

POVERTY



END EXTREME POVERTY

PROMOTE SHARED PROSPERITY

2030



PROSPERITY

ANNUAL REPORT 2013



THE WORLD BANK

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This Annual Report, which covers the period from July 1, 2012, to June 30, 2013, 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 IBRD and IDA 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.

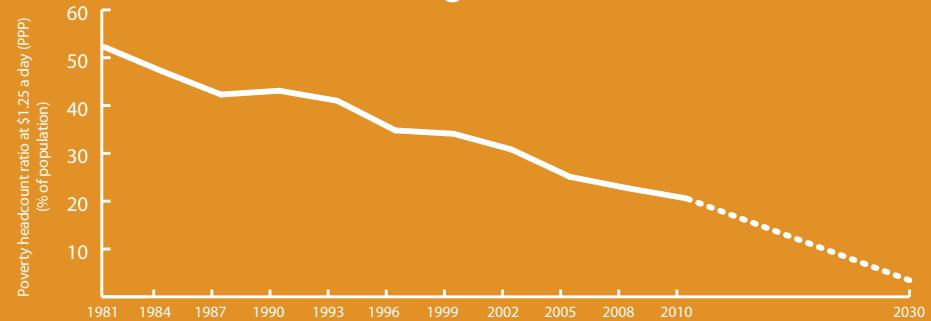
All dollar amounts used in this Annual Report are current U.S. dollars unless otherwise specified. As a result of rounding, numbers in tables may not add to totals, and percentages in figures may not add to 100. Throughout this report, the terms “World Bank” and “Bank” refer to IBRD and IDA. “World Bank Group” refers collectively to IBRD, IDA, IFC, MIGA, and ICSID.

END EXTREME POVERTY.

Goal: Decrease the percentage of people living on less than US\$1.25 a day to no more than 3 percent by 2030.

"To reach the 2030 goal, we must halve poverty once, then halve it again, and then nearly halve it a third time—all in less than one generation."

— Jim Yong Kim



POVERTY

+ ENVIRONMENTAL, SOCIAL, AND ECONOMIC SUSTAINABILITY

2030

*Growth of the bottom 40 percent that is consistently lower than the average growth should be a cause for concern.
No country has transited beyond middle-income status while maintaining high levels of inequality.*

PROSPERITY

PROMOTE SHARED PROSPERITY.

Goal: Foster the welfare and income growth of the bottom 40 percent of the population in every developing country.

END EXTREME POVERTY. PROMOTE SHARED PROSPERITY.

Over the past three decades, the extent of global poverty has declined rapidly. The percentage of people living in extreme poverty in 2013 is less than half of what it was in 1990. Based on this trend, it is possible to envision a world in which extreme poverty has effectively been eliminated within a generation. Yet today, more than 1 billion people worldwide are still destitute, inequality and social exclusion seem to be rising in several countries, and many urgent and complex challenges must be overcome to maintain the recent momentum in poverty reduction.

In this context, the World Bank Group has established ambitious but achievable goals on which to anchor its work in meeting these historic challenges. Specifically, the institution will strive to end extreme poverty at the global level by 2030 and to promote shared prosperity in developing countries, which will entail fostering income growth for the bottom 40 percent of the population. This effort will involve investing in opportunities for all citizens and reducing inequality, which are integral to creating prosperity and sustaining economic growth. These goals will be pursued in an environmentally, socially, and economically sustainable manner to ensure that development gains do not harm the welfare of current and future generations.

This Annual Report focuses on the work of the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA), collectively known as the World Bank. We encourage you to read this report to learn more about the Bank's work—the activities and outcomes it supports in the six regions in which it works, and the results of that work in helping to overcome poverty and create opportunities for people in developing countries. On the CD-ROM, you will find comprehensive lending data, organizational information, and full financial statements, as well as the *Results 2013* report, which includes the updated World Bank Corporate Scorecard.

Multiple links are provided throughout the text to connect you with even more information. We invite you to visit the Annual Report 2013, Corporate Scorecard, and Results websites to broaden your understanding of how the World Bank partners with countries to end extreme poverty, promote shared prosperity, and achieve sustainable results for transformational impact.

- worldbank.org/annualreport2013
- worldbank.org/corporatescorecard
- worldbank.org/results

MESSAGE FROM THE **PRESIDENT OF THE WORLD BANK GROUP AND CHAIRMAN OF THE BOARD OF EXECUTIVE DIRECTORS**

We are at an auspicious moment in history. Thanks to the successes of the past few decades and a favorable economic outlook, developing countries now have an unprecedented opportunity: the chance to end extreme poverty within a generation. This opportunity must not be squandered.

Earlier this year, we in the World Bank Group set two specific and measurable goals for ourselves and our partners in the development community: effectively ending extreme poverty by shrinking the share of people living on less than \$1.25 a day to 3 percent by 2030, and promoting shared prosperity by raising the incomes of the poorest 40 percent of the population in every developing country.



These are ambitious goals, and success is far from inevitable. Nearly five years after the global financial crisis began, in 2008, the world's economic recovery remains fragile. Developed countries struggle with high unemployment and weak economic growth. Developing countries are growing more slowly than before the crisis. Moreover, the fight against poverty will become increasingly difficult as we push toward our target, since those who remain poor will be the hardest to reach.

Other challenges could pose new threats to poverty reduction. Conflict and political instability present major risks because they increase poverty and create long-term obstacles to development. Moreover, a warming planet could increase the prevalence and size of drought-affected areas, and make extreme weather events more frequent, with unpredictable costs in terms of lives and financial resources.

Yet, I remain optimistic that achieving the goals is within our reach. Doing so will require systemic and relentless collaboration from the World Bank Group, our 188 member countries, and other partners.

Meeting the development challenges ahead will require that we find and leverage synergies across the World Bank Group and focus our resources on priority areas. This year, the World Bank Group committed \$52.6 billion in loans, grants, equity investments, and guarantees to its members and private businesses. The commitments from IBRD totaled \$15.2 billion, compared to \$20.6 billion in 2012. IDA, the Bank's fund for the poorest, made commitments of \$16.3 billion, compared to \$14.8 billion in 2012.

This Annual Report describes the many programs and projects that World Bank lending supports, and demonstrates how they are helping to end extreme poverty and promote shared prosperity in partner countries across the world.

Making improvements in energy, the environment, infrastructure, health, and education, as well as in countries' business environment, all represent difficult and complex challenges. Take jobs, for instance. As the *World Development Report 2013* describes, jobs can provide a transformational path out of poverty for men, women, and youth. Beyond an individual's income, jobs can bring great value to society through their broad influence on living standards, productivity, and social cohesion. And because almost nine out of every ten jobs created in the developing world originate in the private sector,

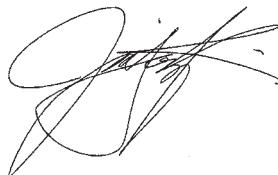
the Bank will continue to work with its partners in both the private and public sectors, as well as in civil society, to help stimulate the strong, private sector-led job creation needed to reduce poverty and build shared prosperity.

Simply reaching our development goals, however, is not enough. To be truly transformational and enduring, the World Bank will pursue these goals in an environmentally, socially, and economically sustainable manner. For example, the two volumes of *Turn Down the Heat*, published by the Bank in fiscal 2013, illustrate the considerable risks that climate change poses to development gains. A world that is 2°C warmer will face widespread food shortages, unprecedented heat waves, and more intense cyclones, among other extreme events. And the situation could become far worse: In the absence of concerted action now, we may see warming exceed 4°C by the end of this century.

It is because of this threat that the Bank is raising the profile of climate change as a leading development issue. The Bank is currently working with 130 countries to address climate change through lending to both adaptation and mitigation projects.

The World Bank is determined to support our clients in applying evidence-based, country-specific solutions to development challenges. We must listen, learn, and partner with countries and beneficiaries to build bottom-up solutions. In recent years, we have seen tremendous gains. I encourage you to read about many of the Bank-supported achievements throughout this Annual Report and the *Results 2013* report on the CD that accompanies it.

We live in an exciting time. The challenges of ending extreme poverty and promoting shared prosperity will require sustained determination from all sides. The World Bank Group—its leadership and the talented staff who work here—is committed to making the most of this unprecedented opportunity and helping to bring about the world we all want: one free of poverty, with shared prosperity for all.

A handwritten signature in black ink, appearing to read "Jim Yong Kim".

Dr. Jim Yong Kim
President of the World Bank Group and
Chairman of the Board of Executive Directors



MESSAGE FROM THE **BOARD OF EXECUTIVE DIRECTORS**

The 25 resident Executive Directors, representing the 188 World Bank Group member countries, are responsible for the conduct of the World Bank's general operations under delegated powers from the Board of Governors. As provided in the Articles of Agreement, 5 Executive Directors are appointed by each of the five members having the largest number of shares; 20 Executive Directors are elected by other member countries to form constituencies in an election process every two years. The Executive Directors select a President, who serves as Chairman of the Board. The current Board was elected or appointed on November 1, 2012.

Executive Directors fulfill an important role in deciding on the policies that guide the general operations of the Bank and its strategic direction, and they represent member countries' viewpoints on the Bank's role. They consider and decide on proposals made by the President for loans, credits, and guarantees from IBRD and IDA; new policies; and the administrative budget. They also discuss Country Partnership Strategies—the central tool with which management and the Board review and guide the World Bank Group's support for a country's development programs. They are responsible for presenting to the Board of Governors an audit of accounts, an administrative budget, and the annual report on fiscal year results.

Executive Directors serve on one or more standing committees: the Audit Committee, the Budget Committee, the Committee on Development Effectiveness, the Committee on Governance and Administrative Matters, and the Human Resources Committee. These committees help the Board discharge its oversight responsibilities through in-depth examinations of policies and practices. The Executive Directors' Steering Committee plays an important role in preparing the Board's work program.



The names of the Executive Directors can be found on the next page.

Directors periodically travel to member countries to gain firsthand knowledge of a country's economic and social challenges, visit project activities financed by the World Bank Group, and discuss with government officials their assessment of the collaboration with the World Bank Group. The stakeholders they meet include government officials, beneficiaries, representatives of nongovernmental organizations, other development partners (including those in the business community), and Bank staff. In 2013, Directors visited countries in southeast Africa and East Asia.

The Board, through its committees, attends to the effectiveness of the World Bank Group's activities by regularly engaging with the independent Inspection Panel and the Independent Evaluation Group—which report directly to the Board—as well as with the Internal Audit Department and the external auditor.

BOARD ACHIEVEMENTS OF 2013

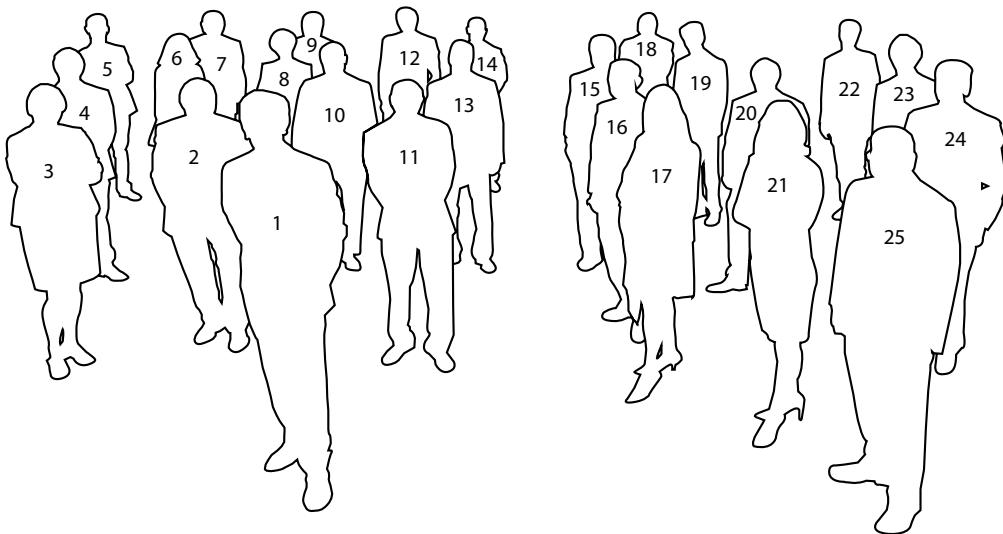
Although development challenges persist and the global economy remains fragile, the Bank continues its drive toward ending extreme poverty and pursuing shared prosperity in an environmentally, socially, and economically sustainable manner, which are goals the Executive Directors and Governors recently endorsed. The Executive Directors also engaged with senior management on the upcoming World Bank Group Strategy, which will guide the institution in carrying out these goals. Relatedly, the Board discussed the paper "A Common Vision for the World Bank Group," which the Governors considered at the Spring 2013 Development Committee meeting.

Central to the Board's discussions on achieving the Bank's goals were the themes of jobs, disaster risk, and gender. The jobs theme was covered extensively in the World Bank's flagship report *World Development Report 2013: Jobs* and its subsequent policy directions. "Managing Disaster Risks for a Resilient Future: The Sendai Report" informed Board conversations on disaster risk issues. Other discussions on the topic of disaster risk

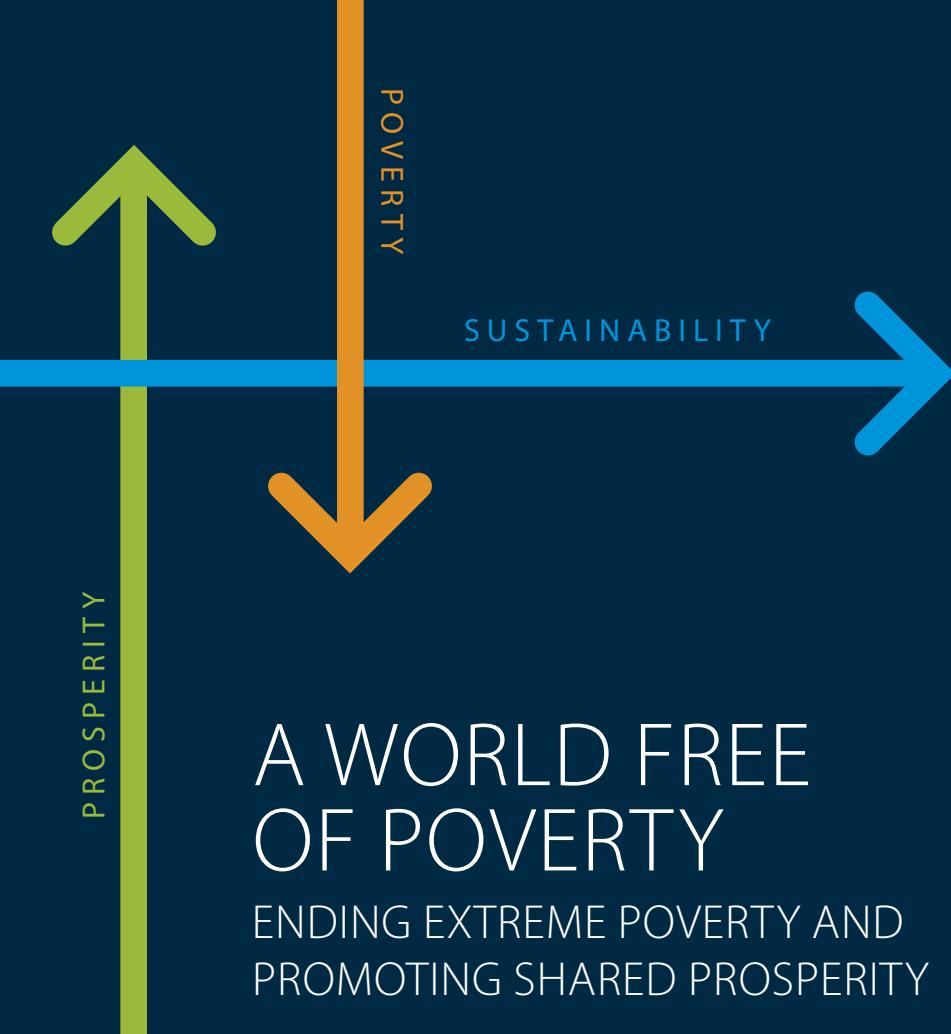
included food security concerns; strategies and support for specific natural disasters, such as those in Haiti and Samoa; and the issues raised by the United Nations (UN) Conference on Sustainable Development (Rio + 20) and the UN Climate Change Conference in Doha. And the *Update on the Implementation of the Gender Equality Agenda at the World Bank Group* reported on gender challenges. The Directors also discussed the flagship report *Global Monitoring Report 2013: Rural-Urban Dynamics and the Millennium Development Goals*. Fragility and conflict-affected economies were at the forefront during discussions of strategies and operations. The Executive Directors look forward to the *World Development Report 2014: Risk and Opportunity—Managing Risk for Development*, which will be published in time for the Annual Meetings in Washington, DC, in October of this year.

To streamline the Bank Group's operational effectiveness, the Board discussed and approved changes to investment lending policies with the aim of focusing lending on performance and results. It also considered reforms to the procurement framework and greater disclosure of Board records. The Executive Directors endorsed a series of measures to enhance the effectiveness of corporate governance by setting criteria for identifying IBRD/IDA operations for Board discussion and aligning them more closely with corporate priorities. The Board also welcomed the Bank's reengagement with Myanmar after a 25-year absence and with Suriname after a 30-year absence.

The Board approved \$31.5 billion in World Bank financial assistance in fiscal 2013, comprising \$15.2 billion in IBRD lending and \$16.3 billion in IDA support. The Executive Directors also reviewed 22 Country Partnership Strategy products, 21 of which were prepared jointly with the International Finance Corporation (IFC). The Board approved an administrative budget for the World Bank of \$1.9 billion for fiscal 2014. (See worldbank.org/boards.)



1: Merza Hasan; **2:** Agapito Mendes Dias; **3:** Satu Santala; **4:** Roberto B. Tan; **5:** John Whitehead; **6:** Marie-Lucie Morin; **7:** Shaolin Yang; **8:** Gwen Hines; **9:** Vadim Grishin; **10:** Mukesh N. Prasad; **11:** Mansur Muhtar; **12:** Piero Cipollone; **13:** Omar Bougara; **14:** Ibrahim M. Alturki (alternate); **15:** Gino Alzetta; **16:** Hideaki Suzuki; **17:** Ingrid-Gabriela Hoven; **18:** Denny H. Kalyalya; **19:** César Guido Forcieri; **20:** Juan José Bravo; **21:** Sara Aviel (alternate); **22:** Hervé de Villeroché; **23:** Frank Heemskerk; **24:** Jörg Frieden; **25:** Sundaran Annamalai



A WORLD FREE OF POVERTY

ENDING EXTREME POVERTY AND
PROMOTING SHARED PROSPERITY

The World Bank Group has entered a new era by adopting measurable goals to end extreme poverty globally by 2030 and promote shared prosperity, which it will pursue in an environmentally, socially, and economically sustainable way. Achieving these goals will require acknowledging that economic growth alone will not build sustained and inclusive welfare; increased levels of social unrest around the world have been caused, in part, by a rise in economic inequality and a lack of inclusive opportunities. Achieving these goals will require greater cooperation among development partners, including multilateral organizations and their member states. This cooperation is essential in a time of continued global economic uncertainty.

OPERATING IN A RECOVERING BUT FRAGILE GLOBAL ECONOMY

More than five years after the first phase of the global economic and financial crisis, developing countries have generally recovered and continue to grow more rapidly than the developed world. However, the uneven recovery continues to dampen growth across much of the globe. The average pace of gross domestic product (GDP) growth in the developing world dropped to 5.0 percent in 2012, largely because of a slowdown in several large, middle-income economies, particularly during the first two quarters. Meanwhile, headwinds from restructuring and fiscal consolidation in high-income countries persist, although they should ease, allowing for a slow acceleration in growth over the next several years.

For developing countries as a whole, economic growth is set to remain solid but muted. It is projected to start to reflect its underlying potential in 2013. Since the last half of 2012, higher capital flows to developing countries and slightly improved growth in some high-income countries, notably the United States, have contributed to this improved global picture.

