,266	7%
Total	$ 22,532	100%	$ 19,012	100%

IDA: Top Five Members with the Largest Loans Outstanding Balance
(in million US$)

Country	India	Pakistan	Bangladesh	Vietnam	Nigeria	Others	Total
Loans Outstanding	24,765	13,381	12,147	11,714	6,763	67,965	136,735
% of Total Loans Outstanding	18%	10%	9%	8%	5%	50%	100%
Weighted Average Maturity (Years)	6.8	13.1	14.1	14.8	15.6	13.8	12.6
Loans outstanding by terms							
Regular	5,647	1,055	12,147	7,894	4,311	51,766	82,820
Blend	18,701	11,868	-	3,569	2,452	16,078	52,668
Hard	340	458	-	251	-	121	1,170
Transitional support	77	-	-	-	-	-	77
Undisbursed balance	6,640	2,315	5,696	4,803	4,219	25,803	49,476

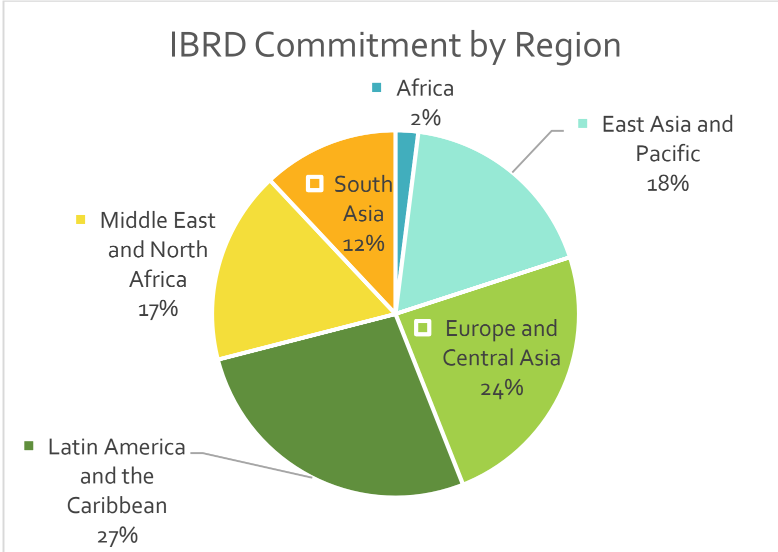
Annex C: IFC Selected Financial Data FY12-16

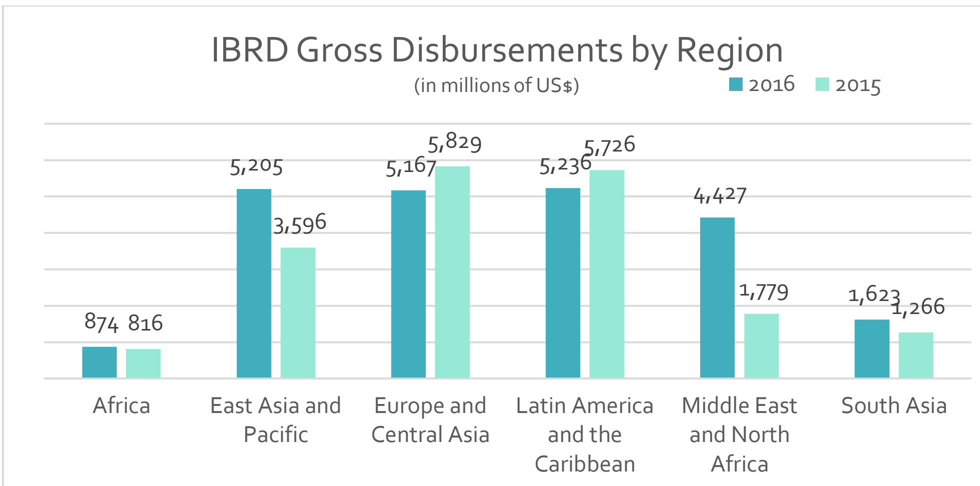
Selected Financial Data (US$ millions)

