



End Extreme Poverty • Boost Shared Prosperity



Accelerate
economic growth



Build
human capital



Foster
resilience

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This Annual Report, which covers the period from July 1, 2016, to June 30, 2017, has been prepared by the Executive Directors of both the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA)—collectively known as the World Bank—in accordance with the respective bylaws of the two institutions. Dr. Jim Yong Kim, President of the World Bank Group and Chairman of the Board of Executive Directors, has submitted this report, together with the accompanying administrative budgets and audited financial statements, to the Board of Governors.

Annual Reports for the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for Settlement of Investment Disputes (ICSID) are published separately.

Throughout the report, the term World Bank and the abbreviated Bank refer only to IBRD and IDA; the term World Bank Group and the abbreviated Bank Group refer to the collective work of IBRD, IDA, IFC, and MIGA. All dollar amounts used in this Annual Report are current U.S. dollars unless otherwise specified. Funds allocated to multiregional projects are accounted for at the country level in tables and text. As a result of rounding, numbers in tables may not add to totals, and percentages in figures may not add to 100.

World Bank Group Approach to Sustainable Development

2 GOALS

- 1. TO END EXTREME POVERTY BY 2030
- 2. TO BOOST SHARED PROSPERITY

3 PRIORITY AREAS



Accelerate economic growth

In Belarus, state-of-the-art technology is helping to better manage highways and improve commercial traffic through an important regional corridor. (See page 46.)
Quality roads are not just infrastructure, they're connections between people, markets, jobs, and opportunities.

In the Democratic Republic of Congo, improvements to border facilities with its eastern and southern neighbors is helping to facilitate cross-border trade. (See page 20.)
Reducing costs and wasted time at border crossings can help integrate markets, boost trade—including for small-scale and women traders—and grow economies.



Foster resilience

In Haiti, the Bank helped quickly mobilize more than \$170 million for the country after Hurricane Matthew. (See page 50.)
Providing financial resources in the immediate aftermath of a crisis can help restore infrastructure and services for people most in need.

\$1 billion in concessional financing has been unlocked for Jordan and Lebanon for their support to Syrian refugees. (See page 54.)
Using innovative funding to support vital public health services and critical infrastructure can help meet the needs of both refugees and host countries' citizens.



Build human capital

In Madagascar, more than 350,000 people are receiving cash transfers and nutrition services in the face of severe drought. (See page 38.)
Supporting access to quality basic services, and to social protection when needed, can help individuals fulfill their potential and help countries achieve economic success.

In Bangladesh, nearly 690,000 children in remote, rural areas were given a second chance at education. (See page 58.)
Education is a powerful driver of development: it has large, consistent returns in terms of income and counters widening inequality.

Read more about our work in these areas and additional project stories at worldbank.org/annualreport.

The World Bank Group’s mission consists of two ambitious, but achievable, goals:

To end extreme poverty by 2030

by decreasing the percentage of people living on less than \$1.90 a day

To boost shared prosperity

by fostering income growth for poorest 40 percent in every country.

Achieving these goals will mean working with our partners in the public and private sectors, collaborating across civil society and country governments, and engaging beneficiaries and stakeholders on the ground to ensure that every person has an opportunity to fulfill her or his potential.

As we pursue these goals, we will focus on three priority areas:



Accelerating sustainable and inclusive economic growth—the surest path out of poverty.



Investing in people to build human capital—so that everyone can fulfill her or his potential to thrive in the 21st century economy.



Fostering resilience to global shocks and threats—to brace against the challenges that could roll back progress against poverty.

The World Bank Group tackles the global challenges that have the potential to affect everyone—by leveraging resources, creating markets, and bringing innovative solutions to scale. We believe that the world everyone wants—where no one lives in extreme poverty and everyone has an opportunity for a better life—is within reach.

The following websites and additional weblinks throughout the report are provided for further information:

- Annual Report 2017: worldbank.org/annualreport
- World Bank Results: worldbank.org/results
- World Bank Open Data: data.worldbank.org
- Corporate Scorecards: scorecard.worldbank.org
- Corporate Responsibility: worldbank.org/corporateresponsibility
- Access to Information: worldbank.org/en/access-to-information

Message from the President of the World Bank Group and Chairman of the Board of Executive Directors

As I travel around the world, I am continually reminded of how much smaller the world seems to be getting. Thanks to technology—especially the Internet, mobile phones, and social media—nearly everyone can see how everyone else lives. For many, living standards in the most developed countries, once unknown to the world's poor, are now as familiar as their own communities.

This awareness has changed how people think about their lives, and it is raising expectations about what is possible. Aspirations, once rooted in local experiences, are converging around the world. And as people's aspirations rise, so too will demands for education, jobs, and services like health care and transportation—opportunities for a better life for themselves and for their families. As the world is virtually shrinking, the divide between people is widening. Our role and our ambition at the World Bank Group is to bridge that divide. We need to use all of our energy, knowledge, creativity, and financing capacity to help countries meet the expectations of all their citizens.

This means accelerating progress on our two goals—ending extreme poverty by 2030, and boosting prosperity among the poorest 40 percent in low- and middle-income countries. To accomplish these goals, we are supporting investments in countries that will lay the foundations for sustainable and inclusive economic growth. We are investing in people, in the youth in particular, so that individuals—and countries—can fulfill their potential and look toward a brighter future. And we are strengthening resilience to the global shocks that affect all of us—pandemics, climate change, refugees, and famine.

Yet while the world seems to be getting smaller, our challenges are multiplying. We must constantly evolve and adapt to meet them. At the World Bank Group, we are fundamentally rethinking our approach to development finance. We have billions of dollars to work with, but the world needs trillions in annual funding for development. We must now leverage our scarce resources even more to crowd in vastly more private capital, combine it with our expertise, and invest it in developing countries.

To spur that level of financing, we need to create markets and bring more private sector rigor and innovation to our client countries, especially the poorest and most fragile ones. We have to start by asking routinely whether private capital, rather than government funding or donor aid, can finance a project. If the conditions are not right for private investment, we need to work with our partners to de-risk projects, sectors, and entire countries. Through dialogue and knowledge transfers, we can help governments reform laws and regulations, and improve economic practices. We can instill new, more efficient ways to finance development. This won't be easy, but it's the only way we can help countries at the scale that these times require.

This year, the World Bank Group committed more than \$61 billion in loans, grants, equity investments, and guarantees to its members and private businesses. The International Bank for Reconstruction and Development (IBRD) saw continued client demand for its services and made commitments totaling \$22.6 billion. And the International Development Association (IDA), our fund for the poorest, provided \$19.5 billion to support the countries most in need to face their toughest challenges.

We committed to drastically scaling up IDA's development interventions through innovative financing. For example, we are leveraging IDA's equity by blending donor contributions with internal resources and funds raised through debt markets. As a result of these efforts and the continued strong support of our partners, we achieved a record \$75 billion replenishment for IDA18. As we head into fiscal 2018, we're using new tools, such as the \$2.5 billion Private Sector Window, to mobilize private capital for the poorest countries.

The International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA), our two institutions focused on private sector development, are leading our efforts to create markets and crowd in private sector investment in developing countries.

IFC delivered a significant amount of financing for private sector development—about \$19.3 billion, including nearly \$7.5 billion mobilized from investment partners. Nearly \$4.6 billion of this went to IDA countries, and nearly \$900 million went to fragile and conflict-affected areas.

MIGA issued \$4.8 billion using political risk insurance and credit enhancement guarantees to draw in private investors and lenders to developing countries. Forty-five percent of projects supported in fiscal 2017 were in IDA-eligible countries, and 21 percent were in countries affected by conflict and fragility.

Across the World Bank Group, we're working to ensure that we have the knowledge, resources, and tools to be effective and agile in the face of rapid change. We're ready to scale up and strengthen our engagement to help countries overcome their development challenges, create equality of opportunity, and give everyone the chance to meet their aspirations.



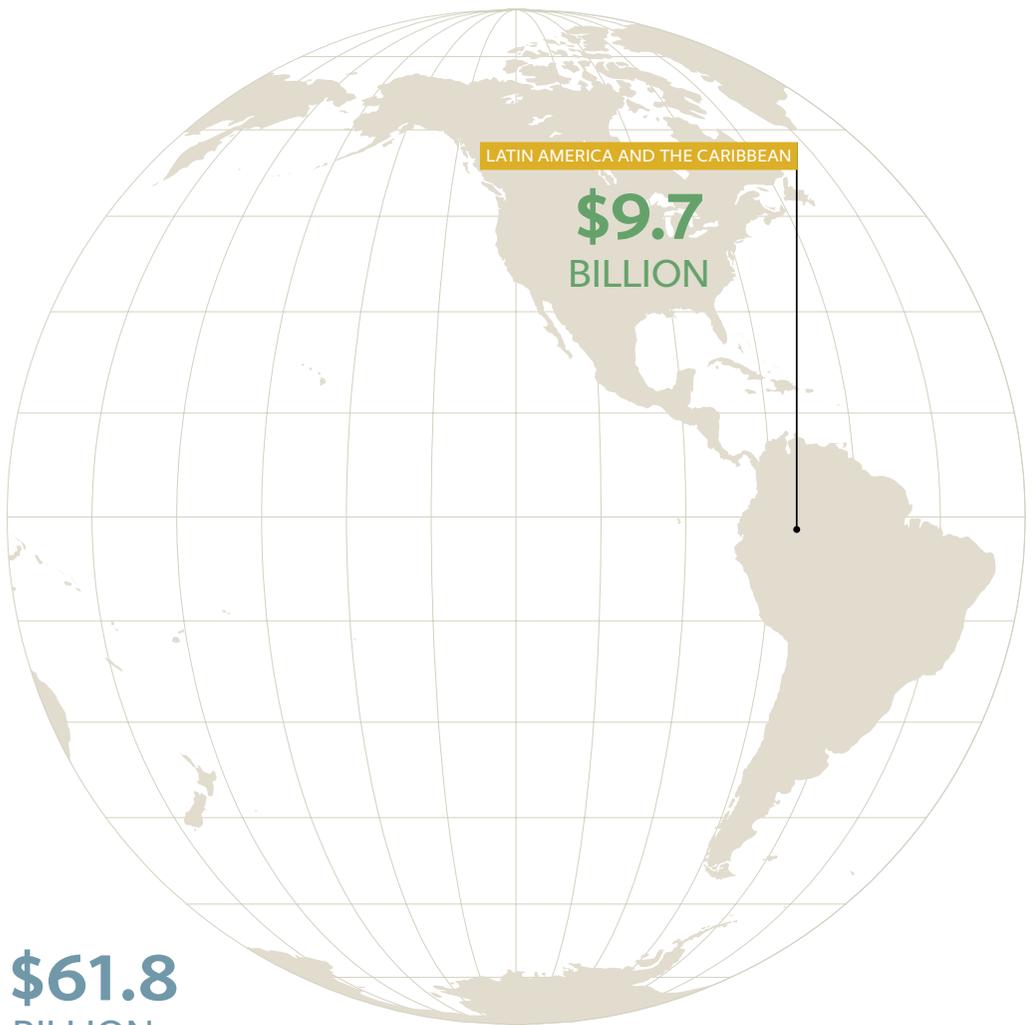
DR. JIM YONG KIM

*President of the World Bank Group
and Chairman of the Board of Executive Directors*



Global Commitments

The World Bank Group maintained its support for developing countries over the past year as the organization focused on delivering results more quickly, increasing its relevance for clients and partners, and bringing global solutions to local challenges.



in loans, grants, equity investments,
and guarantees to partner countries
and private businesses.

*Total includes multiregional and global projects.
Regional breakdowns reflect World Bank country
classifications.*

EUROPE AND CENTRAL ASIA

\$9.5
BILLION

EAST ASIA AND PACIFIC

\$9.7
BILLION

\$7.1
BILLION

MIDDLE EAST AND NORTH AFRICA

\$9.6
BILLION

SOUTH ASIA

\$16.2
BILLION

SUB-SAHARAN AFRICA

World Bank Group Financing for Partner Countries

BY FISCAL YEAR, MILLIONS OF DOLLARS

	2013	2014	2015	2016	2017
WORLD BANK GROUP					
Commitments ^a	50,232	58,190	59,776	64,185	61,783
Disbursements ^b	40,570	44,398	44,582	49,039	43,853
IBRD					
Commitments	15,249	18,604	23,528	29,729	22,611
Disbursements	16,030	18,761	19,012	22,532	17,861
IDA					
Commitments	16,298	22,239	18,966	16,171	19,513 ^c
Disbursements	11,228	13,432	12,905	13,191	12,718 ^c
IFC					
Commitments ^d	11,008	9,967	10,539	11,117	11,854
Disbursements	9,971	8,904	9,264	9,953	10,355
MIGA					
Gross issuance	2,781	3,155	2,828	4,258	4,842
Recipient-Executed Trust Funds					
Commitments	4,897	4,225	3,914	2,910	2,962
Disbursements	3,341	3,301	3,401	3,363	2,919

a. Includes IBRD, IDA, IFC, Recipient-Executed Trust Fund (RETF) commitments, and MIGA gross issuance. RETF commitments include all recipient-executed grants, and therefore total World Bank Group commitments differ from the amount reported in the Bank Group Corporate Scorecard, which includes only a subset of trust-funded activities.

b. Includes IBRD, IDA, IFC, and RETF disbursements.

c. Figures include the commitment and disbursement of a \$50 million grant for the Pandemic Emergency Financing Facility.

d. Long-term commitments for IFC's own account. Does not include short-term finance or funds mobilized from other investors.

The Institutions of the World Bank Group

The World Bank Group is one of the world's largest sources of funding and knowledge for developing countries, consisting of five institutions with a common commitment to reducing poverty, increasing shared prosperity, and promoting sustainable development.

International Bank for Reconstruction and Development (IBRD)

Lends to governments of middle-income and creditworthy low-income countries.

International Development Association (IDA)

Provides interest-free loans, or credits, and grants to governments of the poorest countries.

International Finance Corporation (IFC)

Provides loans, equity, and advisory services to stimulate private sector investment in developing countries.

Multilateral Investment Guarantee Agency (MIGA)

Provides political risk insurance and credit enhancement to investors and lenders to facilitate foreign direct investment in emerging economies.

International Centre for the Settlement of Investment Disputes (ICSID)

Provides international facilities for the conciliation and arbitration of investment disputes.



Message from the Board of Executive Directors

In fiscal 2017, the Board of Executive Directors, which began a new session in November 2016, built on the previous Board's work to set the strategic direction of the World Bank Group. This work included implementing the Forward Look, a vision for the Bank Group in 2030; extending consideration of the Bank Group's financial needs; and developing options to rebalance shareholding, building on the previous year's Dynamic Formula agreement for the realignment of member countries' voting power. Each of these topics will continue to be priorities in the year ahead.

Highlighting the work of the Board in fiscal 2017

The Forward Look collaboration between management and the Board has helped to shape a common view among shareholders on how the World Bank Group can reach the organization's twin goals and support the 2030 development agenda.

Discussions on progress toward the Forward Look commitments, and guidance for management on how to achieve the Bank Group's objectives, were supported by engagements on the International Development Association's 18th Replenishment (IDA18), the International Finance Corporation's (IFC) 3.0 long-term strategy, the cascade approach to leveraging private finance, the IDA Crisis Response Window and Private Sector Window, the agile and simplified Bank programs, the People Strategy, and the Bank Group's fiscal 2018–20 strategy and business outlook.

In support of these engagements, the Board also provided guidance on important issues such as the International Bank for Reconstruction and Development (IBRD) graduation, results and performance, corporate scorecards, gender strategy, Climate Change Action Plan, knowledge management action plan, Scale-Up Facility, domestic mobilization and illicit financial flows, debt sustainability framework for low-income countries, small states, scaling up solar energy, public debt management strategies, and migration and development. In addition, the Board discussed



Standing (Left to Right): Andrei Lushin, Russian Federation; Hervé de Villeroché, France; Omar Bougara, Algeria; Frank Heemskerk, The Netherlands; Subhash Chandra Garg, India; Daniel Pierini, Argentina (Alternate); Otaviano Canuto, Brazil; Jean-Claude Tchatouang, Cameroon (Alternate); Andin Hadiyanto, Indonesia; Werner Gruber, Switzerland; Fernando Jiménez Latorre, Spain; Juergen Zattler, Germany; David Kinder, United Kingdom (Alternate); Christine Hogan, Canada; Patrizio Pagano, Italy.

Seated (Left to Right): Bongi Kunene, South Africa; Jason Allford, Australia; Andrew N. Bvumbe, Zimbabwe; Khalid Alkhudairy, Saudi Arabia; Merza Hasan, Kuwait (Dean); Susan Ulbaek, Denmark; Kazuhiko Koguchi, Japan; Yingming Yang, China; Karen Mathiasen, United States; Franciscus Godts, Belgium.

the four corporate flagship reports: *Poverty and Shared Prosperity 2016: Taking on Inequality*; *World Development Report 2017: Governance and the Law*; *Global Economic Prospects*; and *Doing Business 2017: Equal Opportunity for All*.

Highlighting the work of the Board's committees

The Audit Committee discussed proposals to strengthen the financial capacity of IBRD, IDA, and the Multilateral Investment Guarantee Agency (MIGA). These proposals included the following documents: Implementation of IDA's Hybrid Financial Model; Operationalizing the IDA18 IFC-MIGA Private Sector Window; Increasing the Frequency of Variable Spread Reset for IBRD IFLs (IBRD Flexible Loans); Amendments to the General Investment Authorizations of the Bank and the Association; Proposed Amendments to MIGA's Guarantee Capacity and Portfolio Reinsurance Limit; and the Revised Equity Management Framework, among others. The Audit Committee also worked on proposals to strengthen the Bank Group's risk management, internal controls, and institutional integrity.

The Budget Committee provided support for the successful implementation of the annual budgeting process by ensuring that resource allocation was guided by principles of strategic alignment, budget sustainability, and continued focus on efficiency. The committee also provided guidance on the financial sustainability of the Bank Group institutions, the Bank Group Expenditure Review, and other cost-efficiency measures.

The Committee on Development Effectiveness focused on matters pertaining to the Bank Group's strategic direction. It discussed the quality of Bank-supported

operations, along with the modernization and implementation of the World Bank's Environmental and Social Framework, early assessments of the Program-for-Results and Country Partnership Frameworks, and simplification initiatives.

Building on the 2016 Annual Meetings' agreement on the Dynamic Formula, the Committee on Governance and Executive Directors' Administrative Matters focused on rebalancing shareholding as part of the Shareholding Review.

The Human Resources Committee considered various activities related to the World Bank Group's People Strategy, including career frameworks; work in fragile, conflict, and violence-affected areas; compensation; ethics and internal justice; workforce planning; diversity and inclusion; and the Employee Engagement Survey.

Affirming operations in critical areas

The Executive Directors approved operations or facilities as a response to emergencies, including those for Afghanistan, Chad, Ethiopia, Guinea, Kenya, Liberia, Sierra Leone, South Sudan, and the Republic of Yemen, with engagements on the famine and crises in Africa and the Middle East, the Global Crisis Response Platform, and the Pandemic Emergency Financing Facility.

Directors periodically travel to member countries to gain firsthand knowledge about a country's economic and social challenges, visit project activities financed by IBRD and IDA, and discuss with government officials their collaboration with the Bank Group. In fiscal 2017, Directors visited Albania, Algeria, Jordan, Kosovo, Morocco, Serbia, and the West Bank and Gaza.

The Board also discussed the Independent Evaluation Group's report titled *Results and Performance of the World Bank Group 2016*, as well as the Inspection Panel's reports concerning Kenya, Kosovo, and Uganda.

Overall, the Board approved \$42.1 billion in financial assistance in fiscal 2017 through 383 operations, comprising \$22.6 billion in IBRD lending and \$19.5 billion in IDA support. Directors also reviewed 51 country engagement products. The Board approved an administrative budget for the World Bank of \$2.6 billion for fiscal 2018.

Defining the World Bank's Executive Directors

The 25 resident Executive Directors, representing the World Bank's 189 member countries, are responsible for the conduct of the general operations of the World Bank under delegated powers from the Board of Governors. The Executive Directors select a President, who serves as Chair of the Board. The current Board term is from November 2016 to October 2018.

Guiding the organization

Executive Directors fulfill an important role in guiding the general operations and strategic direction of the entire World Bank Group, and they represent member countries' viewpoints on the Bank's role. They decide on proposals made by the President for IBRD and IDA loans, credits, grants, and guarantees; new policies; the administrative budget; and other operational or financial matters. They also discuss Country Partnership Frameworks—the central tool by which management and the Board review and guide the Bank Group's engagement with client countries and support for development programs. Moreover, Executive Directors are responsible for presenting to the Board of Governors an audit of accounts, an administrative budget, and the World Bank's Annual Report.

Structuring the Board’s work

The Board has five standing committees and one ad hoc committee. Executive Directors serve on one or more of these committees, which help the Board to discharge its oversight responsibilities through in-depth examinations of policies and practices. The Executive Directors’ Steering Committee, on which all Executive Directors serve, meets bimonthly to discuss the Board’s strategic work program.

The Board, through its committees, regularly engages on the effectiveness of the activities of IBRD and IDA with the independent Inspection Panel and the Independent Evaluation Group, which report directly to the Board.

FIGURE 1 Committees of the Board of Executive Directors



For more information on the Board of Executive Directors, visit worldbank.org/boards.

Message from the Chief Executive Officer of the World Bank

Before my return this year, I had been away from the World Bank for seven years. During that time a lot changed in the world. New technology offers access to information and services that can boost development and save the environment. But global shocks—economic, environmental, and political—are more frequent and severe. The speed of change challenges our capacity to deliver. This places an even greater responsibility on the World Bank to be an agile institution for those it serves so they can be more resilient and adapt to change.

This year, the World Bank continued to deliver on the vision of our stakeholders for the institution to stay fit for purpose for the 2030 development agenda and to retain its central role in the global financial architecture.

First, we have delivered for all our clients, at all income levels, who count on our expertise and financing to meet their development challenges effectively. With its global reach and deep country experience, the Bank is valued as a trusted partner. In fiscal 2017, the World Bank committed \$42.1 billion, including \$22.6 billion by the International Bank for Reconstruction and Development (IBRD) and \$19.5 billion by the International Development Association (IDA), our fund for the poorest. IBRD continued to respond to client countries' most pressing development challenges, while maintaining its strong fiscal balance sheet. IDA17 resources were committed to the penny, and we are geared up for IDA18, which is significantly larger, thanks to strong support by our donor partners.

Looking ahead, we will continue to operate in a resource-constrained environment, facing robust demand for our services. We are making every effort to strategically deploy our resources toward activities that most significantly benefit our clients.

Second, we have continued leading on important global issues, from famine to forced displacement, to pandemic preparedness. We are expanding our footprint in fragile areas to do more: We responded to the famine crisis by mobilizing \$1.8 billion; the Global Concessional Financing Facility has made \$1 billion available to middle-income countries that are coping with fragility; and under IDA18 we will direct \$14 billion to address fragility, conflict, and violence, as well as \$2 billion in support of refugees and their host communities. And we strive to provide innovative financial solutions to the world's toughest development challenges. As part of our efforts to focus on pandemic prevention and preparedness in low-income countries, we have issued the first ever insurance instrument to provide \$500 million of coverage for outbreaks most likely to cause a major pandemic.

Third, as outlined by the President, we have been working across the World Bank Group toward mobilizing significantly more private financing. This would help us to maximize development finance in a way that is fiscally, environmentally, and socially responsible. Boosting economic growth and creating jobs are critical

priorities, and unlocking the potential of women-led businesses plays a role. With a coalition of partners, we launched the Women Entrepreneurs Finance Initiative, which is expected to mobilize more than \$1 billion to help women access capital and technical assistance for their businesses.