The outlook for developing countries varies greatly across regions. Affected by slower growth in China, GDP growth in East Asia and Pacific is expected to slide to 7.3 percent in 2013 before rising to a slightly higher level in the subsequent two years. Growth in India and the rest of South Asia should improve slightly in 2013 to 5.2 percent, with even better forecasts for the next two years. Growth also remains strong in much of Sub-Saharan Africa, where it is projected to rise to 4.9 percent in the short term. Growth increased in Latin America and the Caribbean to 3.3 percent, but capacity constraints in some economies hinder potential growth. In the Middle East and North Africa, growth slowed to 2.5 percent as a result of continuing turmoil from the Arab Spring. Growth in Europe and Central Asia remains uneven. Although the region as a whole is forecast to grow by about 2.8 percent in 2013, the Euro area is expected to contract for the year, and the near-term forecast for Central and Southeastern Europe is anemic.

The World Bank continues to advise developing countries to focus on domestic policy needs, including reforms to ease supply-side bottlenecks, such as gaps in physical, social, and regulatory infrastructure. It also advises countries to gradually restore monetary and fiscal buffers (by maintaining relatively low levels of public debt, for example), which allowed many of them to counter some impacts of the financial crisis. Developing countries that had the fiscal space to spend on social safety nets, health, and education were able to ensure that their poorest citizens were not as hard hit by this crisis as they had been in previous downturns. Fiscal and monetary buffers are now largely depleted in many countries. Economic growth affords the opportunity for countries to restore these buffers over time, without resorting to painful cuts in public expenditures. Doing so in the developing world will depend on increasing productivity and investments in infrastructure, human capital, and improved governance. (See worldbank.org/cep.)

Strengthening debt management is critical to a country's economic well-being. Since 2009, the Bank has provided technical assistance on debt management to 59 countries. For the poorest countries, the Bank provides debt relief through the Heavily Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI). In 2012, three countries—Comoros, Côte d'Ivoire, and Guinea—received full debt relief under these programs. Chad is the only country that has begun but not yet completed its program, while only three potentially eligible countries—Eritrea, Somalia, and Sudan—have yet to engage fully or benefit from these debt relief initiatives.

RESULT



4.7 MILLION FAMILIES

in Pakistan receive income support under the Benazir Income Support Program, as of 2013.



AZERBAIJAN Allison Kwasell/The World Bank

ALIGNING TOWARD COMMON GOALS AS ONE WORLD BANK GROUP

Fighting poverty has always been central to the World Bank Group’s mission. Achieving that goal in a world that has changed dramatically in recent years requires that the World Bank Group continue to evolve as an institution.

Soon after taking office, President Kim launched a global conversation among the Board of Executive Directors, stakeholders, staff, and the greater international community on the barriers and solutions to ending poverty. Based on the input received from around the world, President Kim developed a proposal for two ambitious but achievable goals to anchor the mission of the World Bank Group: ending extreme poverty and promoting shared prosperity. At the 2013 Spring Meetings, the World Bank Group’s Development Committee endorsed the proposal.

About 1.2 billion people live in extreme poverty—about 21 percent of the population in the developing world. Achieving the goal of ending extreme poverty by 2030 would see the percentage of people living on less than \$1.25 a day cut to no more than 3 percent globally.

Promoting shared prosperity requires fostering income growth of the poorest 40 percent of the people in every country in the developing world, as well as of people who are vulnerable to falling into poverty. Achieving this goal will require investments that encourage unbounded improvement in the living standards of the less well-off and that create opportunities for all citizens.

Both of these goals are achievable. Focusing on them clarifies the progress each country is making in health, education, sanitation, infrastructure, and other services needed to improve the lives of poor people and provide paths out of poverty. The first practical effort to achieve the new twin goals is already in place. In April 2013, the World Bank approved a new five-year Country Partnership Strategy for India. The strategy sets specific goals for reducing poverty and increasing prosperity for the poorest people. The strategy shifts the Bank’s support significantly to low-income states, where many of India’s 400 million poor live.

In order to support development gains that will endure, the World Bank Group has committed itself to pursuing the goals in an environmentally, socially, and economically sustainable manner. A sustainable path to development and poverty reduction would be one that manages the resources of our planet for future generations. Green growth offers the only way of reconciling the rapid economic development required to reduce poverty and boost shared prosperity with the imperative of a better-managed environment. A sustainable path would also involve creating an inclusive society, not only in terms

of economic welfare but also in terms of the voice and empowerment of all groups. Societies that promote better and equal opportunities for all would more likely achieve the broad support needed to underpin sustainable development. Finally, policies should be economically responsible over time to ensure that the gains are not short lived or achieved at the cost of future prosperity. The most appropriate policies are those that aim to end poverty permanently while limiting the burden of future debt.

The World Bank Group can use its considerable expertise and resources to work with countries and partners to find creative and innovative solutions to development problems. However, new programs and services are of little use if they cannot be delivered effectively to the people who need them. In its role as a “Solutions Bank,” armed with its extensive experience in what promotes development and what does not, the World Bank Group is working with its partners and clients to create the knowledge, tools, and global support networks that can solve delivery problems and gather feedback from citizens who will benefit from the projects in real time. Together, these elements form a “science of delivery”—context-specific solutions for delivering programs and services and achieving the highest quality results. This approach aims to ensure that country-specific development strategies and objectives are given the resources and support needed for meaningful impact.

To meet its ambitious goals in the face of enduring global challenges, the World Bank Group has begun a process of institutional change. Starting early in fiscal 2013, senior management gathered staff feedback to understand where the World Bank Group is today as an institution and what its future direction should be, both externally and internally. These assessments helped clarify the institution’s strengths, weaknesses, and areas for improvement. Staff and management identified the following five areas for improvement: strategic focus; knowledge and solutions; client impact and results, accountability, and risk; leadership, people, and talent; and global footprint. Working groups on these areas were tasked with discussing and delivering their recommendations by the end of June 2013. Based on the inputs, management committed to delivering a World Bank Group strategic document to the Development Committee at the 2013 Annual Meetings.

Notable changes have already been implemented to improve the institution’s ability to deliver unified services. The World Bank Group is uniting the external and corporate relations, information technology, and human resources functions of IBRD, IDA, IFC, and the Multilateral Investment Guarantee Agency (MIGA) under one umbrella, World Bank Group Integrated Services. Along with the International Centre for Settlement of Investment Disputes (ICSID), it will improve effectiveness by building greater synergies among its constituent parts.

Work has also begun to identify areas and opportunities where collaboration within the World Bank Group can add significant value. This joint approach could have a transformational impact across strategic focus areas at the regional and country levels. A recent power project in Côte d’Ivoire illustrates the collective power of the institutions in action. Building on a multiyear, comprehensive IDA effort to advise and address financial sustainability issues in the country’s power sector, IFC and MIGA mobilized private financing to support expansion of the Azito independent power plant. The involvement of and support from IDA was critical in helping IFC and MIGA mobilize private sector capital in a postconflict country. IFC arranged a \$350 million debt package, and MIGA provided political risk insurance to cover equity investment for one of the key investors in the project. Going forward, applying these synergies to development challenges is expected to amplify the impact of projects supported by the World Bank Group.

RESULT



3,500 TEMPORARY JOBS

were created in Kosovo through a public works program in 2012.



DEMOCRATIC REPUBLIC OF CONGO Dominic Chavez/The World Bank

In addition to these World Bank Group-wide reforms, the World Bank itself continues its external engagement to deepen its partnerships with nonstate actors within civil society and the private sector, as well as with parliamentarians. The 2012 Annual and 2013 Spring Meetings saw increased participation of civil society organizations in the numerous policy sessions and special events held on topics of mutual concern.

The Bank is also continuing to embrace social media tools to energize global stakeholders in the core mission of ending poverty. In August, President Kim invited people around the world to share their ideas on "What will it take to end poverty?" The initiative garnered more than 12,000 direct responses from more than 90 countries, and some 220,000 people joined the conversation on Facebook.

To ensure continued high standards in project development, the Bank began a process to review and update its procurement policy and the environmental and social safeguards for projects. It also completed the first phase of global consultations on how to strengthen the impact of these policies. In addition, the Bank is finding success with innovative lending solutions. A year and a half after the introduction of the new Program-for-Results (PforR) financing instrument, seven new operations have been launched—in Ethiopia, Morocco, Nepal, Tanzania, Uganda, Uruguay, and Vietnam—with a financing commitment of \$1.1 billion. Another 12 PforR operations are under preparation, with an expected financing commitment of close to \$2 billion.

PARTNERING TO ACHIEVE THE MDGs

Less than two years remain in the ambitious agenda laid out by world leaders in 2000 for improving the lives of the world's poorest people. Of the 21 specific targets within the eight Millennium Development Goals (MDGs), only 4 targets have been met worldwide. But among the targets that have been met is one of the most ambitious: cutting in half the number of people living in extreme poverty. This target was achieved in large part because China's recent economic growth lifted some 600 million people out of extreme poverty.

Progress on the remaining MDGs has lagged, especially for the goals related to education and health. Achieving the goal for primary school completion should have been within sight by 2011, but only half the needed progress has been made. Progress toward meeting the global targets for infant, under-five, and maternal mortality—and to a lesser extent, access to basic sanitation—is significantly off track. Progress needs to be greatly accelerated to meet these goals by 2015. (See worldbank.org/gmr2013.)

In a time of limited resources and economic stress, it is more important than ever for international institutions to work together more effectively to help countries achieve the



1.8 MILLION PEOPLE

in Tanzania accessed improved water sources in 2012, up more than 400 percent from 350,000 in 2005.

MDGs and development goals in general. The World Bank has stepped up its collaboration with partner institutions, including the United Nations, as demonstrated by the active participation of Secretary-General Ban Ki-moon at the 2013 Spring Meetings and by the joint visit in May of President Kim and the Secretary-General to the Great Lakes region in Africa.

ADDRESSING THE CHALLENGE OF CLIMATE CHANGE

The World Bank is working on new strategies to help developing countries confront the challenges of climate change, which poses a fundamental threat to economic development and the fight against poverty. Unless the world takes bold action now, a warming planet threatens to roll back decades of development and put prosperity out of reach for millions.

The report *Turn Down the Heat: Why a 4°C Warmer World Must Be Avoided*, published by the Bank in November 2012, explains the dangers of climate change, especially to developing countries, and suggests cooperative international actions to mitigate its impact and help countries adapt to it. The follow-up study, subtitled “Climate Extremes, Regional Impacts, and the Case for Resilience,” reports the likely impacts of present-day, 2°C, and 4°C warming on agricultural production, water resources, coastal ecosystems, and cities across three developing regions. It shows how rising global temperatures are increasingly threatening the health and livelihoods of the most vulnerable populations, crucially magnifying problems each region is struggling with today. The Bank is currently working with 130 countries to take action on climate change—helping cities to adopt green growth strategies and develop resilience to climate change, developing climate-smart agricultural practices, finding innovative ways to improve both energy efficiency and the performance of renewable energies, and assisting governments to reduce fossil fuel subsidies and put in place policies that will eventually lead to a stable price on carbon.

In fiscal 2013, the Bank loaned \$4.1 billion for the mitigation of climate change and \$2.9 billion for adaptation. World Bank Green Bonds, which support the financing of these activities, have been recognized as a catalyst for the emergence of a green bond market that helps mobilize funds from the private sector for climate finance. The Bank has worked closely with 130 countries on specific climate-related actions, such as replacing 45 million inefficient light bulbs in Mexico, providing solar energy for 1.4 million homes in Bangladesh, and funding social safety nets to support 7.8 million people affected by droughts in Ethiopia. It also works with countries to assess and manage risks; for example, pilot studies are being conducted on flood risks in Vietnam, which is one of many countries vulnerable to sea-level rise and climate-related disasters.

The World Bank Group is supporting a growing and diverse portfolio of investments in renewable energy and energy efficiency. Wherever feasible or appropriate, future projects to expand access to electricity will include clean energy dimensions. For example, the Lighting Africa project, which has developed off-grid solar lighting markets in Kenya and Ghana, will be replicated across the continent, as well as in India, with the goal of reaching 250 million people by 2030.

The Bank also supports climate-smart agriculture, which can provide a triple win—for agriculture, the climate, and food security. Climate-smart farming techniques increase farm productivity and incomes and make agriculture more resilient to climate change while contributing to mitigation as well. Climate-smart agriculture also includes innovative practices such as better weather forecasting, drought- and flood-tolerant crops, and risk insurance. (See worldbank.org/climatechange.)

SUPPORTING PEOPLE IN CONFLICT-AFFECTED AND FRAGILE SITUATIONS

The Bank's commitment to ending extreme poverty must confront the particular challenges of fragile and conflict-affected situations, where about one-fourth of the world's population lives. According to the *Global Monitoring Report 2013*, 20 of these states recently met at least 1 of the 21 targets under the MDGs; 8 of them have met the target of reducing by half the number of people living in extreme poverty, and 6 others are on track to meet individual targets before 2015. This hard-earned success is tenuous, however. The fact that renewed conflict and crisis could reverse recent progress underscores the need for sustained action by these countries and continued support from the international community.

Security and justice are central issues in states currently or recently affected by conflict. Given the need for security to underpin efforts at stabilization and development, the Bank is expanding beyond earlier work in disarmament, demobilization, and reintegration. It is using a variety of means to help governments address crime and violence, as well as to push new frontiers of justice. Internal reforms now under way are improving the Bank's effectiveness. These reforms include country strategies that address the drivers of conflict and fragility, especially instituting targeted operational policies; disseminating information about best practices; intense monitoring to track progress in these states; and reducing the volatility of financing for fragile and conflict-affected situations. The Bank is also strengthening implementation support for teams working in fragile and conflict-affected situations, with additional support now based in the Bank's Center for Conflict, Security and Development hub in Nairobi.

Since 2000, IDA has provided more than \$22 billion for fragile and conflict-affected situations. Despite the difficulty of these environments, IDA-funded projects have immunized 10 million children, delivered prenatal care to 1.5 million women, and provided \$4 billion in debt relief. (See worldbank.org/fcs.)

INVESTING IN EDUCATION AND HEALTH

Providing universal access to education and quality health care is an essential component of economic development. The Bank is a major supporter of education in developing countries, with a portfolio of more than \$9.3 billion for operations in 72 countries. It invested about \$2.9 billion in education programs in fiscal 2013. Of this amount, nearly \$1.3 billion was committed by IDA to finance basic education.

Under its current education strategy "Learning for All," launched in 2011, the Bank promotes educational reforms based on hard evidence of what works under different country conditions. In nearly 100 countries, the Bank is using analytical tools developed under the Systems Approach for Better Education Results (SABER), a global knowledge platform that is helping countries assess their education policies and identify actionable priorities to help education systems achieve success. Among the policy areas covered by SABER are early child development, student assessment, teacher training, finance, and workforce development.

Improving service delivery is a key component of education reform. In Indonesia, for example, school grants are helping with the achievement of school improvement plans. In Nigeria, performance grants to secondary schools are based on test scores and teacher attendance. In Ghana, Kazakhstan, and the former Yugoslav Republic of Macedonia, vocational training is improving the quality and relevance of skills development programs in emerging economic sectors. (See worldbank.org/education.)

RESULT



> 1 MILLION PEOPLE

in Sri Lanka affected by conflict have seen their livelihoods improved through the Reawakening Project since 2004.



AFGHANISTAN Graham Crouch/The World Bank

Strengthening health systems and helping countries to ensure access to universal health care are central elements of the Bank's work. The Bank invested more than \$2.4 billion in health, nutrition, and population programs in fiscal 2013, and manages a portfolio totaling \$8.7 billion in 65 countries. Speaking at the World Health Assembly in May 2013, President Kim urged countries to ensure universal access to quality, affordable health services to help end extreme poverty by 2030 and promote shared prosperity. He said the World Bank Group would help countries to tackle two major challenges as they advance toward universal health coverage: ensuring that no family is forced into poverty because of health care expenses and closing the gap in access to health services and public health protection for the poorest 40 percent of the population in every country.

In fiscal 2013, the Bank provided financing, state-of-the-art analysis, and policy advice to help countries achieve equitable, universal access to quality, affordable health care in a fiscally sustainable way and protect people from falling into poverty or worsening poverty because of illness. A results-based approach is enabling the Bank to link its financing to concrete results, notably in expanding the quality and reach of maternal and child care services in the poorest countries. The three areas of focus for the Bank's health strategy are expanding access to reproductive health care, scaling up support for early childhood nutrition, and preventing HIV/AIDS and other communicable diseases.

This fiscal year, the Bank and development and country partners renewed their engagement in the International Health Partnership (IHP+), which mobilizes national governments, development agencies, civil society, and others to support a single, country-led national health strategy in a well-coordinated way. IHP+ partners are supporting countries in their quest to achieve the health MDGs in the remaining months before the 2015 MDG deadline. (See worldbank.org/health.)

PROMOTING OPPORTUNITIES FOR WOMEN AND GIRLS

Putting women at the center of the development process is not only the right thing to do, it is the smart thing to do economically because gender equality is a long-term driver of competitiveness and equity. Underinvesting in women and girls puts a brake on

RESULT



44 PERCENT

of HIV-infected pregnant women in Côte d'Ivoire received antiretroviral treatment in 2012, up from 0 percent in 2007.



2.7 MILLION GIRLS

in Afghanistan were enrolled in school in 2012, up from 191,000 in 2002.

cutting poverty and limits economic and social development. The Bank is committed to mainstreaming gender throughout its programs.

This fiscal year, 97 percent of all Bank operations were gender informed. This translates into approximately 98 percent (or close to \$31 billion) of Bank lending. In Punjab Province, Pakistan, for example, a Bank-supported government program provides targeted monthly stipends to more than 400,000 girls, based on school attendance.

Gender is a special theme of IDA16 (the 16th replenishment of IDA resources, covering fiscal 2012–14), meaning that IDA is funding and monitoring gender-related work in the world’s poorest countries. The Bank continues to track gender commitments under the Corporate Scorecard and the IDA16 Results Measurement Framework.

In July 2012, the Bank launched the Gender Data Portal, an interactive platform that draws on data from a variety of sources, including the World Development Indicators (the Bank’s primary collection of development indicators), national statistics agencies, and UN databases.

The issues of gender and development were at the forefront during the 2013 Spring Meetings. The meeting of the Equal Futures Partnership highlighted progress and challenges in country commitments to expand women’s economic opportunity and political voice. More than a thousand participants gathered in the Bank’s Atrium for a “Call to Action” for the education and empowerment of women and girls. (See worldbank.org/gender.)

WORKING TO CREATE JOBS, BOLSTER TRADE, AND SUPPORT SOCIAL PROTECTION

Jobs provide a key path out of poverty. Although cash transfers can help, empirical analysis shows that labor earnings are the most important contributor to poverty reduction. As noted in the *World Development Report 2013: Jobs*, employment is the key determinant of living standards around the world and contributes to economy-wide increases in productivity and social cohesion.

Today’s employment picture varies greatly. Some developing countries are experiencing modest employment growth despite the sluggish labor market in most high-income and many developing countries. Globally, more than 200 million women, men, and youth are out of work, and more than 1 billion people are marginally employed, that is, working in low-income or informal jobs that keep them earning below their potential. Unemployment among youth is particularly worrisome in some regions, where it can be three to five times higher than that for adults. (See worldbank.org/wdr2013.)

The private sector is the key engine of job creation, accounting for 90 percent of all jobs in the developing world. But governments play a vital role by ensuring that the conditions are in place for strong private sector-led growth and by alleviating the constraints that hinder the private sector from creating good jobs for development. To address unemployment, the Bank continues to cooperate with a network of partners—including academic institutions, civil society organizations, and the private sector—to link research to policy.