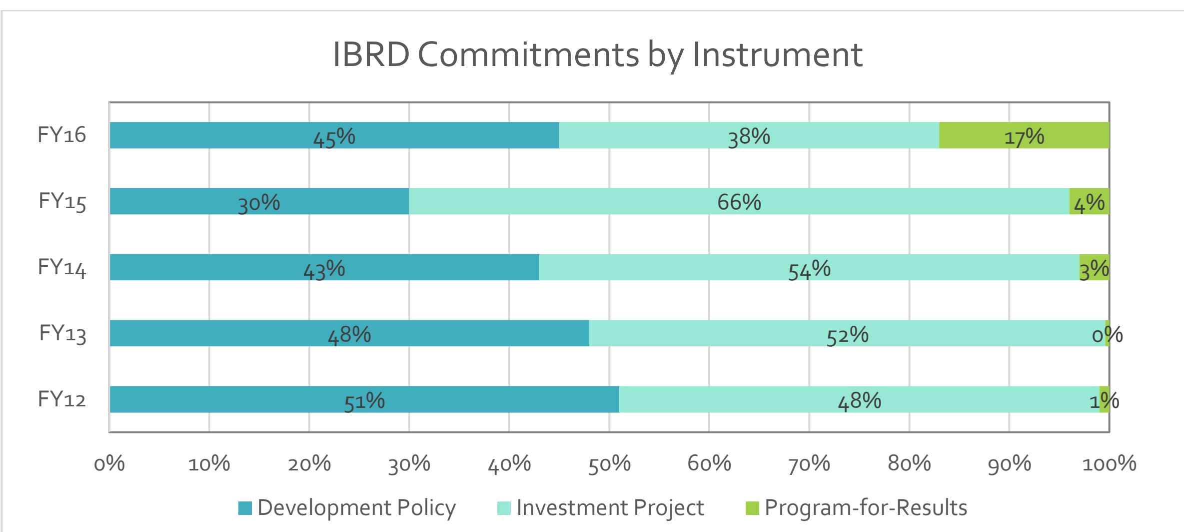
As of and of the years ended June 30	**2016**	2015	2014	2013	2012
Consolidated income highlights:					
Income from loans and guarantees, including realized gains and losses on loans and associated derivatives	**$1,126**	$1,123	$1,065	$996	$993
Provision for losses on loans, guarantees and other receivables	**-359**	-171	-88	-243	-117
Income from equity investments and associated derivatives	**518**	427	1289	732	1548
Income from debt securities, including realized gains and losses on debt securities and associated derivatives	**129**	132	89	69	71
Income from liquid asset trading activities	**504**	467	599	500	313
Charges on borrowings	**-409**	-258	-196	-220	-181
Other income	**501**	505	461	441	448
Other expenses	**-1,464**	-1,423	-1,418	-1,401	-1,207
Foreign currency transaction gains and losses on non-trading activities	**-46**	53	-19	35	145
Income before net unrealized gains and losses on non-trading financial instruments accounted for at fair value and grants to IDA	**500**	855	1782	909	2013
Net unrealized gains and losses on non-trading financial instruments accounted for at fair value	**-204**	-106	-43	441	-355
Income before grants to IDA	**296**	749	1739	1350	1658
Grants to IDA	**-330**	-340	-251	-340	-330
Net (loss) income	**-34**	409	1,488	1,010	1,328
Less: Net losses (gains) attributable to non-controlling interests	**1**	36	-5	8	-
Net (loss) income attributable to IFC	**($33)**	$445	$1,483	$1,018	$1,328

As of and of the years ended June 30	**2016**	2015	2014	2013	2012
Consolidated balance sheet highlights:					
Total assets	**$90,434**	$87,548	$84,130	$77,525	$75,761
Liquid assets, net of associated derivatives	**41,373**	39,475	33,738	31,237	29,721
Investments	**37,356**	37,578	38,176	34,677	31,438
Borrowings outstanding, including fair value adjustments	**55,142**	51,265	49,481	44,869	44,665
Total capital	**$22,766**	$24,426	$23,990	$22,275	$20,580
of which					
Undesignated retained earnings	**$20,475**	$20,457	$20,002	$18,435	$17,373
Designated retained earnings	**133**	184	194	278	322
Capital stock	**2,566**	2,566	2,502	2,403	2,372
Accumulated other comprehensive (loss) income (AOCI)	**-431**	1,197	1,239	1,121	513
Non-controlling interests	**23**	22	53	38	-