Maintaining this momentum will require the World Bank to continue improving its business model to become even more nimble and adaptive in the way we operate. Delivering results in an evolving environment, while upholding the Bank's standards and quality, requires us to be flexible and creative. We are nurturing a culture of greater innovation, empowerment, and accountability. Our Agile Bank program tests and scales up operational improvements to help teams achieve and sustain better results. This includes reducing paperwork and cutting red-tape, moving to a risk-based model, and responding better to the needs of our clients with innovative products and services. I am inspired by the positive response and engagement across the institution in support of these efforts.

Our dedicated staff are doing an outstanding job every single day, often under pressure and in complex and sometimes risky environments. This annual report presents examples of recent ways we have supported countries' progress: from the 690,000 children in Bangladesh getting a second chance at education, thanks to new schools; to a safety net program in Madagascar that has helped more than 350,000 people cope with drought and food insecurity; to better water and sanitation facilities in more than 11,500 rural villages of Indonesia.

I am very proud of the impressive results that our staff achieved this year. I am also proud of our management team who ensured we had a stellar performance. The recent changes the world has experienced have produced new and complex challenges. We must be relentless in facing them and I look forward to working with you all to do just that.



KRISTALINA GEORGIEVA

Chief Executive Officer of the World Bank





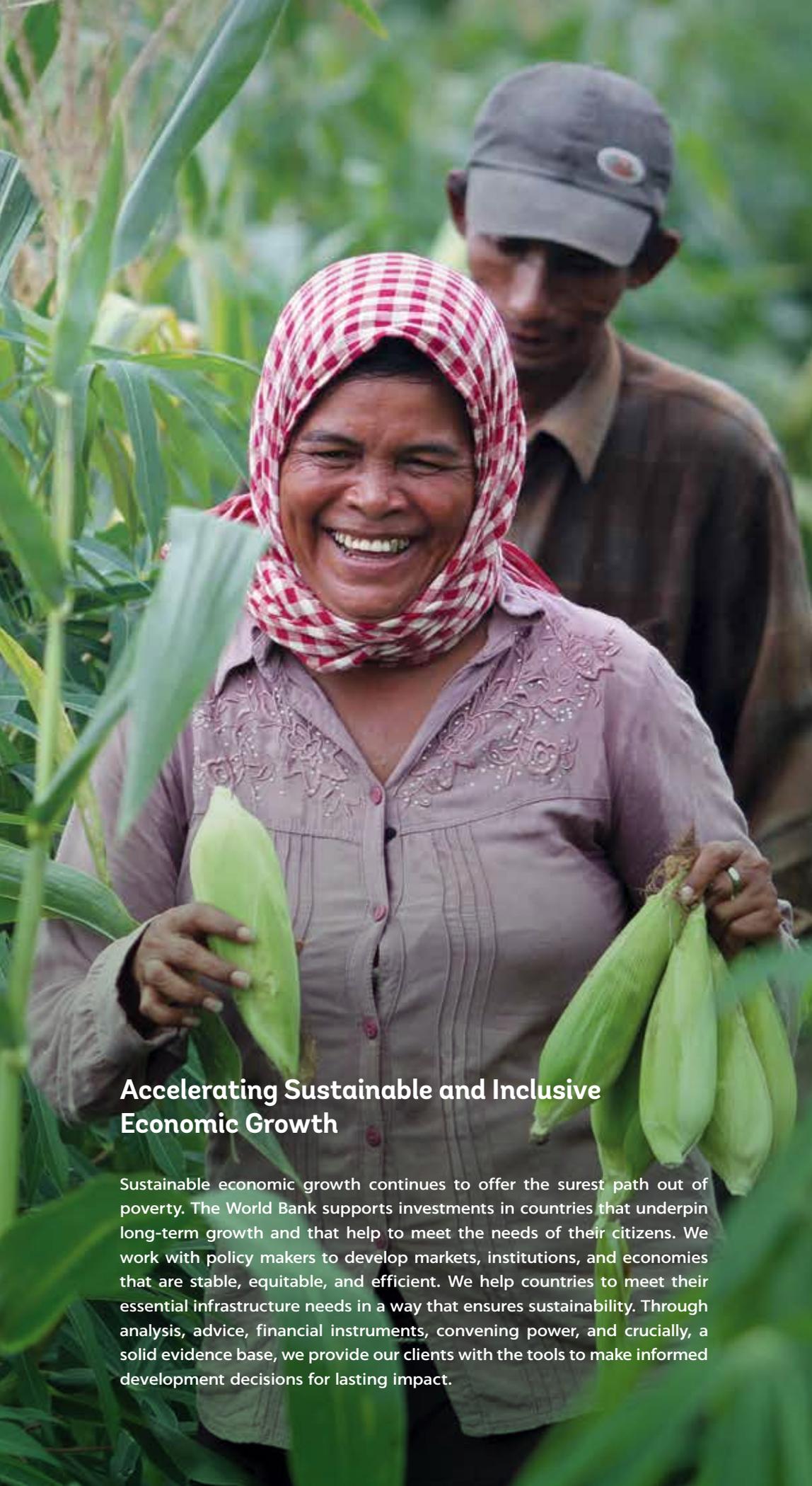


Helping Countries to Achieve Their Development Priorities

To meet the goals of ending extreme poverty and boosting shared prosperity, the World Bank must work with countries to help them achieve their development priorities. Doing so will take financial resources, certainly. But it also requires data, evidence, and knowledge on how to best use those resources for development gains. It demands a long-term commitment to see those investments through, from conception to completion.

The World Bank brings all of these elements—financing, knowledge, experience, and commitment—to each of its partnerships with countries that aspire to grow their economies and provide greater opportunities for their people. As an institution with 189 member countries, we have an unmatched global reach that gives us the ability to work across countries and continents. We use our convening power to amplify the voices of developing countries by bringing together international, national, and local leaders with stakeholders to share knowledge, leverage relationships, and partner for solutions. We provide a wide array of financial products, technical assistance, and support for countries to apply global knowledge to the challenges they face. By working with countries to implement development projects over the long term, we help to ensure that growth is not only attainable but sustainable as well.

Three priorities guide our work with countries: accelerating sustainable and inclusive economic growth; investing in people in order to build human capital; and fostering resilience to global shocks and threats. Working across interconnected sectors, with an increasing array of diverse partners, we aim to improve the economic prospects of countries and people around the world.



Accelerating Sustainable and Inclusive Economic Growth

Sustainable economic growth continues to offer the surest path out of poverty. The World Bank supports investments in countries that underpin long-term growth and that help to meet the needs of their citizens. We work with policy makers to develop markets, institutions, and economies that are stable, equitable, and efficient. We help countries to meet their essential infrastructure needs in a way that ensures sustainability. Through analysis, advice, financial instruments, convening power, and crucially, a solid evidence base, we provide our clients with the tools to make informed development decisions for lasting impact.

Pursuing low-carbon energy

Access to modern, reliable, and affordable energy is critical for countries to meet their development needs, but it must be pursued in a sustainable manner. The World Bank works with governments to provide low-carbon options for energy access that fit every country's circumstances, including renewable sources like solar. For example, the Bank is providing more than \$1 billion in lending for India's solar projects, including a rooftop solar initiative that will deliver electricity to millions. Through off-grid solutions, over 1 million households in Ethiopia are gaining access to energy, mostly with solar lanterns and home systems. Smart grids are boosting the uptake of renewable energy in Turkey, Ukraine, and Vietnam. Comprehensive analytical tools—like the Regulatory Indicators for Sustainable Energy (RISE), which assess countries' policies and regulatory support for sustainable energy—help governments to craft policies that attract private sector investments as well as to track progress toward access to energy for all.

Providing safe water and sanitation for all

As the world's largest multilateral source of financing for water in developing countries, the World Bank is committed to working closely with partners to achieve the vision of "A Water-Secure World for All." To this end, the Bank prioritizes the sustainability of water investment, and supports financing that includes mobilizing private capital to move toward safe water and sanitation for all. The work promotes inclusive access to the benefits of water, institutions that manage water equitably, and resilience to help countries cope with the impact of external shocks on water. In Bangladesh, for example, a rural water supply and sanitation project has provided nearly 1.2 million people with access to improved water sources and hygienic latrines. Water and sanitation service delivery cannot be addressed separately from sustainable and safe management. With the United Nations, the World Bank convened a High-Level Panel on Water committed to acting on developing water resources, and in September 2016, issued an Action Plan that will help to ensure the availability and sustainable management of water and sanitation for all.

Reaping the benefits of digital technologies

Digital technologies are rapidly changing the way people, businesses, and governments communicate, transact, and access services and information. The digital economy is becoming a critical driver of economic growth, investment, and job creation, so the adoption of digital technology by traditional industries is important for improving productivity and opening access to new markets. The World Bank supports countries and their citizens as they take advantage of these opportunities. This support includes expanding affordable Internet access to the more than 4 billion people who remain unconnected, developing digital infrastructure, and building the digital skills and institutions necessary to participate in the digital economy. In October 2016, the Bank launched a new Digital Development Partnership (DDP) with participants from the public and private sectors to operationalize the lessons of the *World Development Report 2016: Digital Dividends*. The DDP will help to close the global digital divide to ensure that everyone can reap the economic and social benefits of connectivity. The IDA-financed Regional Communications Infrastructure Program has supported nine countries in eastern and southern Africa, which have significantly increased access, improved quality, and lowered the cost

of international connectivity by as much as 90 percent through market competition reforms and thousands of kilometers of network infrastructure investment.

Growing through better transport connectivity

Transport enables the movement of people, goods, and ideas around the globe, and provides better access to economic opportunities, such as jobs. Transport also plays a major role in social inclusion. Rural roads can unlock a world of opportunities for isolated communities, while urban transport that benefits low-income communities can promote access to affordable ways to reach jobs. Ensuring that such outcomes are sustainable means tackling climate change mitigation in this sector—which accounts for 23 percent of the world’s energy-related CO₂ emissions—by supporting the development of low-carbon, efficient transport systems. In Dar es Salaam, Tanzania, for example, a \$225 million IDA credit and a \$200 million IDA Scale-Up Facility credit are supporting the expansion of the city’s bus rapid transit system. The system’s first phase has already reduced travel time and costs for commuters, saving them up to 90 minutes a day.

Partnering with the private sector on infrastructure

The World Bank is committed to helping governments make informed decisions about improving access to quality, sustainable infrastructure services, including where appropriate, using public-private partnerships. During this fiscal year, several initiatives occurred to support good decision making by policy makers on infrastructure projects, often in collaboration with other multilateral development banks (MDBs) or development partners. In April 2017, the second Global Infrastructure Forum took place under the theme Delivering Inclusive, Sustainable Infrastructure. Participants from the MDBs, the G-20 (Group of 20), client countries, civil society, and the private sector discussed how MDBs can best work with countries and the private sector to create markets for infrastructure projects.

Expanding knowledge was also a priority. With partners from across the multilateral development community, the Bank released an updated online *Public-Private Partnerships: Reference Guide*, which included new contributors and the addition of topics ranging from environmental and social issues to risk mitigation and credit enhancement. In addition, the Global Infrastructure Facility—a partnership to expand the market for private financing of infrastructure in emerging markets—hit a milestone with 20 investment projects now under support, with the combined potential to catalyze more than \$13 billion in commercial financing.

Boosting agriculture to create jobs

Roughly 80 percent of the world’s extreme poor live in rural areas and depend largely on farming to make a living. Because the food system currently provides more jobs than any other sector in many countries, boosting agriculture can be one of the most powerful tools against poverty. For nearly a decade, the Bank-supported Bihar Rural Livelihoods Project, popularly known as “JEEViKA,” improved the livelihoods of more than 1.8 million women from rural households in Bihar, India. The project established ‘one-stop shops’ for agriculture, which connected farmers with credit, inputs, agricultural training, and farmer field schools. Backyard poultry farms, dairy training, product marketing assistance, and other livelihood interventions helped to boost annual incomes by 30 percent. Job skills training improved employment prospects for over 29,000 rural youth. The project also empowered

Attracting private sector financing in the most challenging environments

Official Development Assistance (ODA)—public financing for promoting development—is not enough, year on year, to meet the world’s development financing needs. There is a need to fundamentally rethink development financing. The World Bank is transforming the way scarce ODA is used to maximum effect to catalyze private financing. It is doing so by encouraging upstream public sector reforms, looking for places where the private sector can finance development alone, and leveraging new concessional financing tools.

An example of the latter is the new Private Sector Window (PSW) from the International Finance Corporation and the Multilateral Investment Guarantee Agency established as part of the International Development Association’s 18th Replenishment (IDA18). This tool will leverage \$2.5 billion of IDA’s capital over the next three years to mobilize at least \$6 billion—\$8 billion in additional private sector investments in the poorest and most fragile markets. Ending poverty and boosting shared prosperity requires increased private investment in low-income countries. To achieve such an increase in IDA countries—especially in countries affected by fragility, conflict, and violence—deploying concessional financing through the PSW can provide critically needed support to pioneer investments in challenging markets and help get projects to scale with additional private finance.

Mobilizing new partnerships to address the constraints to investment in IDA countries is critical. This year’s World Bank Group Development Finance Forum—the Bank Group’s flagship annual forum on the topic—was held in Accra, Ghana, with a theme focusing on unlocking private investment in Africa. The forum focused on using the PSW and other tools to address persistent challenges in catalyzing private finance. Entrepreneurs, investors, government ministers, nongovernmental organizations, multilateral development banks, and other development practitioners jointly designed approaches to unlock private investment in the most challenging environments.

women and marginalized groups with access to government institutions and financial services, enabling \$98 million in credit and facilitating more than \$22.5 million in household savings.

Strengthening protection for natural resources

Natural resource assets are rapidly being depleted. The costs associated with increased scarcity are very high. Through the development of natural capital accounts, the World Bank is helping clients to better manage these assets, which typically make up about 36 percent of total wealth in developing countries. Work on environmental sustainability promotes strong governance of marine and coastal resources by supporting sustainable fisheries and aquaculture, establishing protected coastal and marine areas, and reducing ocean pollution. In Peru, for example, a series of environmental development policy loans have improved the sustainability of anchoveta fishing stock through a quota system. As a result, fishers are receiving better prices for the anchoveta they catch, and commercial fishing companies have invested in more sustainable activities.

Promoting investment through reforms to reduce risk

Reducing real or perceived risks to investors across macroeconomic, business, and financing dimensions is a prerequisite for creating markets that can attract the investment needed to create opportunity. In the Arab Republic of Egypt, for example, the World Bank has provided a series of development policy loans to support a reform program that is helping the country to recover from a downturn in

investment. The reforms introduced by the government have boosted confidence in the Egyptian economy. They sparked strong interest by foreign investors, as evidenced by a sharp rise in portfolio inflows in January 2017, which amounted to \$1.2 billion, a 10-fold increase compared to only a few months earlier. In Haiti, with World Bank Group support, the government secured \$203 million in actual investments and support for 15,800 new direct jobs in the country's garment sector. The joint World Bank-International Finance Corporation (IFC) Haiti Investment Generation Program brought together public officials, the private sector, and foreign investors on promotion strategies and special economic zones. Despite the challenging local environment, the program helped to attract new investors to the garment sector.

Tapping new sources of financing

Stable and diversified financial markets are also an essential building block for achieving inclusive, sustainable growth. In an environment where long-term bank financing is becoming increasingly scarce, countries need to tap into new sources of financing to meet their development needs. This year, together with IFC, the World Bank launched the Joint Capital Markets Initiative. It promotes capital market development in emerging countries by supporting liquid, diverse, long-tenor financing and well-regulated local capital markets. This new initiative will ensure that countries receive end-to-end analytical, advisory, and financing support for developing their markets.

Mobilizing domestic resources for effective services

Countries that can effectively deliver services grow faster, innovate, and respond more quickly to internal and external shocks. But without a sufficient revenue base, governments have difficulty funding basic state services, such as road construction, health care, and public safety. Research has found that countries that collect less than 15 percent of GDP in taxes are at a disadvantage, not only in providing services but also in economic growth. The World Bank's Global Tax Team has stepped up its work in coordinating across institutions on international tax issues and delivering country-based interventions. In Armenia, for example, the Bank is helping the government to strengthen tax collection to overcome some of the setbacks it incurred during the financial crisis. So far, about 35,000 tax inspectors have been trained, about 96 percent of tax services are provided electronically, and the amount of tax collected has gone up 38 percent.

Facilitating trade and integration

Increased trade integration has helped to drive economic growth in developing economies in recent decades, lifting millions out of poverty. The World Bank works with governments to design and implement policies to maximize trade competitiveness in both goods and services. The Great Lakes Trade Facilitation Project is facilitating cross-border trade between the Democratic Republic of Congo and its neighbors in eastern and southern Africa by reducing costs, time wasted, and harassment to improve the operating environment at the border for traders. The project targets the constraints faced by small-scale traders, especially women, in cross-border trade. It seeks to improve land and lake border facilities and develop systems to better connect farmers to regional markets.

For more information on these issues, visit worldbank.org/topics.



Investing in People to Build Human Capital

Human capital—the collective skills and capacity of a population—is a crucial determinant of economic growth and poverty reduction. Supporting access for all to quality basic services such as health care, to social protection when needed, and to opportunities in education, jobs, and financial services can lay a strong foundation for individuals to fulfill their potential and countries to achieve greater economic success. In fact, recent evidence shows that human capital accounts for a large share of the income variation between countries globally. The World Bank works closely with countries to leverage human capital investments for growth and productivity at critical points throughout a person's life.

Financing based on results: A successful approach

The World Bank's focus in human capital investment is to foster universal access to high-quality social services through accountable systems for education, health, and social protection that can deliver results, especially for the world's poorest people. Notably, over a third of Bank operations in human development are now results based, disbursing money when preagreed results are achieved. In the health sector, several countries have mainstreamed and expanded the coverage of results-based programs. In Cameroon, for example, results-based projects saw significant increases in childhood vaccinations, maternal immunization against tetanus, and coverage of modern methods of family planning.

In education, more than \$3.8 billion has now been delivered against the \$5 billion for results-based financing committed over five years by President Kim at the World Education Forum in 2015. World Bank-supported projects are helping to improve education outcomes. In Tanzania, for example, the Education Program-for-Results Project has visibly helped to improve learning in primary schools. Grade 2 students can now, on average, read about 24 words per minute in Kiswahili, up from 18 in 2013. These gains illustrate the shift that the Bank is helping countries to achieve toward access to quality education for all.

Supporting children, adolescent girls, and women

Compelling evidence shows that experiences in the early years have a profound impact on brain development, affecting learning, health, adult productivity, and ultimately, the economic competitiveness of nations. Yet today, 156 million young children show chronic malnutrition. Only half of all 3–6-year-olds have access to preschool. The World Bank has made investing in the early years a central economic issue by working with partners to scale up these investments in over 20 countries. In October 2016, the World Bank Group convened the Human Capital Summit: Investing in the Early Years for Growth and Productivity, and nine countries made concrete commitments toward this end.

The power of adolescent girls to be agents of socioeconomic change has also been clearly documented. That is why in 2016, the Bank committed to invest \$2.5 billion over five years in education projects directly benefiting adolescent girls and has, to date, committed \$1.8 billion. Since then, resources have been committed in several places, including northeast Nigeria and Pakistan's Punjab province. In Pakistan, the \$300 million Third Punjab Education Sector Project will deliver tuition vouchers to an additional 200,000 vulnerable adolescent girls by 2020. Also, cash stipends will now reach 450,000 girls, encouraging secondary school completion in a region where women are underrepresented in the labor market.

The Global Financing Facility (GFF), housed at the World Bank Group, is the financing arm and implementation platform of the United Nations' Every Woman Every Child movement. It is a country-led model that draws on the diverse expertise and resources of a broad set of stakeholders. The approach creates a platform through which the financial resources of multiple partners—public and private, domestic and external—can come together behind a country-driven set of priorities, accelerate progress in the short term, and look at what it will take to ensure sustainable financing. The GFF brings a focus on quality and equity to issues that the world is underinvesting in, such as sexual and reproductive health, newborn survival, and adolescent health and development. The GFF also steers investments toward fragile settings: 4 of the 16 countries receiving support are classified as

fragile; 1 is just emerging from Ebola; and in 3 others, GFF activities focus on fragile regions within the countries.

Facilitating women's economic empowerment

Increasing economic opportunities for women is one of the most powerful ways to grow the global economy. The World Bank Group's Gender Strategy focuses work on closing the remaining gaps in access to education and maternal health in those countries where such gaps persist. It is also accelerating efforts to improve women's access to more and better jobs; ownership of assets (such as land and housing); and access to technology, finance, and insurance services. In doing so, the aim is to increase women's capacity to exercise their voice and agency at home, in the community, and in various levels of government, as well as to engage men and boys in developing gender equality solutions. Accelerating progress in women's economic opportunity will also require a focus on associated challenges, from access to financial services to ownership of assets, among others. The Women Entrepreneurs Finance Initiative, a new financing tool administered by the Bank Group, specifically targets economic barriers faced by women entrepreneurs and small-to-medium-size businesses owned by women.

The World Bank has begun to systematically collect data and build evidence in these areas, and to bring its insights to clients. For example, the Africa Gender Innovation Lab is increasing the adoption of effective interventions. A recent impact evaluation of a noncognitive skills development program in Togo demonstrated increases of 40 percent in the profits of women-owned businesses. Based on this evaluation, plans are under way to replicate the approach in Mauritania, Mexico, Mozambique, and Ethiopia. The Bank is also working to increase the availability and quality of sex-disaggregated data, which are critical to understanding the depth of the challenge and to measure progress. Under the 18th Replenishment of the International Development Association (IDA18), pilot data collection programs will be launched in at least six IDA countries to gather direct respondent information on employment, assets, and entrepreneurship.

Another IDA18 commitment is to develop and implement an action plan to carry out the recommendations of the Global Gender-Based Violence Task Force, which was launched by President Kim in fiscal 2017 to strengthen prevention, design, reporting, and supervision of interventions to reduce gender-based violence in Bank Group infrastructure operations. The Bank Group will also make available at least \$3.5 million over five years through a Development Marketplace for innovations to prevent and respond to gender-based violence in low- and middle-income countries. In addition, the Bank Group announced in November 2016 its first-ever Sexual Orientation and Gender Identity Advisor to oversee expanding the inclusion of LGBTI (lesbian, gay, bisexual, transgender, intersex) groups through Bank operations and to serve as a liaison to external groups.

Promoting universal social protection

In September 2016, the heads of the World Bank Group and the International Labour Organization announced a historic push to work toward universal social protection. Although many developing countries are achieving such programs, only one in five poor people in the lowest-income countries is currently covered by any form of social protection. One example of a program that aims to leave no one behind is Pakistan's Benazir Income Support Program, which provides regular cash transfers

to approximately 22 million of the country's poorest people. The Bank-supported Pakistan National Social Protection Program-for-Results is strengthening this system, including such efforts as cutting-edge beneficiary identification.

Similarly, some 1.5 billion people in the world, most of whom belong to the poorest and most vulnerable groups, lack the official identification needed to access basic services and opportunities in health care, education, jobs, financial services, or social benefits. The mission of the Bank's Identification for Development initiative is to foster inclusive development by helping countries to build secure and efficient ID systems. The program received an important boost in fiscal 2017 with the establishment of a multidonor trust fund with the Bill & Melinda Gates Foundation. The fund will provide the opportunity to build a common platform to advance global knowledge and activities on this emerging topic, accelerate engagement with country clients, and test new approaches.