Trade is essential to fighting poverty. The Bank’s trade program promotes a multilateral system that boosts development, supports competitiveness, and encourages policy reforms through effective Aid for Trade programs. The World Bank is the largest multilateral donor to Aid for Trade, and the active portfolio in trade-related assistance consists of \$12.4 billion in fiscal 2013, up from \$2.8 billion in 2003. Given the growing importance of trade as a cross-cutting theme, the share of Aid for Trade in total Bank lending has steadily



TUNISIA Arne Hoel/The World Bank

RESULT

\$ \$\$ \$

536,000 POOR HOUSEHOLDS

in the Dominican Republic benefited from the Bonoluz subsidy by 2012—a program that uses the national targeting system to reduce costs while protecting the poor.

increased, rising from 3.0 percent of the Bank's new commitments in fiscal 2003 to 8.6 percent in fiscal 2013. New trade-related lending reached \$2.7 billion in fiscal 2013, up from \$1.9 billion in 2012.

Social protection programs help cushion the impact of income shocks, including unemployment. Improving earnings opportunities requires a creative mix of employment services, training, support for self-employment and entrepreneurship, and access to credit. The Bank is working with member countries in all of these areas, including sharing knowledge of innovative practices. It has sharply increased its lending and grant financing for jobs-related programs, from an annual average of \$477 million in 1998–2008 to an annual average of \$634 million in 2009–11.

The Bank is in the second year of its 10-year Social Protection and Labor Strategy, which is intended to help countries move from fragmented and inefficient programs to better-targeted social protection systems; improve resilience; and be more productive, through investments in human capital and people's ability to access jobs and opportunity. In fiscal 2013, the Bank invested more than \$3.0 billion in social protection and labor programs; it manages an \$11.9 billion portfolio with 172 operations in 85 countries. One Bank-supported program in Rwanda reached 500,000 households by 2013 through a community-driven approach combining public works programs and cash transfer payments. A program in Honduras reached 350,000 households in fiscal 2013, about half the country's rural poor. Examples of social safety net programs funded by IDA include cash transfers, labor-intensive public works, and school feeding programs. Cash transfers are becoming an increasingly important safety net tool, particularly in postconflict and fragile societies. (See <http://worldbank.org/sp>.)

ENABLING ECONOMIC PARTICIPATION THROUGH FINANCIAL INCLUSION

An estimated 2.5 billion adults in the world are financially excluded, meaning they have no savings or access to credit and other financial services. Almost 80 percent of them live

on less than \$2 a day. Savings and payments are strongly linked to poverty reduction; access to credit, insurance, savings, and payments opens up economic opportunities for the bottom 40 percent to increase their incomes sustainably. Women in particular can benefit from financial inclusion initiatives, as they are more excluded than men from formal financial services.

In the past two years, more than 40 countries have set headline goals and targets for financial inclusion. Many governments are requesting World Bank Group financing, knowledge, and assistance to increase financial inclusion and adopt innovative payment systems. The Bank has a significant region-led portfolio in financial inclusion lending and technical assistance, with an active loan and grant portfolio of \$3.4 billion in 62 countries.

The Bank provides data, policy advice, models, technical assistance, financing, and risk sharing. IFC provides complementary investment, guarantees, and advisory services. The Consultative Group to Assist the Poor (CGAP), a multilateral global partnership housed in the Bank, offers leading-edge knowledge and works on business model innovations. Together, the three institutions have undertaken a number of initiatives to accelerate financial inclusion, including launching the Global SME Finance Facility in 2012 and the Financial Inclusion Support Framework in 2013. (See worldbank.org/financialinclusion.)

INVESTING IN AGRICULTURE FOR FOOD SECURITY

Investment in agriculture is essential to meet the demands of a growing global population. The world must produce about 50 percent more food by 2050, for a projected population of 9 billion. To help countries meet food needs today and in the future, the Bank Group envisages a significant expansion in support of agriculture, which is projected to rise from an average of \$7 billion a year during 2010–12 to between \$8 billion and \$10 billion a year during 2013–15.

The volatility of food prices remains a concern. What was once seen as a short-term, episodic problem increasingly appears to be a long-term reality, persisting at least until 2019 under current forecasts. Despite the recent downward trend, global food prices remain high and volatile by historical standards, driven in part by the increased frequency and intensity of droughts and other weather events. As a result, millions of people are at risk of hunger and malnutrition.

Since July 2012, the Bank's emergency response has been channeled through IDA's Crisis Response Window, a lending mechanism that provides additional resources in times of exceptional economic crises or natural disasters. An Immediate Response Mechanism, designed to allow greater portfolio flexibility, will provide the basis for emergency assistance in the future. In addition, the Bank has channeled \$1.6 billion in emergency funds through the Global Food Crisis Response Program. Besides \$1.2 billion in Bank resources—96 percent of which has been disbursed—grant funding of \$345 million has been made available through three externally funded trust funds.

The Bank administers the Global Agriculture and Food Security Program, a global partnership that supports country-led agriculture and food security plans and helps promote investments, especially for smallholder farmers. So far, eight countries and the Bill & Melinda Gates Foundation have pledged about \$1.3 billion over three years, with \$960 million received. Since its launch, the program has awarded \$658 million in grants to 18 countries. The Bank is also working with the World Food Programme to help feed 22 million children in about 60 countries, as well as coordinating efforts with UN agencies

RESULT



> 1,200 SMEs

(small and medium enterprises) in Turkey were supported by
Bank-funded credit lines in response to the global financial crisis.



3,050 TRADITIONAL SEED VARIETIES

were collected in the Republic of Yemen and stored in gene banks between 2008 and 2010 to preserve agro-biodiversity.

through the High-Level Task Force on the Global Food Security Crisis and with civil society organizations. (See worldbank.org/ard.)

TRANSFORMING LIVES THROUGH INFRASTRUCTURE

Infrastructure development is critical to delivering growth, reducing poverty, and creating jobs. Including transport, water, energy, and information and communications technology, infrastructure support accounts for 37 percent of total fiscal 2013 lending to client countries, representing the World Bank's largest business line.

A three-year strategy adopted in 2012, "Transformation through Infrastructure," is guiding the Bank's work in the sector. The new strategy has stimulated work on "transformational" investments that optimize spatial, low-carbon, inclusive growth and co-benefits. In the strategy's first year, projects ranging from rural electrification and renewable energy development in Bangladesh to hydropower development in Cameroon have been approved.

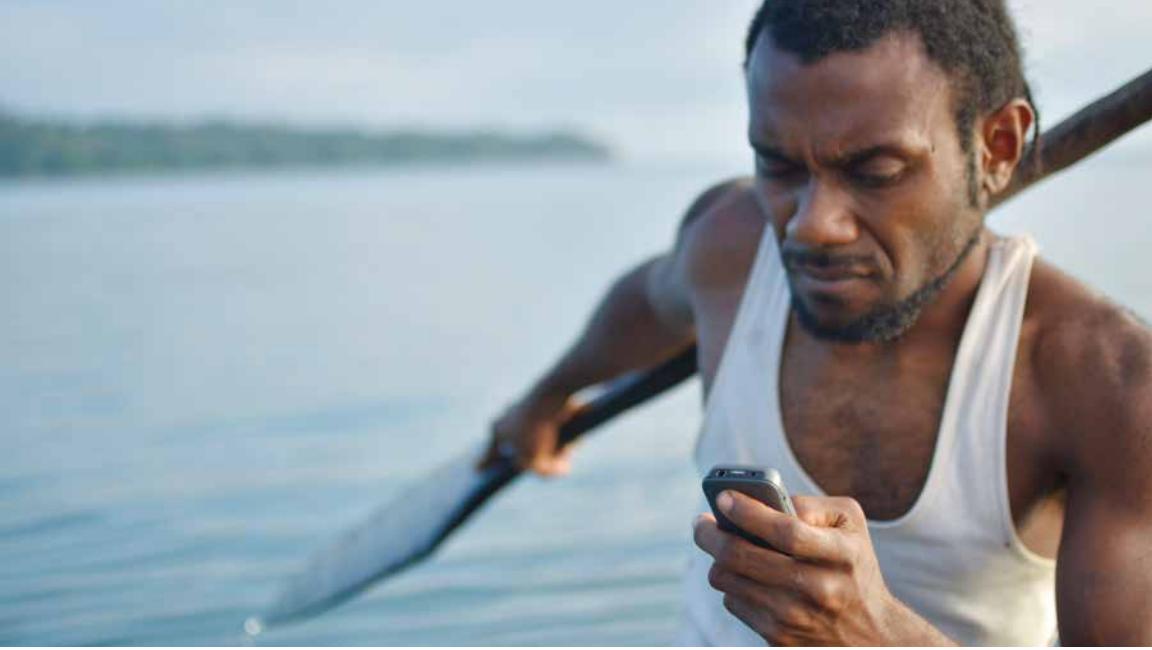
The strategy also prioritizes the mobilization of private capital through the expanded use of private-public partnership arrangements and financial guarantee instruments. Such arrangements are needed because developing countries will require a massive increase in financing from both the public and the private sectors to meet their infrastructure needs in the coming decade. The public sector must ensure that the investment climate will attract private investors. Public financing can also be used to prepare infrastructure projects so that they are investable and improve their risk profile.

Transport accounts for 46 percent of the Bank's infrastructure lending for fiscal 2013. The Safe, Clean, and Affordable transport strategy focuses on developing safe transport services that are respectful of the environment and affordable to the poor. Access to infrastructure services remains a challenge in many countries, with nearly a billion people in rural areas lacking access to all-weather roads. Since fiscal 2002, the Bank has helped to construct or rehabilitate 267,101 kilometers of roads. (See worldbank.org/transport.)

Globally, demand for water is increasing and its quality declining, making water insecurity one of the greatest risks facing the world today. Some 780 million people still lack access to improved water, and 2.5 billion—more than a third of the world's people—do not have basic sanitation. The demand for water resources will grow in the coming decades as the global population reaches 9 billion, requiring a 60 percent increase in agricultural production and a 15 percent increase in already-strained water withdrawals. Climate change is expected to exacerbate the situation by increasing water variability.

The Bank is the world's largest financier of water projects in developing countries, providing \$3.0 billion in lending and grant financing in fiscal 2013, half of which went for supply and sanitation. It prioritizes helping countries improve the management of water resources. The Bank's new vision places water at the core of helping countries build resilience to climate change by mainstreaming it into areas such as energy, agriculture, environment, and disaster risk management and by scaling up critical work in water supply and sanitation. Sharing innovative knowledge and promoting integrated approaches have enabled numerous countries to make smarter investments. For example, the China Hai Basin Project is benefiting more than 20 million people through an integrated approach that promotes better water use and controls pollution. (See worldbank.org/water.)

In July 2012, the Bank released a new information and communications technology (ICT) sector strategy intended to help developing countries use ICT to transform



VANUATU Tom Perry/The World Bank

the delivery of basic services, drive innovations and productivity gains, and improve competitiveness. Together, the World Bank, IFC, and MIGA will work to help countries unlock the opportunities offered by technology. The Bank will provide support for appropriate policy, legal, and regulatory frameworks, as well as catalytic investment in ICT backbone infrastructure; IFC will provide financing and advisory services to mobile operators; and MIGA will provide guarantees to support the rollout of telecommunications networks and services. (See worldbank.org/ict.)

Financing energy-related programs in developing and emerging market countries remains one of the World Bank Group's highest priorities, accounting for about \$8 billion a year, or roughly 15 percent of the Bank Group's total commitments to all sectors. Expanding access to electricity is essential to ending poverty. In Rwanda, for example, the Bank helped the government and other partners provide nearly 1 million people with electricity. The effort tripled household connections, added 1,400 kilometers of new distribution networks, and boosted access to electricity by schools and health centers by 70 percent.

At the 2013 Spring Meetings, President Kim and UN Secretary-General Ban Ki-moon cochaired the inaugural meeting of the Sustainable Energy for All (SE4ALL) advisory board. Its goal is to build support for efforts to guarantee universal access to electricity and safe household fuels, double the rate of improvement of energy efficiency, and double the share of renewable energy in the global energy mix by 2030. An increasingly diverse program of lending and policy advice reflects the determination of many countries to seek lower-carbon energy solutions, including hydropower, and the Bank's commitment to support their pursuit of a sustainable energy path.

In March 2013, the Bank announced a major international effort to expand renewable power generation in developing countries by tapping an underutilized resource: geothermal energy. It called on donors, multilateral banks, governments, and the private sector to join a Global Geothermal Development Plan to better manage and reduce the risks of exploratory drilling to bring what is now a minor renewable energy source into the mainstream and deliver power to millions.

The Bank has urged developing countries to phase out fuel subsidies, which cost \$1.9 trillion worldwide according to a recent report by the International Monetary Fund. Although popular in many countries, these subsidies are often regressive, fiscally onerous, and economically inefficient, and they hamper the development of clean technology. (See worldbank.org/energy.)

RESULT



1.1 MILLION PEOPLE

benefited from new water connections, and 468,000 benefited from new sewer connections in Brazil from 2007 to 2011.

PARTNERING TO MANAGE RISKS AND DISASTERS

The Bank is helping countries prepare for and deal with a wide range of risks, from financial crises to natural disasters, by facilitating access to derivative and capital market solutions for managing sovereign-level risks. Market-based risk management and financing tools can help countries manage vulnerabilities to external shocks associated with market volatility and natural disasters, protecting fiscal sustainability in the process. In fiscal 2013, the Bank executed the equivalent of \$4.8 billion in hedging transactions on behalf of member countries, including the first hedge to help a country manage its currency risk on liabilities owed to a third party. (See treasury.worldbank.org.)

Disaster risk management is increasingly central to Bank business. When disasters strike, the Bank stands ready to support countries with postdisaster needs assessment and recovery and reconstruction planning. In fiscal 2013, the Bank and the Global Facility for Disaster Reduction and Recovery (GFDRR) responded to 12 requests from governments for postdisaster assistance. More than two-thirds of the Bank's Country Partnership Strategies have already started to incorporate disaster risk management; the goal is to bring that figure to 100 percent.

This fiscal year, the Bank executed the first-ever capital markets insurance transaction covering tsunamis in order to help five Pacific Island countries (the Marshall Islands, Samoa, the Solomon Islands, Tonga, and Vanuatu) insure themselves against natural disasters. The transaction was part of the Pacific Catastrophe Risk Insurance Pilot, an initiative supported by the Asian Development Bank, the government of Japan, the GFDRR, and the Secretariat of the Pacific Community.

The Bank continues to engage its global partners in sharing experiences and best practices for managing disaster risks. The Sendai Dialogue, hosted by the government of Japan and the World Bank Group during the 2012 Annual Meetings, convened governments, multilateral institutions, and civil society to share knowledge advancing the integration of risk management into development planning. The conference took place in Sendai, the largest city in the Tohoku region, along the Pacific coast of Japan, which bore the brunt of the 2011 earthquake and tsunami. "Learning from Megadisasters," a knowledge-sharing project sponsored by the government of Japan and the World Bank Institute, is working to share Japan's knowledge on disaster risk management and postdisaster reconstruction with countries vulnerable to disasters. (See wbi.worldbank.org/wbi/megadisasters.) To engage a broader audience, the Bank, along with the GFDRR and Japan's Ministry of Finance, sponsored its first TEDx event on the theme of natural disasters. (See worldbank.org/disasterriskmanagement.)

NEARING THE IDA17 REPLENISHMENT

The current program of resources for IDA (IDA16) is nearly fully committed. IDA16 focused on concrete results in the fields of gender, climate change, fragile and conflict-affected situations, and crisis response. Support from IDA was vital in enabling 20 fragile and

RESULT



CHILD MORTALITY DECREASED

in Djibouti to 68 deaths per 1,000 children under age 5 in 2012
from 124 deaths per 1,000 children under age 5 in 2002.



HAITI Dominic Chavez/The World Bank

conflict-affected states to meet one or more targets under the MDGs, despite enormous economic and political challenges in those countries.

The IDA17 replenishment process will be one of the Bank's top priorities in the coming year. Along with carrying forward the themes of gender, climate change, and fragility and adding the theme of inclusive growth, the overarching theme for IDA17 will be maximizing development impact, including leveraging the collective resources of the World Bank Group. (See worldbank.org/ida/ida-17-replenishment.html.)

COMMITTING TO TRANSPARENCY, ACCOUNTABILITY, AND CORPORATE RESPONSIBILITY

The Bank is actively increasing its operational transparency, opening its knowledge and data to the world and harnessing technology to help find new ways to listen and learn from others. Reaffirming a commitment, the presidents of the World Bank and regional development banks and the Secretary-General of the United Nations signed a Memorandum of Understanding that sets out principles and modes of collaboration to improve the quality and availability of statistics for monitoring development goals. The Bank also advanced its Open Data agenda by introducing an Open Government Data toolkit, an improved version of the World Development Indicators online, and an expanded microdata library. The Bank's online data and visualization applications, including project maps, are now more user-friendly and dynamic. (See data.worldbank.org and maps.worldbank.org.)

The Bank took landmark steps to implement its Policy on Access to Information in fiscal 2013, increasing the number of publicly available documents to 134,000, a 12.4 percent increase over fiscal 2012. More than 1.2 million documents have been downloaded through the policy, evidence of the Bank's commitment to maximize public access to information.

The World Bank Group Open Finances portal was expanded this fiscal year to include IFC and procurement datasets. It is now available in multiple languages and new mobile platforms, including Android. As the world's leading producer of knowledge and expertise on development, the Bank is continuing to expand its Open Knowledge Repository, a one-stop shop for the Bank's research and knowledge outputs. One year after its launch, the repository hosted more than 10,000 documents and recorded more than 1 million downloads, including more than 587,000 documents downloaded from developing countries. (See openknowledge.worldbank.org.)

Combating corruption remains a top priority for the Bank, which is committed to promoting and protecting the integrity of the development projects it supports.

In fiscal 2013, the Bank debarred 47 companies and individuals, and together with other multilateral banks under the cross-debarment agreement, jointly recognized the debarment of 295 entities. Under the cross-debarment agreement, a company declared ineligible from bidding on a World Bank–financed project is also ineligible from bidding on development projects financed by other multilateral development banks that have signed the agreement. The deterrent effect of such action contributes significantly to promoting compliance standards and leveling the playing field for companies interested in development.

Good governance and strong, accountable institutions are crucial for poverty reduction and development effectiveness. The Bank actively encourages governments to become more transparent, more accountable to their citizens, less susceptible to corruption, and better at delivering services. In fiscal 2013, 11.7 percent of Bank lending and grant financing, about \$3.9 billion, went to help countries improve the performance and accountability of their core public sector institutions. Bank projects under implementation during fiscal years 2010–12 helped 57 countries to upgrade their public financial management systems, 28 countries to strengthen their civil service and public administration systems, 27 countries to improve their tax policy and administration, and 11 countries to enhance their procurement systems. The Bank also helps strengthen public expenditure policy accountability through its BOOST tool, which creates user-friendly databases from detailed government expenditure data, facilitates rigorous expenditure analysis, and supports fiscal transparency.

The Bank is committed to independent assessments of its policies, programs, and projects, which help it achieve better development results. These assessments are carried out by the Independent Evaluation Group (IEG), which reports directly to the Board. In fiscal 2013, IEG completed its third evaluation on climate change, which focused on adaptation. It recommended developing reference guidelines for incorporating climate risk management into project and program design, appraisal, and implementation. IEG also conducted sector and thematic evaluations of the World Bank Group's response to the global food crisis; IFC's trade finance program; and Bank programs on innovation and entrepreneurship, management of forest resources, and sustainable transport infrastructure. At the country level, IEG completed evaluations of knowledge-based country programs and Afghanistan. (See ieg.worldbank.org.)

As part of its commitment to managing its corporate environmental and social impact, the Bank measures, reduces, offsets, and reports on the greenhouse gas emissions associated with its global facilities, major meetings, and air travel. In fiscal 2013, the Bank set a goal of reducing its greenhouse gas emissions by 2017 to 10 percent below its 2010 baseline.