Annex D: IBRD FY16 Facts and Figures







Annex E: Nordic-Baltic Contributions to WBG Funds

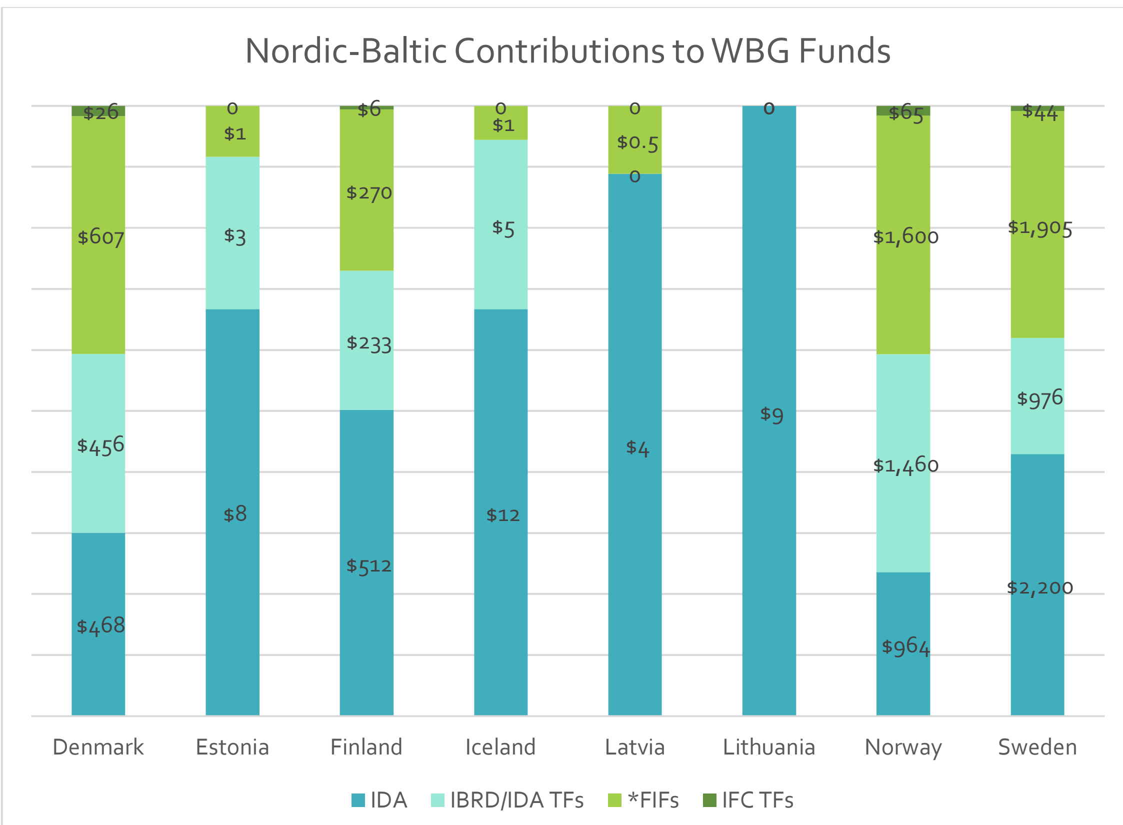
Nordic-Baltic Contributions to WBG Funds

(FY11-FY16 Q2, in million US$)

Country	IDA	IBRD/IDA TFs	*FIFs	IFC TFs	Total
Denmark	$ 468	$ 456	$ 607	$ 26	**$ 1,557**
Estonia	$ 8	$ 3	$ 1	–	**$ 12**
Finland	$ 512	$ 233	$ 270	$ 6	**$ 1,021**
Iceland	$ 12	$ 5	$ 1	–	**$ 18**
Latvia	$ 4	–	$ 0.5	–	**$ 4.5**
Lithuania	$ 9	–	–	–	**$ 9**
Norway	$ 964	$ 1,460	$ 1,600	$ 65	**$ 4,089**
Sweden	$ 2,200	$ 976	$ 1,905	$ 44	**$ 5,125**