Assisting in the realization of universal health coverage

The World Bank has embraced the mission of assisting countries in their progressive realization of universal health coverage (UHC). The support that it provides to clients focuses on three key areas: ensuring effective health service delivery; promoting protection against financial risk; and mobilizing the efforts of other sectors to improve health and nutrition outcomes. Together with the World Health Organization, the Bank has committed to produce every two years, since 2015, a Global Monitoring Report focused on UHC. Now regarded as the global standard used to measure progress toward UHC, the report includes updated data to show how many people worldwide are receiving quality health services and how many are being pushed into poverty because of out-of-pocket health care costs. In addition, the World Bank is supporting the development of pandemic preparedness plans in all countries receiving new IDA funding. It has also created and operationalized the Pandemic Emergency Financing Facility to ensure that once an outbreak hits, funding can be deployed rapidly to protect countries from health and economic crises.

Addressing income inequality through financial services

Countries across the globe are facing new challenges that threaten to undermine the equity gains in past decades. Income inequality, for example, threatens to derail progress against poverty. One way to address income inequality and unlock economic opportunity is to bring "unbanked" individuals into the formal and regulated financial system. Access to financial services allows people to start and expand businesses, invest in education, manage risk, and weather financial shocks. In Nigeria, for example, a new online registry system is allowing micro, small, and medium-size enterprises to secure loans against such assets as machinery, livestock, and inventory—rather than the traditional assets of land and buildings. In Afghanistan, an IDA-financed project is helping poor households to improve their lives by providing them with livestock and the necessary training to generate income to meet their basic needs. It aims at graduating participants from safety net programs to income-earning activities, linking them with microfinance programs.

Ensuring sustainable urbanization

One billion people live in slums today, and although 80 percent of GDP is generated in urban areas, social exclusion, inequality, and poverty are rapidly growing in cities. Through its work in urban development, the World Bank aims to build sustainable cities and communities using an urbanization process that is inclusive, resilient, productive, and livable. To this end, the Bank is conducting research on the links between urban spatial development, housing, and the urban environment and growth. Country-specific urbanization reviews encourage national and city-level policy makers to think strategically about the opportunities and challenges of urbanization. In addition, regional studies can provide a broad and comparative view of the issues, for example, *Africa's Cities: Opening Doors to the World*. The report, published in February 2017, suggests that if well managed, cities in Africa can create productive environments that can spur innovation and attract international investment while also creating livable environments that can contain urban costs.

For more information on these issues, visit worldbank.org/topics.



Fostering Resilience to Global Shocks and Threats

The world is facing a mounting set of challenges—from the evolving crises of forced displacement to the increasing impacts of climate change—that require a broad approach to address the sources of instability and build resilience. The World Bank is increasingly working to anticipate, respond to, and tackle these challenges with knowledge, financial resources, and strong, long-term relationships with clients and partners. We must protect poverty reduction gains against some of the most severe shocks that threaten to roll back decades of progress. If complacent, we will lose the opportunity to lift the poor and the most vulnerable out of poverty.

Addressing the growing risks of fragility, conflict, and violence

Addressing fragility, conflict, and violence (FCV) is a significant development challenge, with more than 60 percent of the global poor expected to live in fragile and conflict-affected states by 2030. A spike in violent conflict in recent years, the ongoing refugee crisis, and risks such as climate change can cause further instability, with impacts far beyond national borders.

Innovative financing is needed. Preparations are under way to implement IDA18, which will double resources for countries affected by FCV as a group to more than \$14 billion. New financing mechanisms include \$2 billion to support refugees and host communities, \$2.5 billion to spur private enterprise, and support for countries to address the drivers of fragility risks. Other instruments, such as the State and Peacebuilding Trust Fund, are designed to work quickly and flexibly in all crisis situations, and they have enabled immediate response to risks such as famine. For example, \$5 million was allocated from the trust fund to Somalia in support of the government's response to drought and to strengthen community resilience.

Partnering to connect humanitarian and development assistance

The World Bank is advancing a broader approach to FCV that aims to build stability and resilience and that emphasizes prevention and early action. Stronger collaboration with partners is critical to success, which the Bank has undertaken through multiple initiatives. For example, along with the United Nations (UN), the Bank launched the Humanitarian-Development-Peace Initiative to work together in new ways in countries affected by FCV, including Cameroon, northeast Nigeria, Somalia, Sudan, and Yemen. In addition, the report *Forcibly Displaced: Toward a Development Approach Supporting Refugees, the Internally Displaced, and Their Hosts*, prepared by the World Bank Group in partnership with the UN High Commissioner for Refugees and published in September 2016, articulated a development approach that supports both refugees and host communities with longer-term, socioeconomic solutions, which is informing policy dialogue. A new UN-Bank Group joint study on preventing violent conflict is also under way, which looks at how development processes interact with security, diplomatic, humanitarian, and other aspects to inform policies.

Investing in human development in crisis areas

The World Bank makes human development investments in over 70 percent of fragile and conflict-affected states. To neglect human development needs in these settings amounts to a lost opportunity to build the foundations of future human capital, and places countries in a vicious cycle of poverty and violence. For example, children have been devastated by Yemen's crisis, with thousands killed and many more at risk of disease and malnutrition. With renewed conflict, Yemen has suffered massive damage to medical infrastructure, interrupted medical supplies, and the departure of foreign health workers. However, despite the halting of Bank operations in the country, a partnership with the World Health Organization and UNICEF (United Nations Children's Fund) has allowed IDA to continue to support critical work on the ground. These resources supported national polio campaigns, vaccinations for 5 million Yemeni children, treatment for more than 150,000 cases of cholera, and other essential maternal and child health and nutrition services for half a million women and children.

The World Bank Group is also mobilizing an immediate response to the devastating food insecurity for Ethiopia, Kenya, Nigeria, Somalia, South Sudan, and Yemen.

It is bringing \$1.8 billion to build social protection systems, strengthen community resilience, and maintain service delivery to the most vulnerable. Funds will be used for emergency food security projects, safety net programs, and agriculture and water programs in Ethiopia, Kenya, Nigeria, South Sudan, and Yemen. Resources from existing projects will be redirected to help communities threatened by famine. These actions will complement the efforts of affected governments and humanitarian partners.

Harnessing opportunities from climate action

Climate change is already affecting countries and communities around the world, and the poorest and most vulnerable are being hit the hardest. Concerted and rapid action will be key to mitigate the effects of climate change. A shift to low-carbon development is already under way around the world as countries see the potential for climate action to create jobs, drive economic growth, and improve air quality and reduce congestion in cities. The World Bank is working on several fronts to help countries achieve their national climate targets, the Nationally Determined Contributions, which were submitted by more than 140 Bank client countries as part of the Paris Agreement on climate change.

The World Bank Group has committed to increase its climate financing to 28 percent of the Bank Group's portfolio by 2020, in response to client demand. To meet this commitment, the organization adopted a Climate Change Action Plan that lays out ambitious targets to be met by 2020 in such areas as clean energy, climate-smart agriculture, disaster risk management, and sustainable urbanization. Since then, the Bank Group has been moving quickly toward meeting these targets. In 2016 and 2017, projects representing 10 gigawatts of renewable energy capacity were approved or are in an advanced stage of preparation, with fund mobilization of \$6.5 billion. During the same period, 10 new operations were approved that when put into place, will improve the climate resilience of over 50 million people.

Building resilience to disasters and crises

Each year, natural disasters cost \$520 billion in losses and force some 26 million people into poverty. Disaster risk management is a cornerstone of the World Bank's resilience agenda, with a portfolio that increased by nearly fifty percent over fiscal years 2012–16, from \$3.7 billion to \$5.4 billion. The Bank currently works across more than 70 countries helping to mainstream disaster risk management into development efforts through a combination of financing, technical assistance, capacity-building, and knowledge-sharing activities. It supports client countries with innovative tools to identify risk and financial products to protect national budgets. The Bank has formed pivotal partnerships in such key areas as early warning systems, strengthening the resilience of rapidly growing cities, and building safer schools. In addition, it has focused on ensuring that resilience is inclusive by engaging communities and women in developing local disaster risk management solutions.

IDA helps the poorest nations to adapt to climate change by building their resilience to disasters and promoting sustainable development to minimize their vulnerability. Building on current practice, starting July 1, 2017, all World Bank operations will be screened for climate and disaster risk, beginning from the concept note stage and using upgraded tools based on the IDA experience. IDA18 will further

build resilience and preparedness. IDA18's Crisis Response Window is significantly expanded after being depleted quickly from responding to pandemics, floods, and earthquakes. The replenished IDA17 window provided timely responses to the drought and food crises in Africa and Yemen in early 2017. In addition, the Pandemic Emergency Financing Facility provides IDA countries with more than \$500 million in insurance coverage against the risk of pandemic outbreaks over the next five years, through a unique financing structure that combines the World Bank's first Pandemic bonds and derivatives, a cash window, and future commitments from donor countries.

Issuing World Bank Green Bonds and SDG-linked Bonds

The World Bank is also moving to help unlock the trillions of dollars that will be needed for climate action through greening the financial sector. Since 2008, IBRD has issued more than \$10 billion in 18 currencies through benchmark bonds in U.S. dollars, euros, and Australian dollars; smaller bonds in other currencies; and structured green bonds. World Bank Green Bonds, a financing mechanism in support of environmental and climate action, have supported 84 climate-related projects in 24 member countries, where they have increased energy efficiency and helped to develop renewable energy, among other impacts. Because they are rated triple-A, World Bank Green Bonds have an additional benefit: They are often an entry point to sustainable investing for investors who want to have a positive impact but also need to be comfortable with the investment instrument, risk and return, as well as the issuer.

The World Bank was one of the first issuers of Green Bonds in 2008 and has pioneered the development of the market, issuing Green Bonds for institutional and retail investors in a variety of currencies and structures. The Bank has also developed market best practice for use of proceeds documentation and has led efforts to harmonize reporting on the impact of green bonds to enable investors to align their asset allocation strategies with environmental and social investment considerations.

The World Bank also issued bonds that for the first time, directly link returns to the performance of companies advancing global development priorities set out in the Sustainable Development Goals (SDGs), raising €163 million from institutional investors in France and Italy. Proceeds from the SDG-linked bonds support IBRD development activities, and bond investor returns are linked to the stock performance of companies that are included in the Solactive Sustainable Development Goals World Index because they support the goals in their operations. The bonds are part of the Bank's broader strategy to introduce the SDGs to the market. This innovation demonstrates the role of capital markets in connecting savings with development priorities, and is one way that the Bank continues to work to meet its goals and the vision of the global sustainable development agenda.

For more information on these issues, visit [worldbank.org/topics](https://www.worldbank.org/topics).

For more information on World Bank Green Bonds and SDG Bonds, visit treasury.worldbank.org.

Building a Better Bank: Strengthening Operations and Policies

The World Bank Group is firmly committed to reaching its twin goals: to eradicate extreme poverty and to boost shared prosperity in a sustainable manner. Guided by the collaborative process between the Board of Executive Directors and management under the banner of the Forward Look, the Bank Group has committed to becoming an organization that is more agile, efficient, and effective, and can better serve its country members. The process has helped to shape a common view among shareholders on how the entire Bank Group can reach the twin goals and support the 2030 development agenda. Within this context, the World Bank has worked to improve its operations in multiple ways during fiscal 2017, as well as inaugurated new policies to better support its clients.

Improving how the World Bank works

This year, the Bank expanded efforts to make its operations work better, addressing not only structures and systems but also behaviors to work more efficiently and provide better service.

- Operational simplification efforts continued to focus on policy-level priorities, including the launch of the new Procurement Framework. There are also efforts in place to streamline project restructuring, develop new programmatic approaches to help clients reach strategic development goals, and simplify project documents for improved content and increased focus on lessons learned.
- An Agile Bank program was introduced to test new ways of working, with the goal of improving speed and efficiency without sacrificing quality or results, to provide greater value for clients. Three Agile pilot teams, made of diverse staff from across the Bank, generated and successfully tested more than 20 innovations for improving how operations are developed and implemented. In the year ahead, the Bank will roll out several of these ideas across the institution, while a new cohort of staff will participate in the program to further test and develop new ideas.
- The Bank is also simplifying and modernizing its administrative processes and systems. Specifically, several initiatives are under way to provide higher-quality, more timely, and cost-effective services related to managing people and financial resources, accessing information, and other corporate services. These include the launch of a resource management portal to provide easy access to up-to-date budget information for better management control; the implementation of faster ways for staff to access systems; and the use of mobile apps for staff to access and administer internal services and information.
- The Bank has undertaken a Refreshing Our Values initiative that aims to unify staff around an aspirational work culture and the principles that guide the desired organizational behavior. Staff have been engaged in a global conversation to provide input for a refreshed Core Values statement, which will express the norms and behaviors needed by staff at all levels of the institution for a better Bank. The statement will be a powerful tool for management to communicate its vision and expectations for how staff work together.

The World Bank Environmental and Social Framework

In August 2016, the World Bank adopted a new Environmental and Social Framework. This framework—the result of the most extensive consultations ever conducted by the Bank—is expected to go into effect in 2018. It will incrementally replace the current Safeguard Policies because the framework and the Safeguard Policies will operate in parallel for about seven years. The framework offers broader and more systematic coverage of environmental and social risks. The scope of social issues explicitly addressed has been expanded. It includes references to such issues as occupational health and safety, labor and working conditions, and community health. Equally, the Environmental and Social Framework promotes transparency, capacity building, and stakeholder engagement. It includes nondiscrimination provisions against disadvantaged or vulnerable individuals or groups. It also highlights additional environmental issues, including the estimation of project greenhouse gas emissions, the sustainable management of living natural resources, and water management. An intensive preparation and training period is now under way, with a set of readiness indicators in place to monitor the progress of this preparation and the framework's subsequent launch.

For more information, visit worldbank.org/esf.

The World Bank Procurement Framework

Public procurement—the process by which public authorities purchase work, goods, or services from companies—accounts for at least 15 percent of GDP in developing economies. Each year, World Bank investment projects generate up to \$20 billion in global procurement markets, with close to 100,000 contracts awarded annually in 136 countries. With sums such as these, even marginal improvements in performance can generate significant fiscal savings that can be reinvested in other priority areas. Recognizing this opportunity and responsibility, the Bank enacted a new Procurement Framework to help countries make the best use of their public spending while enhancing the strategic role of procurement in development effectiveness. Informed by extensive global stakeholder consultations, this framework became effective July 1, 2016.

The framework goes beyond the establishment of rules-based and compliance-oriented systems. It complements the Bank's shift to more adaptable operational approaches with support to low-capacity countries to simultaneously build their procurement institutions and strengthen their own policies. The framework allows greater flexibility for each World Bank-financed operation to identify the right procurement approach; extend the range of procurement practices and options; offer more tailored, context-specific approaches for fragile and conflict-affected states; and provide more hands-on support from Bank staff to help clients build capacity and strengthen institutions. During the first year of implementation, the Bank has focused on changing its operational model, updating staff skills, building the capacity of clients, and promoting a broader cultural shift in how it approaches procurement.

For more information, visit worldbank.org/procurement.

Expanding the World's Development Knowledge: World Bank Data and Research

The World Bank produces innovative and evidence-based research to help its client countries and their partners meet their development ambitions. These efforts clarify the economic and social issues vital to successful projects and programs, guide the policy dialogue among country clients, and influence global development policies and thinking more generally. The Bank pursues its data and research work through Advisory Services and Analytics, flagship reports and publications, and through extensive knowledge work.

The Bank's work spans multiple themes and regions, allowing the institution to harness multisectoral, integrated research that reflects the strategic priorities of countries, the Bank, and the wider development community. The diverse range of priority research areas includes service delivery, risk management, job creation and competitiveness, shared prosperity and inclusion, and global public goods, among others. These themes buttress the Bank's overarching commitments to end extreme poverty and boost shared prosperity by accelerating inclusive growth, investing in people, and building resilience in families and communities to shocks and threats to their livelihoods and physical well-being.

Employing Advisory Services and Analytics: Technical advice on specific challenges

Advisory Services and Analytics (ASA)—that is, the World Bank's nonlending activities—are a vital part of how it contributes to development. Member countries use the Bank's technical advice and analysis to develop or implement better policies, programs, and reforms that help to sustain development over the long term. The funding for these products and activities comes from donor trust funds, the Bank's own budget, or clients, who pay for them directly.

In fiscal 2017, the Bank delivered 1,423 ASA products in over 150 countries. The products ranged from reports on key economic and social issues to knowledge-sharing workshops, policy notes, and implementation action plans. The analysis often forms the basis for assistance strategies, government investment programs, and projects supported by Bank lending and guarantees. In the Middle East and North Africa region, for example, the Bank carries out analytical work and helps to develop strategies so that countries better understand the challenges facing refugees and host communities in order to formulate responses.

About 10 percent of the ASA portfolio consists of Reimbursable Advisory Services (RAS). These are highly customized and flexible advisory services requested and paid for by clients. The World Bank has around 200 active RAS engagements in about 50 countries across its six regions. In fiscal 2017, the Bank delivered about 140 such services in approximately 34 countries. Besides typical ASA activities, Reimbursable Advisory Services also offer preparation and implementation support for client-financed projects. Through such services, the Bank serves all its member states, including nonborrowing countries. Eligible clients include central governments and government agencies, municipalities, state-owned enterprises, civil society organizations, international organizations, and aid agencies.

Across different regions, Reimbursable Advisory Services are being used for different purposes. For example, they are being used to strengthen public financial management systems in Kuwait and the United Arab Emirates; to increase the quality of health care in Poland; to strengthen internal audit in Kazakhstan; and to support accountability and transparency reforms in Paraguay. A RAS program in Kuwait also focuses on quality improvements in education using a system-wide approach to reform that is based on international best practice and customized to the country's needs.

For more information, visit
worldbank.org/en/projects-operations/products-and-services#3.

Publishing flagship research on key development questions

The World Bank produces high-profile flagship publications that focus on key development topics. These publications are available to download online for free as part of its Open Access Policy. In fiscal 2017, the Bank published four key reports.

- **Poverty and Shared Prosperity 2016: Taking on Inequality.** The Poverty and Shared Prosperity series provides national and global audiences with the latest, most accurate estimates of trends in global poverty and shared prosperity. It also offers in-depth research on progressive policies and interventions that can improve the lives of the world's poorest people. The inaugural edition found that the world made significant progress in the fight against poverty over the past three decades, reducing extreme poverty from 35 percent to 10.7 percent of the population in 2013. In 60 out of 83 countries that it measured, the incomes of the poorest 40 percent grew from 2008 to 2013 despite the global financial crisis. However, given the flat growth trends, tackling inequality will be critical to ending extreme poverty by 2030 and boosting shared prosperity.
- **World Development Report 2017: Governance and the Law.** The *World Development Report*, published annually since 1978, is an invaluable guide to the economic, social, and environmental state of the world today. The focus of the 2017 report, on governance and the law, found that improving governance is key to ensuring equitable growth in developing countries. By looking at country-specific examples, the report identified three winning ingredients for effective policies: guaranteeing credible commitment, supporting coordination, and promoting cooperation among policy actors.
- **Global Economic Prospects.** This semiannual flagship report examines global economic developments and prospects, with a special focus on emerging markets and developing countries. *Global Economic Prospects, June 2017: A Fragile Recovery* forecast that global economic growth would strengthen to 2.7 percent in 2017 amid a rebound in manufacturing and trade, rising market confidence, and stabilizing commodity prices. However, a number of risks, including economic and political uncertainty, could throw the recovery off track. The report warns that persistently weak productivity and investment growth could erode the long-term growth potential in emerging markets and developing economies and slow poverty reduction.
- **Doing Business 2017: Equal Opportunity for All.** The Doing Business report is an annual publication on the state of business regulations that affect the private

sector within an economy. It is based on detailed diagnostics of the business regulatory system, the efficacy of the bureaucracy, and the nature of business governance. These characteristics can have important long-run implications for economic growth, which has accounted for a large part of poverty reduction in recent decades. Since its launch in 2003, the report has documented over 2,600 reforms undertaken by governments in areas measured by the report, an indication of the value of this storied report.

In addition to its publications and research, the World Bank harvests and provides data on a large set of indicators for client countries and development practitioners via the well-known World Development Indicators and the more recent *Atlas of Sustainable Development Goals*. The Open Data website, where Bank data are freely available in multiple languages, was redesigned this year to be faster and more mobile friendly.

For more information, visit worldbank.org/publications.

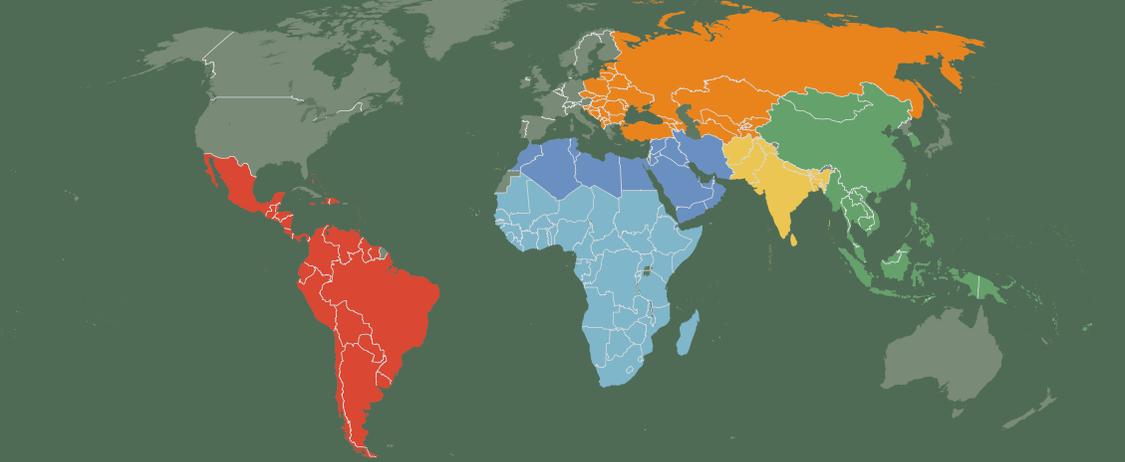
Generating ideas and filling knowledge gaps: Trust fund support

Trust funds are often used to promote global public goods and pilot innovations that may later be brought to scale. Many of the World Bank's knowledge works are supported by trust funds, a good example of which is the Knowledge for Change Program (KCP). The program is financed by a multidonor trust fund established to pool intellectual and financial resources to generate new knowledge, pilot new ideas, and fill the knowledge gap in development. Established in 2002, the program has raised over \$60 million and funded more than 300 projects in research and data collection, which support the development of effective policies and programs in developing countries. Donor countries include Australia, Canada, China, Denmark, Estonia, Finland, France, Japan, the Republic of Korea, Norway, Singapore, Sweden, Switzerland, and the United Kingdom.

The Knowledge for Change Program supports innovations in data collection, helping to replace slow and expensive traditional methods. For example, a KCP project supported the development of a Computer-Assisted Personal Interviewing survey solution—a free software application for tablets to achieve faster, better, and cheaper data collection. The software has since been used in 85 countries. Another KCP project supplemented gaps in country census data in the Democratic Republic of Congo by using satellite imagery and machine learning methods to estimate household counts and select samples. The research is now being scaled up under a Strategic Research Program grant, which will feed into methodological guidelines on sampling using noncensus data.