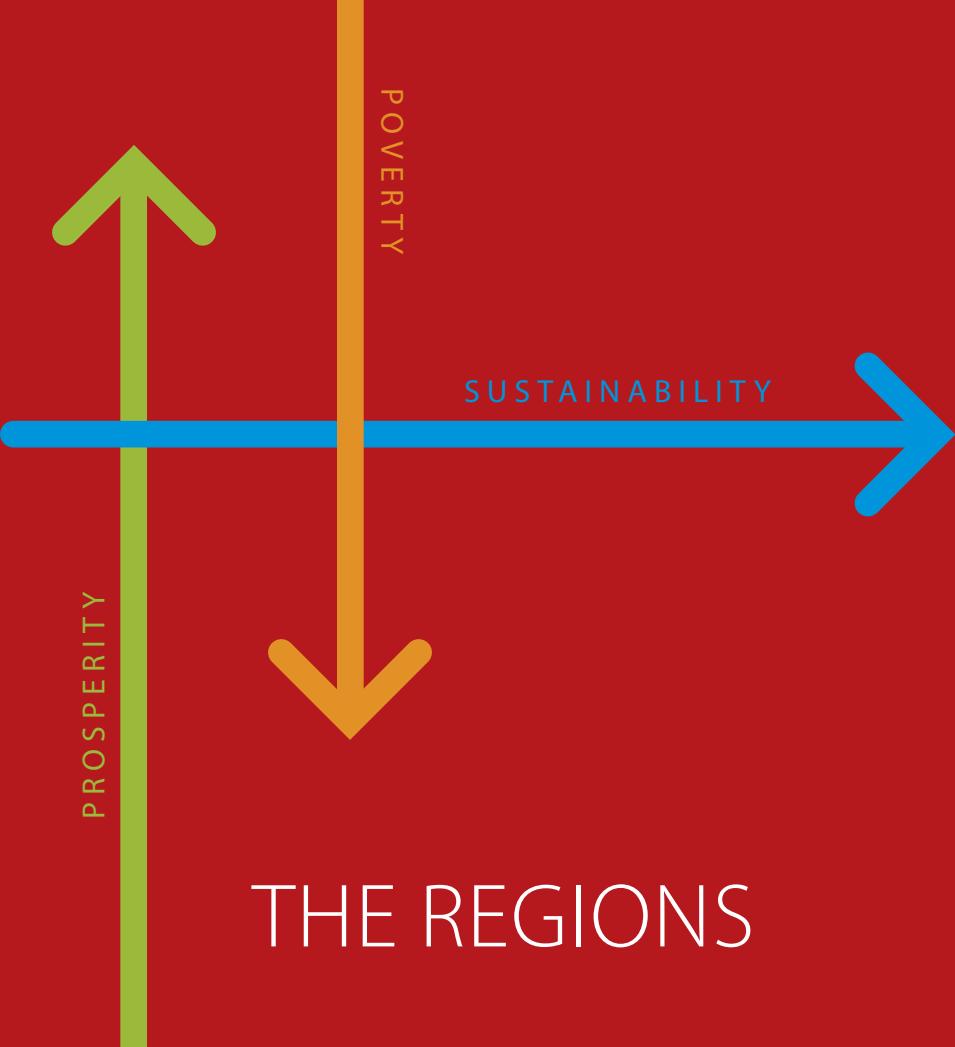
Total emissions for the Bank's global facilities, including those for business travel and major meetings, were approximately 174,000 metric tons of carbon dioxide equivalent in fiscal 2012, the most recent data available. To maintain carbon neutrality, the Bank purchases offsets for corporate emissions that cannot be reduced—Verified Emissions Reduction credits for facilities and travel and Renewable Energy Certificates for electricity consumption. In fiscal 2013, the Bank maintained carbon neutrality with the purchase of verified carbon credits from a run-of-the-river hydropower project in Chile; a bundled wind energy project in Gujarat State, India; and a REDD+ Project in the Democratic Republic of Congo. (See crinfo.worldbank.org.)

RESULT



165,000 PEOPLE

in the rural areas of Samoa became new mobile phone subscribers between 2002 and 2011.



THE REGIONS

The World Bank today operates out of more than 120 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-two percent of Country Directors/Country Managers and 39 percent of staff are based in country offices. The Bank's work in its six geographic regions is as diverse as the member countries within each region. The following section highlights the major goals achieved, projects undertaken, strategies revised, and publications produced in fiscal 2013. Selected results stories are also presented, along with a snapshot of facts and figures about each region. For more information, visit worldbank.org/countries.

- AFRICA
- EAST ASIA AND PACIFIC
- EUROPE AND CENTRAL ASIA
- LATIN AMERICA AND THE CARIBBEAN
- MIDDLE EAST AND NORTH AFRICA
- SOUTH ASIA



SUDAN Sarah Farhat/The World Bank

AFRICA

Economic growth in Sub-Saharan Africa remained robust in 2012. Output increased by an estimated 4.7 percent, and projections for 2013–15 forecast growth of more than 5 percent a year. Poverty has declined, with the share of people living on less than \$1.25 a day falling from 58 percent in 1996 to about 48 percent in 2010. These improvements notwithstanding, enormous development challenges remain.

World Bank assistance

The Bank approved \$8.2 billion for 95 projects this fiscal year. Support included \$42 million from IBRD and \$8.2 billion from IDA. The leading sectors were Transportation (\$1.8 billion); Public Administration, Law, and Justice (\$1.8 billion); and Energy and Mining (\$1.2 billion). Building on the Africa strategy adopted in 2011, the focuses were on energy, transport, education, health, agriculture, social protection, water, and urban development.

Finding regional solutions

Africa's infrastructure deficit imposes a significant economic cost on the continent, reducing growth by up to 2 percentage points a year. Recognizing the need for regional solutions, the Bank is working to support countries in transformational projects that reach beyond a single country. One example is the Kandadji Program, which integrates regional, national, and local efforts and promotes greater synergy among the agriculture, environment, energy, and water sectors in the Niger River Basin. In October 2012, the Bank approved \$203 million to finance Phase 2A of the Niger Basin Water Resources Development and Sustainable Ecosystems Management Program, part of its long-term solution to recurring drought and chronic food and power shortages in the Sahel. This zero-interest loan from IDA will benefit some of the poorest countries in the world. Financed by 10 donors, the program will help to increase food production, generate more electricity, create jobs, and develop economic opportunities for communities in the Niger Basin. It will be part of the West Africa Power Pool, which improves cross-border flows of electricity by integrating national power systems into a unified regional system. Programs like Kandadji will be vital to improving infrastructure in Africa, without which development will falter.

Building resilience in the Sahel

Drought, poor accessibility to food, environmental degradation, displacement, and conflict are expected to result in food insecurity for about 10 million people in the Sahel region in 2013. To address these challenges, the Board of Executive Directors was briefed about the current situation, and in April 2013, presented "The Sahel—Toward a Regional Approach," the region's new strategy to support development and stability in the Sahel. The strategy comprises a comprehensive investment program along two strategic pillars: (1) vulnerability and resilience, and (2) economic opportunity and integration.

COUNTRIES ELIGIBLE FOR WORLD BANK BORROWING*

Angola	Comoros	The Gambia	Mauritania	Seychelles
Benin	Democratic Republic of Congo	Ghana	Mauritius	Sierra Leone
Botswana	Republic of Congo	Guinea	Mozambique	South Africa
Burkina Faso	Côte d'Ivoire	Guinea-Bissau	Namibia	South Sudan
Burundi	Equatorial Guinea	Kenya	Niger	Swaziland
Cameroon	Eritrea	Lesotho	Nigeria	Tanzania
Cape Verde	Ethiopia	Liberia	Rwanda	Togo
Central African Republic	Gabon	Madagascar	São Tomé and Príncipe	Uganda
Chad		Malawi		Zambia
		Mali	Senegal	

* as of June 30, 2013

Improving skills, education, and health

Africans' skills are being developed on many fronts. Through IDA and in partnership with the Global Partnership for Education, the Bank is strengthening basic education.

The Bank is the largest contributor to higher education institutions in Africa. The Africa Centers of Excellence project—a network of high-quality public health laboratories in the cross-border areas of Kenya, Rwanda, Tanzania, and Uganda—could significantly build capacity in science and technology.

At the 2013 Spring Meetings, the Bank and the U.S. Department of State hosted the "Africa Health Forum 2013: Finance and Capacity for Results" in collaboration with Harmonization for Health in Africa. Drawing ministers of finance and health from 30 African countries, the forum sought feedback on the needs of African countries and shared key messages, including the message that better health, nutrition, and population outcomes preceded economic growth around the world and are thus indispensable to development.

The Bank has been spearheading the shift toward greater emphasis on results in health. Initial outcomes from results-based pilot projects in 15 African countries have been promising. The Health Millennium Development Goals Program for Results in Ethiopia, approved in 2013, is the first program to use the Bank's new Program-for-Results (PforR) financing instrument on health in Africa.

Increasing knowledge

The region's knowledge products highlight ideas that change the way practitioners think about African development. *Africa Can Help Feed Africa*, released in 2012, identifies the regulatory barriers to trade and competition that must be removed if Africa is to reach its potential in regional food trade. It suggests that regional trade in staples, which is not being exploited, offers the potential to improve food security and growth.

Growing Africa: Unlocking the Potential of Agribusiness, published in 2013, shows how Africa's farmers and agribusinesses could create a trillion dollar food market by 2030. It recommends engaging with strategic "good practice" investors, strengthening safeguards and land administration systems, and screening investments for sustainable growth.

TABLE 1 AFRICA

REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2011, 2012, AND 2013

	Commitments (\$ millions)			Disbursements (\$ millions)		
	FY11	FY12	FY13	FY11	FY12	FY13
IBRD	\$56	\$147	\$42	\$665	\$488	\$429
IDA	\$7,004	\$7,379	\$8,203	\$4,925	\$5,746	\$5,799

Portfolio of projects under implementation as of June 30, 2013: \$42.5 billion.

AFRICA RESULTS HIGHLIGHTS

- In the **Central African Republic**, with Bank support to a multisector emergency program, 118,862 people were tested for HIV, and antiretroviral treatment was provided to 1,719 people, as of 2012. And about 100,000 insecticide-treated nets were distributed to pregnant women and children under age 5 to prevent malaria.
- In **Kenya**, with support from the World Bank's Water and Sanitation Program, local committees made up of community representatives were established to act as intermediaries between consumers and water service providers. In the program's first two years, the groups solicited over 400 complaints and successfully resolved 97 percent of them, some which had been outstanding for over 3 years.
- The Health Results-Based Financing trust-funded project in **Zimbabwe** provides grants to local hospitals and clinics that remove user fees on maternal and child health services. As of 2012, participating health facilities immunized more than 212,600 children, and 135,921 pregnant women received prenatal care during a visit to a health provider.

For more results, go to worldbank.org/results.

FIGURE 1 AFRICA

IBRD AND IDA LENDING BY SECTOR | FISCAL 2013

SHARE OF TOTAL OF \$8.2 BILLION

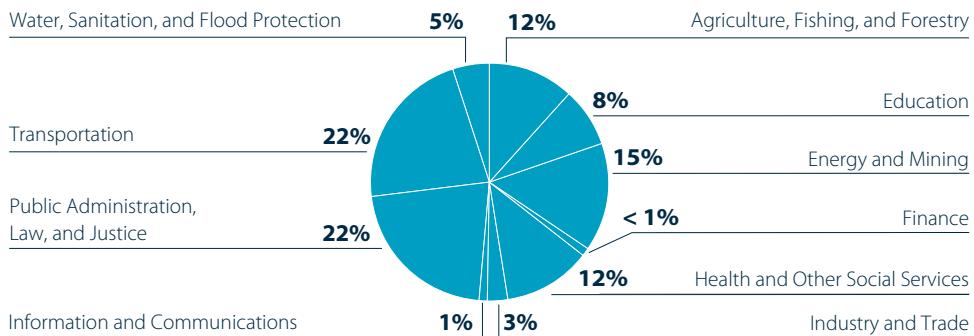
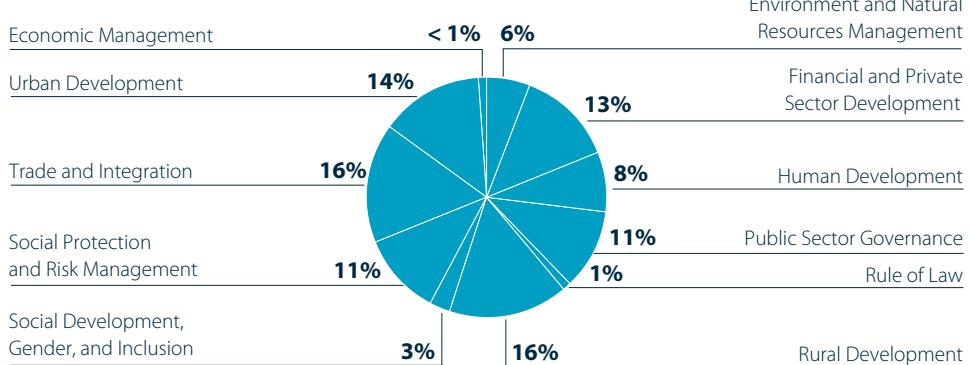


FIGURE 2 AFRICA

IBRD AND IDA LENDING BY THEME | FISCAL 2013

SHARE OF TOTAL OF \$8.2 BILLION





**TABLE 2 AFRICA
REGIONAL SNAPSHOT**

Indicator	2000	2005	Current data ^a	Trend
Total population (millions)	664	756	910	↑
Population growth (annual %)	2.7	2.6	2.7	↓↑
GNI per capita (Atlas method, current US\$)	493	765	1,345	↑
GDP per capita growth (annual %)	0.9	3.0	1.5	↓↑
Population living on less than \$1.25 a day (millions)	376 ^b	395	414	↑
Life expectancy at birth, females (years)	51	53	56	↑
Life expectancy at birth, males (years)	49	51	54	↑
Youth literacy rate, females (% ages 15–24)	62	—	67	↑
Youth literacy rate, males (% ages 15–24)	76	—	76	↑
Labor participation rate, females (% population ages 15+)	61	63	63	↑
Labor participation rate, males (% population ages 15+)	77	76	76	↑
Proportion of seats held by women in national parliaments (% total)	12	16	22	↑
Carbon dioxide emissions (megatons)	552	629	724	↑
Carbon dioxide emissions, per capita (metric tons)	0.8	0.8	0.9	↑

PROGRESS TOWARD THE MDGS

MDG	1990 baseline	Current data ^a	2015 target	Trend + 2015 target
MDG 1.a Extreme poverty (% population below \$1.25 a day, 2005 PPP)	51.3	41.5	25.6	↓
MDG 2.a Primary completion rate (% relevant age group)	52	70	100	↑
MDG 3.a Ratio of girls to boys in primary and secondary education (%)	81	90	100	↑
MDG 4.a Infant mortality rate (per 1,000 live births)	107	69	36	↓
MDG 4.a Under-5 mortality rate (per 1,000)	178	109	59	↓
MDG 5.a Maternal mortality ratio (modeled estimate, per 100,000 live births)	850	500	213	↓
MDG 7.c Access to safe drinking water (% population with access)	48	61	74	↑
MDG 7.c Access to basic sanitation facilities (% population with access)	26	31	63	↑

Note: The MDG targets are indicative at the regional level based on global MDG targets. PPP = purchasing power parity.

a. = The most current data available between 2008 and 2012; visit <http://data.worldbank.org> for data updates.

b. = 1999 data.

● = 2015 MDG target.



VIETNAM Ngan Hong Nguyen/The World Bank

EAST ASIA AND PACIFIC

East Asia and Pacific remained the fastest-growing developing region in the world in 2012. It was an engine of growth during the recent global turmoil, contributing about 40 percent of the increase in global output in 2012. China's growth slowed to 7.8 percent in 2012, down from 9.3 percent in 2011, but growth in the other developing economies of the region rose to 6.2 percent, up from 4.5 percent in 2011.

The proportion of people living in poverty in the region has steadily declined: less than 10 percent of the region's population now lives on \$1.25 a day. Much more work needs to be done to build shared prosperity, however, as close to half a billion people are still living on just \$2 a day.

World Bank assistance

The Bank approved \$6.2 billion for the region for 47 projects this fiscal year. Support included \$3.7 billion in IBRD loans and \$2.6 billion in IDA commitments. The leading sectors were Public Administration, Law, and Justice (\$1.4 billion); Transportation (\$1.1 billion); and Water, Sanitation, and Flood Protection (\$1.1 billion).

The Bank's strategy in the region focuses on five development challenges: poverty reduction and inequality, climate change and disaster risk management, urbanization and infrastructure, governance and institutions, and private sector-led growth and job creation. Growth and job creation are critical for reducing poverty and building shared prosperity, particularly given the high rates of youth unemployment and the informality of the labor market.

Reengaging with Myanmar

A key priority in fiscal 2013 was reengaging with Myanmar after a 25-year absence. In August 2012, the Bank and IFC opened an office in Yangon. A second office is planned in the capital city of Nay Pyi Taw. The new Interim Support Strategy, approved by the Board in November 2012, will guide the Bank's work through March 2014. The Bank also provided a \$440 million credit to support critical reforms and help Myanmar clear its arrears, paving the way for full reengagement. An \$80 million grant is supporting a national, community-driven development project to enable villagers to improve schools, clinics, roads, and the water supply.

Electrifying rural areas

In the Lao People's Democratic Republic, the Bank and IFC continued to support Phase II of the \$35 million Rural Electrification Project, which seeks to extend the electricity grid to rural households and promote off-grid renewable energy throughout the country. The project's Power to the Poor Program provides interest-free credit for poor families—particularly households headed by women—to connect them to the grid. Thanks in part to these efforts, access to electricity has risen from only 15 percent of households in 1995 to more than 80 percent today.

COUNTRIES ELIGIBLE FOR WORLD BANK BORROWING*

Cambodia	Republic of Korea	Federated States of Micronesia	Papua New Guinea	Timor-Leste
China	Lao People's Democratic Republic	Micronesia	Philippines	Tonga
Fiji	Malaysia	Mongolia	Samoa	Tuvalu
Indonesia	Marshall Islands	Myanmar	Solomon Islands	Vanuatu
Kiribati		Palau	Thailand	Vietnam

* as of June 30, 2013

Reducing poverty and inequality

In Indonesia, the Bank is managing a multidonor facility that supports the National Program for Community Empowerment (PNPM), which has generated employment, significantly raised incomes for more than 100 million poor or near-poor people, and built infrastructure that benefits the poor. PNPM Generasi—a pilot program that uses the PNPM platform to improve health and education outcomes—has helped decrease child malnutrition by 9.5 percent and increase primary and junior secondary school enrollment rates by 22–35 percent in pilot areas.

Opening up markets and opportunities in the Pacific

In Kiribati, Samoa, Tonga, and Tuvalu, the Bank is working to open up markets and opportunities by supporting safe and efficient air travel, which is critical to connecting these small island states to one another and to larger markets, as well as supporting tourism. The Pacific Islands Aviation Investment Program is helping to improve airport infrastructure and safety to enable airports to meet international standards. The Bank has also worked to open telecommunications markets across the Pacific, achieving dramatic increases in mobile penetration in Fiji, Papua New Guinea, Samoa, the Solomon Islands, Timor-Leste, and Vanuatu by helping to introduce competition. In less than 10 years, Fiji, Samoa, Tonga, and Vanuatu have reached access levels of more than 70 percent.

Pursuing joint business strategies

The Bank, IFC, and MIGA worked together on business strategies in the region in fiscal 2013. The projects included efforts to improve the financial sector in Indonesia, improve livelihoods through agriculture in Mongolia, expand access to electricity in Myanmar, increase women's empowerment in the Pacific, improve agribusiness in a postconflict zone in the southern part of the Philippines, and promote efficiency and value addition in agriculture in Vietnam. The three institutions are working together on the Singapore Hub, focusing on infrastructure finance and building on the development experience of Singapore and other countries in the region.