Trust Funds include the Afghan Reconstruction TF, Education for All Fast Track Initiative TF, Partnership for Infrastructure Development in the West Bank and Gaza Multi-Donor TF, and Palestinian Recovery and Development Plan Multi-Donor TF

*FIFs refers to Financial Intermediary Funds



Annex F: Summary of the Corporate Scorecard

Goals

Population living on less than US$1.90 a day (%)	
Target	3 (2030); 9 (2020)
Baseline	14.2 (2011)
Actual	12.8 (2012)
Actual in FCS	51.3 (2012)

Median of growth rates of average real per capita income of the bottom 40 % (%)	
Baseline	4.0 (2011)
Actual	3.3 (2012)
Actual in FCS	nu

Development Context

Growth	Baseline	Actual	Actual in FCS
GDP per capita *(constant 2005 US$)*	2,770* (2013)	2,946 (2014)	793 (2014)
Gross capital formation *(% of GDP)*	29.9* (2013)	25.0 (2014)	19.2 (2014)
Agriculture value added per worker *(constant 2005 US$)*	1,002.7* (2013)	1,123.8 (2014)	583.7 (2014)
Adults with financial accounts *(%, age 15+; all/bottom 40%)*	42/30 (2011)	54/46 (2014)	18/12 (2014)
- Women with financial accounts *(%, age 15+)*	37 (2011)	50 (2014)	14 (2014)

Sustainability and resilience	Baseline	Actual
Countries without wealth depletion *(%)*	49* (2010)	51 (2011)
Countries with low or moderate risk from unsustainable debt *(number)*	63 (2012)	63 (2014)
Countries mainstreaming disaster risk management *(%)*	69 (2013)	nu
Population living in areas under water stress *(%)*	FY16	
Population exposed to harmful air pollution (PM2.5) *(%)*	89.1 (2010)	89.5 (2013)
Global environmental sustainability		
CO_2 emissions* *(kg per 2011 PPP$ of GDP)*	0.37* (2010)	0.37 (2011)
Average annual deforestation change* *(%)*	0.11 (2010)	nu
Climate resilience and climate finance (tbd)		

Inclusiveness	Baseline	Actual	Actual in FCS
Opportunities: Countries with growth concentrated in the bottom 40% *(%)*	70.3 (2011)	65.6 (2012)	40 (2012)
Access to electricity *(%, bottom 40%/gap to average)*	64/9 (2013)	64/9 (2015)	26/9 (2015)
Employed persons remaining extremely poor *(%)*	15 (2013)	15 (2015)	27 (2015)
Countries with equal economic opportunities for women in law *(number)*	13 (2013)	12 (2015)	nu
Education: Primary school completion *(%, ages 15-19: bottom 40%/gap to average)*	73/9 (2013)	68/7 (2015)	43/13 (2015)
Quality of learning	FY16		
Health: Access to essential health, nutrition and population services *(%, bottom 40%)*	FY16		
Under 5 mortality rate *(per 1,000 live births)*	52 (2013)	47 (2015)	79 (2015)
Malnutrition, height for age *(%, children under 5)*	26 (2013)	24 (2014)	37 (2014)
Access to safe water within a household *(%, bottom 40%/gap to average)*	45/7 (2013)	81/8 (2015)	58/10 (2015)
Access to improved sanitation *(%, overall population)*	58 (2013)	62.2 (2015)	44.3 (2015)

*Development Context indicators will be reviewed to align with the results of post-2015, UNFCCC and other key global development agendas. *Global-reported for all countries.*
**Baseline value updated. nu: No current update available. n/a: Not applicable*