The program also focuses on developing analytical tools to allow policy makers and researchers to generate their own analysis and produce evidence-based policy. For example, PovcalNet is an interactive computational tool that allows users to replicate calculations made by World Bank researchers in estimating the extent of absolute poverty in the world and in different countries and regions. It can also perform a range of simulations and compute the economic growth rate needed to reach the poverty reduction goal. In fiscal 2017, PovcalNet delivered 33.8 million computations for users around the world.

For more information, visit data.worldbank.org.



Regional Perspectives

The World Bank today operates out of 140 offices worldwide. An increased presence in client countries is helping the Bank to better understand, work more effectively with, and provide more timely services to its partners in those countries. Ninety-seven percent of Country Directors/Country Managers and 42 percent of staff are based in countries within each of the six geographical regions. The following section highlights the major goals achieved, projects undertaken, strategies revised, and publications produced in fiscal 2017.

TABLE 1 FISCAL 2017 COMMITMENTS

MILLIONS OF DOLLARS

REGION	IBRD (\$ MILLIONS)	IDA (\$ MILLIONS)	TOTAL IBRD/IDA (\$ MILLIONS)	TOTAL IBRD/IDA SHARE (%)
Africa	1,163	10,679	11,842	28
East Asia and Pacific	4,404	2,703	7,107	17
Europe and Central Asia	4,569	739	5,308	13
Latin America and the Caribbean	5,373	503	5,876	14
Middle East and North Africa	4,869	1,011	5,880	14
South Asia	2,233	3,828	6,061	14
Total	22,611	19,463	42,074	100

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

TABLE 2 FISCAL 2017 DISBURSEMENTS

MILLIONS OF DOLLARS

REGION	IBRD (\$ MILLIONS)	IDA (\$ MILLIONS)	TOTAL IBRD/IDA (\$ MILLIONS)	TOTAL IBRD/IDA SHARE (%)
Africa	427	6,623	7,050	23
East Asia and Pacific	3,961	1,145	5,106	17
Europe and Central Asia	2,799	310	3,109	10
Latin America and the Caribbean	3,885	229	4,114	13
Middle East and North Africa	5,335	391	5,726	19
South Asia	1,454	3,970	5,424	18
Total	17,861	12,668	30,529	100

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

TABLE 3 ACTIVE PORTFOLIO NET COMMITMENTS

BILLIONS OF DOLLARS, AS OF JUNE 30, 2017

REGION	IBRD	IDA	TOTAL
Africa	6.2	54.7	60.9
East Asia and Pacific	22.1	12.7	34.8
Europe and Central Asia	21.9	3.3	25.2
Latin America and the Caribbean	26.2	2.2	28.4
Middle East and North Africa	14.1	1.1	15.2
South Asia	16.2	31.6	47.8
Total	106.7	105.7	212.4

Note: Numbers may not add to totals because of rounding.



Africa has made progress over the past decade, both in terms of economic growth and poverty reduction, yet the region continues to face significant challenges. Growth in Sub-Saharan Africa slowed markedly in 2016 to 1.3 percent, but is projected to recover moderately to 2.6 percent in 2017 and to 3.2 percent in 2018. Yet the recovery remains fragile. Downside external risks to the region's economic outlook remain, including a stronger-than-expected tightening of global financing conditions, weaker improvements in commodity prices, and a rise in protectionist sentiment. Domestic risks to the current recovery stem from an inadequate pace of reforms, rising security threats, and political volatility ahead of elections in some countries.

Although the share of the population in the Africa region living on \$1.90 a day or less fell from nearly 43 percent in 2012 to 41 percent in 2013, 389 million people remain in extreme poverty—more than in all other regions combined.

World Bank assistance

The World Bank approved \$11.8 billion in lending to the region for 145 projects in fiscal 2017, including \$1.2 billion in IBRD loans and \$10.7 billion in IDA commitments, of which \$2.3 billion was from the IDA Scale-Up Facility. The Bank also signed seven Reimbursable Advisory Services agreements with six countries for a total of \$12.3 million. These agreements provide technical advice on such issues as governance, trade and competitiveness, and finance and markets.

The World Bank also made important contributions to data collection in the region. The Listening to Africa initiative works with national statistical offices and nongovernmental organizations to pilot the use of mobile phones to regularly collect information on living conditions. The approach combines face-to-face surveys with follow-up mobile phone interviews to collect data that allows welfare monitoring. It is currently operating in six countries—Madagascar, Malawi, Mali, Senegal, Tanzania, and Togo—where there is a strong demand for data, the capacity for implementation, and sufficient network coverage.

Key focus areas include raising agricultural productivity, building resilience to climate change, increasing access to affordable and reliable energy, promoting good-quality education, and supporting stability in fragile and conflict-affected places.

Raising agricultural productivity and promoting climate-smart agriculture

Unleashing agricultural productivity in Africa has the potential to ensure food security and provide gainful employment for the entire continent. The Bank-supported West Africa Agricultural Productivity Program and East Africa Agricultural Productivity Program are raising incomes and improving food security for millions of Africans, a majority of whom are women. The West Africa program, for example, reached more than 4.5 million direct beneficiaries in 13 countries over a four-year period, helping to increase crop yields from 30 to 150 percent. The programs also provide smallholders with new crop varieties, food-processing tools, and other agricultural technologies. In addition, the Bank promotes climate-smart agriculture to help build climate resilience. For example, support from the Bank-administered Consultative Group on International Agricultural Research (CGIAR) Fund, a multidonor trust fund,

has financed agricultural research by the CGIAR global partnership. In Uganda, this research has helped smallholder coffee farmers to learn better farming techniques and introduce climate-resilient coffee plant varieties, which have helped to improve crop quality and raise incomes.

Increasing access to affordable and reliable energy

One of Africa’s greatest infrastructure obstacles remains an inadequate electricity supply. Boosting the generation and distribution of sustainable energy is a primary objective of the Bank’s work. In Mozambique, the \$80 million Energy Development and Access Project has connected 42,500 new consumers to the energy network. It has financed the expansion of existing networks in fast-growing areas, including over 400 kilometers of new transmission and distribution lines. The project also extended access in rural areas through off-grid renewable solutions, such as solar panels, providing power to over 500 health centers and 300 schools for the first time. In addition, the Bank supports comprehensive policy studies and engages governments in systematic discussions to identify key policy barriers and mitigation strategies.

Investing in education to boost job skills

Each year in Africa and for the next decade, 11 million youth will enter the job market. Young Africans must be equipped with the right skills and training for what employers are seeking. The World Bank has launched initiatives to boost science, technology, engineering, and mathematics (STEM) education across the region. The Eastern and Southern Africa Higher Education Centers of Excellence, financed by a \$140 million IDA credit, is creating synergies in higher education by optimizing limited resources and deepening cooperation between countries while equipping young people with highly relevant skills and knowledge. The project will strengthen skills in five clusters of regional priorities: industry, agriculture, health, education, and applied statistics.

Fostering women’s and youth’s economic empowerment

Empowering women in business and youth with employment can help to improve a country’s economic prospects. In Ethiopia, the Women Entrepreneurship Development Project provides access to financing and business development services to women entrepreneurs. Over 14,000 women entrepreneurs have registered for the program, and new donors and local financial institutions are now using their own funds to sustainably expand the program. In the Central African Republic, an innovative cash-for-work program, the LONDO Project, is providing short-term employment to 35,000 workers. These temporary jobs aim to reduce vulnerability and contribute to stability in this postconflict country.

For more information on the World Bank’s work in the region, visit worldbank.org/afr.

TABLE 4 AFRICA

REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2015–17

	COMMITMENTS (\$ MILLIONS)			DISBURSEMENTS (\$ MILLIONS)		
	FY15	FY16	FY17	FY15	FY16	FY17
IBRD	1,209	669	1,163	816	874	427
IDA	10,360	8,677	10,679	6,595	6,813	6,623

Portfolio of projects under implementation as of June 30, 2017: \$60.9 billion.



PROJECT SPOTLIGHT

Building resilience to climate shocks and promoting food security

In September 2016, the government of Madagascar declared a humanitarian emergency in the country’s southern region. The people in the area had suffered several successive years of poor crop yields. As a result of the El Niño climate cycle, drought had been severe. Rainfall amounts were about 75 percent lower than the 20-year average, which caused harvest losses of up to 95 percent. Over 1 million people were estimated to be food insecure, and among them, 35,000 children under age 5 were suffering from moderate acute malnutrition. Another 12,000 young children were suffering from severe acute malnutrition.

Because of the Social Safety Net Project launched in February 2016, the World Bank has been able to provide an effective response to this crisis for most of the population by scaling up cash transfers and community nutrition services. The project aims to increase the access of extremely poor households to safety net services and lay the foundations for a social protection system. As of early 2017, more than 350,000 people in 68,000 households who were barely scraping by have now benefited from this \$35 million program, which provides cash transfers, livelihood recovery grants, and nutrition services in affected districts.

FIGURE 2 AFRICA

IBRD AND IDA LENDING BY SECTOR • FISCAL 2017

SHARE OF TOTAL OF \$11.8 BILLION

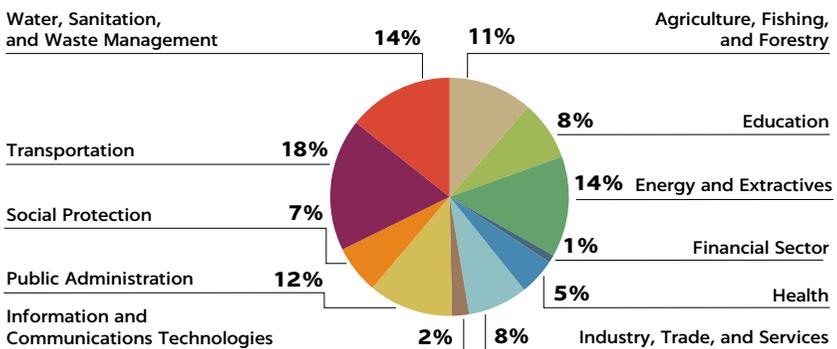


TABLE 5 AFRICA
REGIONAL SNAPSHOT

INDICATOR	2000	2010	CURRENT DATA ^a	TREND
Total population (millions)	670	877	1,033	
Population growth (annual %)	2.7	2.8	2.7	
GNI per capita (Atlas method, current US\$)	503	1,282	1,504	
GDP per capita growth (annual %)	0.9	2.6	-1.5	
Population living below \$1.90 a day (millions)	391 ^b	399	389	
Life expectancy at birth, females (years)	51	57	60	
Life expectancy at birth, males (years)	49	55	58	
Youth literacy rate, females (% ages 15-24)	62	66	66	
Youth literacy rate, males (% ages 15-24)	75	77	77	
Carbon dioxide emissions (megatons)	566	747	784	

MONITORING THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

SDG 1.1 Extreme poverty (% population below \$1.90 a day, 2011 PPP)	55.6 ^b	45.7	41.0	
SDG 2.2 Prevalence of stunting, height for age (% children under 5)	43	38	35	
SDG 3.1 Maternal mortality ratio (modeled estimate, per 100,000 live births)	846	625	547	
SDG 3.2 Under-5 mortality rate (per 1,000 live births)	154	101	83	
SDG 4.1 Primary completion rate (% relevant age group)	54	68	69	
SDG 5 Ratio of female to male labor force participation rate (modeled ILO estimate, %)	81	84	84	
SDG 5.5 Proportion of seats held by women in national parliaments (% total)	12	19	24	
SDG 6.1 Access to safe drinking water (% population with access)	55	63	68	
SDG 6.2 Access to basic sanitation facilities (% population with access)	25	28	30	
SDG 7.1 Access to electricity (% population)	27	32	37	
SDG 7.2 Renewable energy consumption (% total final energy consumption)	73	72	70	
SDG 17.8 Individuals using the Internet (% population)	0.5	9.8	22.4	

Note: ILO = International Labour Organization; PPP = purchasing power parity.

a. The most current data available between 2013 and 2016; visit <http://data.worldbank.org> for data updates.

b. 2002 data.

For a list of countries in the region and additional interactive regional data, visit data.worldbank.org/country.

East Asia and Pacific



Driven by robust domestic demand and a gradual recovery in the global economy, developing countries in East Asia and Pacific grew 6.3 percent in 2016. Growth is projected to remain resilient at 6.2 percent in 2017 and 6.1 percent in 2018. Growth in China is anticipated to slow to 6.5 percent this year and 6.3 percent in 2018, reflecting its gradual transition to lower, more sustainable growth.

Since 1990, about 1 billion people in the region have been lifted out of extreme poverty. Yet, as of 2013, the share of the region's population living below \$1.90 a day is estimated at 3.5 percent, while an estimated 17.1 percent live on less than \$3.20 a day. Nevertheless, in countries such as the Lao People's Democratic Republic and Myanmar, a significant percentage of the population still lives in extreme poverty. And countries such as Mongolia and Papua New Guinea, which have been affected by commodity price declines, may have reversed their earlier gains.

World Bank assistance

The World Bank approved \$7.1 billion for 65 projects in the region in fiscal 2017, including \$4.4 billion in IBRD loans and \$2.7 billion in IDA commitments. The Bank also signed seven Reimbursable Advisory Services agreements with three countries for a total of \$1.4 million. The Bank's strategy in the region focuses on four areas: private sector-led growth, inclusion, climate change, and governance. The cross-cutting themes of gender and fragility are also central to the Bank's work in the region.

Closing the infrastructure deficit

Despite its economic resilience, there are signs that productivity growth is slowing across the region. Contributing to this slowdown is a growing infrastructure gap. Excluding China, estimated regional investment needs are \$87 billion per year, while actual spending is only \$35 billion. In human terms, this means that nearly half a billion people still lack access to sanitation, 111 million lack electricity, and 122 million lack water access.

Bank investments are improving access to these basic services. For example, the PNPM (National Program for Community Empowerment in) Urban Areas Project in Indonesia has helped over 30 million people build or rehabilitate roads and water facilities, and provided microcredit services and financial management training using a community-driven development approach. In Papua New Guinea, the Rural Communications Project provided telecommunication services to half a million people in rural areas of the country, where it is difficult and costly to provide basic services and essential infrastructure.

Confronting climate change

East Asia and Pacific is at the center of the global climate challenge. The region accounts for about one-third of global emissions, and many countries bear the burden of climate impacts in the forms of frequent floods, storms, and sea-level rise. Over the past three fiscal years, 27 percent of the Bank's regional portfolio included lending for projects or programs to address climate change. China has one of the Bank's largest climate change investment programs, with 70 percent

of its portfolio including environmental objectives. For example, the China Energy Efficiency Financing program, which mainstreamed lending for energy efficiency in Chinese banks, leveraged \$350 million in Bank financing into \$2.6 billion in lending for efficient, renewable energy. The project not only reduced carbon emissions by 10 million tons annually—equivalent to eliminating 3 gigawatts of coal-fired power—but also mainstreamed green financing in Chinese financial institutions.

Investing in human capital

To stay competitive and inclusive, the region needs to strengthen foundational skills and early childhood education, which in many countries are weakened by the stunted growth of children under 5 years old. In Timor-Leste, where the stunting rate is among the highest in the region, the Community-Driven Nutrition Improvement Project is helping over 1,000 families to eat a more nutritious diet by teaching them how to grow more nutritious crops and providing seeds and plant cuttings to cultivate. In Vietnam, the School Readiness Promotion Project raised the share of 5-year-olds who benefit from full-day preschool from 66 percent in 2011 to 84 percent in 2016, and ensured that over 90 percent of early childhood education teachers and managers completed professional training programs.

Sustaining focus on partnerships for better development

The World Bank continues to build partnerships with the Asia-Pacific Economic Cooperation, Asian Development Bank, Association of Southeast Asian Nations, the Australian Department of Foreign Affairs and Trade, the Japan International Cooperation Agency, the Pacific Islands Forum, and others to maximize development impact. The Bank Group is also working closely with new development banks, including the Asian Infrastructure Investment Bank (AIIB). In July 2016, the World Bank’s Board of Executive Directors approved the first cofinancing project with the AIIB, the National Slum Upgrading Program, to improve infrastructure in Indonesia’s slum areas and benefit more than 9.7 million urban poor across the country.

The Bank is also working with clients to foster knowledge partnerships, such as the Pacific Possible report series, to discuss with Pacific Island governments, development partners, and civil society the biggest opportunities and challenges for Pacific Island countries over the next 25 years. In China, the World Bank Group worked closely with three government agencies and the World Health Organization to complete a joint report, *Deepening Health Reform in China: Building High-Quality and Value-Based Service Delivery*.

For more information on the World Bank’s work in the region, visit worldbank.org/eap.

TABLE 6 EAST ASIA AND PACIFIC
REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2015–17

	COMMITMENTS (\$ MILLIONS)			DISBURSEMENTS (\$ MILLIONS)		
	FY15	FY16	FY17	FY15	FY16	FY17
IBRD	4,539	5,176	4,404	3,596	5,205	3,961
IDA	1,803	2,324	2,703	1,499	1,204	1,145

Portfolio of projects under implementation as of June 30, 2017: \$34.8 billion.



PROJECT SPOTLIGHT

Water and sanitation services for the community by the community

Providing universal access to water and sanitation facilities in rural communities by 2019 is a key part of Indonesia's development strategy. Since 2006, the government has worked to meet this goal and to promote good hygiene practices through the community-driven PAMSIMAS Program—to great effect. The program has reached more than 10 million people in more than 11,500 villages across 219 districts in 32 provinces. By 2020, the expanded program will cover a total of 27,000 villages (about 35 percent of all villages) in 365 districts and 33 provinces.

With help from the program, to date, 56 percent of target communities have eliminated open defecation, about 72 percent have adopted hand-washing programs, and more than 84 percent of targeted schools have improved sanitation facilities and hygiene programs. The program helps to counter illnesses, such as typhoid, that are linked to inadequate water supply, sanitation, and improper hygiene. It also helps to address stunted growth—a condition that affects more than one-third of the country's children under 5 years old. Stunting adversely affects cognitive and motor development, lowers performance in school, and reduces productivity in adulthood.

With its community-driven approach, the PAMSIMAS Program links communities to local and national institutions and to financing. It enables them to develop their own customized water and sanitation solutions and to build ownership in systems that best meet their needs. The program receives support from the World Bank and the Australian Department of Foreign Affairs and Trade.

FIGURE 3 EAST ASIA AND PACIFIC
IBRD AND IDA LENDING BY SECTOR • FISCAL 2017
 SHARE OF TOTAL OF \$7.1 BILLION

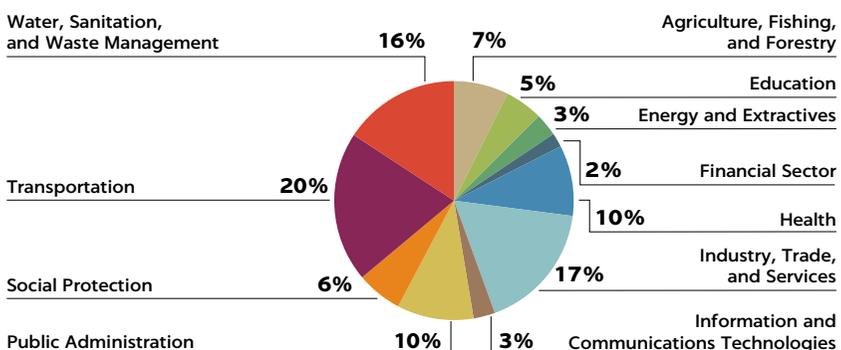


TABLE 7 EAST ASIA AND PACIFIC
REGIONAL SNAPSHOT

INDICATOR	2000	2010	CURRENT DATA ^a	TREND
Total population (millions)	1,813	1,965	2,051	
Population growth (annual %)	1.0	0.7	0.7	
GNI per capita (Atlas method, current US\$)	915	3,780	6,680	
GDP per capita growth (annual %)	6.4	9.0	5.6	
Population living below \$ 1.90 a day (millions)	535 ^b	218	71	
Life expectancy at birth, females (years)	72	75	76	
Life expectancy at birth, males (years)	68	71	72	
Youth literacy rate, females (% ages 15–24)	98	99	99	
Youth literacy rate, males (% ages 15–24)	98	99	99	
Carbon dioxide emissions (megatons)	4,197	10,054	11,641	

MONITORING THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

SDG 1.1 Extreme poverty (% population below \$ 1.90 a day, 2011 PPP)	29.0 ^b	11.1	3.5	
SDG 2.2 Prevalence of stunting, height for age (% children under 5)	27	18	15	
SDG 3.1 Maternal mortality ratio (modeled estimate, per 100,000 live births)	120	79	63	
SDG 3.2 Under-5 mortality rate (per 1,000 live births)	42	23	18	
SDG 4.1 Primary completion rate (% relevant age group)	92	104	98	
SDG 5 Ratio of female to male labor force participation rate (modeled ILO estimate, %)	82	80	79	
SDG 5.5 Proportion of seats held by women in national parliaments (% total)	17	18	20	
SDG 6.1 Access to safe drinking water (% population with access)	80	90	94	
SDG 6.2 Access to basic sanitation facilities (% population with access)	59	70	75	
SDG 7.1 Access to electricity (% population)	89	95	96	
SDG 7.2 Renewable energy consumption (% total final energy consumption)	32	20	20	
SDG 17.8 Individuals using the Internet (% population)	2	29	45	

Note: ILO = International Labour Organization; PPP = purchasing power parity.

a. The most current data available between 2013 and 2016; visit <http://data.worldbank.org> for data updates.

b. 2002 data.

For a list of countries in the region and additional interactive regional data, visit data.worldbank.org/country.

Europe and Central Asia



Following a turbulent period, economic growth in the Europe and Central Asia region is forecast to rise to 2.5 percent for 2017, up from 1.5 percent in 2016. This trend is expected to continue to 2.7 percent in 2018. In the eastern part of the region, the stabilization of oil prices around \$50 per barrel has provided some breathing room for governments that have begun adjusting policies to the lower level of oil prices. In the European Union, a sustained, albeit modest, recovery started to reduce unemployment and pushed inflation into positive territory.

Important challenges for the region have arisen from structural changes in the global economy. New specialization patterns are emerging, and new technologies are changing production methods and upending traditional labor market relations. As most economies in the region by necessity move to make their production more internationally competitive, they will have to navigate these new realities.

As of 2013, about 6.8 percent of the region's population—more than 32.8 million people—live in poverty, including almost 10.3 million who live on less than \$1.90 a day in 2011 purchasing power parity.

World Bank assistance

The World Bank approved \$5.3 billion in lending to the region for 41 projects in fiscal 2017, including \$4.6 billion in IBRD loans and \$739 million in IDA commitments. The Bank also signed 33 Reimbursable Advisory Services agreements with 10 countries for a total of \$27.5 million. These agreements provide technical advice on such issues as education system reform, public sector governance and institutional capacity building, and the planning and management of infrastructure investments.

The Bank's regional strategy for Europe and Central Asia seeks to eliminate poverty and boost shared prosperity by supporting clients in three overall areas of focus: promoting sustainable and inclusive growth, developing human capital, and supporting resilience.

Supporting the elements of sustainable and inclusive growth

The Bank supports client countries in improving government efficiency, creating markets with a vibrant private sector, developing the energy sector, and facilitating regional connectivity for growth. In fiscal 2017, the Bank provided financial support to the agricultural sectors in Kosovo, the Kyrgyz Republic, Moldova, and Montenegro, and to road improvement projects in Bosnia and Herzegovina and Croatia.