Forging knowledge partnerships to deliver solutions

Knowledge is playing an increasingly important role in the Bank's partnerships. This fiscal year, the Bank and China launched a knowledge hub-sharing initiative to help China disseminate practical development experiences within its borders and abroad, with

TABLE 3 EAST ASIA AND PACIFIC

REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2011, 2012, AND 2013

	Commitments (\$ millions)			Disbursements (\$ millions)		
	FY11	FY12	FY13	FY11	FY12	FY13
IBRD	\$6,370	\$5,431	\$3,661	\$3,964	\$3,970	\$3,621
IDA	\$1,627	\$1,197	\$2,586	\$1,238	\$1,484	\$1,764

Portfolio of projects under implementation as of June 30, 2013: \$30.4 billion.

EAST ASIA AND PACIFIC RESULTS HIGHLIGHTS

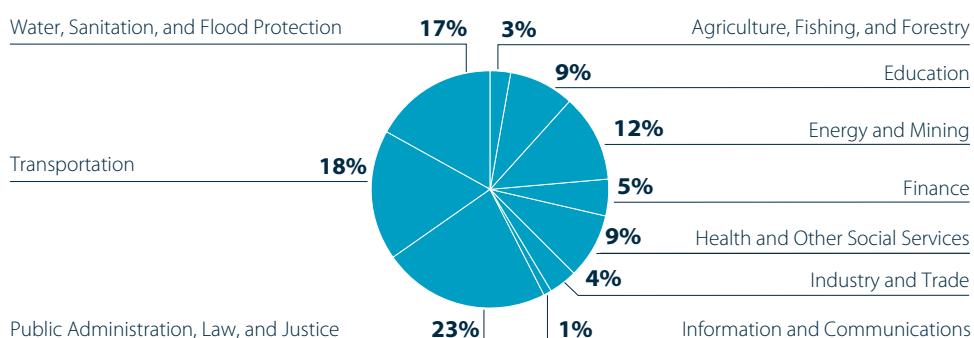
- By the end of 2012, an estimated 3.3 million residents in the **Philippines** benefited from the Manila Third Sewerage Project, which delivered improved sanitation services and better treatment plants. More than 77,000 water connections with sewerage treatment were provided from 2005 to 2012.
- The World Bank–financed Early Childhood Education and Development Project has increased access to services among 3,000 targeted poor villages across **Indonesia** since 2007. To date, approximately 6,000 education centers have been established in 50 districts, and more than half a million children ages 0 to 6 years have attended these centers.
- The Avian and Human Influenza Control, Preparedness, and Response Project strengthened the capacity of **Mongolia**'s emergency agencies, hospitals, and veterinary services to detect and respond to potential outbreaks of infectious diseases, such as an avian and human influenza pandemic. Significant progress was made in the scale and speed with which laboratory test results are processed, enabling faster and more effective treatment of both people and animals.

For more results, go to worldbank.org/results.

an initial focus on urban transport. The World Bank Group also announced plans to open an office in the Republic of Korea to leverage Korea's development experience, including its knowledge of financial sector and private sector development, for the benefit of countries in the region and beyond. The Bank continues to build partnerships with the Asia-Pacific Economic Cooperation (APEC), the Asian Development Bank (ADB), the Association of Southeast Asian Nations (ASEAN), the Australian Government Overseas Aid Program (AusAID), the Japan International Cooperation Agency (JICA), the Pacific Island Forum, and many other partners in order to maximize development impact.

**FIGURE 3 EAST ASIA AND PACIFIC
IBRD AND IDA LENDING BY SECTOR | FISCAL 2013**

SHARE OF TOTAL OF \$6.2 BILLION



**FIGURE 4 EAST ASIA AND PACIFIC
IBRD AND IDA LENDING BY THEME | FISCAL 2013**

SHARE OF TOTAL OF \$6.2 BILLION

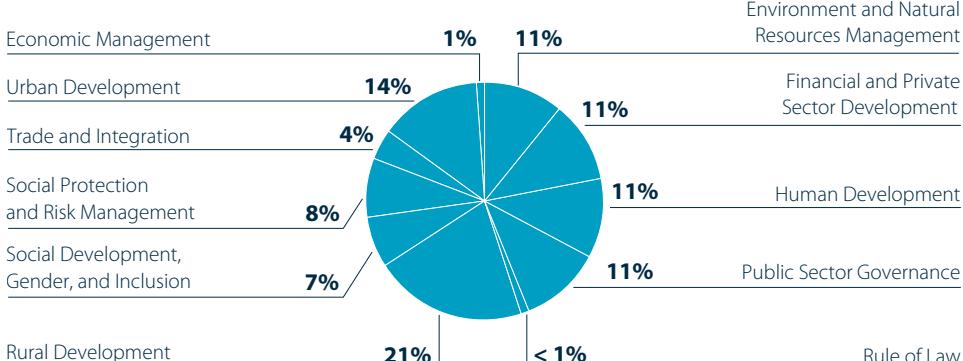




TABLE 4 EAST ASIA AND PACIFIC
REGIONAL SNAPSHOT

Indicator	2000	2005	Current data ^a	Trend
Total population (millions)	1,812	1,893	1,992	
Population growth (annual %)	1.0	0.8	0.7	
GNI per capita (Atlas method, current US\$)	899	1,612	4,885	
GDP per capita growth (annual %)	6.4	8.8	6.7	
Population living on less than \$1.25 a day (millions)	656 ^b	332	251	
Life expectancy at birth, females (years)	72	73	74	
Life expectancy at birth, males (years)	68	69	71	
Youth literacy rate, females (% ages 15–24)	98	—	99	
Youth literacy rate, males (% ages 15–24)	98	—	99	
Labor participation rate, females (% population ages 15+)	68	66	65	
Labor participation rate, males (% population ages 15+)	83	82	81	
Proportion of seats held by women in national parliaments (% total)	17	17	18	
Carbon dioxide emissions (megatons)	4,219	6,883	8,934	
Carbon dioxide emissions, per capita (metric tons)	2.3	3.6	4.6	

PROGRESS TOWARD THE MDGs

MDG	1990 baseline	Current data ^a	2015 target	Trend + 2015 target
MDG 1.a Extreme poverty (% population below \$1.25 a day, 2005 PPP)	54.9	12.9	27.4	●
MDG 2.a Primary completion rate (% relevant age group)	100	97	100	Met at outset
MDG 3.a Ratio of girls to boys in primary and secondary education (%)	88	102	100	●
MDG 4.a Infant mortality rate (per 1,000 live births)	42	17	14	●
MDG 4.a Under-5 mortality rate (per 1,000)	56	21	19	●
MDG 5.a Maternal mortality ratio (modeled estimate, per 100,000 live births)	220	83	55	●
MDG 7.c Access to safe drinking water (% population with access)	68	90	84	●
MDG 7.c Access to basic sanitation facilities (% population with access)	30	66	65	●

Note: The MDG targets are indicative at the regional level based on global MDG targets. PPP = purchasing power parity.

a. = The most current data available between 2008 and 2012; visit <http://data.worldbank.org> for data updates.

b. = 1999 data.

● = 2015 MDG target.



AZERBAIJAN Allison Kwesell/The World Bank

EUROPE AND CENTRAL ASIA

GDP growth in Europe and Central Asia was uneven in 2012. In Central and Southeastern Europe, output declined, and growth is forecast to be anemic in 2013. In the Commonwealth of Independent States, recovery was more resilient, thanks largely to high commodity prices, but growth rates still remain below their precrisis levels. These countries and Turkey are forecast to grow about 4 percent in 2013.

World Bank assistance

The Bank approved \$5.3 billion for the region for 42 projects this fiscal year. Support included \$4.6 billion in IBRD loans and \$729 million in IDA commitments. The leading sectors were Public Administration, Law, and Justice (\$1.3 billion); Finance (\$1.2 billion); and Transportation (\$916 million). Lending was guided by a strategy based on three pillars: economic competitiveness, social inclusion, and climate action. In addition to its lending and technical assistance, the Bank produced important research on the region this fiscal year.

Middle-income countries requiring services that cannot be fully funded by the Bank's own resources are increasingly using Reimbursable Advisory Services (RAS). Through RAS agreements, the Bank provides clients with analytic and advisory services to help advance their development objectives. In fiscal 2013, the Bank signed 35 RAS agreements with eight countries in the region, along with two regional RAS agreements, focusing on such issues as innovation, competitiveness, real estate modernization, agricultural administration, and governance.

Increasing economic competitiveness

Increasing competitiveness requires improving governance and the investment climate, providing stable and effective financial intermediation, upgrading the skills of the labor force, building and maintaining energy and transport infrastructure, and increasing the efficiency of public spending. To achieve these goals, the Bank has helped to modernize tax administration in Armenia and Romania; improve roads in Armenia and Serbia; improve the business environment and policies conducive to innovation in Croatia, Georgia, and the Russian Federation; increase access to finance for small and medium enterprises in Turkey; and stabilize public finances and strengthen financial sector regulations in the former Yugoslav Republic of Macedonia.

Findings in the regional report *Eurasian Cities: New Realities along the Silk Road* show that the cities of Eurasia need readjusting in order to be competitive in a market economy. Policy makers can support this transformation through better urban planning, faster transport and communication connections, integrated public services, and more efficient financing—actions some of the most progressive cities in the region have already undertaken.

COUNTRIES ELIGIBLE FOR WORLD BANK BORROWING*

Albania	Bulgaria	Kosovo	Montenegro	Tajikistan
Armenia	Croatia	Latvia	Poland	Turkey
Azerbaijan	Georgia	Former Yugoslav Republic of Macedonia	Romania	Turkmenistan
Belarus	Kazakhstan	Moldova	Russian Federation	Ukraine
Bosnia and Herzegovina	Kyrgyz Republic		Serbia	Uzbekistan

* as of June 30, 2013

Fostering social inclusion

The Bank is working with countries in the region to improve the efficiency of their social safety nets, adjust these programs so that they provide incentives for labor force participation, and increase access to better health care and education. In Armenia and Uzbekistan, it is helping to improve health services. In the Kyrgyz Republic and Moldova, it is working with the governments to improve the quality and accountability of schools.

The Bank focused attention on two long-term challenges in the region this fiscal year: jobs and pensions. It also published a regional report on health, *Getting Better: Improving Health System Outcomes in Europe and Central Asia*, which explores the challenges facing the health sector and identifies key policies for improving health system outcomes and achieving faster convergence with the world's best-performing systems.

Addressing the challenges of climate action

Climate change is putting stress on the land, water, and energy resources in the region, which decades of environmental mismanagement have left highly vulnerable to even modest increases in global warming. To deal with the risks, the Bank is acting on a number of fronts. It is financing disaster risk mitigation and climate change mitigation in Moldova, supporting reforms to provide incentives for efficient energy use in Turkey, and investing in sustainable forest management and enhanced environmental resilience in Uzbekistan.

The Bank published four new studies on climate change in fiscal 2013. *Growing Green: The Economic Benefits of Climate Action* provides practical policy options for achieving a greener growth path by prioritizing investments in energy efficiency, expanding the use of cleaner energy, and improving natural resources management. *Energy Efficiency: Lessons Learned from Success Stories* analyzes the policies of countries in the European Union that have improved energy efficiency the most. *Balancing Act: Cutting Energy Subsidies While Protecting Affordability* demonstrates how to ensure that climate action supports social inclusion by addressing the social impacts of higher energy prices. *Looking Beyond the Horizon: How Climate Change Impacts and Adaptation Responses Will Reshape Agriculture in Eastern Europe and Central Asia* shows that priority measures for adapting to climate change can increase agricultural productivity and contribute to development goals.

TABLE 5 EUROPE AND CENTRAL ASIA

REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2011, 2012, AND 2013

	Commitments (\$ millions)			Disbursements (\$ millions)		
	FY11	FY12	FY13	FY11	FY12	FY13
IBRD	\$5,470	\$6,233	\$4,591	\$6,873	\$5,654	\$3,583
IDA	\$655	\$362	\$729	\$585	\$482	\$468

Portfolio of projects under implementation as of June 30, 2013: \$24.6 billion.

EUROPE AND CENTRAL ASIA RESULTS HIGHLIGHTS

- In 2009, Armenia launched the Access to Finance for Small and Medium Enterprises Project with World Bank support. Under the project, businesses had access to loans with better interest and repayment terms than many banks could otherwise offer. Between 2009 and 2012, more than 7,500 SMEs had taken out credit lines to sustain their businesses.
- In Tajikistan, with funding from the European Union Food Price Crisis Response Trust Fund administered by the Bank between November 2010 and December 2011, more than 402,000 man/days of work were created for 10,600 people, which benefited more than 302,000 people among the most food insecure rural population.
- In Turkey, the Bank supported a participatory approach to natural resource management in Anatolia that led to improvements in rural livelihoods. Between 2005 and 2012, land rehabilitation increased household incomes from microcatchments by 53 percent, increased vegetative cover by 77 percent, and improved soil fertility on sloping lands by more than 20 percent.

For more results, go to worldbank.org/results.

FIGURE 5 EUROPE AND CENTRAL ASIA

IBRD AND IDA LENDING BY SECTOR | FISCAL 2013

SHARE OF TOTAL OF \$5.3 BILLION

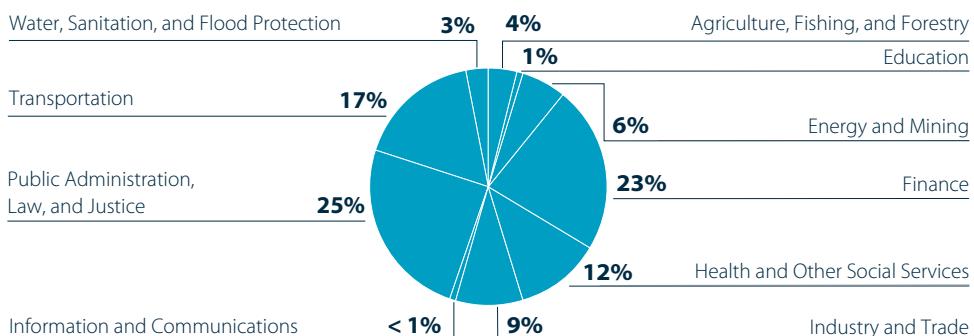


FIGURE 6 EUROPE AND CENTRAL ASIA

IBRD AND IDA LENDING BY THEME | FISCAL 2013

SHARE OF TOTAL OF \$5.3 BILLION

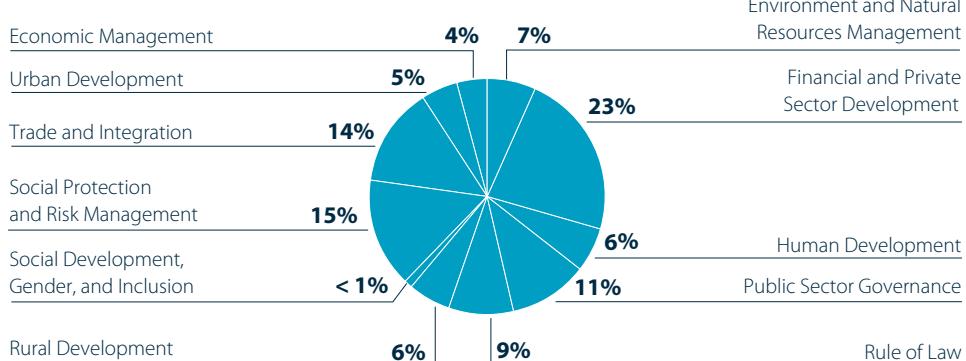
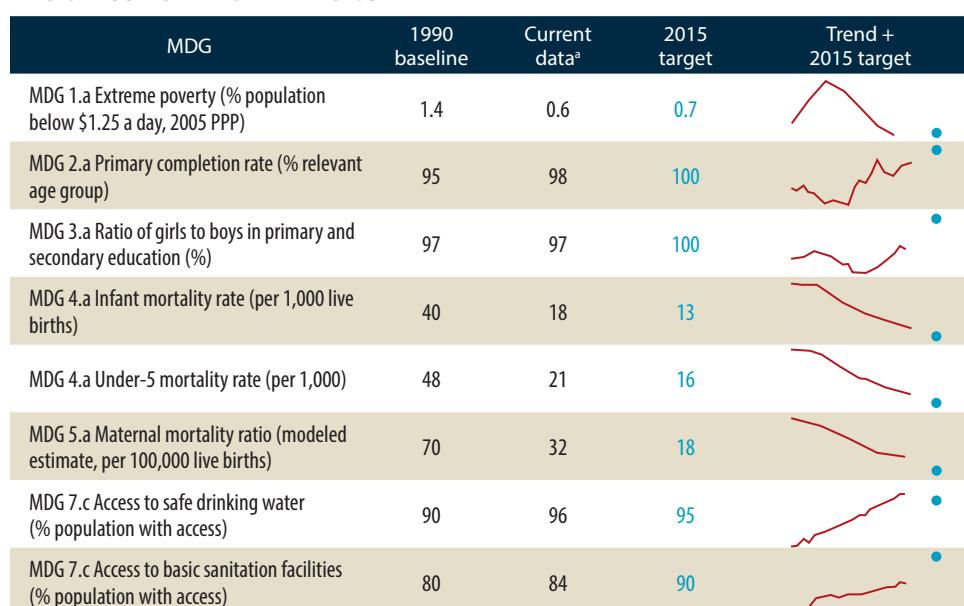




TABLE 6 EUROPE AND CENTRAL ASIA
REGIONAL SNAPSHOT

Indicator	2000	2005	Current data ^a	Trend
Total population (millions)	257	260	272	
Population growth (annual %)	0.3	0.4	0.7	
GNI per capita (Atlas method, current US\$)	1,907	3,493	6,655	
GDP per capita growth (annual %)	5.5	6.6	1.5	
Population living on less than \$1.25 a day (millions)	18 ^b	6	3	
Life expectancy at birth, females (years)	73	74	75	
Life expectancy at birth, males (years)	65	66	68	
Youth literacy rate, females (% ages 15–24)	98	—	99	
Youth literacy rate, males (% ages 15–24)	99	—	99	
Labor participation rate, females (% population ages 15+)	46	44	46	
Labor participation rate, males (% population ages 15+)	69	68	69	
Proportion of seats held by women in national parliaments (% total)	7	11	17	
Carbon dioxide emissions (megatons)	1,191	1,313	1,345	
Carbon dioxide emissions, per capita (metric tons)	4.6	5.0	5.1	

PROGRESS TOWARD THE MDGS



Note: The MDG targets are indicative at the regional level based on global MDG targets. PPP = purchasing power parity.

a. = The most current data available between 2008 and 2012; visit <http://data.worldbank.org> for data updates.

b. = 1999 data.

● = 2015 MDG target.



NICARAGUA Maria Victoria Ojea/The World Bank

LATIN AMERICA AND THE CARIBBEAN

GDP in Latin America and the Caribbean grew 3 percent in 2012. Growth is expected to remain robust, at 3.5 percent, as strong domestic demand compensates for weak global economic conditions.

Steady growth and sound economic policies improved the lives of millions in the region over the past decade, with more than 70 million people lifted out of poverty and 50 million joining the ranks of the middle class between 2003 and 2011. For the first time ever, the number of people belonging to the middle class surpassed the number of poor, a sign that Latin America and the Caribbean is progressing toward becoming a middle-class region.

World Bank assistance

The Bank approved \$5.2 billion for 41 projects this fiscal year. Support included \$435 million from IDA and \$4.8 billion in IBRD commitments. The leading sectors were Public Administration, Law, and Justice (\$2.1 billion); Health and Other Social Services (\$891 million); and Transportation (\$694 million). The Bank's focus is on improving opportunities for the bottom 40 percent of the population by ensuring them better access to basic services, including education and health, without neglecting environmental sustainability in the region.

In line with the World Bank's overall strategy to reduce poverty and promote shared prosperity, its work in the region will continue to address the five core areas that follow.

Promoting shared prosperity

Despite the impressive gains of the past decade, the region remains unequal, with some 82 million people living on less than \$2.50 per day. Creating opportunities for the vulnerable is at the top of the Bank's regional agenda. Another priority is to carve out a greater economic role for women. More than 70 million women joined the labor market in the past decade, but income disparities and balancing work and family life still remain large issues.

