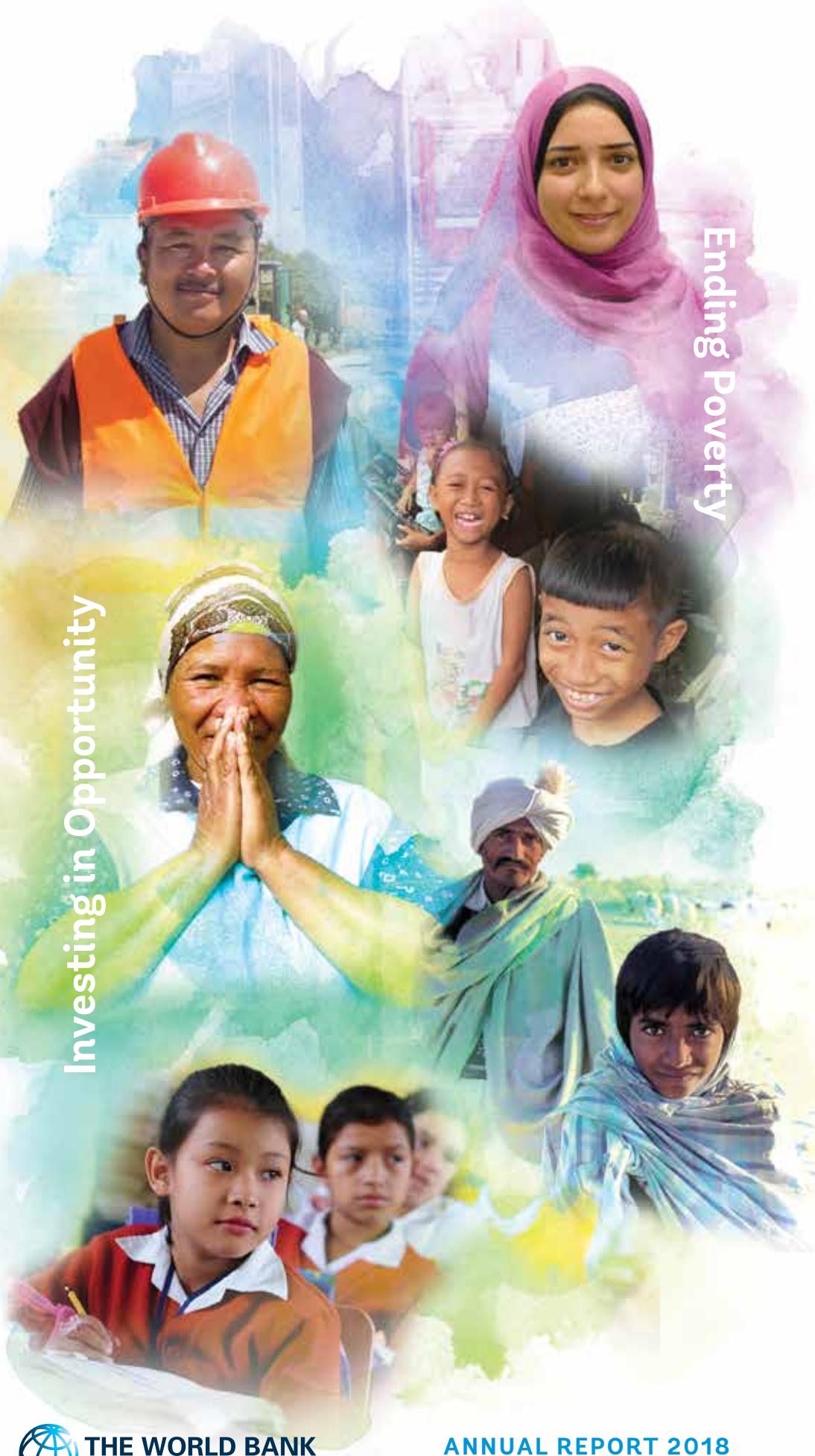


# Investing in Opportunity

Ending Poverty



**THE WORLD BANK**  
IBRD • IDA | WORLD BANK GROUP

**ANNUAL REPORT 2018**



# Contents

- 2** Introduction
- 3** Message from the President
- 10** Message from the Executive Directors
- 13** Message from the CEO of IBRD and IDA
- 15** Supporting Clients in Priority Areas
- 34** Innovative Finance for Development Solutions
- 37** Promoting Development through Research, Analysis, and Data
- 40** Mobilizing Partnerships in a New Development Landscape
- 45** Regional Perspectives
- 70** Strengthening Operations, Policies, and Processes
- 73** Maintaining a Socially and Environmentally Responsible Institution
- 77** Ensuring Accountability and Monitoring Operations
- 80** Deploying Resources Strategically
- 90** Committed to Results