The Bank also supported investment in a range of other sectors. These included governance and competitiveness in the Kyrgyz Republic; municipal and public services in the former Yugoslav Republic of Macedonia and Serbia; judicial services in Romania; tourism, the local economy, and competitiveness in Albania; fiscal reforms in Bosnia and Herzegovina; and the energy sectors in Turkey, Ukraine, and Uzbekistan.

In addition, the Bank produced important contributions to knowledge about the region, including its economic reports, which provided macroeconomic analysis and policy recommendations. For example, *Risks and Returns: Managing Financial Trade-Offs for Inclusive Growth in Europe and Central Asia* argues that striking the right balance across all dimensions of financial development—stability, efficiency, inclusion, and overall depth—is crucial for achieving and sustaining inclusive growth.

Supporting people by reforming key systems

The Bank works with client countries in designing and implementing reforms to improve the efficiency and fiscal sustainability of their pension, social protection, education, and health care systems. In fiscal 2017, the Bank provided support to the education sectors in Bulgaria, Kazakhstan, and Uzbekistan; to employment and job creation in Bosnia and Herzegovina; and to health services in Belarus.

Two reports look at the opportunities and challenges created by modern trends in society. *Reaping Digital Dividends: Leveraging the Internet for Development in Europe and Central Asia* looks at the new opportunities for individuals and businesses created by the Internet and how to ensure that citizens benefit equally across society. The Europe and Central Asia Economic Update, November 2016, *Polarization and Populism* outlines the structural challenges to growth and prosperity facing the region, and examines developments across the region that have led to increased social and political anxiety.

Prioritizing climate action and building resilience

Strategic priorities for the region also include addressing climate action and building resilience to natural disasters; facing the challenge of displaced persons; and enabling fair, efficient, and sustainable societies.

The 37th issue of the *Russia Economic Report: From Recession to Recovery*, found that the Russian economy showed encouraging signs of overcoming the recession it entered in 2014. The April 2017 edition of the *Western Balkans Regular Economic Report: Faster Growth, More Jobs* outlined how the economies of the Western Balkans are continuing to grow, showing improvements in employment and poverty reduction. The latest *EU Regular Economic Report: Growth, Jobs, and Integration: Services to the Rescue*, projected that EU growth would remain low, and with aging populations and sluggish investment, it would become increasingly dependent on productivity growth.

For more information on the World Bank's work in the region, visit worldbank.org/eca.

TABLE 8 EUROPE AND CENTRAL ASIA

REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2015–17

	COMMITMENTS (\$ MILLIONS)			DISBURSEMENTS (\$ MILLIONS)		
	FY15	FY16	FY17	FY15	FY16	FY17
IBRD	6,679	7,039	4,569	5,829	5,167	2,799
IDA	527	233	739	314	365	310

Portfolio of projects under implementation as of June 30, 2017: \$25.2 billion.



PROJECT SPOTLIGHT

Innovative transport solutions in Belarus

Belarus is an important transit corridor for the region. To maintain safe, efficient road networks, and to improve the way they are operated, Belarus has worked with the World Bank to use state-of-the-art technology to better manage and maintain its road system. In one partnership under the Transit Corridor Improvement Project, the Belarusian Road Engineering and Technical Center teamed up with the Bank to develop a smartphone app called “Roadlab,” which links drivers to road maintenance authorities and allows for the automatic collection of data on pavement quality.

In a separate project, the Road Upgrading and Modernization Project, the Bank helped to develop a system to reduce overloaded trucks on Belarusian highways. To better manage the large number of local and foreign trucks on its road network, the government implemented an e-tolling and a weigh-in-motion (WIM) system to enhance its existing systems.

The new system includes 12 WIM sites; four fixed, heavy-vehicle inspection centers; and eight mobile stations strategically distributed throughout the network. WIM control sites process raw data locally and send information on weighed vehicles to the central system unit or to mobile stations and Transport Inspection patrols. This allows axle loads to be continuously monitored, making it easier to stop overweight trucks while allowing trucks under the weight limit to bypass inspection. The data are also being used by the government to analyze traffic density and patterns by time and location, which will make it possible to design targeted plans for future improvements.

FIGURE 4 EUROPE AND CENTRAL ASIA

IBRD AND IDA LENDING BY SECTOR • FISCAL 2017

SHARE OF TOTAL OF \$5.3 BILLION

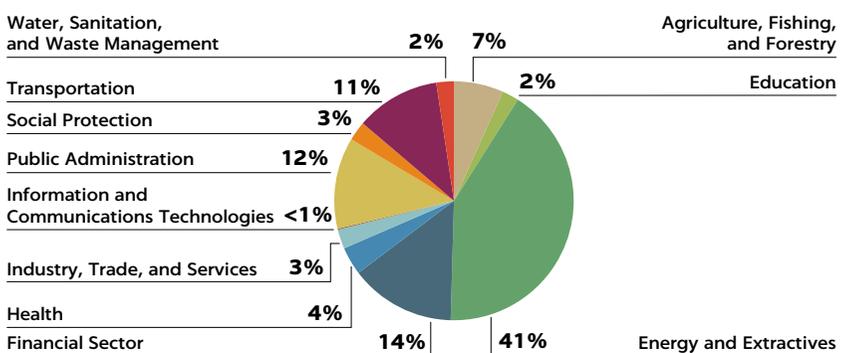


TABLE 9 EUROPE AND CENTRAL ASIA
REGIONAL SNAPSHOT

INDICATOR	2000	2010	CURRENT DATA ^a	TREND
Total population (millions)	397	403	417	
Population growth (annual %)	0.0	0.5	0.6	
GNI per capita (Atlas method, current US\$)	1,788	7,492	7,676	
GDP per capita growth (annual %)	7.9	4.6	0.8	
Population living below \$ 1.90 a day (millions)	29 ^b	14	10	
Life expectancy at birth, females (years)	73	75	77	
Life expectancy at birth, males (years)	63	66	68	
Youth literacy rate, females (% ages 15–24)	98	100	100	
Youth literacy rate, males (% ages 15–24)	99	100	100	
Carbon dioxide emissions (megatons)	2,712	3,036	3,164	

MONITORING THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

SDG 1.1 Extreme poverty (% population below \$ 1.90 a day, 2011 PPP)	6.3 ^b	2.9	2.2	
SDG 2.2 Prevalence of stunting, height for age (% children under 5)	19	12	10	
SDG 3.1 Maternal mortality ratio (modeled estimate, per 100,000 live births)	56	29	25	
SDG 3.2 Under-5 mortality rate (per 1,000 live births)	37	22	17	
SDG 4.1 Primary completion rate (% relevant age group)	94	98	101	
SDG 5 Ratio of female to male labor force participation rate (modeled ILO estimate, %)	73	73	72	
SDG 5.5 Proportion of seats held by women in national parliaments (% total)	8	15	18	
SDG 6.1 Access to safe drinking water (% population with access)	93	95	97	
SDG 6.2 Access to basic sanitation facilities (% population with access)	83	85	86	
SDG 7.1 Access to electricity (% population)	98	100	100	
SDG 7.2 Renewable energy consumption (% total final energy consumption)	6	6	6	
SDG 17.8 Individuals using the Internet (% population)	2	36	59	

Note: ILO = International Labour Organization; PPP = purchasing power parity.

a. The most current data available between 2013 and 2016; visit <http://data.worldbank.org> for data updates.

b. 2002 data.

For a list of countries in the region and additional interactive regional data, visit data.worldbank.org/country.

Latin America and the Caribbean



Following a six-year slowdown that included two consecutive years of recession, Latin America and the Caribbean economies are growing again. After contracting by 1.4 percent in 2016, average growth is expected to be around 0.8 percent in 2017 and 2.1 percent in 2018. However, the long slowdown hurt fiscal accounts in the region, limiting the macroeconomic and public policy choices of many countries.

This is a challenge for solidifying the hard-won social gains made in the early 21st century. For the 17 countries with available microdata in the region, the share of the population living on \$3.20 a day or less, the threshold for extreme poverty in the region, fell from 24.7 percent in 2003 to 11.6 percent in 2013. In total, 63.3 million people were lifted out of poverty. Despite those gains, poverty reduction has flattened during the last two years, two-fifths of the population remain vulnerable to falling into poverty, and the increase in the size of the middle class has slowed.

Fortifying the economic recovery is fundamental, along with strengthening infrastructure services in tandem with the private sector, investing in human capital, and protecting the poor.

World Bank assistance

The World Bank approved \$5.9 billion in lending to the region for 56 projects in fiscal 2017, including \$5.4 billion in IBRD loans and \$503 million in IDA commitments. The Bank also signed 13 Reimbursable Advisory Services agreements with 8 countries for a total of \$5.2 million.

Promoting growth, productivity, and entrepreneurship

In fiscal 2017, the Bank worked with countries to increase growth and productivity and to improve the business climate. In Colombia, for example, the \$600 million First Fiscal Sustainability and Competitiveness Development Policy loan is helping to improve trade facilitation, investment, competition, business regulation, and innovation as the country implements the ongoing peace process.

Strengthening infrastructure services and sustainability

Building better and more sustainable infrastructure will require mobilizing investment from both the public and the private sectors. The Bank played a catalytic role in this effort, providing technical assistance and financing to develop high-quality infrastructure with a smaller carbon footprint.

In Argentina, the Bank worked with the country through the \$200 million Metropolitan Buenos Aires Urban Transformation Project to improve housing in urban slums. It also provided a \$480 million guarantee to the country to manage private investment risk in renewable energy. In Brazil, the Bank provided a grant to integrate biodiversity conservation practices into state regulatory frameworks in order to protect the vital Pampa biome. In Mexico, the Bank's Forests and Climate Change Project has helped to bring 1.8 million hectares under sustainable, community-based management, and provided livelihoods for many rural residents, particularly women. In the Caribbean, the Bank is assisting countries to modernize grid systems, and is helping businesses to draw on renewable sources of power.

Investing in human capital and protecting the poor

One of the World Bank’s priorities in the region is to ensure opportunities for all by supporting countries in building human capital. In El Salvador, the Education Quality Improvement Project helped to expand full-time schooling by providing new facilities and learning materials, benefiting 16,000 students. In the Dominican Republic, over a quarter million people were included in a social assistance program after the development of improved systems to target the poor.

In addition, the Bank supported early childhood development and nutrition programs in countries such as Bolivia and Guatemala to benefit pregnant women, young children, and their families. In Bolivia, more than 70 early childhood development centers were supported in implementing improvement action plans and meeting quality standards.

Employing advisory services, technical assistance and convening power

Illustrating how the Bank’s role in Latin America and the Caribbean has evolved in recent decades, countries now turn increasingly to the institution for more than direct lending, including help through Reimbursable Advisory Services (RAS) and technical assistance. In Mexico, a RAS agreement is helping to strengthen the special economic zones in poor areas in the south by attracting investment and connecting them with domestic and global markets. The Bank is also assisting Paraguay with transparency reforms to improve accountability at the central bank.

The World Bank continued to be a vital source of ideas, best practices, and convening power for the region. A series of groundbreaking reports and conferences served as powerful convening platforms. These included such timely studies as *Better Neighbors: Toward a Renewal of Economic Integration in Latin America*; *Rethinking Infrastructure in Latin America and the Caribbean: Spending Better to Achieve More*; *Stop the Violence in Latin America: A Look at Prevention from Cradle to Adulthood*; as well as *Toward a Blue Economy*, a report on the role of the ocean for sustainable economic development in the Caribbean.

For more information on the World Bank’s work in the region, visit worldbank.org/lac.

TABLE 10 LATIN AMERICA AND THE CARIBBEAN
REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2015–17

	COMMITMENTS (\$ MILLIONS)			DISBURSEMENTS (\$ MILLIONS)		
	FY15	FY16	FY17	FY15	FY16	FY17
IBRD	5,709	8,035	5,373	5,726	5,236	3,885
IDA	315	183	503	383	303	229

Portfolio of projects under implementation as of June 30, 2017: \$28.4 billion.



PROJECT SPOTLIGHT

Responding rapidly to Haiti's devastating hurricane

On October 4, 2016, Haiti was hit by Hurricane Matthew, a Category 4 storm and the most destructive disaster to hit the country since the earthquake in 2010. High winds, heavy rainfall, and a devastating storm surge caused flooding, landslides, and extensive destruction of infrastructure and livelihoods, especially in the poorer southern departments of Grand'Anse, Nippes, and Sud. A rapid assessment by the government, with help from the World Bank and the Inter-American Development Bank, estimated that damages and losses could reach up to \$1.9 billion, or 22 percent of Haiti's GDP.

The World Bank reacted rapidly. Within two weeks, the Caribbean Catastrophe Risk Insurance Facility set up by the Bank paid out \$23 million to respond to the government's immediate needs. The Bank mobilized more than \$49 million from existing resources for emergency efforts, including rehabilitating roads and bridges, repairing schools and providing school meals, repairing water systems and emergency sanitation, scaling up a rapid cholera response, distributing seeds and fertilizer for the winter planting season, and making cash available to repair irrigation canals. In addition, \$100 million was mobilized from IDA's Crisis Response Window to assist the most affected population in the southern departments with support to the agriculture, health, water and sanitation, and transport sectors.

**FIGURE 5 LATIN AMERICA AND THE CARIBBEAN
IBRD AND IDA LENDING BY SECTOR • FISCAL 2017**

SHARE OF TOTAL OF \$5.9 BILLION

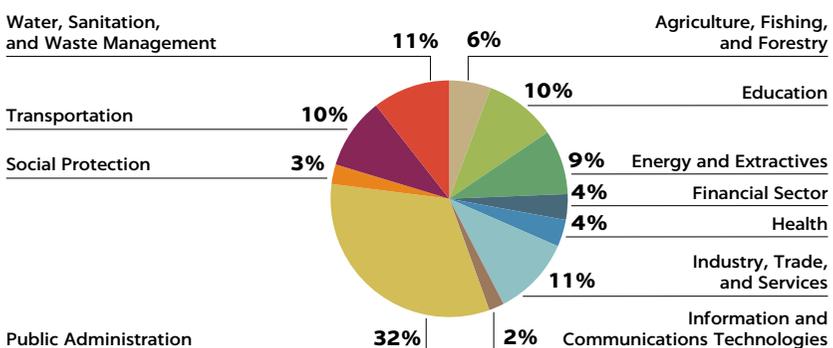


TABLE 11 LATIN AMERICA AND THE CARIBBEAN**REGIONAL SNAPSHOT**

INDICATOR	2000	2010	CURRENT DATA ^a	TREND
Total population (millions)	500	570	610	
Population growth (annual %)	1.5	1.2	1.1	
GNI per capita (Atlas method, current US\$)	3,919	7,765	8,010	
GDP per capita growth (annual %)	2.3	4.7	-1.8	
Population living below \$1.90 a day (millions)	71 ^b	39	34	
Life expectancy at birth, females (years)	75	77	78	
Life expectancy at birth, males (years)	68	71	72	
Youth literacy rate, females (% ages 15-24)	97	98	98	
Youth literacy rate, males (% ages 15-24)	96	98	98	
Carbon dioxide emissions (megatons)	1,226	1,557	1,711	

MONITORING THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

SDG 1.1 Extreme poverty (% population below \$1.90 a day, 2011 PPP)	13.0 ^b	6.5	5.4	
SDG 2.2 Prevalence of stunting, height for age (% children under 5)	17	13	11	
SDG 3.1 Maternal mortality ratio (modeled estimate, per 100,000 live births)	101	83	69	
SDG 3.2 Under-5 mortality rate (per 1,000 live births)	33	24	18	
SDG 4.1 Primary completion rate (% relevant age group)	98	99	100	
SDG 5 Ratio of female to male labor force participation rate (modeled ILO estimate, %)	60	66	67	
SDG 5.5 Proportion of seats held by women in national parliaments (% total)	16	24	30	
SDG 6.1 Access to safe drinking water (% population with access)	89	93	94	
SDG 6.2 Access to basic sanitation facilities (% population with access)	74	80	82	
SDG 7.1 Access to electricity (% population)	91	96	97	
SDG 7.2 Renewable energy consumption (% total final energy consumption)	28	29	27	
SDG 17.8 Individuals using the Internet (% population)	3	34	54	

Note: ILO = International Labour Organization; PPP = purchasing power parity.

a. The most current data available between 2013 and 2016; visit <http://data.worldbank.org> for data updates.

b. 2002 data.

For a list of countries in the region and additional interactive regional data, visit data.worldbank.org/country.

Middle East and North Africa



The Middle East and North Africa region largely remains in a state of transition. Violence and the consequences of war continue to plague many countries, while the effects of slow economic growth in this and neighboring regions affect and prompt needed reforms. Countries within the Gulf Cooperation Council continue to be challenged by low oil prices, but they are also moving to diversify their economies, with some countries undertaking ambitious modernization efforts.

Economic growth in the region is forecast to slow from 3.2 percent in 2016 to 2.1 percent in 2017 but to rise again to 2.9 percent in 2018.

World Bank assistance

The World Bank approved \$5.9 billion in lending to the region for 25 projects in fiscal 2017, including \$4.9 billion in IBRD loans and \$1.0 billion in IDA commitments. Revenue from Reimbursable Advisory Services in fiscal 2017 was about \$40 million, with the program expanding beyond the traditional areas of education, governance, economic diversification, and small and medium enterprises. In addition, the Bank has a renewed focus on mobilizing commercial financing for infrastructure. This has spurred infrastructure assessments for Algeria, the Arab Republic of Egypt, Jordan, Morocco, and Tunisia. They will look at the legal, regulatory, and financial enabling environment for greater private sector participation in infrastructure, and the assessments will be completed early in fiscal 2018.

The Middle East and North Africa regional strategy puts the promotion of peace and social stability at its center and remains a guidepost for Bank engagements. The strategy's four pillars focus on forging a new social contract; increasing regional cooperation; building resilience, which includes the challenges of forcibly displaced people; and supporting economic recovery and reconstruction.

Renewing the social contract

Creating more-inclusive and more-accountable governance structures and supporting private sector-driven economies to provide greater opportunities are priorities for the Bank's work in the region. This year, a \$1 billion loan to Egypt focused on fiscal stabilization and reforms in the energy sector, targeting subsidies and enabling measures for greater private sector participation. A \$250 million operation to Jordan focused on subsidies in water and energy while supporting private provision measures. A \$1.4 billion loan to Iraq went toward fiscal support while also strengthening public sector and energy reforms.

Supporting financial markets and the private sector is also key. A \$500 million loan for Egypt targeted poor communities in Upper Egypt to strengthen the private sector in these disadvantaged regions. A \$350 million loan to Morocco aims to bolster the country's capital markets and financial inclusion, while a separate \$50 million loan supports Morocco's emerging entrepreneurship ecosystem. A \$500 million loan to Tunisia will strengthen the country's business environment and entrepreneurship support mechanisms. The region is also developing processes for collaborating on the fight against corruption, and will finalize this year an analytical piece that details steps to minimize discretion in public entities and prevent state capture of resources.

Increasing regional cooperation

As the least economically integrated region, the Middle East and North Africa regional strategy stresses greater cooperation toward peace and stability. The abovementioned loans to Egypt, Iraq, and Jordan, supporting the energy sector, also pave the way for greater cooperation, efficiency, and interdependence in this crucial area. In addition, a \$200 million Lebanon Roads and Employment Project will enhance eastward land transport links to the Syrian Arab Republic and beyond.

Building resilience to forced displacement

In countries throughout the region, the challenges resulting from the millions of forcibly displaced people, both within countries and as refugees from neighboring countries, continue to affect the area. As part of the crisis response, a \$100 million IDA credit was extended to Lebanon on an exceptional basis for the Reaching All Children with Education (RACE 2) Program-for-Results Project, which will further expand education for both host community and refugee children. A \$300 million Program-for-Results operation for Jordan will enhance the economic opportunities available for host communities and Syrian refugees by making legal jobs available in business, with preferential access to European markets. It comprises a \$100 million exceptional IDA allocation for Jordan, \$149 million IBRD loan, and \$51 million from the Global Concessional Financing Facility (GCFF). In addition, a \$96 million loan to Lebanon for a health resilience project will improve delivery of health services to both host communities and refugees, as will a \$36 million emergency health loan to Jordan. Both projects include concessional financing from the GCFF.

Supporting economic recovery and reconstruction

The World Bank has expanded its support to vulnerable communities during conflict—a necessity given the ravages of war in the region. The Republic of Yemen, in particular, has received support in multiple sectors this fiscal year. Three grants to the country, totaling \$500 million, will help with income support to poor communities, as will a \$200 million additional financing loan. Another emergency \$200 million grant will support primary and secondary health and nutrition, as will a subsequent additional \$83 million grant to the Republic of Yemen.

For more information on the World Bank's work in the region, visit worldbank.org/mena.

TABLE 12 MIDDLE EAST AND NORTH AFRICA
REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2015–17

	COMMITMENTS (\$ MILLIONS)			DISBURSEMENTS (\$ MILLIONS)		
	FY15	FY16	FY17	FY15	FY16	FY17
IBRD	3,294	5,170	4,869	1,779	4,427	5,335
IDA	198	31	1,011	194	44	391

Portfolio of projects under implementation as of June 30, 2017: \$15.2 billion.



PROJECT SPOTLIGHT

Ensuring support for countries hosting refugees

Middle-income countries currently host roughly 6 million refugees, yet they struggle to access financing at concessional interest rates, making it difficult to afford the costs associated with an influx of refugees. The impact of the Syrian crisis on Jordan and Lebanon exposed this important gap in development assistance. The Global Concessional Financing Facility (GCF) for the region aims to fill this gap, with an initial focus on helping Jordan and Lebanon to address the impact of Syrian refugees. The GCF was announced in the spring of 2016 with over \$140 million in initial pledges by seven countries and the European Commission. It set the goal of raising \$1 billion over five years for Jordan and Lebanon.

In April 2017, the GCF announced funding for three new projects, bringing the total concessional financing unlocked by the facility to support Syrian refugees and host communities in Jordan and Lebanon to \$1 billion—well ahead of the five-year timeline. The new projects will improve the lives of Syrian refugees and the communities hosting them by expanding vital public health services in both Jordan and Lebanon, as well as strengthening critical wastewater infrastructure in Jordan. Additional grants for the GCF to leverage for further concessional financing from multilateral development banks will soon be available, thanks to a pledge by the United Kingdom, part of which will channel through the GCF, and a \$10 million pledge from Sweden.