Boosting growth and productivity

The region's extraordinary recent growth and its ability to weather the global recession contrast with outcomes in other regions, including developed countries. However, to move forward, productivity will need to improve. The educational system does not meet global standards, infrastructure is outdated, and logistics costs are high. Throughout Central America, expanding trade integration and logistics is a priority. It is essential, for example, to unclog the bottlenecks associated with transport, customs clearance, and rural roads, which make it 10 times more expensive to ship tomatoes from Costa Rica to Nicaragua than to California.

Building more efficient states

Access to quality public services remains a challenge. Citizens have high expectations, yet in many countries, the government lacks the capacity to meet their demands. About 7 percent of the population does not have access to safe water, and 20 percent of Latin

COUNTRIES ELIGIBLE FOR WORLD BANK BORROWING*

Antigua and Barbuda	Colombia	Guatemala	Panama	Suriname
Argentina	Costa Rica	Guyana	Paraguay	Trinidad and Tobago
Belize	Dominica	Haiti	Peru	Uruguay
Plurinational State of Bolivia	Dominican Republic	Honduras	St. Kitts and Nevis	República Bolivariana de Venezuela
Brazil	Ecuador	Jamaica	St. Lucia	
Chile	El Salvador	Mexico	St. Vincent and the Grenadines	
	Grenada	Nicaragua		

* as of June 30, 2013

Americans still lack access to sanitation. Citizen security is another development challenge for many countries, especially small ones. Law enforcement, security, and health care costs amount to almost 8 percent of Central America's GDP, 5 percent of Brazil's, and 3.7 percent of Jamaica's. Governments are eager to develop an integrated response to growing crime and violence. The Bank has been supporting these efforts through financing as well as with high-level knowledge exchanges. Looking for novel approaches to gender violence, a Bank-supported regionwide hackathon produced several mobile applications to fight a scourge that affects about half of the female population in parts of Central America.

Supporting inclusive and sustainable growth

The region has served as a global laboratory for some of the most innovative practices for sustaining natural wealth. Accounting for only 6 percent of global greenhouse gas emissions from the power sector, the region has the lowest carbon energy matrix of the developing world. It has also adopted payment schemes for preserving the environment. But the economic bonanza of recent years has led to exploding urbanization: over 80 percent of the region's population lives in cities. Inclusive and sustainable growth is paramount for the region's development and for preserving natural resources for future generations.

Preparing for natural hazards

The region is home to 9 of the top 20 countries exposed to natural disasters, and the effects of such hazards cost governments about \$2 billion annually. Countries have become more disaster savvy, but a greater shift toward prevention is needed. The Bank provides tools and mechanisms to boost resilience, including cutting-edge instruments, such as catastrophic risk insurance. For example, since the 2010 earthquake in Haiti, the Bank has provided housing grants to more than 60,000 people, which have allowed them to move from camps to safer housing. It has upgraded neighborhoods with wider roads, better lighting, and fortified ravines, and has repaired or rebuilt homes. In other parts of the region, such as Colombia, Honduras, and Mexico, the Bank is supporting comprehensive disaster risk management strategies.

Working with member countries

The World Bank supports the region's broad agenda by tailoring its diverse financial, knowledge, and convening services to the region's diverse needs. The Bank helped to

TABLE 7 LATIN AMERICA AND THE CARIBBEAN

REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2011, 2012, AND 2013

	Commitments (\$ millions)			Disbursements (\$ millions)		
	FY11	FY12	FY13	FY11	FY12	FY13
IBRD	\$9,169	\$6,181	\$4,769	\$8,376	\$6,726	\$5,308
IDA	\$460	\$448	\$435	\$322	\$342	\$273

Portfolio of projects under implementation as of June 30, 2013: \$30.8 billion.

LATIN AMERICA AND THE CARIBBEAN RESULTS HIGHLIGHTS

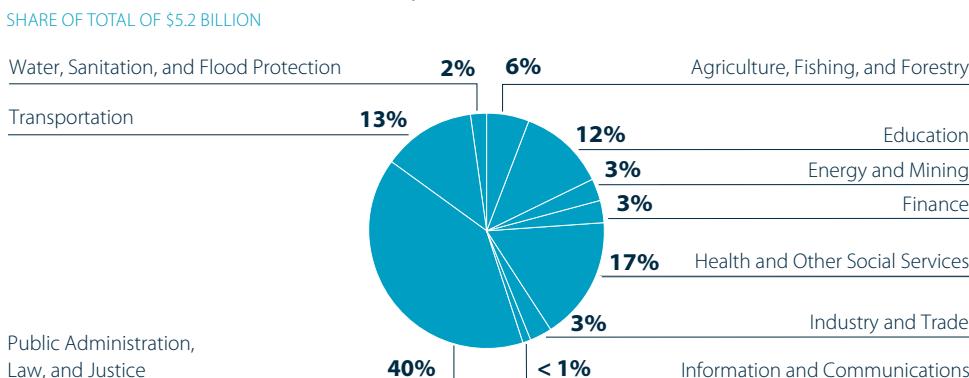
- The Procurement Reform Project launched in **Mexico** in December 2009 eliminated nearly 600 obsolete regulations and improved transparency. In three years, the project saved \$1 billion and boosted electronic processing from 30,000 transactions to more than 70,000. It increased the participation of small and medium enterprises to 36 percent of contracts awarded in one year.
- In **Haiti**, the Rural Water Supply and Sanitation Project succeeded in giving clean water access to more than 33,000 people over the past four years. The project also improved sanitation conditions for 3,700 students and teachers in six communities with the construction of school latrines.
- Argentina** is the pilot country for a project to reduce traffic fatalities. The project created the Ibero-American Road Safety Observatory, a virtual platform in which 22 countries exchange experiences and gather statistics crucial for effective policy solutions. Argentina reduced its drunk-driving rates in three years by 50 percent and its fatalities in two years by 10 percent.

For more results, go to worldbank.org/results.

address pressing needs through development project financing; innovative mechanisms, such as the Climate Investment Funds; and in-depth development research, such as the 2012 flagship report *Economic Mobility and the Rise of the Latin American Middle Class*.

As the conditions in member countries evolve, the Bank will continue to partner with them to focus efforts on their development priorities. New Country Partnership Strategies for Guatemala and Nicaragua, for example, support government efforts to enhance competitiveness and sustainable growth and to move toward a more equitable society. An Interim Strategy for Haiti focuses on long-term development, capacity building, and the provision of social services to all citizens.

**FIGURE 7 LATIN AMERICA AND THE CARIBBEAN
IBRD AND IDA LENDING BY SECTOR | FISCAL 2013**



**FIGURE 8 LATIN AMERICA AND THE CARIBBEAN
IBRD AND IDA LENDING BY THEME | FISCAL 2013**

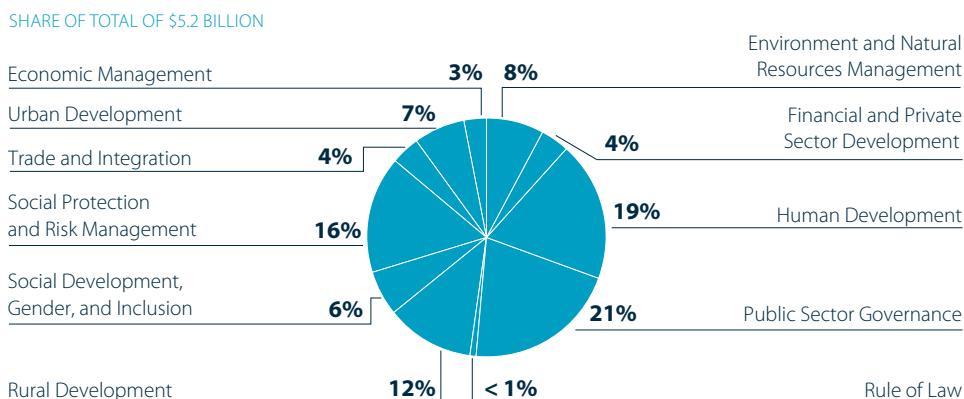




TABLE 8 LATIN AMERICA AND THE CARIBBEAN
REGIONAL SNAPSHOT

Indicator	2000	2005	Current data ^a	Trend
Total population (millions)	500	536	581	↑
Population growth (annual %)	1.5	1.3	1.2	↓
GNI per capita (Atlas method, current US\$)	3,731	4,326	9,025	↑↑
GDP per capita growth (annual %)	3.0	3.2	1.8	↓↑
Population living on less than \$1.25 a day (millions)	60 ^b	48	32	↓
Life expectancy at birth, females (years)	75	76	77	↑
Life expectancy at birth, males (years)	68	70	71	↑
Youth literacy rate, females (% ages 15–24)	97	—	97	↑
Youth literacy rate, males (% ages 15–24)	96	—	97	↑
Labor participation rate, females (% population ages 15+)	48	52	54	↑
Labor participation rate, males (% population ages 15+)	81	81	80	↓
Proportion of seats held by women in national parliaments (% total)	16	21	25	↑
Carbon dioxide emissions (megatons)	1,225	1,371	1,459	↑
Carbon dioxide emissions, per capita (metric tons)	2.4	2.6	2.6	↑

PROGRESS TOWARD THE MDGS

MDG	1990 baseline	Current data ^a	2015 target	Trend + 2015 target
MDG 1.a Extreme poverty (% population below \$1.25 a day, 2005 PPP)	11.5	5.3	5.7	↓
MDG 2.a Primary completion rate (% relevant age group)	83	102	100	↑
MDG 3.a Ratio of girls to boys in primary and secondary education (%)	101	102	100	Met at outset
MDG 4.a Infant mortality rate (per 1,000 live births)	428	16	14	↓
MDG 4.a Under-5 mortality rate (per 1,000)	53	19	18	↓
MDG 5.a Maternal mortality ratio (modeled estimate, per 100,000 live births)	140	81	35	↓
MDG 7.c Access to safe drinking water (% population with access)	86	94	93	↑
MDG 7.c Access to basic sanitation facilities (% population with access)	68	79	84	↑

Note: The MDG targets are indicative at the regional level based on global MDG targets. PPP = purchasing power parity.

a. = The most current data available between 2008 and 2012; visit <http://data.worldbank.org> for data updates.

b. = 1999 data.

● = 2015 MDG target.



WEST BANK AND GAZA Arne Hoel/The World Bank

MIDDLE EAST AND NORTH AFRICA

Historic political and economic changes continued to reshape the Middle East and North Africa, with the pace and nature of change differing widely across countries. Whether these political changes will be meaningful depends on the extent to which they lead to concrete social and economic improvements—particularly job creation for the millions of unemployed people, especially youth. Job-creating economic growth is thus critical in this region.

Regional GDP grew 6.4 percent in 2012, up from 3.1 percent in 2011, when political turmoil dampened growth. The projected slowdown in growth to 3.8 percent in 2013 largely reflects a return to more sustainable growth in some oil-exporting countries, whose growth surged in 2012, offsetting a similar drop the previous year. Only 2 percent of the region's population lives in extreme poverty (on less than \$1.25 a day), but almost 14 percent—4 million people—live on less than \$2 a day.

World Bank assistance

Bank support reached \$2.1 billion for 16 projects in fiscal 2013, including \$1.8 billion from IBRD and \$249 million from IDA. The Bank also committed \$56.4 million in special financing for the West Bank and Gaza.

In addition to its financing, the Bank delivered 74 economic and sector work products and nonlending technical assistance products to the region. The Reimbursable Advisory Services (RAS) framework allows the Bank not only to work with client governments but also to provide analytic and advisory services to subnational governments, state-owned enterprises, nongovernmental organizations, and multilateral institutions. In recent years, the Bank increased the services it provides to members of the Gulf Cooperation Council via RAS agreements. The focuses of these agreements have been on employment, water security, education, urban development, and energy security.

In response to the momentous political transformations in the region, the Bank developed a new framework for engagement. In addition to listening to new governments in order to build programs of support that meet their specific development goals, the Bank expanded its consultations to include a broad range of stakeholders across civil society whose voices were less accessible under earlier regimes. Building on the demands of the Arab Spring and the reform efforts under way, the new framework is based on four main pillars—governance, inclusion, jobs, and sustainable growth—with cross-cutting beams of regional and global integration, gender, and private sector development. The Bank also created the MENA Transition Fund, with an initial capitalization of \$250 million, at the request of the Deauville Partnership led by the countries of the Group of Eight (G-8) and the Gulf. Implemented in partnership with 11 international organizations in six transition economies (the Arab Republic of Egypt, Jordan, Libya, Morocco, Tunisia, and the Republic of Yemen), the fund will provide technical assistance on implementing policy and institutional reforms under those pillars.

COUNTRIES ELIGIBLE FOR WORLD BANK BORROWING*

Algeria
Djibouti
Arab Republic
of Egypt

Islamic Republic
of Iran
Iraq

Jordan
Lebanon
Libya

Morocco
Tunisia
Republic of Yemen

This section also reports on the West Bank and Gaza.

* as of June 30, 2013

Strengthening governance

Transparency and accountability are crucial to creating responsive states that are held accountable for their actions. The Bank is seeking to improve both in a variety of ways. The new \$500 million Development Policy Loan to Tunisia fosters more transparent public governance and improvements in the delivery of social services. In the Republic of Yemen, in addition to supporting the national dialogue with knowledge assistance, the Bank created a new Government and Civil Society Organization Partnership and approved a \$5 million Public Financial Management Loan to enhance public sector capacity in this critical area.

Increasing social and economic inclusion

This fiscal year, the Bank released *Inclusion and Resilience: The Way Forward for Social Safety Nets in the Middle East and North Africa Region*. The report shows how safety nets in the region can be enhanced to build human capital, prevent destitution, and replace untargeted and inefficient subsidies.

The Bank is supporting economic measures and other efforts to enhance the voice and participation of women and minorities in the region. In fiscal 2013, it provided \$30 million to a social promotion project in Lebanon that focuses on marginalized populations. Larger projects in Morocco and the Republic of Yemen are seeking to improve educational outcomes, including those for underserved populations. Additional funding to the Yemen Social Fund will enhance its ability to deliver services to the poor.

Creating jobs

Sustainable private sector jobs—particularly for youth and women—are critical to both economic development and political stability in the region. To help countries create these jobs, the Bank published *Jobs for Shared Prosperity: Time for Action in the Middle East and North Africa*, which identifies steps for breaking out of the trap of high unemployment and slow growth. The Bank also financed a \$70 million Micro, Small, and Medium Enterprises Development for Inclusive Growth Project in Jordan. In Lebanon, it provided \$30 million to a project that provides financing to start-ups. In Morocco, a \$160 million loan focuses on improving the business environment.

In March, the Bank released *Opening Doors: Gender Equality and Development in the Middle East and North Africa*, according to which young women in many countries in the region face unemployment rates as high as 40 percent. The report provides hard evidence of the need to create a large and diverse set of job opportunities, for both women and men.

TABLE 9 MIDDLE EAST AND NORTH AFRICA

REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2011, 2012, AND 2013

	Commitments (\$ millions)			Disbursements (\$ millions)		
	FY11	FY12	FY13	FY11	FY12	FY13
IBRD	\$1,942	\$1,433	\$1,809	\$768	\$1,901	\$1,786
IDA	\$123	\$80	\$249	\$185	\$102	\$200

Portfolio of projects under implementation as of June 30, 2013: \$9.0 billion.

MIDDLE EAST AND NORTH AFRICA RESULTS HIGHLIGHTS

- Between 2006 and 2011, classroom expansion projects in **Djibouti** increased access to primary school to more than 7,000 children, including approximately 3,300 girls. More than 3,700 school staff received training over this period, including teachers, directors, and pedagogical advisers.
- Additional financing to the First Municipal Infrastructure Project in **Lebanon** contributed to the reconstruction of public infrastructure in 178 municipalities, including 175 km of roads, more than 10 km of storm water drains, and more than 48 km of retaining walls. It directly benefited an estimated 375,427 people with restored basic services and economic development opportunities.
- A Bank-supported program in **Morocco** has helped improve the solid waste sector's governance and professionalize its collection services. Collection services benefit 12 million people, or 66 percent of the urban population, and the percentage of collected waste disposed in sanitary landfills rose from 10 percent to 32 percent during 2008–11.

For more results, go to worldbank.org/results.

Accelerating sustainable growth

Climate-friendly growth is needed to manage stresses on natural resources. To promote such growth, the Bank is supporting a variety of projects in the region. In Ouarzazate, Morocco, the largest solar power project in the world—supported by the Bank, IFC, the Clean Technology Fund, and multiple partners in the form of a public-private partnership—came to financial close in May 2013. In Djibouti, a \$6 million geothermal power project will spur economic growth through green technologies. A \$130 million loan to Morocco will improve access to solid waste collection and disposal services in urban areas, and create up to 70,000 jobs in waste recycling activities. In the Republic of Yemen, a \$40 million road assets management project will help relieve road transport bottlenecks.

FIGURE 9 MIDDLE EAST AND NORTH AFRICA

IBRD AND IDA LENDING BY SECTOR | FISCAL 2013

SHARE OF TOTAL OF \$2.1 BILLION

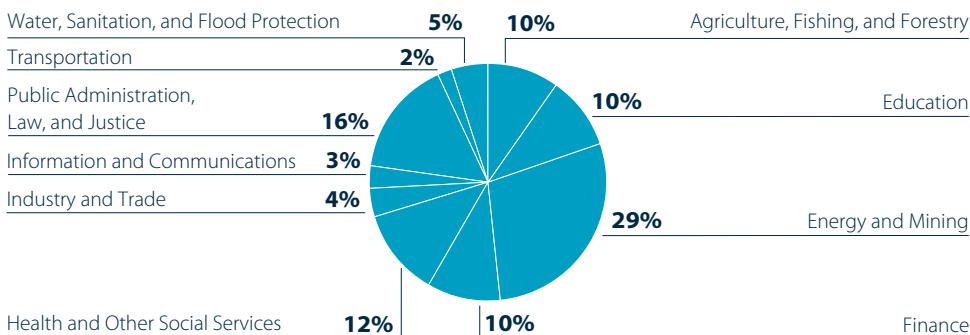


FIGURE 10 MIDDLE EAST AND NORTH AFRICA

IBRD AND IDA LENDING BY THEME | FISCAL 2013

SHARE OF TOTAL OF \$2.1 BILLION

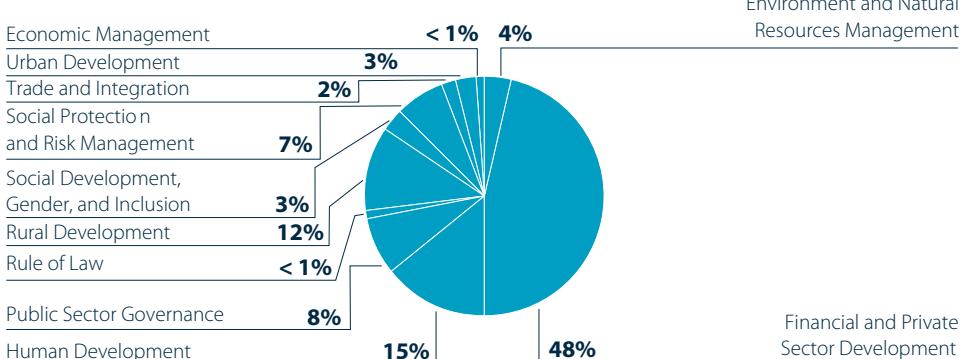




TABLE 10 MIDDLE EAST AND NORTH AFRICA

REGIONAL SNAPSHOT

Indicator	2000	2005	Current data ^a	Trend
Total population (millions)	277	301	340	
Population growth (annual %)	1.8	1.7	1.7	
GNI per capita (Atlas method, current US\$)	1,483	1,992	4,210	
GDP per capita growth (annual %)	1.2	2.8	-2.0	
Population living on less than \$1.25 a day (millions)	14 ^b	10	8	
Life expectancy at birth, females (years)	71	73	74	
Life expectancy at birth, males (years)	68	69	70	
Youth literacy rate, females (% ages 15–24)	80	—	88	
Youth literacy rate, males (% ages 15–24)	90	—	94	
Labor participation rate, females (% population ages 15+)	18	20	20	
Labor participation rate, males (% population ages 15+)	74	74	72	
Proportion of seats held by women in national parliaments (% total)	4	6	14	
Carbon dioxide emissions (megatons)	873	1,113	1,321	
Carbon dioxide emissions, per capita (metric tons)	3.2	3.7	4.1	

PROGRESS TOWARD THE MDGS

MDG	1990 baseline	Current data ^a	2015 target	Trend + 2015 target
MDG 1.a Extreme poverty (% population below \$1.25 a day, 2005 PPP)	5.3	2.2	2.7	
MDG 2.a Primary completion rate (% relevant age group)	76	90	100	
MDG 3.a Ratio of girls to boys in primary and secondary education (%)	80	93	100	
MDG 4.a Infant mortality rate (per 1,000 live births)	54	26	18	
MDG 4.a Under-5 mortality rate (per 1,000)	70	32	23	
MDG 5.a Maternal mortality ratio (modeled estimate, per 100,000 live births)	220	81	55	
MDG 7.c Access to safe drinking water (% population with access)	86	89	93	
MDG 7.c Access to basic sanitation facilities (% population with access)	73	88	86	

Note: The MDG targets are indicative at the regional level based on global MDG targets. PPP = purchasing power parity.

a. = The most current data available between 2008 and 2012; visit <http://data.worldbank.org> for data updates.

b. = 1999 data.