## KEY TABLES

- 84** IBRD Key Financial Indicators, Fiscal 2014–18
- 88** IDA Key Financial Indicators, Fiscal 2014–18

This Annual Report, which covers the period from July 1, 2017, to June 30, 2018, has been prepared by the Executive Directors of both the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA)—collectively known as the World Bank—in accordance with the respective bylaws of the two institutions. Dr. Jim Yong Kim, President of the World Bank Group and Chairman of the Board of Executive Directors, has submitted this report, together with the accompanying administrative budgets and audited financial statements, to the Board of Governors.

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

Throughout the report, the term *World Bank* and the abbreviated *Bank* refer only to IBRD and IDA; the term *World Bank Group* and the abbreviated *Bank Group* refer to the collective work of IBRD, IDA, IFC, and MIGA. All dollar amounts used in this Annual Report are current U.S. dollars unless otherwise specified. Funds allocated to multiregional projects are accounted for at the country level in tables and text. Fiscal year commitments and disbursements data is in accordance with the audited figures reported in the IBRD and IDA Financial Statements and Management's Discussion and Analysis documents for fiscal 2018. As a result of rounding, numbers in tables may not add to totals and percentages in figures may not add to 100.

*Serving all clients*

#### Expanding IDA's financing tools

with the \$3 billion Crisis Response Window, \$6.2 billion Scale-up Facility, and \$2.5 billion Private Sector Window.



#### \$1 billion for women entrepreneurs

through the Women Entrepreneurs Finance Initiative to support women-owned enterprises in developing countries.



#### Pandemic Emergency Financing Facility's first commitment

toward Ebola response in Democratic Republic of the Congo in 2018.

#### Doubling resources for FCV

to more than \$14 billion under IDA18 for countries affected by fragility, conflict, and violence.



#### Maximizing Finance for Development

across the World Bank Group to pursue private sector solutions, when appropriate, toward achieving the SDGs.



*Creating markets*

#### Mobilizing Domestic Resources

with support to 59 countries across all six regions to increase government sources of financing for development investments.



#### Strengthening finances

with \$300 million in Expenditure Review savings for the World Bank by the end of fiscal 2018.



#### Testing Agile solutions

with pilot interventions in more than 170 projects across 60 countries.



#### Improving risk management in projects

with the expected launch of the new Environmental & Social Framework.

*Leading on global issues*

#### Supporting climate change action

with pledges to end upstream oil and gas projects and report greenhouse gas emissions on key sector projects.



*Improving the business model*

## Implementing Innovation

The World Bank is guided by its Forward Look strategy, which relies on four pillars in support of the mission to end extreme poverty and boost shared prosperity.

Learn more about the World Bank's innovations in fiscal 2018 at [www.worldbank.org/annualreport](http://www.worldbank.org/annualreport).

## **End Extreme Poverty by 2030**

By reducing the share of the global population living on less than \$1.90 a day.

## **Boost Shared Prosperity**

By increasing the incomes of the poorest 40 percent of people in every country.

**These are the goals that the World Bank has set for itself to anchor its mission of supporting global sustainable development.**

**As developing countries face ever-more complex challenges, the World Bank is ready to provide the support and sustainable solutions needed to end extreme poverty, boost shared prosperity, and realize a world with opportunities for all.**

**Providing critical resources.** This year, the World Bank has pursued this mission with a continuing focus on providing the financing, knowledge, and expertise to tackle the biggest challenges facing developing countries. The Bank assists countries in making the critical investments to grow their economies inclusively and sustainably; to build the human capital needed to help people seize opportunity; and to ensure that countries remain resilient in the face of global shocks or threats that could undermine progress in eliminating poverty.

**Working together.** The World Bank has continued to build and deepen the partnerships required to meet these objectives—leveraging the resources of the public and private sectors; convening influential decision makers, foundations, and nongovernmental organizations; and engaging with stakeholders and civil society at all levels. Built on a foundation of multilateralism, the Bank applies the best ideas and solutions from the global community to countries' local needs.

**Delivering results.** Building on the fundamental trust from its shareholders, the World Bank has made great strides in improving its operations, strengthening its processes, and maintaining its position as a global leader in development. The Bank will continue to leverage the innovative solutions and financial resources its clients need and to improve the ways in which it delivers results for countries and their people.