FIGURE 6 MIDDLE EAST AND NORTH AFRICA
IBRD AND IDA LENDING BY SECTOR • FISCAL 2017
 SHARE OF TOTAL OF \$5.9 BILLION

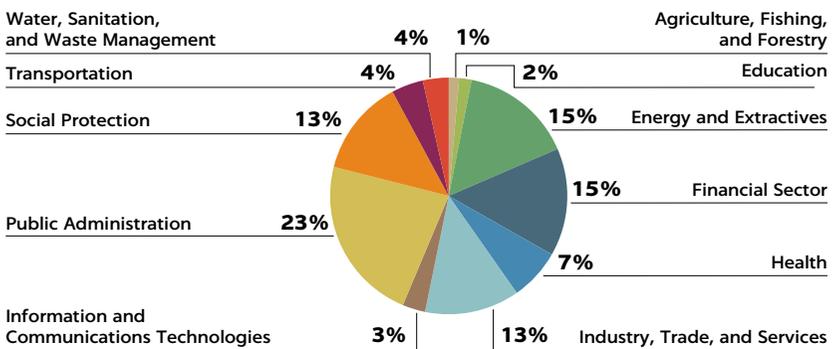


TABLE 13 MIDDLE EAST AND NORTH AFRICA
REGIONAL SNAPSHOT

INDICATOR	2000	2010	CURRENT DATA ^a	TREND
Total population (millions)	281	336	374	
Population growth (annual %)	1.9	1.8	1.7	
GNI per capita (Atlas method, current US\$)	1,568	3,914	4,565	
GDP per capita growth (annual %)	2.3	3.6	-0.4	
Population living below \$1.90 a day (millions)	9 ^b	7 ^c	—	—
Life expectancy at birth, females (years)	71	74	75	
Life expectancy at birth, males (years)	67	69	71	
Youth literacy rate, females (% ages 15–24)	81	90	90	
Youth literacy rate, males (% ages 15–24)	91	94	94	
Carbon dioxide emissions (megatons)	873	1,313	1,381	

MONITORING THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

SDG 1.1 Extreme poverty (% population below \$1.90 a day, 2011 PPP)	3.0 ^b	2.1 ^c	—	—
SDG 2.2 Prevalence of stunting, height for age (% children under 5)	24	19	17	
SDG 3.1 Maternal mortality ratio (modeled estimate, per 100,000 live births)	125	99	90	
SDG 3.2 Under-5 mortality rate (per 1,000 live births)	45	29	25	
SDG 4.1 Primary completion rate (% relevant age group)	81	92	92	
SDG 5 Ratio of female to male labor force participation rate (modeled ILO estimate, %)	25	27	27	
SDG 5.5 Proportion of seats held by women in national parliaments (% total)	4	11	18	
SDG 6.1 Access to safe drinking water (% population with access)	88	90	93	
SDG 6.2 Access to basic sanitation facilities (% population with access)	78	86	90	
SDG 7.1 Access to electricity (% population)	91	95	96	
SDG 7.2 Renewable energy consumption (% total final energy consumption)	3	3	3	
SDG 17.8 Individuals using the Internet (% population)	1	21	39	

Note: ILO = International Labour Organization; PPP = purchasing power parity. Recent poverty data for this region is unavailable due to low survey data coverage.

a. The most current data available between 2013 and 2016; visit <http://data.worldbank.org> for data updates.

b. 2005 data.

c. 2008 data.

For a list of countries in the region and additional interactive regional data, visit data.worldbank.org/country.

South Asia



South Asia remains the fastest-growing region, with economic growth projected to rise from 6.7 percent in 2016 to 6.8 percent in 2017 and 7.1 percent in 2018. Inflation in the region decelerated, mainly because of lower food and commodity prices; remittance flows have stabilized in most countries; and international reserves are, in most cases, at comfortable levels. Progress on public finance consolidation has been uneven, and financial sector risks remain.

Strong growth has translated into declining poverty and impressive improvements in human development. Yet the proportion of people living on less than \$1.90 a day was estimated at 15.1 percent, or about 256 million people, as of 2013—a third of all the poor globally. Hundreds of millions more live slightly above the poverty line, more than 200 million live in slums, and about 500 million go without electricity. Many countries in the region suffer from extreme forms of social exclusion and significant infrastructure gaps, and the larger countries are experiencing increases in inequality.

World Bank assistance

The World Bank approved \$6.1 billion in lending to the region for 51 projects in fiscal 2017, including \$2.2 billion in IBRD loans and \$3.8 billion in IDA commitments, of which \$795 million came from the IDA Scale-Up Facility. The Bank also delivered 122 advisory services and analytical products, providing technical advice on such issues as competitiveness, energy sector reform, and fragility.

The Bank's regional strategy continues to emphasize sustaining inclusive growth at a high rate. It focuses on providing support to private sector development through such actions as climate-resilient investments, greater social and financial inclusion, strengthening governance, and addressing fragility.

Focusing on the drivers of sustainable growth

Economic growth in the region has been driven mainly by consumption, and can only be sustained at high levels if both investment and exports grow stronger. Job creation is essential because new entrants to the labor market are estimated to be between 1 million and 1.2 million every month for the next two decades. The World Bank is providing support for these challenges through such projects as the \$250 million Skill Mission Operation Project for India, which seeks to strengthen institutions for skill development and to provide quality and market-relevant workforce training.

Supporting essential resilience to climate change

South Asia is highly vulnerable to the impacts of climate change, including climate-induced natural disasters and sea-level rise. Progress in South Asia depends on reducing carbon emissions, changing the energy mix, and mitigating climate change effects. The Bank is implementing a Climate Business Plan for South Asia in support of the countries' Nationally Determined Contributions and their efforts to improve climate resilience.

Implementing the Regional Gender Action Plan

The Bank is implementing its Regional Gender Action Plan for South Asia, which is based on four of the region's most acute development needs: human capital, economic empowerment, voice and agency, and regional capacity building and

communication. The \$63 million Socioeconomic Empowerment of Adolescent Girls and Young Women Project in Jharkhand, India, will help adolescent girls and young women to complete their secondary-level education and acquire relevant skills for the job market. Additional projects are specifically addressing barriers that women face in using transit facilities, including issues of safety, lighting, and separate toilets and waiting areas.

Promoting regional integration

Regional integration and economic cooperation can enhance the prospects for poverty reduction and shared growth. Yet South Asia remains one of the least integrated regions. A \$150 million Regional Connectivity Project aims to improve conditions for Bangladesh’s trade with Bhutan, India, and Nepal through improving connectivity, reducing logistics bottlenecks, and supporting the adoption of modern approaches to border management and trade facilitation.

Supporting policy reforms

The Bank supports countries’ reform agendas, particularly focusing on enabling the creation of markets and improving the efficiency of the public sector at the national and subnational levels. For example, in Pakistan, the World Bank is supporting the government’s energy policy to reduce the cost of electricity production and to improve the financial sustainability of the power sector through a series of Power Sector Reform Development Credits, investment operations, and technical assistance.

Addressing fragility

The World Bank is partnering with the United Nations to confront the challenges of forced displacement. For example, the Bank is augmenting its programs in Afghanistan and Pakistan that support refugees, internally displaced people, returnees, and host communities. It also approved operations designed to support vulnerable people in these countries, such as the \$228 million Citizens’ Charter Afghanistan Project, which aims to reduce poverty and enhance living standards by strengthening community development councils. A \$100 million loan for the Pakistan National Social Protection Program will strengthen the national social safety net system and enhance access to social services for the poor.

Producing knowledge for improved competitiveness

The Bank published several important reports on South Asia this fiscal year. *Competitiveness of South Asia’s Container Ports: A Comprehensive Assessment of Performance, Drivers, and Costs* provides unprecedented analysis of the situation at the region’s ports and the steps needed for improvement, including building greater private sector participation, improving the governance of port authorities, and creating more competition within and between ports. *South Asia’s Turn: Policies to Boost Competitiveness and Create the Next Export Powerhouse* examines the region’s potential to boost the productivity and competitiveness of firms, and recommends reforms and investments.

TABLE 14 SOUTH ASIA
REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2015–17

	COMMITMENTS (\$ MILLIONS)			DISBURSEMENTS (\$ MILLIONS)		
	FY15	FY16	FY17	FY15	FY16	FY17
IBRD	2,098	3,640	2,233	1,266	1,623	1,454
IDA	5,762	4,723	3,828	3,919	4,462	3,970

Portfolio of projects under implementation as of June 30, 2017: \$47.8 billion.



PROJECT SPOTLIGHT

Giving children a second chance at education in Bangladesh

Getting an education can provide opportunity and instill pride in children and their families. In Bangladesh, 690,000 out-of-school children in remote, rural areas were given a second chance at education thanks to 20,400 newly established learning centers in 148 of the most disadvantaged districts. The World Bank supported this work through the \$130 million Second Reaching Out of School Children (ROSC II) project.

Bangladesh has made remarkable progress over the past two decades by ensuring access to education, especially at the primary level and for girls. The primary school enrollment rate increased from 80 percent in 2000 to 98 percent in 2015, and secondary school enrollment is now 54 percent, up from 45 percent in 2000. However, around 5 million Bangladeshi children between the ages of 6 and 13—mostly from poor families, urban slums, and hard-to-reach areas—remain out of school.

The ROSC II project is now in the fifth year of implementation. It builds on the successful original \$86 million ROSC project (2004–13), which helped to bring 840,000 children back to school, improve students’ competency level in Bangla and mathematics, and increase grade completion rates. The government of Bangladesh adopted the ROSC as the national model to reach at-risk children in rural areas, in addition to expanding the project to underserved urban slum areas through a refined approach, delivering second-chance education to more than 50,000 children. The country’s efforts give parents greater confidence in their children’s future.

FIGURE 7 SOUTH ASIA

IBRD AND IDA LENDING BY SECTOR • FISCAL 2017

SHARE OF TOTAL OF \$6.1 BILLION

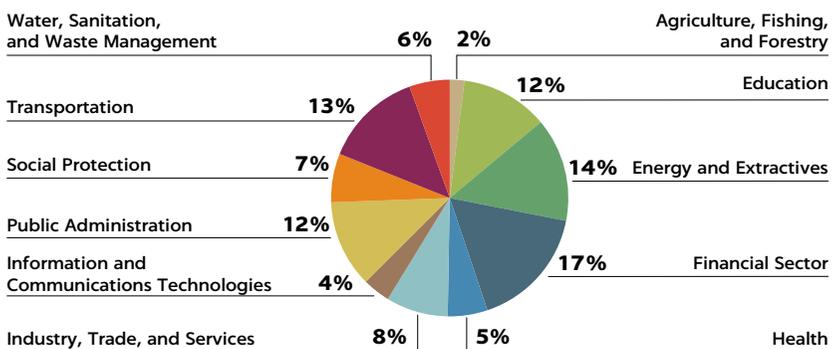


TABLE 15 SOUTH ASIA
REGIONAL SNAPSHOT

INDICATOR	2000	2010	CURRENT DATA ^a	TREND
Total population (millions)	1,387	1,631	1,766	
Population growth (annual %)	1.9	1.4	1.3	
GNI per capita (Atlas method, current US\$)	441	1,160	1,616	
GDP per capita growth (annual %)	2.2	7.5	5.5	
Population living below \$ 1.90 a day (millions)	552 ^b	400	256	
Life expectancy at birth, females (years)	64	68	70	
Life expectancy at birth, males (years)	62	66	67	
Youth literacy rate, females (% ages 15–24)	64	79	79	
Youth literacy rate, males (% ages 15–24)	81	87	87	
Carbon dioxide emissions (megatons)	1,181	1,970	2,303	

MONITORING THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

SDG 1.1 Extreme poverty (% population below \$ 1.90 a day, 2011 PPP)	38.5 ^b	24.6	15.1	
SDG 2.2 Prevalence of stunting, height for age (% children under 5)	51	41	36	
SDG 3.1 Maternal mortality ratio (modeled estimate, per 100,000 live births)	388	228	182	
SDG 3.2 Under-5 mortality rate (per 1,000 live births)	94	64	53	
SDG 4.1 Primary completion rate (% relevant age group)	70	88	91	
SDG 5 Ratio of female to male labor force participation rate (modeled ILO estimate, %)	43	38	37	
SDG 5.5 Proportion of seats held by women in national parliaments (% total)	8	20	19	
SDG 6.1 Access to safe drinking water (% population with access)	80	89	92	
SDG 6.2 Access to basic sanitation facilities (% population with access)	29	40	45	
SDG 7.1 Access to electricity (% population)	57	75	80	
SDG 7.2 Renewable energy consumption (% total final energy consumption)	53	42	39	
SDG 17.8 Individuals using the Internet (% population)	0.5	7	24	

Note: ILO = International Labour Organization; PPP = purchasing power parity.

a. The most current data available between 2013 and 2016; visit <http://data.worldbank.org> for data updates.

b. 2002 data.

For a list of countries in the region and additional interactive regional data, visit data.worldbank.org/country.

For more information on the World Bank's work in the region, visit worldbank.org/sar.

World Bank Global Collaboration and Engagement

In fiscal 2017, the international community continued to deliver on its development commitments against a backdrop of increasing global and political uncertainty. In this context, the World Bank deepened its engagements with partners and stakeholders, recognizing that the complexity of the world's challenges requires even greater collaboration if the twin goals of ending extreme poverty and boosting shared prosperity are to be realized.

Partnering for development impact

Despite the challenging environment, the World Bank continued to advocate on issues of critical importance and to strengthen its partnerships with the international community to deliver for the world's poor. This was especially important during the IDA18 Replenishment. The Bank built a coalition of hundreds of donor and borrower governments, members of civil society, faith-based organizations, and key influencers that resulted in a record replenishment of \$75 billion.

World Bank engagement with the private sector also received increased focus, with the recognition that achieving the Sustainable Development Goals will require investments of all kinds to move from billions of dollars in development assistance to trillions. At international forums such as the G-20, the World Economic Forum, and the World Bank Group–International Monetary Fund (IMF) Annual and Spring Meetings, the Bank underscored its support for crowding in private sector financing, in coordination with development partners, and for increasing the voices of the private sector in development discussions. This approach to development finance and private sector engagement gained broad support and was formally endorsed by the G-20 finance ministers and central bank governors. Ensuring that the private resources mobilized are truly additional is one of the G-7 (Group of Seven) Principles on coordination by international financial institutions. The Bank will play a key role in the response of multilateral development banks in this area.

Citizens also play a critical role in helping to make public institutions more transparent, accountable, and effective, and to improve development results. Engaging with beneficiaries—those citizens directly targeted by and expected to benefit from a Bank-financed development project—is a priority. The World Bank has made progress toward President Kim's pledge to increase beneficiary feedback to 100 percent of projects with clearly identified beneficiaries by the end of fiscal 2018. Halfway through fiscal 2017, 99 percent of approved investment project financing had a beneficiary-oriented design, and 89 percent of approved projects included a beneficiary feedback indicator. The implementation of citizen engagement mechanisms and indicators will be monitored from fiscal 2019 onward.

Addressing critical issues: Climate change, human capital development, and fragility

The World Bank continued to advocate for concerted, accelerated global action to help low- and middle-income developing countries to meet the challenge of climate

change. This was done through platforms such as the United Nations Framework Convention on Climate Change (UNFCCC) Conference of Parties (COP22), the World Economic Forum, the Bank Group–IMF Annual and Spring Meetings, and the G-7 Environment Ministerial Meeting. At COP22, the Bank focused on solutions for the most vulnerable countries, with a new Climate Action Plan for the Middle East and North Africa region and a report on building the resilience of developing countries to natural disasters. During the Spring Meetings, climate leaders from government, private sector, and philanthropy convened to explore new ways of leveraging and targeting climate financing for maximum scale and impact.

Signaling the importance of human capital investment, the Bank established partnerships and leveraged platforms aimed at increasing global and domestic support for the early childhood development movement—known as the Early Years—which is a key priority investment for country-level economic growth and competitiveness. At a high-level roundtable at the Spring Meetings, the Bank convened key partners around the Early Years agenda, creating an opportunity for them to voice concrete commitments and to draw attention to the crucial need to work together at the country level. Foundations have also played an important role in support of early childhood development, from parallel funding to advocacy actions.

The Bank's work to address the challenges of fragility, conflict, and violence to help build resilience and stability relies on strong collaboration with humanitarian-development-peace partners, including collaboration with civil society organizations that work in the most difficult environments. As part of these efforts, the Bank convened a high-level meeting chaired by President Kim and UN Secretary-General Antonio Guterres at the Spring Meetings in response to the famine crisis in Sub-Saharan Africa and Yemen. Governments, development partners, and civil society came together in support of zero tolerance for famine. To encourage innovative financing approaches that work for a diverse group of countries affected by fragility, a high-level panel was organized emphasizing collaboration between the Bank, United Nations, and the European Commission.

Engaging with multilaterals, civil society, parliamentarians, the private sector, and foundations

Multilateral engagements and forums serve as important opportunities to provide a voice for developing countries and to advance key priorities on an international level. The World Bank expanded its collaboration with the United Nations to address critical issues, including fragile and conflict-affected areas, refugees, famine, and pandemics. Partnering on the sustainable development and climate change agendas, they engaged on a broad range of topics from education and health to trade and statistics. For the German G-20 Presidency, the Bank led work to stimulate sustainable and inclusive economic development in Africa, promulgated a set of principles to mobilize greater private sector finance, and led efforts to increase women's economic empowerment. The Bank also contributed to the Italian G-7 Presidency, notably through leadership on more effective coordination among international financial institutions, including multilateral development bank (MDB) delivery of value for money. At the World Economic Forum in Davos, Switzerland, the Bank led discussions on the role of the private sector in development with MDB partners, hosted a pandemics simulation, and met with chief executive officers to discuss climate financing, among other engagements. Across these forums, the World Bank continues to lead in shaping the conversation on financing, data, and implementation, with a focus on incentivizing private sector actors to contribute to the 2030 Agenda for Sustainable Development.

Civil society's role in development and in promoting accountability and transparency is more important than ever. In fiscal 2017, civil society and faith-based organizations engaged in the IDA replenishment process; participated in consultations and dialogue around the development and implementation of the Environmental and Social Framework; participated in a wide range of policy discussions; and explored new areas of operational collaboration. The Civil Society Policy Forum at

the Spring and Annual Meetings provided an additional opportunity for civil society to engage the Bank on issues, including citizen engagement, financial intermediaries, education, energy, and climate change. As an example of the Bank's efforts to engage country-level stakeholders, it organized workshops with civil society and faith-based organizations from 35 out of 48 countries in Sub-Saharan Africa.

Parliamentarians are critical stakeholders for the Bank across the world, given their role in financial and political decision making. There is an active program of engagement through dialogue, information sharing, and development advocacy with parliamentarians. Together with the IMF and the Parliamentary Network on the World Bank and IMF (PN), the Bank organized the annual Parliamentary Conference during the Spring Meetings, in which 212 participants from 67 countries met with Bank and IMF leadership to talk about the global development agenda. The Bank also facilitated parliamentarian discussions around early childhood development; visits to Bank-supported projects; and with the PN, launched a Middle East and North Africa chapter to tackle issues important to the region.

The Bank currently has partnerships with nearly 100 foundations across all regions of the world. The Bill & Melinda Gates Foundation is the Bank's largest philanthropic funder, with programs in the areas of agriculture, health and nutrition, water and sanitation, financial inclusion, and gender equality. Other major philanthropic partners include the United Nations Foundation, the Mastercard Foundation, the Children's Investment Fund Foundation, the Rockefeller Foundation, the William and Flora Hewlett Foundation, the Aga Khan Development Network, Bloomberg Philanthropies, and the Open Society Foundations.

Marking End Poverty Day

On End Poverty Day (October 17), the World Bank engaged with partners at the local, regional, and global levels to raise awareness about the progress made and actions needed to end poverty. Just prior to End Poverty Day, the Bank released a new flagship report, *Poverty and Shared Prosperity 2016: Taking on Inequality*, which serves as a call to action on the need to tackle inequality in order to meet the Bank's twin goals. The Bank also profiled Bangladesh's experience in reducing poverty, through a visit by President Kim and engagement with key stakeholders. Country offices around the world organized events, discussions, and service days to call attention to national and global progress in the fight against poverty.

Valuing the opinions of stakeholders

Alongside its global outreach efforts, the Bank prioritizes systematically measuring the views of thousands of influencers and key stakeholders in its client countries through its Country Opinion Survey Program. Their perceptions and attitudes are tracked over time to help inform strategies across countries and across the World Bank Group. The survey data showed that governance reform/government effectiveness was considered the top development priority across the aggregate of countries surveyed in fiscal 2016, while food security as a development priority increased significantly, particularly in IDA countries. For the institution, speed and flexibility continue to be seen as challenges. However, the Bank continues to receive the highest ratings for its role as a long-term partner, the way in which it collaborates with governments, and the respect with which it treats stakeholders. It will continue to build on these strengths and address areas for improvement as it fosters the partnerships needed for development impact.

An Environmentally and Socially Responsible Institution

The World Bank is committed to operating as a sustainable and responsible institution. Minimizing environmental impacts while maximizing well-being in its internal business operations supports the Bank’s ability to deliver on its development goals. This year, the Bank approved a Corporate Responsibility Strategic Plan to systematically address its environmental impacts, with support from its Managing Director and Chief Administrative Officer. The plan highlights key areas of impact and commits the Bank to developing environmental targets. Further details can be found in the Sustainability Review 2017 and the Bank’s responses to the Global Reporting Initiative Index.

Our climate: Maintaining a climate-neutral Bank through actions

Responding to climate change requires integrated global, national, and local action. The World Bank leads by example by measuring, reducing, offsetting, and reporting on greenhouse gas (GHG) emissions from its facilities, major meetings, and corporate air travel.

Measuring. The Bank has measured and offset carbon emissions from Washington, DC, buildings and travel since 2006, and globally, since 2009. Details of the carbon inventory boundaries and scopes are in the World Bank Group Inventory Management Plan.

Reducing. The World Bank continues to pursue a 10 percent reduction in facilities-based emissions from a 2010 baseline—an emissions target set in 2012. In 2016, such emissions decreased by 5 percent from the previous year, partly because of efficiency upgrades in both the headquarters and country offices. Emissions related to business air travel increased around 5 percent between fiscal 2015 and 2016, and have risen overall since fiscal 2010, primarily because of increased travel to meet client demands.

TABLE 16 WORLD BANK GREENHOUSE GAS EMISSIONS, FISCAL 2015-17

Indicator	FY15	FY16	FY17	Related indicators
Absolute GHG emissions (metric tons of CO ₂ equivalent) ^a	160,484	162,043	—	SDG13, GRI 305, CDP CC7-10, 14

Note: — = not available; CDP = Carbon Disclosure Project; CDP CC = CDP’s Climate Change indicators; GHG = greenhouse gas; GRI = Global Reporting Initiative; SDG = Sustainable Development Goal.

a. Data are for all World Bank offices worldwide and include Scope 1, 2, and 3 emissions. GHG emissions data lag by one fiscal year.

Offsetting. The Bank recognizes that a zero-emissions business is not possible in the near term. To offset direct and indirect carbon emissions, the Bank purchased and retired credits totaling \$285,000 in fiscal 2016 from a portfolio of projects including a gold standard-certified efficient cook stove project in Rwanda and a community, conservation, and biodiversity-accredited forestry project in the Democratic Republic of Congo. The Bank also purchases renewable energy certificates (RECs) equal to its Washington, DC, electricity consumption. In fiscal 2016, it purchased 105,287 RECs from wind projects in the northern United States.

Reporting. The Bank reports its GHG emissions to the United Nations' Climate Neutral Now initiative, and is the only multilateral development bank responding to the Carbon Disclosure Project, a forum that reviews the risks, policies, and impacts of Bank lending, as well as corporate emissions.

Our places: Managing the Bank's impacts at its work places

The World Bank manages the environmental, social, and economic impacts of its internal business operations and decisions. It strives for net positive impacts on the ecosystems, communities, and economies where it has offices.

Designing sustainably. A new Bank building in Lao PDR received Green Mark Platinum status for its sustainable features, such as solar energy use, rainwater harvesting, artificial light sensors, sewage treatment, and managed garbage disposal. At the New Delhi Lodi Estate office, building upgrades and the purchase of green energy certificates through the Indian Energy Exchange achieved LEED Gold Commercial Interiors status. The World Bank now has nine buildings certified to sustainable building standards.

Being energy smart. New efficiency upgrades included eliminating three data centers at headquarters; installing LED lighting and dimmers in staircases in the Washington (DC), Dhaka (Bangladesh), Paris, Chennai (India), and Moscow offices; and installing LED lights and light sensors in the Chennai, Addis Ababa (Ethiopia), Dhaka, and Paris offices. This resulted in a 7 percent decrease in energy use. Solar-powered lighting systems were also installed at offices in Addis Ababa, Nairobi (Kenya), and Juba (South Sudan).