● = 2015 MDG target.



BANGLADESH Arne Hoel/The World Bank

SOUTH ASIA

GDP growth in South Asia weakened to 5.4 percent in 2012, down from 7.4 percent in 2011, mainly as a result of a slowdown in India. Regional GDP is projected to grow 5.7 percent in 2013, driven by an increase in export demand, policy reforms in India, stronger investment activity, and normal agricultural production.

World Bank assistance

With 35 projects approved in fiscal 2013, the Bank is a significant development partner in South Asia. This fiscal year it provided \$378 million in IBRD assistance and \$4.1 billion in IDA assistance. The leading sectors were Health and Other Social Services (\$1.1 billion); Public Administration, Law, and Justice (\$1.0 billion); and Education (\$609 million).

Work in the region supports the Bank's overarching goals to reduce poverty and promote shared prosperity. Its strategy is based on five pillars: increasing employment and accelerating growth; enhancing human development and social welfare; strengthening governance and accountability; reducing weather, disaster, and food vulnerabilities; and enhancing regional integration and cooperation.

Increasing employment and accelerating growth

South Asia has a young population and the lowest female labor force participation rate in the world. Absorbing its growing labor force will require the creation of 1.0 million–1.2 million jobs every month for the next 20 years. To strengthen policies that are conducive to inclusive growth, the Bank is working on a new report in which inequality in income and consumption will be studied alongside inequality of access to and opportunities for jobs and job success.

The Bank's new Country Partnership Strategy for India (2013–17) aims to help the country achieve its long-term vision of faster, more inclusive growth. As the first country strategy to set specific goals for reducing poverty and increasing prosperity for the poorest people, it significantly shifts support toward low-income and special-category states, where many of India's poor and disadvantaged live.

Enhancing human development and social welfare

The Bank worked on many fronts to enhance human development in South Asia. A large share of the portfolio is results focused, linking financing support directly to the achievement of core milestones that improve service delivery. Education projects focus on raising school enrollment rates and improving the quality and equity of the training and education system. Health projects seek to increase the use of skilled birth attendants and ensure that pregnant women, adolescent girls, and children under age 5 receive basic nutrition services.

Given the alarming levels of infant and child malnutrition, the Bank emphasizes policy dialogue, diagnostic studies, and start-up financing support in this area. The Nepal Agriculture and Food Security Project seeks to enhance food and nutritional security of targeted communities by increasing the availability of food through crop and livestock

COUNTRIES ELIGIBLE FOR WORLD BANK BORROWING*

Afghanistan
Bangladesh

Bhutan
India

Maldives
Nepal

Pakistan
Sri Lanka

* as of June 30, 2013

agriculture and by improving the nutrition of households through diversification of diets and improved feeding and caring practices (particularly in the first 1,000 days of life).

Strengthening governance and accountability

The Bank is building the capacity of legislative bodies and supreme audit institutions in their budget oversight roles. It is also helping to implement e-procurement systems, improve the delivery of public services, and craft right-to-information regulations. For example, a regional cross-sectoral Bank team was put together to provide an objective, concise, and standardized indicator-led assessment of Pakistan's public financial management system. The objective was to create an understanding of the overall fiduciary environment of the system and to identify needed reforms.

Reducing weather, disaster, and food vulnerabilities

South Asia suffered more than any other region during previous food and fuel crises. To help it weather future food crises, the Bank is working with governments to provide more irrigation and drainage services; reforest land that had been logged; and increase resilience to extreme weather events, natural disasters, and climate change.

In September 2012, the Bank approved a \$100 million Development Policy Loan to help the government of Himachal Pradesh, an Indian state in the Himalayas, adapt to and mitigate the effects of climate change through policies and practices to guide the development of sustainable hydropower. The loan will empower local communities to better conserve their watershed, promote cleaner methods of industrial production, promote environmentally sustainable tourism, and integrate geographic information systems in decision making.

Enhancing regional cooperation

Regional cooperation and integration are key strategic priorities for South Asia, as limited intraregional trade; poor air, road, and rail connectivity; and scant trade in energy impede growth in the region. The Bank is focusing on regional energy trade and connectivity, trade and transport facilitation, and building public support for regional economic cooperation. In June 2013, for example, it approved a \$99 million project for Nepal to improve logistics and reduce the costs of bilateral trade between Nepal and India. The Bank is also supporting strategic engagement with Pakistan, which would like to deepen trade and investment cooperation with India, through a knowledge generation and dissemination program.

TABLE 11 SOUTH ASIA

REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2011, 2012, AND 2013

	Commitments (\$ millions)			Disbursements (\$ millions)		
	FY11	FY12	FY13	FY11	FY12	FY13
IBRD	\$3,730	\$1,158	\$378	\$1,233	\$1,037	\$1,103
IDA	\$6,400	\$5,288	\$4,096	\$3,027	\$2,904	\$2,724

Portfolio of projects under implementation as of June 30, 2013: \$38.2 billion.

SOUTH ASIA RESULTS HIGHLIGHTS

- In the **Maldives**, targeted investments since 2009 have helped modernize the banking payment system and establish mobile banking; develop a comprehensive, multipillar pension system; initiate community-involved environmental management programs; and increase the number of trained teachers from 3,400 to 6,000.
- Since 2007, 850,000 poor women in **India** have mobilized into 67,000 self-help groups and 4,500 village organizations to promote the social, financial, and economic inclusion of poor households. These groups have helped members gain access to credit, improve their food security, and begin regular savings.
- Since 2002, a rural renewable-energy project in **Sri Lanka** has supported the development of more than 147 megawatts of renewable energy capacity, helping to improve air quality and reduce carbon emissions. More than 116,000 remote rural households—almost 500,000 people—have also been provided off-grid electricity.

For more results, go to worldbank.org/results.

Providing knowledge and development solutions

Analytical work in Afghanistan is helping the authorities and the international community to plan for 2014, when the drawdown of most international military forces and the likely reduction in overall assistance will have a profound impact on the economic and political landscape. In Sri Lanka, analytical work on infrastructure challenges in metropolitan Colombo paved the way for reform and the first-ever IBRD investment (a \$213 million loan), ushering in a new phase of engagement with middle-income countries.

FIGURE 11 SOUTH ASIA
IBRD AND IDA LENDING BY SECTOR | FISCAL 2013

SHARE OF TOTAL OF \$4.5 BILLION

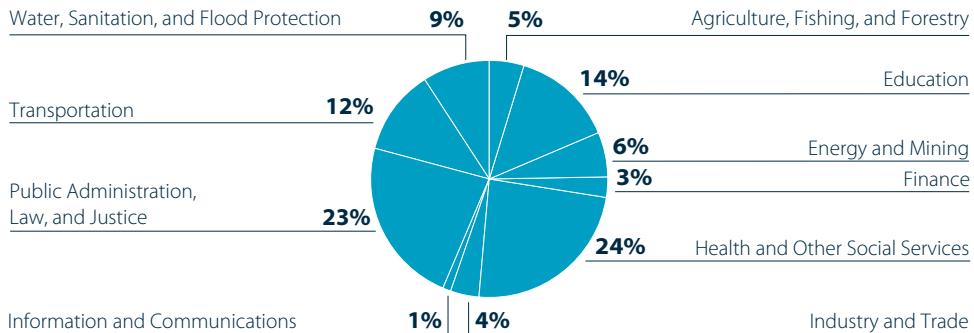


FIGURE 12 SOUTH ASIA
IBRD AND IDA LENDING BY THEME | FISCAL 2013

SHARE OF TOTAL OF \$4.5 BILLION

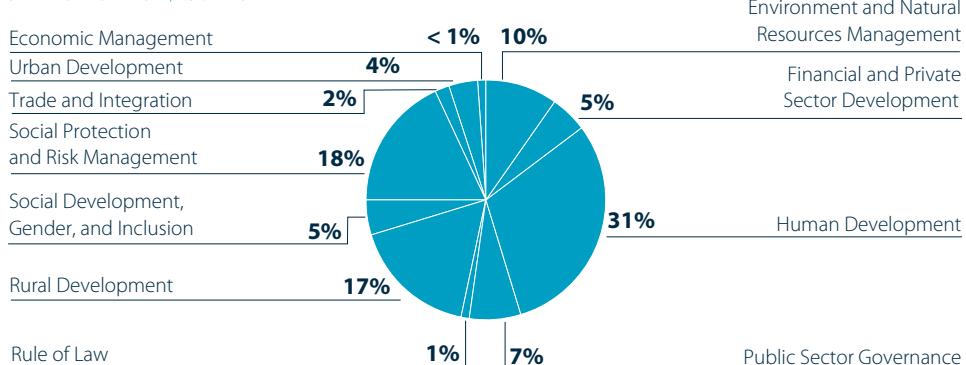
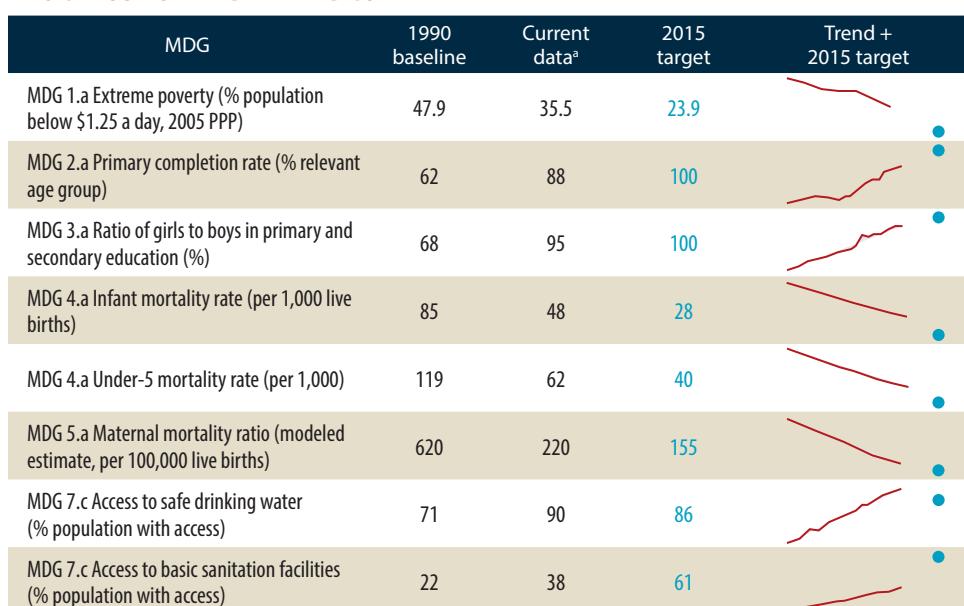




TABLE 12 SOUTH ASIA
REGIONAL SNAPSHOT

Indicator	2000	2005	Current data ^a	Trend
Total population (millions)	1,382	1,499	1,649	
Population growth (annual %)	1.8	1.5	1.3	
GNI per capita (Atlas method, current US\$)	447	700	1,422	
GDP per capita growth (annual %)	2.4	7.1	2.3	
Population living on less than \$1.25 a day (millions)	619 ^b	598	507	
Life expectancy at birth, females (years)	63	65	67	
Life expectancy at birth, males (years)	61	63	64	
Youth literacy rate, females (% ages 15–24)	64	—	73	
Youth literacy rate, males (% ages 15–24)	80	—	86	
Labor participation rate, females (% population ages 15+)	35	37	32	
Labor participation rate, males (% population ages 15+)	83	83	81	
Proportion of seats held by women in national parliaments (% total)	8	13	20	
Carbon dioxide emissions (megatons)	1,336	1,602	2,216	
Carbon dioxide emissions, per capita (metric tons)	1.0	1.1	1.4	

PROGRESS TOWARD THE MDGS



Note: The MDG targets are indicative at the regional level based on global MDG targets. PPP = purchasing power parity.

a. = The most current data available between 2008 and 2012; visit <http://data.worldbank.org> for data updates.

b. = 1999 data.

● = 2015 MDG target.

THE WORLD BANK

THE ROLES OF IBRD AND IDA

The World Bank Group comprises the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA), which together form the World Bank; the International Finance Corporation (IFC); the Multilateral Investment Guarantee Agency (MIGA); and the International Centre for Settlement of Investment Disputes (ICSID). These institutions work together and complement one another's activities to achieve their shared goals of reducing poverty and improving lives. Collaboration by the affiliates is increasing as the World Bank Group works more closely with the private sector. Each institution discloses its fiscal year highlights in a separate annual report.

THE ROLE OF IBRD

This global development cooperative is owned by 188 member countries. IBRD works with its members to achieve equitable and sustainable economic growth in their national economies and to find solutions to pressing regional and global problems in economic development and other important areas, such as environmental sustainability. It pursues its overriding goals—to overcome poverty and improve standards of living—primarily by providing loans, risk management products, and expertise on development-related disciplines and by coordinating responses to regional and global challenges. (See <http://www.worldbank.org/ibrd>.)

IBRD financial commitments and services

New lending commitments by IBRD were \$15.2 billion in fiscal 2013 for 92 operations. This volume was higher than the precrisis historical average (\$13.5 billion in fiscal 2005–08) but lower than the \$20.6 billion in fiscal 2012. Latin America and the Caribbean (\$4.8 billion) and Europe and Central Asia (\$4.6 billion) received the largest shares of new lending, followed by East Asia and Pacific (\$3.7 billion). Commitments to the Middle East and North Africa (\$1.8 billion), South Asia (\$378 million), and Africa (\$42 million) followed. Public Administration, Law, and Justice received the largest commitment (\$4.4 billion), followed by Transportation (\$2.6 billion), Health and Other Social Services (\$1.8 billion), and Finance (\$1.6 billion). The theme receiving the highest share of commitments was Financial and Private Sector Development (18 percent), followed by Public Sector Governance (14 percent) and Social Protection and Risk Management (13 percent).

In addition to its lending activities, IBRD offers financial products that allow clients to efficiently fund their development programs and manage risks related to currency and interest rates, commodity prices, and natural disasters. In fiscal 2013, the Bank's Treasury executed U.S. dollar equivalent (USDeq) 4.8 billion in hedging transactions on behalf of member countries, including USDeq 3.7 billion in interest rate hedges, USDeq 82 million in currency hedges (all local currency conversions), and USDeq 1 billion of currency hedges against non-IBRD obligations. It also executed swaps to provide catastrophe risk insurance to five Pacific Island countries and 16 Caribbean nations, and USDeq 878 million in funding and swaps for the International Finance Facility for Immunisation. The Bank's Treasury also served as arranger for the government of Mexico's second MultiCat bond, a three-year, \$315 million, multitranche catastrophe bond providing parametric risk insurance coverage against earthquakes and hurricanes.

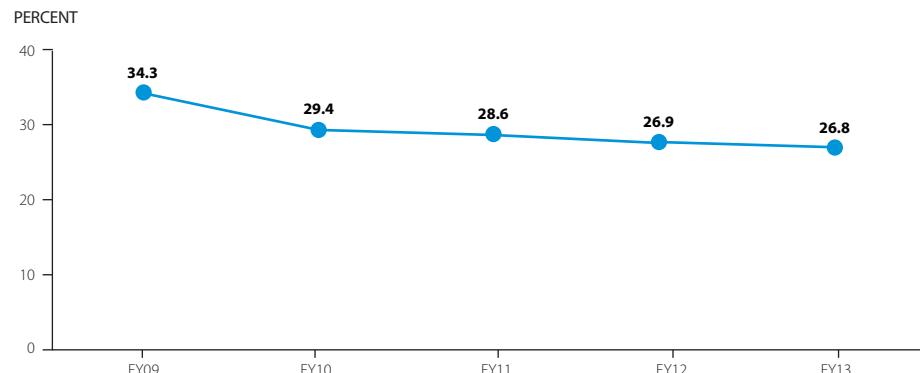
IBRD resources

IBRD issues bonds in international capital markets and provides long-term loans to middle-income countries. In fiscal 2013, IBRD raised USDeq 22.1 billion by issuing bonds in 21 currencies. Its standing in the capital markets and its financial strength allowed IBRD to borrow these large volumes on very favorable terms despite volatile market conditions.

FIGURE 13

IBRD RATIO OF EQUITY TO LOANS AND LONG-TERM INVESTMENT ASSETS

AS OF JUNE 30, 2013



The Bank's strength is based on IBRD's robust capital position and shareholder support, as well as on prudent financial policies and practices, which help maintain its AAA credit rating. IBRD's equity comprises primarily paid-in capital and reserves. 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 \$86.2 billion, of which \$5.1 billion will be paid in over a five-year period. As of June 30, 2013, the cumulative increase in subscribed capital totaled \$32.2 billion. Related paid-in amounts in connection with these capital increase resolutions were \$1.9 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 2012 allocable net income, the Executive Directors approved the addition of \$147 million to the general reserve and recommended to the Board of Governors the transfer of \$621 million to IDA and the allocation of \$200 million to surplus.

Consistent with IBRD's development mandate, the principal risk it takes is the country credit risk inherent in its portfolio of loans and guarantees. One summary measure of the Bank's risk profile is the ratio of equity to loans, which is closely managed in line with the Bank's financial and risk outlook. This ratio stood at 26.8 percent as of June 30, 2013.

THE ROLE OF IDA

The International Development Association (IDA) is the largest multilateral source of concessional financing for the world's poorest countries. Its funding supports countries' efforts to boost economic growth, reduce poverty, and improve the living conditions of the poor. In fiscal 2013, a total of 82 countries were eligible to receive IDA assistance. (See <http://www.worldbank.org/ida>.)

IDA financial commitments

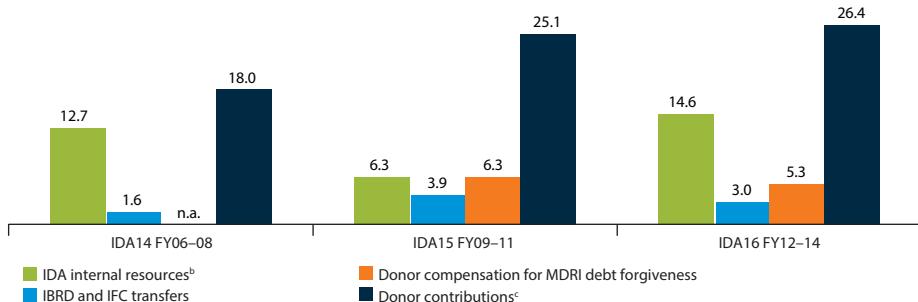
IDA commitments amounted to \$16.3 billion in fiscal 2013, including \$13.8 billion in credits, \$2.5 billion in grants, and \$60 million in guarantees. The largest share of resources (\$8.2 billion) was committed to Africa. South Asia (\$4.1 billion) and East Asia and Pacific (\$2.6 billion) also received large shares of committed funding, followed by Europe and Central Asia (\$729 million), Latin America and the Caribbean (\$435 million), and Middle East and North Africa (\$249 million). Vietnam (\$2.0 billion) and Bangladesh (\$1.6 billion) received the largest shares of committed financing.