# Message from the President

It's not an exaggeration to say that today's challenges can seem overwhelming. In our work around the world, we're facing overlapping crises such as climate change, conflict, pandemics, natural disasters, and forced displacement. We must simultaneously help our client countries address immediate crises, build resilience against challenges on the horizon, and make enduring investments to prepare for an uncertain future.

But even in difficult times, I have never been more optimistic that we can achieve our twin goals: to end extreme poverty by 2030, and to boost shared prosperity among the poorest 40 percent around the world. Across the World Bank Group, we are harnessing new technologies and developing financial innovations to drive progress on the three parts of our strategy to get there: accelerate inclusive, sustainable economic growth; build resilience to shocks and threats; and help our client countries invest in their people.

First, to accelerate inclusive, sustainable economic growth, we need a new vision for financing development—one that helps make the global market system work for everyone and the planet. In a world where achieving the Global Goals will cost trillions every year, but official development assistance is stagnant in the billions, we cannot end poverty without a fundamentally different approach.

With the adoption of the Hamburg Principles in July 2017, the G-20 endorsed an approach that we call the Cascade, which will lead to our goal of Maximizing Finance for Development. The World Bank, IFC, and MIGA are working more closely together to create markets and bring private sector solutions in sectors such as infrastructure, agriculture, telecommunications, renewable energy, and affordable housing. (*Read more on page 5.*)

Second, to build resilience to shocks and threats—even as we continue developing climate-smart infrastructure and improving response systems—we need innovative financial tools to help poor countries do what wealthy ones have long done: share the risks of crises with global capital markets. This spring, we saw the first impact of the Pandemic Emergency Financing Facility (PEF) with a rapid grant to support the Ebola response surge in the Democratic Republic of Congo. With this facility—and a similar one we are developing to improve responses to *and prevent* famine—we are finding new ways to help the poorest countries share risks with financial markets, helping break the cycle of panic and neglect that often occurs with crises.

But resilience must start with the existential threat of climate change. When we returned to Paris in December 2017 to celebrate the two-year anniversary of the Paris Climate Agreement, we put more than a dozen deals on the table to finance significant climate action such as preventing coastal erosion in West Africa and scaling up renewable energy worldwide. It was critical to lead by example, and we announced that after 2019, we will no longer finance upstream oil and gas while helping countries find sustainable ways to achieve their development goals.

Third, to prepare for a future where innovations will only accelerate, we must find new



ways to help countries invest more—and more effectively—in their people. The jobs of the future will require specific, complex skills, and human capital will become an increasingly valuable resource. With the Human Capital Project, which we launched this year, we are developing a rigorous and detailed measure of human capital in each country.

At the Annual Meetings in Indonesia in October 2018, we will unveil the Human Capital Index, which will rank countries according to how well they are investing in the human capital of the next generation. The ranking will put the issue squarely in front of heads of state and finance ministers so they can accelerate investments in their people and prepare for the economy of the future.

Around the world, demand continues to rise for financing, expertise, and innovation. The needs are great—but the costs of failure are simply too high. Our shareholders are helping us meet that challenge with their approval of a historic \$13 billion capital increase, which will strengthen the World Bank Group's ability to reduce poverty, address the most critical challenges of our time, and help our client countries—and their people—reach their highest aspirations.

This year, the World Bank Group committed nearly \$67 billion in financing, investments, and guarantees.

The International Bank for Reconstruction and Development (IBRD) continues to see strong demand from clients for its services, with commitments rising to \$23 billion in fiscal 2018. Meanwhile, the International Development Association (IDA) provided \$24 billion to help the poorest countries—the largest year of IDA commitments on record.

This year, we leveraged IDA's strong capital base and launched the inaugural IDA bond. Investor demand for the \$1.5 billion bond reached more than \$4 billion. By combining IDA's traditional donor funding with funds raised in the capital markets, this financial innovation will expand IDA's ability to support the world's poorest countries, including efforts to prevent conflict.

The International Finance Corporation (IFC) provided more than \$23 billion in financing for private sector development this past year, including \$11.7 billion mobilized from investment partners. Of this, nearly \$6.8 billion went to IDA countries, and more than \$3.7 billion was invested in areas affected by fragility, conflict, and violence.

Marking its 30th year of operation, the Multilateral Investment Guarantee Agency (MIGA) has become the third leading institution among the MDBs in terms of mobilizing direct private capital to low- and middle-income countries. This year, MIGA issued a record \$5.3 billion in political risk insurance and credit enhancement guarantees, helping finance \$17.9 billion worth of projects in developing countries. New issuances and gross outstanding exposure—at \$21.2 billion this year—almost doubled as compared to fiscal 2013.