Being water wise. The Washington, DC, offices standardized water coolers and bottle-filling stations. Bottle-filling stations filter out lead and other potential contaminants and track the number of disposable water bottles replaced. In the Nairobi office, rainwater is collected and used for landscaping and cleaning external surfaces.

TABLE 17 SELECTED WORLD BANK ENVIRONMENTAL IMPACTS, FISCAL 2015–17

Indicator	FY15	FY16	FY17	Related indicators
Global energy use (GJ) ^a	538,966	495,645	—	SDG7, GRI 302
Global energy use intensity (GJ/m ²) ^a	0.90	0.81	—	CDP CC10–11
Waste diverted from landfill (%) ^b	56	57	61	SDG12, GRI 306
Total PCW paper use (both copy paper and print shop, %) ^b	60	62	68	SDG12, GRI 301

Note: — = not available; CDP = Carbon Disclosure Project; CDP CC = CDP's Climate Change indicators; GJ = gigajoule; GJ/m² = gigajoule per square meter; GRI = Global Reporting Initiative; PCW = postconsumer waste; SDG = Sustainable Development Goal.

a. Data are for all World Bank offices worldwide.

b. Data are for Washington, DC, offices only.

Wasting not. The Washington, DC, offices launched a new waste management program to standardize common-area sorting stations, which includes a compost stream. Piloted in October 2016, the program increased the percentage of waste diverted from the landfill from a preprogram average of 59 percent to 75 percent, and the amount of compost collected has increased by nearly 500 percent. The cafeterias in the headquarters' offices now offer only fully compostable carryout containers. Campaigns to urge staff to use reusable plates and flatware are being implemented to reduce the need for carryout containers.

Supplying sustainably. The World Bank Corporate Procurement department realigned its program, assigning to a senior procurement officer the responsibility to integrate sustainability across its processes. The new framework consists of three pillars—environmental, social, and diversity—that cut across sourcing categories and supply chains. This approach identifies and benchmarks cross-cutting and commodity-specific areas, and develops indicators and metrics to manage and report the Bank's progress. The program introduced a toolkit consisting of vendor outreach and an internal communication and education component.

Giving communally. In fiscal 2017, World Bank Group staff pledged a record \$3.3 million through the Community Connections program. The Bank Group matched gifts dollar for dollar, putting \$6.6 million into the Washington, DC, region and the world through this initiative alone. Campaigns in 25 country offices set their own records as well, raising \$211,000, including the corporate match, for nongovernmental organizations. Staff also responded to the hurricane in Haiti with donations totaling \$25,000, including the corporate match.

Our people: More than 170 nationalities, working in 140 countries, with a common mission

World Bank Group staff comprise more than 170 nationalities, work in 140 countries, and adhere to the goals of the organization. They are a primary driver of the Bank Group's reputation as a valued long-term development partner for countries. Their knowledge, skills, diversity, and motivation are a key part of a comparative advantage. According to the most recent staff engagement survey, 92 percent of staff are proud to work at the Bank Group, with the majority agreeing that it is the best place to work in development.

Promoting an ethical culture. The success of the Bank Group's work is dependent on a values-based culture for staff that underlies the ethical impact of its strategies and policies. The Office of Ethics and Business Conduct sets standards and provides training, outreach, and communication to foster adherence to the ethical obligations of Bank Group staff. The office advises staff on conflict-of-interest risk, and when necessary, investigates allegations of misconduct. Its recent focus has been to promote a positive approach to business ethics, along with a strong ethical culture in all global offices, that fit the Bank Group's goals and strategy.

The World Bank Group People Strategy. In fiscal 2017, a new three-year World Bank Group People Strategy was developed with extensive inputs from staff and managers from across the organization and endorsed by the Board of Executive Directors. The strategy outlines a series of people management initiatives to align its workforce to the Bank Group's business strategy. It is anchored by five areas of focus: leverage the Bank Group's global and diverse talent; build and develop leadership and managerial capacity; strengthen performance and rewards; promote the health, safety, and well-being of staff; and improve the Bank Group's organizational effectiveness. Three cross-cutting themes are embedded throughout the areas of

focus: enhance diversity and inclusion; grow Bank Group business in areas affected by fragility, conflict, and violence; and focus on Human Resources fundamentals. Two of these themes are highlighted here.

Advancing diversity and inclusion. The diversity of staff distinguishes the World Bank Group among international finance institutions (IFIs) and is one of the strongest elements of its Employment Value Proposition. In fiscal 2017, the World Bank reached its target for staff representation from Sub-Saharan Africa and the Caribbean for the first time since 1998, and redoubled efforts to reach gender parity. The Bank Group became the first international finance institution to join the UN Women’s HeForShe campaign and committed to achieving additional gender equality targets. These targets include gender balance among senior management (vice presidents and above) by 2020, second-level certification of Economic Dividends for Gender Equality (EDGE) by 2020, and a 50-50 gender balance in technical positions by 2022.

Growing the business in FCV situations. To address the changing landscape of poverty, the strategy calls for a significant expansion of work in the world’s poorest countries and those facing situations of fragility, conflict, and violence. The Bank Group is committed to strengthening the Employment Value Proposition for staff who put themselves in harm’s way to deliver on the organization’s mission. Efforts on this front include providing enhanced learning and career opportunities; ensuring staff are compensated and rewarded for their commitment; and investing in the safety, security, and well-being of staff and families in fragile, conflict-affected, and violent locations.

Cultivating staff knowledge. Facilitating learning enables the World Bank to deliver solutions to clients, share cutting-edge knowledge, and retain top talent. Development learning remains a priority for all staff, and the online Open Learning Campus continues to expand. It currently houses 9,523 courses, and as of the end of fiscal 2017, 87 percent of staff had attended at least one learning session. In fiscal 2017, the Bank developed a new professional learning stream that includes all Bank

TABLE 18 WORLD BANK STAFF DATA, FISCAL 2015–17

Indicator	FY15	FY16	FY17	Related indicators
Total full-time staff (World Bank)	11,933	11,421	11,897	SDG8, GRI 401
Non-U.S. based (%)	39.6	41.0	42.0	
Short-term consultants/temporaries (FTEs)	4,295	4,757	4,948	
Employee engagement (World Bank, %)	70	73	80	
Diversity index (World Bank)	0.86	0.89	0.91	SDG8, GRI 405
Women managers (%)	37.8	37.5	39.0	
Part II managers (%)	41.4	43.5	43.3	
Women GF+ technical (%)	43.1	43.9	44.2	
Sub-Saharan/Caribbean GF+ (%)	11.6	12.2	12.9	
Average days of training per staff in headquarters	3.2	3.3	3.7	SDG8, GRI 404
Average days of training per staff in country offices	3.6	3.5	4.2	

Note: — = not available; FTE = full-time equivalent (staff); GF+ = salary grade GF or higher, that is, professional; GRI = Global Reporting Initiative; SDG = Sustainable Development Goal.

staff who have “Knowledge” and/or “Learning” in their position title. This enables practitioners in the knowledge and learning community to share lessons and best practices in order to advance innovation.

Resolving workplace conflicts. The World Bank promotes a positive and respectful workplace. Yet if a workplace conflict remains unresolved, it can be addressed through the Internal Justice Services (IJS), which offer informal and formal services.

In fiscal 2017, IJS created and implemented a new two-tier process to address performance evaluations, performance ratings, and the way in which staff are placed on “Opportunity to Improve” performance plans. The first tier, the Administrative Review (AR) process, is administered by Human Resources. The second tier, the Performance Management Review (PMR) process, is administered by Peer Review Services. This second step allows an impartial reviewer to evaluate the decision in question and consider whether management acted within its discretion and otherwise satisfied its obligations to the staff member. During fiscal 2017, two-thirds of staff members who used the AR decided not to proceed to PMR. Of those staff members who utilized PMR, more than one-third of the cases were successfully resolved in mediation. The new AR/PMR process gives both staff and managers a more effective process and has significantly reduced the time it takes to resolve staff members’ concerns about performance management decisions.

Safeguarding staff voice. Staff rights and interests are also represented by the World Bank Group Staff Association (SA). More than 11,000 staff are members of the SA, including memberships through 90 Country Office Staff Associations (COSA) established around the globe. This year, the SA worked with management and the Board to improve country office compensation, make progress on staff health benefits, and update performance management systems. The Staff Association continued to reach out to staff in country offices through its COSA network, and offered training to field staff on the role of the SA and on employee labor rights.

For more information on corporate sustainability, visit [worldbank.org/corporateresponsibility](https://www.worldbank.org/corporateresponsibility).

Ensuring Accountability and Improving Operations

To ensure that it holds itself accountable to its clients and shareholders, maintains the highest performance standards in development effectiveness, protects the integrity of the projects it finances, and constantly improves the efficacy of its internal operations, the World Bank benefits from the expertise of four key groups: the Inspection Panel, Independent Evaluation Group, Integrity Vice Presidency, and Internal Audit Vice Presidency.

Inspection Panel

The Inspection Panel was established by the World Bank's Board of Executive Directors as an independent complaints mechanism for people and communities who believe that they have been, or are likely to be, harmed by a project funded by the IBRD or IDA. The panel is composed of three members from different countries, who are chosen for their international development expertise, and a small secretariat.

During fiscal 2017, the panel received nine complaints and delivered to the Board reports on investigations of cases from Uganda and Kosovo. The Board also approved the Management Action Plan that was agreed through a mediation process following the panel's investigation related to the resettlement of Maasai communities in Kenya. In response to the Uganda case, the World Bank created a Global Gender-Based Violence Task Force to develop recommendations on how to prevent and address gender-based violence in its projects. As part of its role in promoting institutional learning and improving the development effectiveness of Bank operations, the panel continued its series drawing on lessons from its 23-year caseload by releasing reports on indigenous peoples and environmental assessment. The Inspection Panel's annual report is available online at worldbank.org/inspectionpanel.

Independent Evaluation Group

The Independent Evaluation Group (IEG) is an independent unit that reports directly to the Board of Executive Directors. The group's mission is to strengthen the development effectiveness of World Bank Group institutions through evaluations that inform strategies and future work.

IEG assesses the results of World Bank operations and offers recommendations for improvement. Through its recommendations, the group also contributes to internal learning and improvements by informing the formulation of new directions, policies and procedures, and country and sector strategies for World Bank work. IEG's most recent annual review of World Bank Group results and performance assesses development outcome trends for the World Bank at a corporate level and by region and industry sector. This and other IEG reports are available online at ieg.worldbankgroup.org.

Integrity Vice Presidency

The Integrity Vice Presidency (INT) is mandated to prevent, deter, investigate, and seek sanctions relating to fraud and corruption in World Bank Group-financed

projects. As a result of INT's investigations, the Bank Group sanctioned 60 entities in fiscal 2017. INT also entered into 22 Negotiated Resolution Agreements with individuals and entities involved in sanctionable practices, and is actively engaged with them to improve their compliance standards. In fiscal 2017, the forensic services unit conducted a total of 13 audits involving 19 entities, and 31 contracts valued at more than \$518 million.

The Bank Group, together with other participating multilateral development banks, recognized 84 cross-debarments. Increasingly multijurisdictional and complex, investigations are helping the Bank to tackle risks associated with certain sectors, high-value contracts, IDA countries, and in fragile states.

INT also advises on the design and implementation of risk mitigation and monitoring tools. This year it engaged with several national authorities across the Bank's regions in meetings and workshops aimed at strengthening investigative, preventive, and forensic auditing capacity; information-sharing tools; and proactivity in addressing project-related risks in the field. Following its commitments at the May 2016 UK Anti-Corruption Summit, INT is developing a Global Information Sharing Mechanism on Administrative Remedies against Corruption to facilitate the sharing of data about exclusions, debarments, and sanctions among anticorruption partners. INT's annual report is available online at worldbank.org/integrity.

Internal Audit Vice Presidency

The Internal Audit Vice Presidency (IAD) reviews the World Bank Group's processes from an independent and objective standpoint to help improve its operations. IAD provides advice on the Bank Group's risk management capability, and identifies gaps and weaknesses in its internal controls. IAD conducts both early reviews of emerging risks and new initiatives and timely post-implementation reviews. It works with management to develop corrective action plans, and follows up on those plans to ensure they are implemented by the agreed date.

In fiscal 2017, IAD conducted assurance and advisory reviews in development operations, corporate processes, and information technology and data management. Some topics that were covered include Bank Group's sanction processes, the World Bank's management of climate change operations (as well as that of IFC and MIGA), country engagement budget allocation, workforce planning, global security, and network security and remote access. IAD's annual and quarterly reports are available online at worldbank.org/internalaudit.

The World Bank Policy on Access to Information

Seven years into implementation, the Access to Information (AI) Policy remains at the core of the World Bank's Open Agenda. The AI Policy propelled the Bank into the information age by moving from a limited list of disclosable documents to the transformative concept that all information in the Bank's possession should be accessible to the public, save for those documents falling under a defined list of exceptions. The fundamental shift toward increased transparency has contributed to the expansion of the Bank's relationships with clients, within the development community, and with new partners and influencers.

The AI Policy was the basis for the multitude of accompanying open initiatives—including Open Data, Open Finances, the Open Knowledge Repository, Open Archives, and the Consultations platform—all of which make the Bank's work transparent, accessible, and accountable. The main entry points to Bank information are the online Projects and Operations portal, which provides detailed information on lending operations, and the Documents and Reports website, which contains more than 200,000 documents freely accessible to the public.

For more information and to submit requests for information to the World Bank, visit worldbank.org/en/access-to-information.

The Roles and Resources of the World Bank

Collaborating across the World Bank Group

The World Bank's principle institutions—the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA)—work in ever-closer coordination with the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) to leverage the collective strength of the World Bank Group for the benefit of its partner countries. The comparative advantage of the World Bank Group is its ability to work with different stakeholders. This ability comes from the powerful combination of country depth and global breadth, public and private sector instruments and relationships, multi-sector knowledge, and the ability to mobilize and leverage financing.

Before developing a new partnership strategy with a country client, the Bank Group completes a Systematic Country Diagnostic, which identifies the barriers to eliminating extreme poverty and boosting shared prosperity in the country. World Bank experts are organized across teams of Global Practices—14 key technical areas of development expertise—and Cross-Cutting Solution Areas—global challenge areas including gender, jobs, and fragility. They work in concert with country-based staff, IFC, MIGA, and country partners to prioritize the Bank Group's program of financial, analytical, advisory, and convening support. These priority areas are based on the Bank Group's comparative advantage and the client's priorities. This support comes together in the Country Partnership Framework, which outlines the strategic interventions on which the Bank Group and partner country will engage.

This process has been in place since July 2014, and as of the end of this fiscal year, the Bank Group has completed Systematic Country Diagnostics in 62 countries and new Country Partnership Frameworks in 46 countries. The early lessons from the preparation of the first group of strategies indicate that this new model has improved coordination and collaboration among World Bank Group institutions. The Systematic Country Diagnostic has added considerable value to the Bank Group's engagement with countries through a robust empirical and analytical basis for prioritizing interventions.

Collaboration across IBRD, IDA, IFC, and MIGA has grown over time, and spans a range of activities at the regional, country, sector, and thematic levels. This collaboration includes the preparation of joint Country Partnership Frameworks, joint investment projects—notably for infrastructure and the financial sector—and joint advisory services and investment climate activities. For example, to help increase clean and affordable energy in Ghana, the Bank Group is providing a \$200 million IBRD loan and a \$500 million IDA guarantee for the Sankofa Gas Project. IFC is providing \$300 million in financing for the project sponsor, and MIGA is providing \$217 million in guarantees against risk to support the sponsor's commercial borrowing needs. The project will fuel up to 40 percent of Ghana's current generation capacity and replace polluting fuels with cleaner, more affordable, domestic natural gas.

The World Bank is accountable to its shareholders and the public through a set of feedback and accountability mechanisms. These include the World Bank Group Corporate Scorecard, the IDA Results Measurement System, and regular opportunities to discuss progress on operations with the Bank’s Board of Executive Directors.

IBRD financial commitments

IBRD is a global development cooperative owned by its 189 member countries. As the largest multilateral development bank in the world, it supports the World Bank Group’s mission by providing loans, guarantees, risk management products, and advisory services to middle-income and creditworthy low-income countries, as well as by coordinating responses to regional and global challenges. In fiscal 2017, new IBRD lending commitments amounted to \$22.6 billion for 133 operations, of which 11 were IBRD and IDA blended operations. (See the regional lending tables on page 35 and the sector and theme lending tables on page 77.)

IBRD resources and financial model

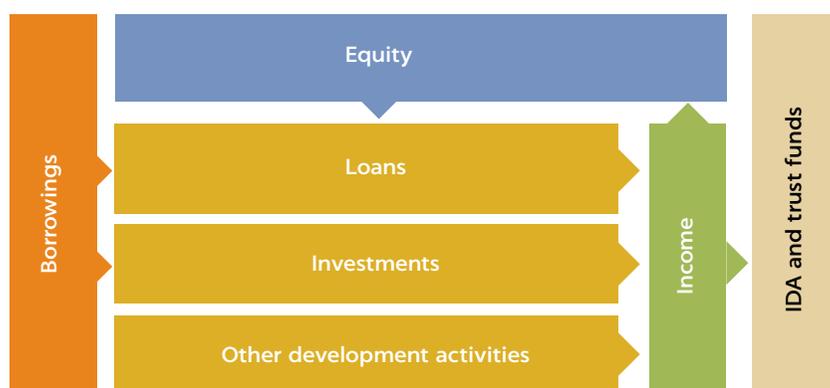
To fund development projects in member countries, IBRD finances its loans from its own equity and from money borrowed in the capital markets through the issuance of World Bank bonds. IBRD is rated Aaa by Moody’s and AAA by Standard & Poor’s, and investors view its bonds as high-quality securities. Its funding strategy is aimed at achieving the best long-term value on a sustainable basis for borrowing members. IBRD’s ability to intermediate the funds it raises in international capital markets to developing member countries is important in helping to achieve its goals.

All IBRD bonds support sustainable development. IBRD issues its securities through both global offerings and bond issues tailored to the needs of specific markets or investor types. Its bonds connect the private and public sectors to the World Bank’s development goals through such investors as asset managers, insurance companies, pension funds, central banks, corporations, and bank treasuries from around the world. IBRD issues bonds to investors in various currencies, maturities, and markets, and at fixed and variable terms. It often opens new markets for international investors by issuing new products or bonds in emerging market currencies. IBRD’s annual funding volumes vary from year to year.

IBRD’s strategy has enabled it to borrow at favorable market terms and pass the savings on to its borrowing members. Funds not immediately deployed for lending are held in IBRD’s investment portfolio to provide liquidity for its operations.

In fiscal 2017, IBRD raised U.S. dollar equivalent (USDeq) 56 billion by issuing bonds in 24 currencies. Its equity comprises primarily paid-in capital and reserves.

FIGURE 8 IBRD BUSINESS MODEL



Under the terms of the general and selective capital increase resolutions approved by the Board of Governors on March 16, 2011, subscribed capital is expected to increase by \$87.0 billion, \$5.1 billion of which will be paid in. The subscription periods for selective capital increase and general capital increase are expected to end in March 2017 and March 2018, respectively, following the approval by the Board of Executive Directors of extension requests by shareholders. As of June 30, 2017, the cumulative increase in subscribed capital totaled \$78.7 billion. Related paid-in amounts in connection with the capital increase were \$4.6 billion.

As a cooperative institution, IBRD seeks not to maximize profit but to earn enough income to ensure its financial strength and sustain its development activities. Of fiscal 2017 allocable net income, the Board of Executive Directors recommended to the Board of Governors the transfer of \$123 million to IDA and the allocation of \$672 million to the General Reserve. As part of its lending, borrowing, and investment activities, IBRD is exposed to market, counterparty, country credit, and operational risks. The World Bank Group's Chief Risk Officer leads the risk oversight function, independently reports to the Board on an ongoing basis, and supports the institutional decision-making process via dedicated risk committees. In addition, IBRD has put in place a strong risk management framework, which supports management in its oversight functions. The framework is designed to enable and support IBRD in achieving its goals in a financially sustainable manner. One summary measure of IBRD's risk profile is the ratio of equity to loans, which is closely managed in line with its financial and risk outlook. This ratio stood at 22.8 percent as of June 30, 2017.

For more information, visit worldbank.org/ibrd.

IDA financial commitments

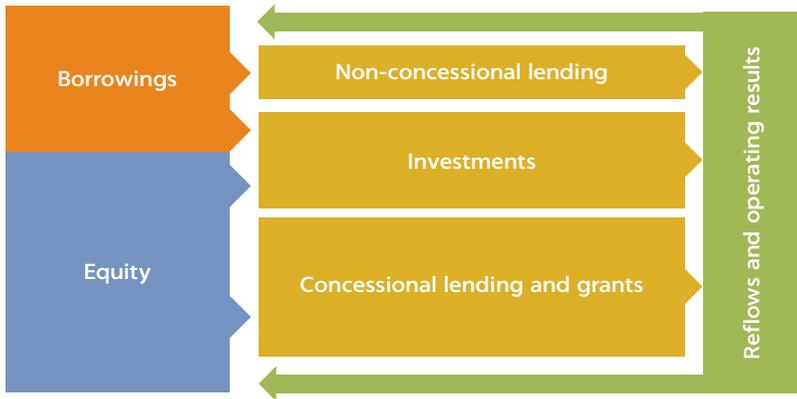
IDA is the world's largest multilateral source of concessional financing for the poorest countries. It provides concessional development credits, grants, and guarantees to support these countries' efforts to increase economic growth, reduce poverty, and improve the living conditions of the poor. In fiscal 2017, 78 countries were eligible for IDA assistance. In addition, India, which graduated from IDA in fiscal 2014, received transitional support on an exceptional basis through the IDA17 period, covering fiscal years 2015–17. In fiscal 2017, new IDA lending commitments amounted to \$19.5 billion for 261 operations, of which 11 were IBRD and IDA blended operations. These commitments included \$16.2 billion in credits, \$3.2 billion in grants, and \$50 million in guarantees. (See the regional lending tables on page 35 and the sector and theme lending tables on page 79.)

IDA resources and financial model

Traditionally IDA has been funded largely by contributions from developed and middle-income partner countries. Additional financing comes from transfers from IBRD's net income, grants from IFC, and borrowers' repayments of earlier IDA credits. The groundbreaking IDA18 package will transform this approach by introducing a hybrid financing model that blends contributions with market debt starting IDA18. IDA received its first-ever public credit rating—triple-A—in 2016. Development partners meet every three years to replenish IDA's funds and review its policies. Administrative expenses have been recovered primarily through service charges paid by recipient countries.

IDA's commitment authority is denominated in Special Drawing Rights (SDRs). The U.S. dollar equivalents presented here are based on the reference exchange

FIGURE 9 IDA BUSINESS MODEL



rate for IDA17 and provided for illustrative purposes. Under the IDA17 Replenishment, total resources amounted to SDR 38.7 billion (equivalent to \$57.9 billion). This total reflects updates made after the replenishment discussions.