Client Results Supported by World Bank Group Operations

Results

Growth	Baseline (FY13)	Actual (FY15)	Actual in FCS (FY15)	Female beneficiaries (FY15)
Private investments catalyzed *(US$ Billions)*	n/a	87.9	1.7	n/a
Farmers reached with agricultural assets and services *(millions)*	3.9	16.7	0.3	1.1
People, microenterprises and SMEs reached with financial services *(millions)*	33.0	63.9	0.9	11.0
Transport indicator	FY16			
Expanded conventional/renewable power generation *(gigawatt hours, annual)*	25,491/13,405	72,006/30,504	832/1973	n/a
People reached with ICT	FY16			
Inclusiveness				
Jobs (tbd)				
People provided with new or improved electricity service *(millions)*	32.7	75.3	9.3	n/a
Students reached *(millions)*	15.9	19.5	n/a	
People who have received essential health, nutrition and population (HNP) services *(millions)*	257.4	390.4	19.3	97.5
People provided with access to an improved water source *(millions)*	38.4	54.3	6.4	
People provided with access to improved sanitation facilities *(millions)*	12.9	30.5	0.6	
Sustainability and resilience				
Countries with strengthened public management systems *(number)*	107	105	16	n/a
Countries institutionalizing disaster risk reduction as a national priority *(number)*	29	36	3	n/a
Climate change mitigation and adaptation *(tbd)*				

World Bank Group Performance

Performance

DEVELOPMENT IMPACT	Target (FY17)	Baseline (FY13)	Actual (FY16Q2)	Actual in FCS (FY16Q2)
Development outcomes ratings				
Satisfactory completion of country strategies *(%, IEG rating)*	70	55 (FY10-13)	68 (FY12-15)	60 (FY12-15)
Satisfactory outcomes of WBG operations				
-World Bank *(%, IEG rating)*	75	71.2 (FY10-13)	70.3 (FY12-14)	70.5 (FY12-14)
-IFC *(%, IEG rating)*	65	65 (CY10-13)	58 (CY12-14)	n/a
-MIGA *(%, IEG rating)*	–	76* (FY09-13)	63 (FY09-14)	n/a
Bank Advisory Services and Analytics (ASA) objectives accomplished *(%, client rating)*	FY16	61	66	55
IFC advisory services successful development effectiveness rating *(%, self-rating)*	65	76	76	75
Stakeholder and Client feedback				
Stakeholder feedback *(scale 1-10)*				
-on WBG effectiveness and impact on results	7.0	6.4	6.5	6.7
-on WBG knowledge	7.0	6.8	7.0	7.6
Client feedback/satisfaction				
-on WB effectiveness and impact on results *(scale 1-10)*	7.0	6.9	7.0	7.2
-for IFC investment/advisory services *(% satisfied)*	85	85/90	82/91	76/93
STRATEGIC CONTEXT				
Stock of Country Strategies underpinned by a Systematic Country Diagnostic (SCD) *(%)*	100	31.3 (FY15)	68	100
Mainstreaming of priorities				
Climate related WBG commitments *(US$ billions)*	–	8.4	9.1	0.13
Gender integrated country strategies *(%)*	100	86*	100	100

Working as one WBG	Target (FY17)	Baseline (FY13)	Actual (FY16Q2)	Actual in FCS (FY16Q2)
Share of Country Partnership Frameworks (CPFs) that have at least one joint objective in the results matrix *(%)*	–	83.3 (FY15)	100	100
Staff time spent across GP/CCSAs *(%)*	–	9.1 (FY15)	10.6	n/a
Staff perception of WBG collaboration *(%)*	66	23	27	n/a
OPERATIONAL DELIVERY FOR CLIENTS				
Satisfactory WBG performance for country strategies *(%, IEG rating)*	75	72 (FY10-13)	75 (FY12-15)	80 (FY12-15)
WBG commitments *(US$ billions)*	–	52.9	30	3
Capital mobilized on commercial terms *(US$ billions)*	–	11.1	9.9	0.45
Time for operational delivery:				
-WB: concept to first disbursement *(months)*	cut by 1/3	28	25.9	22.2
-IFC: Mandate-to-disbursement *(median # days)*	150	n/a	nu	n/a
-MIGA: Concept to Guarantee issuance *(months)*	–	5.41*	7.74	n/a
Staff time spent across Regions *(%)*	–	10.7 (FY15)	13.6	n/a
FINANCIAL SUSTAINABILITY				
Total revenue *(US$ billions)*	–	8.5*	4.6	n/a
Average annual growth of WBG business revenue *(US$ millions)*	>5% (FY15-24)	n/a	5.8	n/a
Gross expenditure reduction *(US$ millions)*	400 (FY18)	n/a	115	n/a
MANAGING TALENT				
Employee engagement *(%)*	76	71	69	n/a
Managerial effectiveness *(%)*	71	67	65	n/a
Staff diversity *(index)*	1.0	0.85	0.86	n/a
Inclusion index *(%)*	68	54* (FY15)	54	n/a