We know that the 2018 World Bank Group capital increase was a strong vote of confidence in our staff, who work tirelessly to end poverty around the globe. I am inspired every day by their dedication and their ability to deliver on our ambitious commitments to meet the aspirations of the people we serve.

But we also know that the capital increase represents an enormous challenge to operate more efficiently and effectively, to drive innovation, and to accelerate progress toward a world that is finally free of poverty. In the year ahead, we will step up once again to meet that challenge every day.



**DR. JIM YONG KIM**

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

## How a unique strategy is helping Egypt overcome its power distress

Four years ago, the Arab Republic of Egypt faced a serious power crisis. Hours-long power cuts affected businesses and the quality of life, while demand for electricity exceeded supply by 20 percent. With scarce public funds needed elsewhere, Egypt needed an alternative way to find the resources needed to solve its power problems. That's where the World Bank Group's emphasis on Maximizing Finance for Development (MFD) came in.

The MFD approach is a continuation of the World Bank Group's efforts to mobilize resources beyond official development assistance to meet countries' development needs. It leverages capabilities across the Bank Group institutions to come up with innovative solutions that will help achieve the Bank Group's twin goals. More importantly, MFD envisages a key role for the private sector—both as financier and a source of knowledge.

In 2014, the Egyptian government began working with the World Bank Group to address its energy problems, bringing together local and global experts to develop a national strategy that prioritized energy sustainability and private sector investment. This clear articulation of policy helped attract over \$30 billion of private investment by March 2015 into Egypt's oil and gas production and in liquefied natural gas. In December 2015, IBRD approved the first of three programmatic loans to deliver the technical and financial support to achieve Egypt's energy sector reform goals, committing more than \$3 billion over 2015–17.

A key part of the reform program was to leverage Egypt's abundant supply of sunshine. In 2015, IFC worked with the government to develop the contracts for the Photovoltaic Solar Feed-in Tariff (FiT) Program. In 2017, IFC finalized a \$653 million debt package to finance the construction of the Benban PV Solar Park, which will be the world's largest when complete. Benban's 32 solar power plants will generate up to 752 megawatts of power, serve over 350,000 residential customers, and generate up to 6,000 jobs during construction. MIGA has received approval to provide up to \$210 million in political risk insurance for 12 projects within the solar park. Overall, the World Bank Group and other lenders will mobilize a total of \$2 billion of private investment under the FiT program to support 1,600 megawatts of power generation.

Egypt's energy sector is on the way to being transformed. Among other reforms, by 2016 the Government of Egypt halved subsidies to the sector—to 3.3 percent of GDP—while keeping electricity tariffs affordable relative to global benchmarks, with help from the World Bank Group. The energy sector has become more efficient and financially sustainable. The government has also improved the enabling environment for the private sector, freeing up more public resources for use in critical social sectors.

For more information, visit [www.worldbank.org/mfd](http://www.worldbank.org/mfd).

# The Institutions of the World Bank Group

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

**International Bank for Reconstruction and Development (IBRD)** lends to governments of middle-income and creditworthy low-income countries.

**International Development Association (IDA)** provides interest-free loans and grants to governments of the poorest countries.

**International Finance Corporation (IFC)** provides loans, equity, and advisory services to stimulate private sector investment in developing countries.

**Multilateral Investment Guarantee Agency (MIGA)** provides political risk insurance and credit enhancement to investors and lenders to facilitate foreign direct investment in emerging economies.

**International Centre for the Settlement of Investment Disputes (ICSID)** provides international facilities for conciliation and arbitration of investment disputes.

# World Bank Group Financing for Partner Countries

**TABLE 1**

**WORLD BANK GROUP COMMITMENTS, DISBURSEMENTS, AND GROSS ISSUANCE  
BY FISCAL YEAR, MILLIONS OF DOLLARS**

	2014	2015	2016	2017	2018
<b>WORLD BANK GROUP</b>					
Commitments <sup>a</sup>	58,190	59,776	64,185	61,783	66,868
Disbursements <sup>b</sup>	44,398	44,582	49,039	43,853	45,724
<b>IBRD</b>					
Commitments	18,604	23,528	29,729	22,611	23,002
Disbursements	18,761	19,012	22,532	17,861	17,389
<b>IDA</b>					
Commitments	22,239	18,966	16,171	19,513 <sup>c</sup>	24,010 <sup>d</sup>
Disbursements	13,432	12,905	13,191	12,718 <sup>c</sup>	14,383
<b>IFC</b>					
Commitments <sup>e</sup>	9,967	10,539	11,117	11,854	11,629
Disbursements	8,904	9,264	9,953	10,355	11,149
<b>MIGA</b>					
Gross issuance	3,155	2,828	4,258	4,842	5,251
<b>RECIPIENT-EXECUTED TRUST FUNDS</b>					
Commitments	4,225	3,914	2,910	2,962	2,976
Disbursements	3,301	3,401	3,363	2,919	2,803