A total of 48 partners, 4 of which are new contributing partners, have provided SDR 16.9 billion (\$25.5 billion) in grants, of which SDR 0.7 billion (\$1.1 billion) is the grant element from concessional partner loan contributions. Partners have provided SDR 3.3 billion (\$4.9 billion) in concessional partner loans or SDR 2.5 billion (\$3.8 billion) excluding the grant element of the loans. Contributing partners have also provided SDR 2.8 billion (\$4.2 billion) in compensation for debt relief under the Multilateral Debt Relief Initiative. Credit reflows (principle and interest repayments) from IDA recipients provided SDR 11.1 billion (\$16.8 billion). This figure includes SDR 1.9 billion (\$2.8 billion) from contractual accelerated repayments of outstanding credits from IDA graduates and voluntary prepayments as well as SDR 1.7 billion (\$2.6 billion) of balances carried forward from previous replenishments. Transfers from IBRD and IFC, including associated investment income, amounted to SDR 1.7 billion (\$2.6 billion). These transfers are approved annually by IBRD’s Board of Governors and IFC’s Board of Directors, and are based on evaluations of the institutions’ annual results and financial capacities.

The IDA17 commitment authority was increased by \$5 billion in fiscal 2016. Of these funds, \$3.9 billion established the Scale-Up Facility for the remainder of IDA17, \$900 million replenished the Crisis Response Window, and \$200 million supported assistance to refugees in the Middle East and North Africa. This one-time measure was financed by resources freed up through more efficient use of IDA’s liquidity.

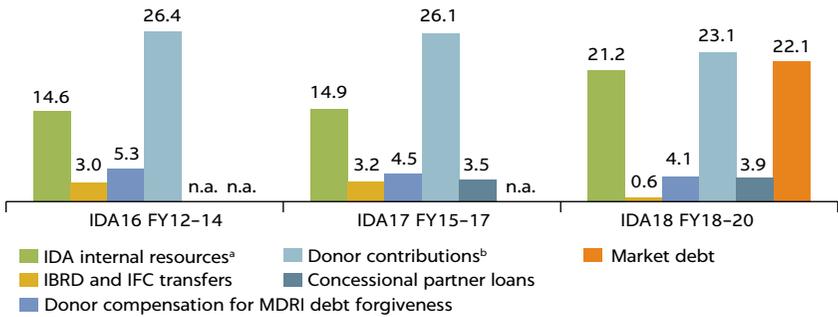
IDA17 and IDA18 Replenishments

Anchored in the World Bank Group Strategy, the IDA17 policy package included a range of policy commitments and performance indicators under IDA’s Results Measurement System. The overarching theme of “Maximizing development impact” focused on helping IDA countries better leverage private resources, public resources, and knowledge, with greater emphasis on both results and cost-effectiveness. The four IDA17 special themes—climate change, fragile and conflict-affected states, gender equality, and inclusive growth—aimed to strengthen IDA’s engagement on frontier issues at the global, regional, and country levels.

The transformational IDA18 Replenishment was finalized in December 2016, and resulted in a record replenishment size of \$75 billion to finance projects from July 1, 2017, to June 30, 2020. Three IDA18 special themes were retained from IDA17—climate change; gender and development; and fragility, conflict, and violence—and

FIGURE 10 IDA REPLENISHMENTS

BILLIONS OF DOLLARS



Note: n.a. = not applicable. Data reflect final agreed upon replenishment reports and exchange rates used during the replenishment discussions.

a. IDA internal resources include principal repayments, and investment income.

b. Net of structural financing gap. Includes contributions to HIPC.

two new themes were introduced—governance and institutions, and jobs and economic transformation—which align with the overarching theme of “Toward 2030: Investing in growth, resilience, and opportunity.”

For more information, visit ida.worldbank.org.

IBRD and IDA risk management transactions

IBRD offers financial products that allow clients to efficiently fund their development programs and manage risks related to currencies, interest rates, commodity prices, and disasters. In fiscal 2017, the Bank’s Treasury executed USDeq 1.7 billion in hedging transactions, including USDeq 633 million in currency conversions and USDeq 1.1 billion in interest rate conversions, in order to assist borrowers in managing currency and interest rate risks over the life of their IBRD loans. Disaster risk management transactions totaled \$425 million in pandemic bonds and derivatives to provide financial support to the Pandemic Emergency Financing Facility. The Bank’s Treasury executed swap transactions totaling USDeq 109 billion to manage the risks of IBRD’s balance sheet.

IDA manages the risks on its balance sheet related to currencies and interest rates and helps member countries manage risks related to disasters by executing transactions with financial markets. In fiscal 2017, the Bank’s Treasury executed swap transactions totaling USDeq 15.7 billion to manage the risks of IDA’s balance sheet and a \$34 million transaction to renew coverage of the Pacific Disaster Insurance Program, which provides protection against earthquakes and tropical cyclones in the Cook Islands, the Marshall Islands, Samoa, Tonga, and Vanuatu.

Budgeting effectively for complex development issues

The World Bank Group aligns its resources using the “W” process for strategic planning, budgeting, and performance review. The five points of the “W” represent specific decision points in the process:

- W1:** Senior management sets strategic planning priorities for the World Bank Group.
- W2:** Management at the vice presidential unit (VPU) level reviews and responds to corporate priorities.

W3: Senior management refines the guidance on priorities for each institution within the World Bank Group.

W4: VPU-level management develops work programs and staffing plans in response to determined priorities and planned budget envelopes.

W5: Senior management reviews the aggregation of the VPU-level budgets. The Board reviews and approves the VPU budget envelope for the subsequent fiscal year.

The “W” process is anchored in the demands and expectations of clients to define and set institutional priorities, reinforce selectivity and efficient delivery, and support stronger World Bank Group collaboration. Over the past several budget-planning cycles, the World Bank Group has made significant progress in aligning revenues and expenses, and tilting budgets in favor of institutional priorities.

At a time of economic uncertainty and global challenges, the World Bank Group is being asked to address a growing number of complex development issues. During the planning period for fiscal 2018–20, the Bank Group will focus on trends and priorities arising from the organization’s goals of ending extreme poverty and boosting shared prosperity, the Forward Look exercise, the scaling up of operations in IDA countries (especially fragile and conflict-affected areas), and the IDA18 policy commitments. To scale up support for better leveraging of resources through private sector engagement, the new IDA Private Sector Window has been established to increase private sector investment in low-capacity and fragile environments, along with ongoing work to build a more agile, efficient, and innovative Bank Group.

Dealing with global political and economic policy uncertainties

The World Bank Group’s Chief Risk Officer monitors the global political and economic environments that could affect the institution’s finances, and has an overview of both financial and operational risk. In fiscal 2017, the global economy entered a period characterized by some recovery but high uncertainty. Economic growth in advanced economies remains weak, lower commodity prices have hurt developing economies, and high corporate leverage and related external borrowing in the larger emerging markets constitute a further fundamental vulnerability for the World Bank’s borrowing countries.

Policy uncertainty presents a key overarching risk, and there is a significant chance that economic activity could diverge from the baseline that foresees a gradual strengthening of global activity. Potential protectionist pressures are a significant risk. There remains considerable uncertainty, however, as to what extent and when such pressures might translate into concrete measures and the forms these might take. Countries with open economies and that are dependent on trade, including many low-income countries, would be among the most vulnerable. Increased protectionism could also affect foreign direct investment flows to developing countries.

The policy stance of major central banks as they move at varying paces to normalize monetary policy is another source of uncertainty. Market interest rate expectations could adjust abruptly in response to higher inflation or fiscal policy developments, which would affect both interest rates and risk appetite. The most vulnerable countries are those dependent on portfolio investment to finance current account imbalances. Divergence from monetary policy expectations could also lead to further exchange rate movements. Corporate sectors that need to service large, unhedged foreign currency borrowing could face stress in the face of sharp exchange rate moves. In some countries, large contingent liabilities could be a source of risk and disruption.

IBRD Fiscal Year Data: Key Financials and Lending

TABLE 19 IBRD KEY FINANCIAL INDICATORS, FISCAL 2013–17

MILLIONS OF DOLLARS, EXCEPT RATIOS, WHICH ARE IN PERCENTAGES

INDICATOR	FY13	FY14	FY15	FY16	FY17
Lending highlights					
Commitments ^a	15,249	18,604	23,528	29,729	22,611
Gross disbursements ^b	16,030	18,761	19,012	22,532	17,861
Net disbursements ^b	6,552	8,948	9,999	13,197	8,731
Reported basis					
<i>Income statements</i>					
Board of Governors–approved and other transfers	(663)	(676)	(715)	(705)	(497)
Net income/(loss)	218	(978)	(786)	495	(237)
<i>Balance sheet</i>					
Total assets	325,601	358,883	343,225	371,260	405,898
Net investment portfolio	33,391	42,708	45,105	51,760	71,667
Net loans outstanding	141,692	151,978	155,040	167,643	177,422
Borrowing portfolio	134,997	152,643	158,853	178,231	207,144
Allocable income					
Allocable income	968	769	686	593	795
Allocated as follows:					
General Reserve ^c	147	0	36	96	672
International Development Association ^d	621	635	650	497	123
Surplus	200	134	0	0	0
Capital adequacy					
Usable equity ^e	39,711	40,467	40,195	39,424	41,720
Equity-to-loans ratio (%) ^f	26.8	25.7	25.1	22.7	22.8

Note: For a complete presentation of the fiscal year data, see the full financial statements available at worldbank.org/financialresults.

a. Commitments include guarantee commitments and guarantee facilities that have been approved by the Board of Executive Directors of the World Bank.

b. Amounts include transactions with the International Finance Corporation and loan-origination fees.

c. The June 30, 2017, amount represents the proposed transfer to the General Reserve from fiscal 2017 net income, which was approved on August 3, 2017, by the Board of Executive Directors.

d. On August 3, 2017, the Board of Executive Directors recommended to the Board of Governors of the International Bank for Reconstruction and Development (IBRD) a transfer of \$ 123 million to the International Development Association.

e. Usable equity is comprised of usable paid-in capital and elements of retained earnings and reserves.

f. Equity-to-loans ratio compares IBRD's usable equity against its current exposures to evaluate its capital adequacy. The current minimum threshold is 20 percent.

TABLE 20 TOTAL IBRD LENDING, FISCAL 2013–17

MILLIONS OF DOLLARS

LENDING	FY13	FY14	FY15	FY16	FY17
Total commitments	15,249	18,604	23,528	29,729	22,611

TABLE 21 IBRD LENDING BY SECTOR, FISCAL 2013–17

MILLIONS OF DOLLARS

SECTOR	FY13	FY14	FY15	FY16	FY17
Agriculture, Fishing, and Forestry	886	829	843	561	754
Education	1,100	1,192	1,496	1,788	1,074
Energy and Extractives	1,207	2,359	3,361	4,599	4,434
Financial Sector	1,613	1,360	3,433	2,657	1,879
Health	698	793	893	1,181	1,189
Industry, Trade, and Services	750	1,106	1,684	3,483	2,694
Information and Communication Technologies	102	262	90	194	503
Public Administration	3,670	4,162	3,175	5,111	4,754
Social Protection	1,772	1,006	2,687	1,393	778
Transportation	2,675	4,089	3,202	4,569	2,551
Water, Sanitation, and Waste Management	777	1,447	2,664	4,192	2,000
Total	15,249	18,604	23,528	29,729	22,611

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 reported here have been revised to reflect the new categories and therefore may not match figures published in previous annual reports. Please visit projects.worldbank.org/sector for more information on changes.

TABLE 22 IBRD LENDING BY THEME, FISCAL 2017

MILLIONS OF DOLLARS

THEME	FY17
Economic Policy	1,677
Environment and Natural Resources Management	7,237
Finance	3,330
Human Development and Gender	2,687
Private Sector Development	5,741
Public Sector Management	3,516
Social Development and Protection	939
Urban and Rural Development	5,937

Note: As of fiscal 2017, new theme categories have replaced the previous taxonomy as part of an internal data modernization effort. Because lending commitments for individual operations can be applied to multiple theme categories, figures organized by theme do not add up to fiscal year commitment totals, and therefore should not be summed. Past fiscal year theme data have been remapped but not revised according to the new methodology. As they are no longer directly comparable, historical data are not included here. Please visit projects.worldbank.org/theme for more information on changes.

TABLE 23 TOP-10 COUNTRY BORROWERS, IBRD, FISCAL 2017

MILLIONS OF DOLLARS

COUNTRY	COMMITMENT	COUNTRY	COMMITMENT
China	2,420	Egypt, Arab Rep.	1,500
India	1,776	Iraq	1,485
Indonesia	1,692	Turkey	1,083
Colombia	1,687	Ukraine	650
Argentina	1,525	Romania	625

Note: Amounts for multicountry operations are allocated across borrowers.

IDA Fiscal Year Data: Key Financials and Lending

TABLE 24 IDA KEY FINANCIAL INDICATORS, FISCAL 2013–17

MILLIONS OF DOLLARS

INDICATOR	FY13	FY14	FY15	FY16	FY17
Development operations					
Commitments of loans, grants, and guarantees	16,298	22,239	18,966	16,171	19,513 ^a
Gross disbursements of loans and grants	11,228	13,432	12,905	13,191	12,718 ^a
Net disbursements of loans and grants	7,371	9,878	8,820	8,806	8,154
Balance sheet					
Total assets	165,806	183,445	178,685	180,475	197,041
Net investment	27,487	28,300	28,418	29,908	29,673
Net loans outstanding	121,157	132,010	126,760	132,825	138,351
Borrowings	0	0	2,150	2,906	3,660
Payable for grants (“Undisbursed grants”)	6,436	6,983	6,637	6,099	6,583
Total equity	143,462	153,749	147,149	154,700	158,476
Income statement					
Interest revenue from loans	1,019	1,012	1,065	1,149	1,232
Revenue from investments, net	472	459	419	384	391
Transfers from affiliated organizations and others	964	881	993	990	599
Grants (“Development grant expenses”)	(2,380)	(2,645)	(2,319)	(1,232)	(2,577)
Net income/(loss)	(1,752)	(1,612)	(731)	371	(2,296)
Statement of activities					
Total sources of funds	13,590	12,812	15,469	13,834	13,171
Total application of funds	(11,215)	(13,441)	(12,941)	(13,260)	(12,800)
Results from operating activities	2,296	(741)	2,471	623	154

Note: For a complete presentation of the fiscal year data, see the full financial statements available at worldbank.org/financialresults.

a. Figures include the commitment and disbursement of a \$50 million grant for the Pandemic Emergency Financing Facility.

TABLE 25 TOTAL IDA LENDING, FISCAL 2013–17

MILLIONS OF DOLLARS

LENDING	FY13	FY14	FY15	FY16	FY17
Total commitments	16,298	22,239	18,966	16,171	19,513 ^a

a. Figure includes a \$50 million grant for the Pandemic Emergency Financing Facility.

TABLE 26 IDA LENDING BY SECTOR, FISCAL 2013-17

MILLIONS OF DOLLARS

SECTOR	FY13	FY14	FY15	FY16	FY17 ^a
Agriculture, Fishing, and Forestry	1,358	2,382	2,525	1,849	2,025
Education	1,788	2,426	2,124	1,431	1,773
Energy and Extractives	2,231	4,438	1,461	2,814	1,891
Financial Sector	485	669	661	443	1,227
Health	1,710	758	2,197	1,191	1,246
Industry, Trade, and Services	732	850	687	841	1,541
Information and Communication Technologies	209	266	265	78	519
Public Administration	2,075	2,624	2,744	1,500	1,954
Social Protection	1,504	1,515	1,928	2,475	1,913
Transportation	2,843	3,187	2,191	2,277	3,271
Water, Sanitation, and Waste Management	1,363	3,125	2,183	1,271	2,102
Total	16,298	22,239	18,966	16,171	19,463

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 reported here have been revised to reflect the new categories and therefore may not match figures published in previous annual reports. Please visit projects.worldbank.org/sector for more information on changes.

a. Fiscal 2017 IDA sector breakdown excludes a \$50 million grant for the Pandemic Emergency Financing Facility.

TABLE 27 IDA LENDING BY THEME, FISCAL 2017

MILLIONS OF DOLLARS

THEME	FY17 ^a
Economic Policy	1,791
Environment and Natural Resources Management	5,776
Finance	1,507
Human Development and Gender	6,471
Private Sector Development	4,837
Public Sector Management	1,936
Social Development and Protection	2,544
Urban and Rural Development	8,352

Note: As of fiscal 2017, new theme categories have replaced the previous taxonomy as part of an internal data modernization effort. Because lending commitments for individual operations can be applied to multiple theme categories, figures organized by theme do not add up to fiscal year commitment totals, and therefore should not be summed. Past fiscal year theme data have been remapped but not revised according to the new methodology. As they are no longer directly comparable, historical data are not included here. Please visit projects.worldbank.org/theme for more information on changes.

a. Fiscal 2017 IDA theme breakdown excludes a \$50 million grant for the Pandemic Emergency Financing Facility.

TABLE 28 TOP-10 COUNTRY BORROWERS, IDA, FISCAL 2017

MILLIONS OF DOLLARS

COUNTRY	COMMITMENT	COUNTRY	COMMITMENT
Nigeria	1,601	Kenya	900
Vietnam	1,512	Yemen, Rep.	783
Tanzania	1,205	Pakistan	736
Bangladesh	1,152	Côte d'Ivoire	710
Ethiopia	903	Nepal	640

Note: Amounts for multicountry operations are allocated across borrowers.

Committed to Results

The World Bank helps to promote sustainable development in partner countries by providing financing, sharing knowledge, and working with the public and private sectors. Delivering integrated solutions to help countries address their development challenges requires a focus on results. In recent years, the Bank has made important contributions across many areas to support development results achieved by its partner countries. The accompanying map shows the current borrowing eligibility of member countries. For more information, visit worldbank.org/results.

- 1 Afghanistan:** Some 5,500 savings groups with a membership of 60,700 rural poor (52 percent women) in 694 villages helped members to save over \$4.7 million since 2010.
- 2 Argentina:** Water access was provided for 85,700 people and sewerage to 229,000 people in the poorest areas of the Province of Buenos Aires from 2005 to 2015.
- 3 Armenia:** The tax administration is now more efficient and collecting 20 percent of GDP in taxes compared to 16.3 percent in 2012.
- 4 Bangladesh:** A total of 3.9 million remote households and rural shops were provided with solar home systems from 2012 to 2016.
- 5 Bosnia and Herzegovina:** More than 510,000 people in flood-affected areas benefited from crisis response support for emergency recovery goods and the rehabilitation of regional and local infrastructure since 2014.
- 6 Brazil:** In Bahia, one of Brazil's poorest states, the number of municipalities with referral centers to assist female victims of abuse and violence doubled from 13 in 2011 to 27 in 2015.
- 7 Cameroon:** The rate of assisted births increased from 43 to 63 percent at health facilities in four regions from 2012 to 2015.
- 8 Central African Republic:** Emergency food crisis support provided livelihood assistance to over 720,000 people, and helped to increase the crop production of 140,000 farmers between 2014 and 2016.
- 9 China:** 470,000 households benefited from new biodigesters together with improved kitchens, toilets, and pig sheds between 2008 and 2014, with benefits for their health and quality of life.
- 10 Côte d'Ivoire:** Between 2012 and 2015, some 27,500 people had benefited from a job creation and skills training program to provide better opportunities for youths.
- 11 Democratic Republic of Congo:** Between 2008 and 2016, over 1,600 km of priority roads were rehabilitated, helping to reconnect towns and communities that were isolated for over 20 years.
- 12 Dominican Republic:** The percentage of extremely poor heads of household lacking identity documents was reduced from 28 percent in 2005 to 7 percent in 2016.
- 13 Arab Republic of Egypt:** Since 2015, over 1.5 million households have benefited from the Takaful and Karama cash transfer programs, with 90 percent of the program cardholders being women.
- 14 Ethiopia:** Agricultural productivity increased an average of 10 percent, and yields for major crops increased in 45 districts from 2008 to 2013.
- 15 Haiti:** Between 2009 and 2015, 10 emergency bridges were purchased and installed, and another 20 weakened bridges and road sections were repaired, stabilizing year-round road access for 2 million people.



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- 16 Jordan:** Over 7,600 jobs with micro, small, and medium enterprises in the private sector were created between 2012 and 2016.
- 17 Kenya:** As of 2015, 2.6 million individuals were benefiting from cash transfer support through the national safety net program, up from 1.7 million in 2013.
- 18 Lao People's Democratic Republic:** Some 780,000 poor people in rural areas were provided with access to a basic package of health, nutrition, or reproductive health service between 2011 and 2015.
- 19 Madagascar:** About 1.8 million school-age children received deworming and preventive treatment against neglected tropical diseases from 2012 to 2016, and teachers reported better school attendance as a result.
- 20 Mexico:** Approximately 8 million Mexican families exchanged incandescent light bulbs for 45.8 million energy-saving compact fluorescent lamps in 2012.
- 21 Moldova:** About 3,000 hectares of on-farm irrigated area were rehabilitated, and 38,000 farmers were trained on irrigation from 2011 to 2016.
- 22 Morocco:** More than 13,500 kilometers of rural roads have been improved, increasing rural accessibility in lagging regions from 54 percent in 2005 to 79 percent in 2015.
- 23 Myanmar:** More than 150,000 students benefited from a stipends program in 2016–17, up from 37,000 in 2014–15.
- 24 Nicaragua:** Pentavalent vaccines were administered to 100 percent of the children younger than 1 year in targeted municipal health networks in 2016, up from 88 percent in 2009.
- 25 Papua New Guinea:** More than 15,000 young people, 40 percent of whom are women, have participated in a short-term jobs and skills training program since 2011.
- 26 Peru:** Access to justice was enhanced by increasing the number of free legal aid centers across the country from 25 in 2011 to 49 in 2016.
- 27 Tajikistan:** Over 10,000 children are studying in better classrooms, including improved access for handicapped children, thanks to the construction and rehabilitation of 40 schools since 2013.
- 28 Tanzania:** Internet bandwidth coming into the country has increased more than 1,300 times since 2008; Internet connections now reach 34 percent of the population, up from less than 1 percent in 2008.
- 29 Vietnam:** The share of 5-year-old children who benefit from full-day preschool has risen from 66 percent in 2011 to 84 percent in 2016.
- 30 Zambia:** A total of 128,000 smallholder households (48 percent headed by women) increased their income in agriculture by more than 300 percent between 2006 and 2014.

World Bank Annual Report 2017

Financial Statements incorporated by reference. The Management’s Discussion and Analysis and Audited Financial Statements of IBRD and IDA (“Financial Statements”) shall be deemed to be incorporated in and to form part of this Annual Report. The Financial Statements may be accessed at worldbank.org/financialresults.

Additional IBRD and IDA financial, lending, and organizational information is available on the World Bank Annual Report 2017 website: worldbank.org/annualreport.

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In recent years, World Bank operations have supported clients to



Accelerate inclusive and sustainable economic growth

11 million people, and micro-, small, and medium enterprises with financial services reached

3 million hectares of land provided with irrigation services

90,500 kilometers of roads constructed or rehabilitated

5,000 megawatts generation capacity of conventional energy and

2,400 megawatts generation capacity of renewable energy constructed or rehabilitated



Invest in people to build human capital for greater productivity

9 million teachers recruited or trained

310 million people provided with essential health, nutrition, and population services

49 million people provided with access to an improved water source

17 million people provided with access to improved sanitation facilities



Foster resilience to global shocks and threats

39 million beneficiaries covered by social safety net programs

44 million tons of CO₂ equivalent emissions reduced annually with the support of special climate instruments

35 countries supported in institutionalizing disaster risk reduction as a national priority

The World Bank comprises the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). The organization's mission is to end extreme poverty and boost shared prosperity in a sustainable way. With a unique global reach and a commitment to work with partners over the long-term, the World Bank provides financing, technical knowledge, and convening services to help its clients achieve their development priorities. The selected global results represented above were reported by World Bank clients with the support of Bank-financed operations between 2014 and 2016.

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