**Baseline value updated. nu: No current update available. n/a: Not applicable*

Client Results Supported by World Bank Operations

Results

Growth	Baseline (FY13)	Actual (FY15)	Actual in FCS (FY15)	Female beneficiaries (FY15)
Private investments catalyzed *(US $ Billions)*	n/a	28.7	1	
People, microenterprises and SMEs reached with financial services *(millions)*	15.3	14.9	0.59	0.62
Farmers adopting improved agricultural technology *(millions)*	1.8	3.47	0.16	0.23
Area provided with irrigation services *(hectares, millions)*	1.2	2.03	0.03	n/a
Roads constructed and rehabilitated *(kilometers, thousands)*	95	113.6	14.4	n/a
Additional transport indicator	FY16			
Generation capacity of conventional/renewable energy *(megawatts)*	1,430/904	4,287/2,461	10/301	n/a
Inclusiveness				
Jobs (tbd)				
People provided with direct/inferred access to electricity *(millions)*	6.9/2.3	15.1/7.9	1.1/0.6	nu
Students that have benefitted from learning assessments *(millions)*	15.5	17.7	nu	nu
Teachers recruited or trained *(millions)*	1.0	6.6	0.7	nu
People who have received essential health, nutrition and population (HNP) services *(millions)*	250.9	377	19	43.3
People provided with access to an improved water source *(millions)*	35.3	42.2	6.4	nu
People provided with access to improved sanitation facilities *(millions)*	6.8	16.6	0.6	nu
Beneficiaries covered by social safety net programs *(millions)*	37.4	32.7	10.5	16.5
Sustainability and resilience				
Countries with strengthened public management systems in				
- Civil service and public administration *(number)*	29	38	10	n/a
- Tax policy and administration *(number)*	24	29	14	n/a
- Public financial management *(number)*	56	53	8	n/a
- Procurement *(number)*	16	11	10	n/a
Emission reductions with support of special climate instruments *(annual, million tons CO_2 equivalent)*	903	588	n/a	n/a
Projected lifetime energy and fuel savings *(MWh and MJ)*	1,270,000 *(FY14)*	1,270,000	n/a	n/a
Countries institutionalizing disaster risk reduction as a national priority *(number)*	29	36	3	n/a
Countries supported on statistical capacity *(number)*	51	47	11	n/a

World Bank Performance

Performance

DEVELOPMENT IMPACT	Target (FY17)	Baseline (FY13)	Actual (FY16Q2)	Actual in FCS (FY16Q2)
Development outcomes ratings				
Satisfactory outcomes for IBRD/IDA operations				
-as a share of operations *(%, IEG rating)*	75	71.2 (FY10-13)	70.3 (FY12-14)	70.5 (FY12-14)
-as a share of commitments *(%, IEG rating)*	80	81.8 (FY10-13)	80.7 (FY12-14)	78.6 (FY12-14)
Advisory Services and Analytics (ASA) objectives accomplished *(%, client rating)*	FY16	61	66	55
Client feedback				
Client feedback *(scale: 1-10)*				
-on WB effectiveness and impact on results	7.0	6.9	7.0	7.2
- on WB responsiveness and staff accessibility	7.0	6.6	6.9	6.6
STRATEGIC CONTEXT				
Stock of Country Strategies underpinned by a Systematic Country Diagnostic (SCD) *(%)*	100	31.3 (FY15)	68	100
Incorporating citizen and beneficiary feedback				
Projects with beneficiary feedback indicator at design *(%)*	100	26 (FY14)	86	91
Resolved registered grievances *(%)*	–	75	nu	nu
Mainstreaming of priorities				
Projects with gender-informed analysis, action and monitoring *(%)*	66	54	50	43
Projects reporting on gender results during implementation *(%)*	75	55	70	75
Commitments with climate co-benefits *(US$ billions)*	–	5.9	6.1	0.12
Projects with climate change co-benefits implementing agreed climate actions *(%)*	FY16			
OPERATIONAL DELIVERY FOR CLIENTS				
Financing for clients				
IBRD/IDA commitments *(US$ billions)*	–	31.5	23	2.6
Private capital mobilized *(US$ billions)*	–	1.1	2.5	0.7
IBRD/IDA disbursements *(US$ billions)*	–	27.1	19.9	2.4