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

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

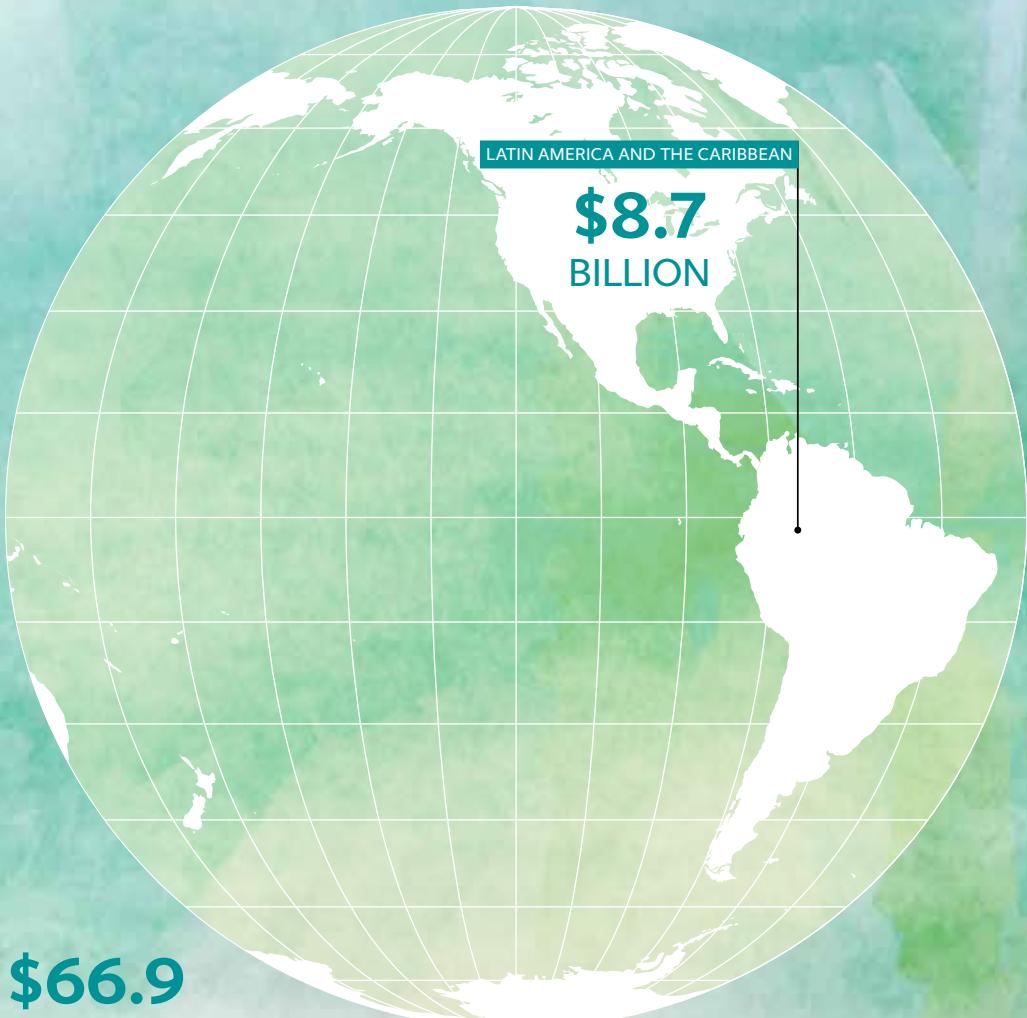
c. Figures include the commitment and disbursement of a \$50 million grant for the Pandemic Emergency Financing Facility.

d. Figure does not include \$185 million in approved IDA18 IFC-MIGA Private Sector Window instruments, of which IDA has exposure of \$36 million in guarantees and \$9 million in derivatives.