Commitments for infrastructure—including the Energy and Mining sector; Transportation; Water, Sanitation, and Flood Protection; and Information and Communications—reached \$6.1 billion. Significant support was also committed to the Education sector and Health and Other Social Services (combined \$4.2 billion); Public

FIGURE 14

IDA REPLENISHMENTS^a

BILLIONS OF DOLLARS



Note: n.a. = not applicable.

a. Data reflects final agreed replenishment reports and exchange rates used during the replenishment discussions.

b. IDA internal resources include principal repayments, charges, and investment income.

c. Net of structural financing gap.

Administration, Law, and Justice (\$3.6 billion); and Agriculture (\$1.3 billion). The themes receiving the highest share of commitments were Rural Development (\$2.9 billion), Human Development (\$2.8 billion), and Social Protection and Risk Management (\$1.9 billion).

IDA resources

IDA is financed largely by contributions from partner governments. Additional financing comes from transfers from IBRD's net income, grants from IFC, and borrowers' repayments of earlier IDA credits. Every three years, partner governments and representatives of borrower countries meet to agree on IDA's strategic direction, priorities, and financing for the subsequent three-year implementation period.

Under the 16th replenishment (IDA16), which covers fiscal years 2012–14, total resources (revised to reflect IDA's currency hedging and updated subsequent to the replenishment discussions) amounted to Special Drawing Rights (SDR) 33.9 billion (equivalent to \$50.9 billion). This figure includes partner resources of SDR 17.6 billion (equivalent to \$26.4 billion) from 51 countries, 7 of which are new contributing partners; partner compensation for debt forgiveness of SDR 3.5 billion (equivalent to \$5.3 billion); credit reflows of SDR 8.9 billion (equivalent to \$13.4 billion), including reflows from contractual and voluntary acceleration of credit repayments and hardening of the lending terms for IDA's blend and gap borrowers; transfers from within the World Bank Group, including associated investment income of SDR 1.9 billion (equivalent to \$2.8 billion); and balances carried forward from prior replenishments of SDR 2.0 billion (equivalent to \$2.9 billion). As of June 30, 2013, SDR 19.9 billion (equivalent to \$29.9 billion) of the IDA16 envelope had been committed to credits, grants, and guarantees. The U.S. dollar equivalents are based on the reference exchange rate for IDA16, and the amounts are provided for illustrative purposes only because IDA cash flows are hedged to SDRs, the currency in which IDA's commitment authority is recorded.

The overarching theme and main focus of IDA16 is the delivery of development results. Special themes include crisis response, gender, climate change, and fragile and conflict-affected situations. IDA16 includes funding for a dedicated Crisis Response Window to help low-income countries deal with the impact of natural disasters and severe economic shocks.

The replenishment process for IDA17, which covers fiscal years 2015–17, is under way. It culminates in December 2013.

FIGURE 15

IBRD-IDA LENDING BY REGION | FISCAL 2013

SHARE OF TOTAL LENDING OF \$31.5 BILLION

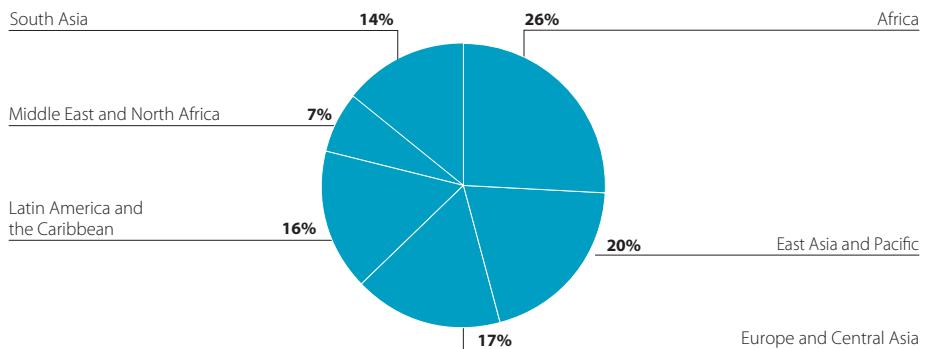


FIGURE 16

IBRD-IDA LENDING BY SECTOR | FISCAL 2013

SHARE OF TOTAL LENDING OF \$31.5 BILLION

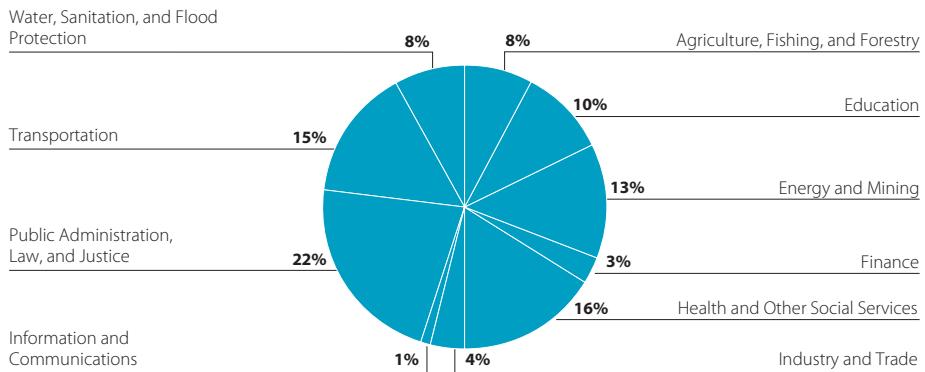


FIGURE 17

IBRD-IDA LENDING BY THEME | FISCAL 2013

SHARE OF TOTAL LENDING OF \$31.5 BILLION

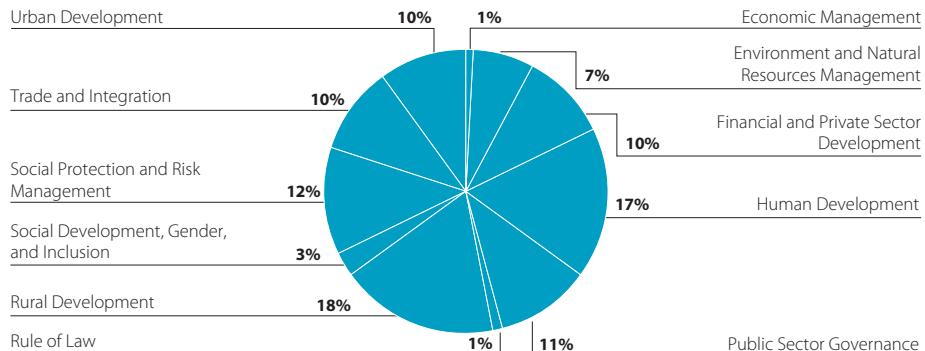


TABLE 13
OPERATIONAL SUMMARY | FISCAL 2008–13

MILLIONS OF DOLLARS

IBRD	FY08	FY09
Commitments	13,468	32,911
Of which development policy lending	3,967	15,532
Gross disbursements	10,490	18,565
Of which development policy lending	3,485	9,138
Principal repayments (including prepayments)	12,610	10,217
Net disbursements	(2,120)	8,347
Loans outstanding	99,050	105,698
Undisbursed loans	38,176	51,125
Operating income ^a	2,271	572
Usable capital and reserves	36,888	36,328
Equity-to-loans ratio	38%	34%

a. Reported in IBRD's financial statements as "Income before fair value adjustment on nontrading portfolios, net and Board of Governors–approved transfers."

IDA	FY08	FY09
Commitments	11,235	14,041 ^a
Of which development policy lending	2,672	2,820
Gross disbursements	9,160	9,219
Of which development policy lending	2,813	1,872
Principal repayments (including prepayments)	2,182	2,209
Net disbursements	6,978	7,010
Credits outstanding	113,542	112,894
Undisbursed credits	27,539	29,903
Undisbursed grants	5,522	5,652
Development grant expenses	3,151	2,575

a. Includes a HIPC grant of \$45.5 million for Côte d'Ivoire.

FY10	FY11	FY12	FY13
44,197	26,737	20,582	15,249
20,588	9,524	10,333	7,080
28,855	21,879	19,777	15,830
17,425	10,582	9,052	5,972
11,624	13,885	11,970	9,470
17,231	7,994	7,806	6,361
120,103	132,459	136,325	143,776
63,574	64,435	62,916	61,306
800	1,023	783	876
36,106	38,689	37,636	39,711
29%	29%	27%	27%

FY10	FY11	FY12	FY13
14,550	16,269	14,753	16,298
2,370	2,032	1,827	1,954
11,460	10,282	11,061	11,228
3,228	1,944	2,092	1,662
2,349	2,501	4,023	3,845
9,111	7,781	7,037	7,371
113,474	125,287	123,576	125,135
30,696	38,059	37,144	39,765
5,837	6,830	6,161	6,436
2,583	2,793	2,062	2,380

TABLE 14

WORLD BANK LENDING BY THEME AND SECTOR | FISCAL 2008–13

MILLIONS OF DOLLARS

THEME	FY08	FY09
Economic Management	397	2,305
Environment and Natural Resources Management	2,662	5,085
Financial and Private Sector Development	6,156	9,695
Human Development	2,281	6,379
Public Sector Governance	4,347	6,108
Rule of Law	304	16
Rural Development	2,277	4,299
Social Development, Gender, and Inclusion	1,003	813
Social Protection and Risk Management	882	5,296
Trade and Integration	1,393	3,444
Urban Development	3,001	3,467
THEME TOTAL	24,702	46,906
SECTOR	FY08	FY09
Agriculture, Fishing, and Forestry	1,361	3,400
Education	1,927	3,445
Energy and Mining	4,180	6,267
Finance	1,541	4,236
Health and Other Social Services	1,608	6,305
Industry and Trade	1,544	2,806
Information and Communications	57	329
Public Administration, Law, and Justice	5,296	9,492
Transportation	4,830	6,261
Water, Sanitation, and Flood Protection	2,360	4,365
SECTOR TOTAL	24,702	46,906
Of which IBRD	13,468	32,911
Of which IDA	11,235	13,995

Note: Numbers may not add to totals because of rounding. Fiscal 2009 IDA lending excludes HIPC grants totaling \$45.5 million.

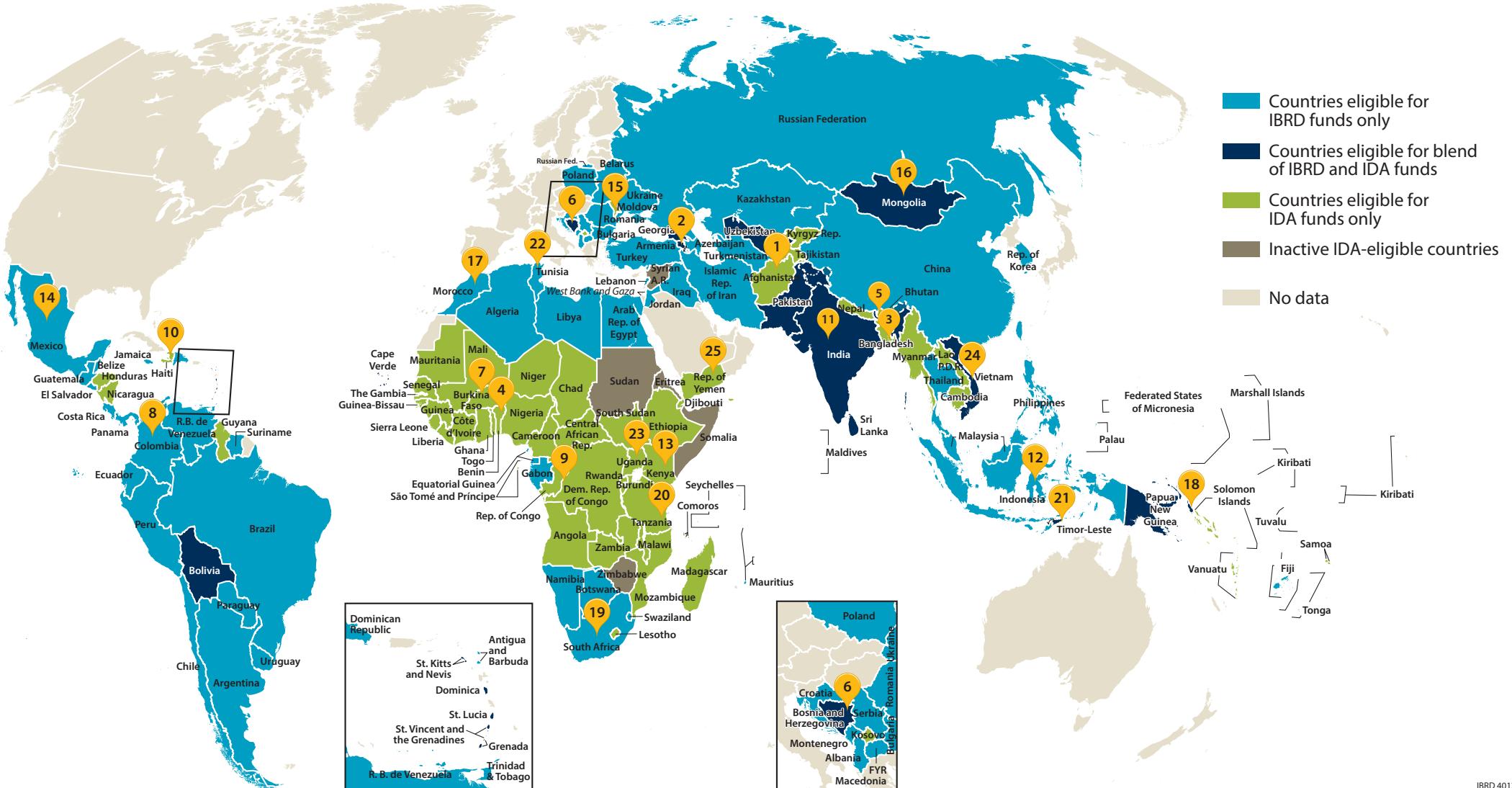
FY10	FY11	FY12	FY13
3,950	655	1,293	484
4,337	6,102	3,997	2,470
17,726	7,981	4,743	4,380
8,421	4,228	4,961	4,348
5,750	4,518	4,035	3,790
207	169	126	590
5,004	5,636	5,443	4,651
952	908	1,247	1,310
5,006	5,691	3,502	3,956
1,818	2,604	1,872	2,707
5,575	4,514	4,118	2,861
58,747	43,006	35,335	31,547
FY10	FY11	FY12	FY13
2,618	2,128	3,134	2,112
4,945	1,733	2,959	2,731
9,925	5,807	5,000	3,280
9,137	897	1,764	2,055
6,792	6,707	4,190	4,363
1,251	2,167	1,352	1,432
146	640	158	228
10,828	9,673	8,728	7,991
9,002	8,638	4,445	5,135
4,103	4,617	3,605	2,220
58,747	43,006	35,335	31,547
44,197	26,737	20,582	15,249
14,550	16,269	14,753	16,298



THE WORLD BANK: COMMITTED TO RESULTS

Delivering integrated solutions to help client countries address their development challenges requires a focus on results. Over the past decade, the World Bank has made important contributions to supporting development results in its client countries. In recent years, operations have been scaled up in response to the food, fuel, and financial crises with special attention given to fragile and conflict-affected situations. Bank-supported investments have yielded significant results across many areas, as shown here in selected examples from around the world. The accompanying map shows the borrowing eligibility of member countries. For more information, visit worldbank.org/results.

- 1 Afghanistan:** 11,000 km of roads have been built by local people since 2002, creating jobs as well as improved access to markets, schools, and health facilities for rural residents.
- 2 Armenia:** 85 percent of the population was served by qualified family medicine practices in 2010, up from 17 percent in 2004.
- 3 Bangladesh:** More than 6 million girls attend secondary schools today, a fivefold increase from just 1.1 million in 1991.
- 4 Benin:** 750,000 people benefited from community-driven projects between 2005 and 2012.
- 5 Bhutan:** 90 percent of children completed school in 2009, compared to 76 percent in 2006.
- 6 Bosnia and Herzegovina:** 100 percent of people living in 20 municipalities had 24-hour access to a water supply in 2011, compared to 75 percent in 2004.
- 7 Burkina Faso:** 100 percent of children have had access to free vaccinations since 2002, and all women became eligible for free prenatal care in 2003.
- 8 Colombia:** Nearly 1.7 million passengers per day were transported along one of the five bus rapid transit lines operating throughout the country as of the end of 2012.



9 Congo, Republic of: 85 percent of children completed primary school as of the end of 2012, up from just 50 percent in 2004.

10 Haiti: 1.3 million people, represented by 76 civil protection committees, have strengthened their disaster preparedness and response capacity.

11 India: 400,000 farmers in 50 districts were covered by a weather-based crop insurance pilot program in its first crop season.

12 Indonesia: 4.8 million beneficiaries gained access to improved water supply, and 5.5 million beneficiaries received access to improved sanitation between 2006 and 2013.

13 Kenya: More than 245,000—or approximately 40 percent—of all orphans and vulnerable children living in extreme poverty were being supported by a safety net program as of 2011.

14 Mexico: Nearly 23 million free, energy-saving light bulbs have been distributed to 5.5 million families since 2010, saving 1,400 gigawatt hours in 2010–12.

15 Moldova: 932,000 people were empowered through a social investment fund, from 1998 to 2011, to manage their own development needs.

16 Mongolia: 67,000 solar home systems were sold to herders between 2006 and 2012, giving 60–70 percent of the country's nomadic herders access to electricity.

17 Morocco: 67 percent of local committees between 2006 and 2010 included civil society representatives and elected government officials to prioritize community needs in local development plans.

18 Solomon Islands: 287,000 workdays were created during 2010–12, and more than 4,500 people—57 percent women and 50 percent young people—were trained and employed.

19 South Africa: 1,953,246 hectares were under local conservation management in 2010, up from 1,054,033 in 2004, through stewardship agreements with private landowners and communities.

20 Tanzania: 20 million workdays were provided in public works in 2012, up from 5.4 million workdays in 2005, an increase of 300 percent.

21 Timor-Leste: 83 percent of children completed primary school in 2012, up from 73 percent in 2009.

22 Tunisia: 270 museum personnel were trained in sustainable cultural tourism, and three world-class museums were built or expanded to diversify the tourism sector.

23 Uganda: More than 3 million people—47 percent of all northern Ugandans—received access to improved services, including safe drinking water and better sanitation facilities between 2003 and 2012.

24 Vietnam: 100,000 interbank money transfers were processed daily in 2010, up from 300–500 daily in 2002, improving banking access throughout the country.

25 Yemen, Republic of: 3,050 traditional seed varieties were collected and stored in gene banks between 2008 and 2010 to preserve agro-biodiversity.

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ISBN (paper): 978-0-8213-9937-8
ISBN (electronic): 978-0-8213-9947-7
DOI: 10.1596/978-0-8213-9937-8

SINCE 2002, WORLD BANK INVESTMENTS HAVE HELPED TO

- Finance the training of about 2.7 million health personnel
- Provide immunizations for approximately 497 million children
- Support prenatal care for more than 188 million pregnant women
- Finance the construction or rehabilitation of more than 189,000 kilometers of roads
- Assist in the recruitment and training of more than 4 million primary teachers
- Provide 145 million people with access to improved water sources
- Afford nearly 10 million people access to improved sanitation facilities

WORLDBANK.ORG/ANNUALREPORT2013

The list above comprises some of the results that partner countries achieved with World Bank support between 2002 and 2012. The World Bank is committed to achieving a world free of poverty and promoting shared prosperity in a sustainable manner. It is at the forefront of designing and managing initiatives that address global development challenges, such as fighting communicable diseases, combating the effects of climate change, and building food security. The World Bank continues to work with traditional and new development partners to meet these challenges and to help deliver transformative change for client countries.



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