Quality and timeliness of lending operations	Target (FY17)	Baseline (FY13)	Actual (FY16Q2)	Actual in FCS (FY16Q2)
Satisfactory Bank performance *(%, IEG rating)*				
-at entry *(% of commitments)*	80	70.9 (FY10-13)	72.6 (FY12-14)	70.3 (FY12-14)
-during supervision *(% of commitments)*	80	84.5 (FY10-13)	87 (FY12-14)	93 (FY12-14)
Time from the concept note to the first disbursement *(months)*	Cut by 1/3	28	25.9	22.2
Disbursement ratio *(%)*	20	20.5 (FY11-13)	8.4	8.4
Quality and efficiency of Advisory Services and Analytics (ASA) products				
Quality of Advisory Services and Analytics (ASA) *(scale: 1-10)*	FY16	8.0	8.1	7.4
Advisory Services and Analytics (ASA) delivered in a timely manner *(%)*	80	68	58	62
External funding attracted for Advisory Services and Analytics (ASA) *(US$ millions)*	–	156	82.9	7.4
Knowledge and science of delivery for results				
Staff time spent across Regions *(%)*	–	10.7 (FY15)	13.6	n/a
Operation designs drawing lessons from evaluative approaches *(%)*	100	50[1]	79[2]	n/a
Projects with baseline data for all PDO indicators in the first ISR *(%)*	100	69	77	81
FINANCIAL SUSTAINABILITY AND EFFICIENCY				
Total revenue *(US$ billions)*	-	5.4	2.8	n/a
Average annual growth of cumulative IBRD business revenue *(US$ millions)*	Cntrb. to WBG>5%	n/a	2.2	n/a
IBRD maximum loan exposure *(US$ billions)*	Positive growth	173	201	n/a
Expense to business revenue ratio *(%)*	≤100	113	111	n/a
Support costs ratio *(%)*	–	0.5	0.5	0.8
MANAGING TALENT				
Employee engagement *(%)*	77	71	70	n/a
Managerial effectiveness *(%)*	71	67	65	n/a
Staff diversity *(index)*	1.0	0.86	0.88	n/a
Inclusion index *(%)*	67	53* *(FY15)*	53	n/a

*[1] IDA projects only [2] IDA and other operations *Baseline value updated nu: No current update available n/a: Not applicable*

Note: Rating and traffic lights assigned to each indicator are based on assessment of trend and progress toward target value for FY2017 On-track Watch Off-track

Annex G: Nordic and Baltic Staff in the WBG

	IBRD		IFC	MIGA	GEF	
	Core	Other*	Core	Core	Core	Total
Denmark	47	6	13		3	**69**
Estonia	5					**5**
Finland	28	3	3		4	**38**
Iceland	2		1			**3**
Latvia	11		4	1		**16**
Lithuania	9	1	2			**12**
Norway	25	3	2			**30**
Sweden	43	2	8	2	2	**57**
Grand Total	**170**	**15**	**33**	**3**	**9**	**230**

* Includes Junior Professional Officers (JPO) and Special Assignments (SPAS).

Staff Distribution by Grade Level

Grades	Denmark	Estonia	Finland	Iceland	Latvia	Lithuania	Norway	Sweden	Total
GC-GD						4		1	**5**
GE (eg Analyst)			1		1	1		2	**5**
GF (eg Economist/Specialist)	9		11	2	5	2	3	11	**43**
GG (eg Sr Economist/Specialist)	32	3	16		7	3	14	24	**99**
GH (eg Lead Economist/Specialist)	20	2	5	1	3	1	10	14	**56**
GI (eg Manager, Director)	1		2					2	**5**
GJ (eg Vice President)	1								**1**
GK (eg Executive Vice President)									
UC (eg externally funded, JPAs)	6		3			1	3	2	**15**
ETC								1	**1**
	69	**5**	**38**	**3**	**16**	**12**	**30**	**57**	**230**

Grades GA-GD refer to administrative and office support positions with specialized functions in a given unit.
GE-GK refer to professional-level positions responsible for a variety of operational tasks (e.g. participating as a full member of a multi-disciplinary team; undertaking assignments of project preparation, appraisal and supervision in field of expertise). **UC** refers to an ungraded level. This includes Junior Professional Officers (JPO) and those under the Donor Funded Staffing Program (DFSP). ETC refers to Extended Term Consultant (ETC), who is hired at level GE or above for a minimum of 12 months. This term is renewable for a second year and is subject to a lifetime maximum of two years.