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

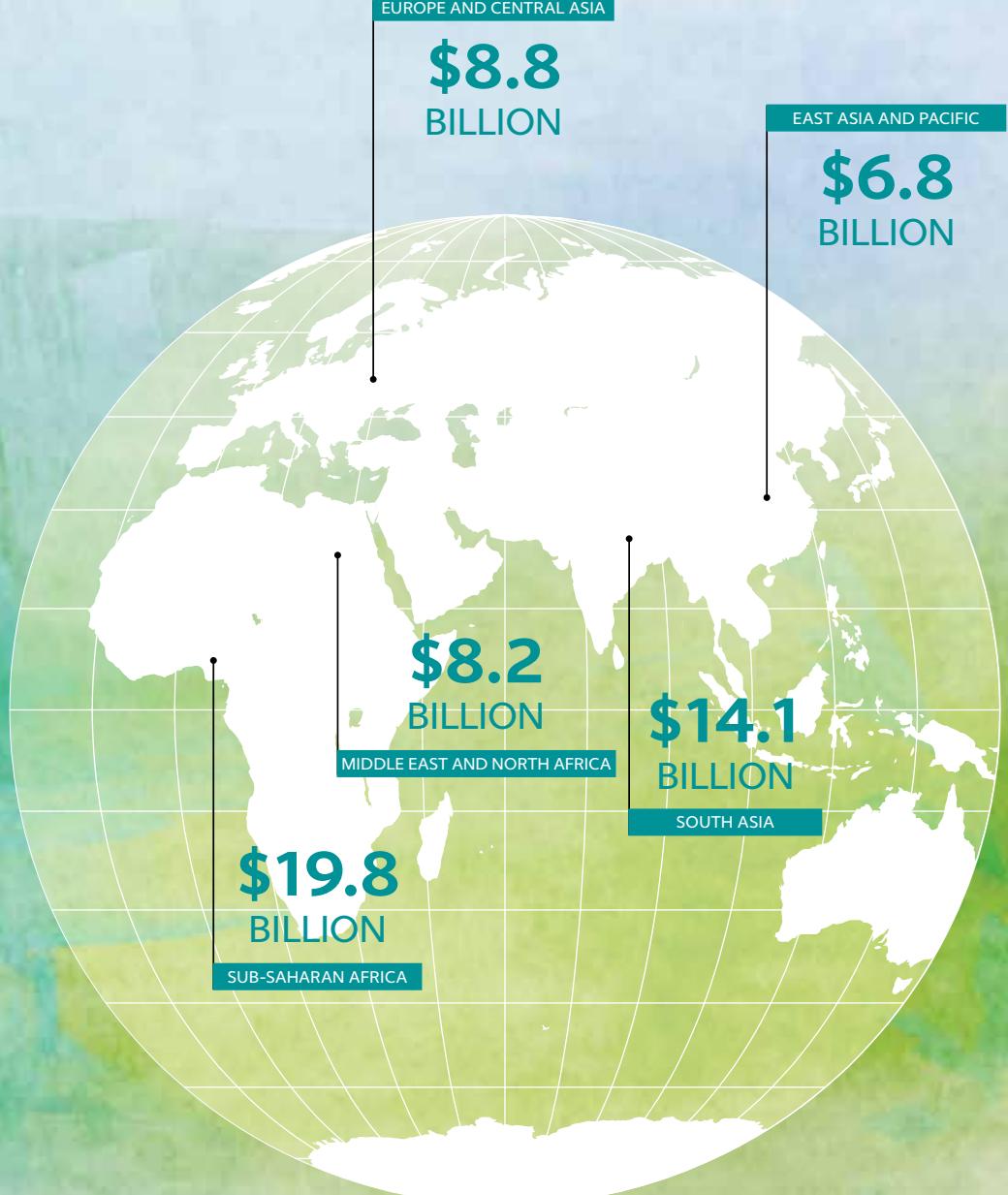
# Global Commitments

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



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

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





## Message from the Executive Directors

During fiscal 2018, the Executive Directors worked closely with management to implement the vision for the World Bank Group (WBG) as set out in the Forward Look and presented to the Board of Governors in 2016. This discussion centered around a capital package to enable the Bank Group to continue to engage with all its clients while ensuring robust, sustainable financial management. The transformative financial and policy package is the largest injection of capital to the World Bank and IFC to date, and represents a major shift in approaches to address today's toughest development challenges.

The Board also delivered on the ambitions set out in the Lima timeline on Voice Reform, agreeing to a framework that rebalances shareholding in the World Bank and more closely aligns the voting power of member countries among all World Bank Group institutions.

To serve the world's poorest, the Board worked with management on the implementation of the IDA18 package to respond to complex challenges, including those related to fragility, regional integration, refugees and host communities, crisis response, private sector mobilization, and efforts to scale up transformational projects. At the same time, recognizing that country investment needs far surpass available public financing, the Bank Group redoubled its efforts to mobilize private finance through the Maximizing Finance for Development approach. The Board urged the Bank Group institutions to better leverage synergies in working together and with partners to attract, manage, and crowd in private investments in support of development objectives.

The World Bank Group is uniquely positioned to tackle today's global challenges. The Board has emphasized its expectation that the Bank Group intensify efforts to lead on global issues—including the promotion of global public goods and the narrowing of gender gaps—while supporting countries' investments in the long-term drivers of sustainable and inclusive growth. In support of these aims, the Board has underscored the need for the Bank Group to continuously strengthen its business model, including through simpler, more agile processes and strengthened strategic



**Standing (Left to Right):** Werner Gruber, Switzerland; Frank Heemskerk, The Netherlands; Turki Almutairi, Saudi Arabia (Alternate); Andrei Lushin, Russian Federation; Yingming Yang, China; Jean-Claude Tchatchouang, Cameroon (Alternate); Hervé de Villeroché, France; Otaviano Canuto, Brazil; Kazuhiko Koguchi, Japan; Andin Hadiyanto, Indonesia; Erik Bethel, United States (Alternate); Fernando Jimenez Latorre, Spain; Omar Bougara, Algeria; Aparna Subramani, India

**Seated (Left to Right):** Melanie Robinson, United Kingdom; Christine Hogan, Canada; Máximo Torero, Peru; Jason Alford, Australia; Bongi Kunene, South Africa; Merza Hasan, Kuwait (Dean); Franciscus Godts, Belgium; Patrizio Pagano, Italy; Juergen Zattler, Germany; Susan Ulbaek, Denmark; Andrew N. Bvumbe, Zimbabwe

and partnership frameworks, while still seeking internal efficiency measures to ensure financial sustainability. The Board also supported the implementation of the World Bank's new Environmental and Social Framework, which will offer broader and more systematic coverage of environmental and social risks, including issues such as labor, land use, and resource efficiency.

To observe the direct impacts of the World Bank Group's operational engagement in client countries, Executive Directors periodically visit project sites to discuss the effectiveness of the Bank Group's delivery model with government officials. This year, Directors traveled to Colombia, Jamaica, and Nicaragua; to Burkina Faso, The Gambia, and Nigeria; and to Belarus, Georgia, and Ukraine.

## Who are the World Bank's Executive Directors?

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

## Guiding the institution

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

for presenting to the Board of Governors an audit of accounts, an administrative budget, and the World Bank's Annual Report on fiscal year results.

## Structuring the Board's work

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

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

**FIGURE 1**  
**COMMITTEES OF THE BOARD OF EXECUTIVE DIRECTORS**



For more information, visit [www.worldbank.org/boards](http://www.worldbank.org/boards).

# Message from the Chief Executive Officer of IBRD and IDA

This was a truly historic year at the World Bank, and I am incredibly proud of what our institution has accomplished.

We have strengthened our ability to deliver in an extremely challenging global environment, and we go into the next year positioned as an even more valued partner for our client countries, regardless of income level, as they work to overcome the economic and development challenges they face.

We continue to drive the global conversation on poverty and inequality—our core mission—looking beyond the averages to see where extreme poverty is creeping up, due to wars, conflict, population growth, and fragility, and how we can fight it more effectively. Our research demonstrates that equalizing opportunities and investing in human capital are the way forward for a better world.

At the same time, emerging concerns over trade and rising debt levels loom large for our clients and shareholders. We know from experience that trade, openness, and solid economic management are good for growth, good for jobs, and good for poverty reduction. Our work has therefore continued to focus on the best policies and programs to improve the well-being of the poorest and most vulnerable, wherever they live.

In fiscal 2018, our combined commitments for the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA) totaled more than \$47 billion. But these impressive numbers stand for something much bigger. They represent our ability to confront the world's toughest challenges and to step in when our clients need us the most.

There were so many stand-out moments this year, but let me highlight a few.

We stepped up our support to the Caribbean after hurricanes Irma and Maria, using every analytical and financial instrument at our disposal. This allowed us to deploy expertise and money where it was needed, as quickly as possible, to help restore livelihoods, strengthen resilience, and rebuild communities.

When the Democratic Republic of Congo confirmed an outbreak of Ebola in May, our Pandemic Emergency Financing Facility was activated for the first time to release \$12 million immediately. Along with an additional \$15 million in reallocated funds, this helped fund the government's response plan in just two days, and our crisis response platform is on alert to do more.



We exceeded our targets for climate change, with one-third of total World Bank lending, or nearly \$16 billion dollars, going to development activities that address climate change. This shows that our efforts to mainstream climate mitigation and adaptation into the portfolio are paying off.