Annex H: Nordic and Baltic Countries* Procurement Data, FY14-16

Overall Results Fiscal Years 2014-2016									
	Denmark	Estonia	Finland	Iceland	Lithuania	Latvia	Norway	Sweden	Constituency Total
Country Total	$100,137,288	$9,353,081	$123,409,865	$770,000	$32,418,774	$11,182,731	$19,601,672	$100,435,228	$397,308,639
Average of WB Totals (%)	0.25%	0.023%	0.30%	0.0019%	0.08%	0.0276%	0.05%	0.25%	0.98%

Bankwide Total	**$74,044,949,185**
Percentage Difference	0.54%

	Fiscal Year 2014				FY Total	Percentage of WB Total
	Consultant Services	Civil Works	Goods	Non Consulting Services		
Denmark	$43,549,198		$28,882,968		$72,432,166	0.26%
Estonia	$362,218		$7,979,816		$8,342,034	0.03%
Finland	$10,821,653	$97,289,913			$108,111,566	0.38%
Iceland	$770,000				$770,000	0.003%
Lithuania	$119,870	$7,145,885	$5,161,296		$12,427,051	0.04%
Latvia					$0	0.00%
Norway	$14,560,102		$319,741		$14,879,843	0.05%
Sweden	$19,312,210		$6,545,785		$25,857,995	0.09%
Constituency Totals	$89,495,251	$104,435,798	$48,889,606	$0	$242,820,655	0.86%
Bank-wide Total	$4,422,359,710	$17,242,599,573	$6,271,937,908	$330,321,864	$28,267,219,055	
Constituency % of Total	2.02%	0.61%	0.78%	0.00%		

	Fiscal Year 2015				FY Total	Percentage of WB Total
	Consultant Services	Civil Works	Goods	Non Consulting Services		
Denmark	$15,787,414		$2,777,079		$18,564,493	0.08%
Estonia	$419,400				$419,400	0.002%
Finland	$7,911,475				$7,911,475	0.03%
Iceland					$0	0.001%
Lithuania	$318,956		$1,362,416		$1,681,372	0.01%
Latvia	$695,920				$695,920	0.003%
Norway	$2,934,847				$2,934,847	0.01%
Sweden	$12,782,215		$2,267,331		$15,049,546	0.06%
Constituency Totals	$40,850,227	$0	$6,406,826	$0	$47,257,053	0.20%
Bank-wide Total	$4,316,475,240	$13,182,571,254	$5,038,628,062	$704,750,778	$23,242,425,334	
Constituency % of Total	0.95%	0.00%	0.13%			

	Fiscal Year 2016				FY Total	Percentage of WB Total
	Consultant Services	Civil Works	Goods	Non Consulting Services		
Denmark	$309,447		$8,831,182		$9,140,629	0.04%
Estonia	$591,647				$591,647	0.003%
Finland	$7,386,824				$7,386,824	0.03%
Iceland					$0	0.00%
Lithuania	$1,909,681	$16,400,669			$18,310,350	0.08%
Latvia	$375,060		$10,111,751		$10,486,811	0.05%
Norway	$1,786,982				$1,786,982	0.01%
Sweden	$103,432	$56,464,507	$2,959,749		$59,527,688	0.26%
Constituency Totals	$12,463,073	$72,865,176	$21,902,682	$0	$107,230,931	0.48%
Bank-wide Total	$2,426,450,395	$13,244,305,022	$6,603,378,629	$261,170,750	$22,535,304,796	
Constituency % of Total	0.51%	0.55%	0.33%	0.00%		

*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, although Siemens is of course German.