And we are leading on knowledge and thought leadership. For example, we made a clear moral and economic case for gender equality: we reported how child marriage curbs the potential of young women and costs developing countries trillions of dollars; we highlighted the laws and regulations that still prevent women around the world from participating fully and equally with men; and we calculated that gender inequality in the workplace is costing the world \$160 trillion.

This was also a successful and innovative year for IDA, including the highest-ever first year of commitments—\$24 billion—to support the world’s poorest countries. This year also saw IDA’s inaugural bond, which received a resounding response from the market and generated \$4.6 billion in orders from high-quality investors around the world.

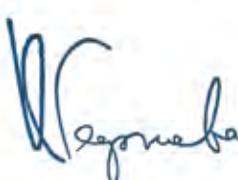
The agreement we reached with our shareholders in April as part of the capital increase has made us stronger and set new milestones for the coming years: to improve our business model, effectively allocate resources, and do more and do better for our clients. This means walking the talk on issues such as climate change, gender, jobs, and fragility, but also taking a close look at the way we work and pushing our performance and productivity.

We continue to shift our resources to the front lines to deliver in areas of the world that need us the most. The number of operations staff in the field increased by 5 percent in fiscal 2018, and we have more staff on the ground today in fragile and conflict-affected situations than ever before.

Working with the management team, we are taking steps to become a more innovative, impact-driven, flexible, and responsive institution. Working closely alongside the Executive Directors, we introduced the Multiphase Programmatic Approach, which helps us learn, adapt, and make better use of our financial resources as our operations unfold. We approved the first program of this type: the 10-year, \$200 million Madagascar Improving Nutrition Outcomes Program to tackle stunting, one of the country’s most pressing development challenges.

Led by the President, we are doing our part to make the World Bank Group’s Maximizing Finance for Development approach a reality. This drive to access all sources of finance, expertise, and solutions to support developing countries will not happen overnight. I am looking forward to this ramping up significantly in fiscal 2019, with the help of our Agile fellows and the commitment of staff across the Bank Group to work together for our clients.

Everywhere I travel, I am struck by the difference that our work makes on the ground for people in underserved communities, who are at risk of being left behind by global progress. It is through the commitment of our shareholders, staff, and clients that we will continue to be a trusted partner for countries all over the world who are working to create a better future for their people.



KRISTALINA GEORGIEVA

*Chief Executive Officer of IBRD and IDA*

## Supporting Clients in Priority Areas

For the first time in over a decade, the global economy is operating at full capacity, signaling robust economic growth. Yet despite this positive news, critical challenges remain for developing countries.

The international community is racing to achieve the Sustainable Development Goals in less than 12 years, with trillions of dollars needed to deliver on the promise. Overlapping crises, from climate change to pandemics, natural disasters to forced displacement, threaten to erase hard-earned development gains. And historic economic changes, in part from technological advancement and disruption, present risks for countries, but also opportunities if they have made the necessary investments in their people, communities, and economies to take advantage of them.

The world needs partners that can help meet the challenges of today, while making the investments to prepare for the challenges of tomorrow. By offering financing, knowledge, experience, and a long-term commitment to its country clients, the World Bank is a trusted partner for all its members to help transform economies and advance the 2030 sustainable development agenda.

With a mission to end extreme poverty and boost shared prosperity, the World Bank supports its client countries in three priority areas: promoting sustainable, inclusive economic growth; investing more—and more effectively—in people; and building resilience to fragility, shocks, and threats to the global economy. The Bank applies this three-pronged approach across all sectors of development so that countries make the integrated investments that can best help people lift themselves out of poverty.

### **INCLUSIVE, SUSTAINABLE GROWTH**

**"I feel a tremendous sense of urgency, not just because there are enormous needs in the world. Aspirations are rising. And aspirations, linked to opportunity, can breed dynamism and inclusive, sustainable economic growth." —JIM YONG KIM**

## **Accelerating the energy transition**

The World Bank is committed to helping countries ensure access to affordable, reliable, and sustainable energy for all. Energy is at the heart of development, complements investments in human capital, and makes possible the business activity, innovations, and new industries that are the engines of jobs and growth for entire economies.

In fiscal 2018, the World Bank helped countries adopt emerging approaches to electricity service delivery and deploy technological innovations that have substantially increased the number of households with service in a short amount of time. In Ethiopia, for example, a new \$375 million program supports both on-grid and off-grid efforts, with a focus on connecting schools and clinics. In Rwanda, similar approaches have brought electricity to 1.2 million people, 80 percent of clinics, and 90 percent of schools. In Bangladesh, long-term efforts supported by the World Bank have brought electricity to 18.5 million people through the deployment of a world-record 1.4 million solar home systems, creating 70,000 jobs in the process.

The World Bank portfolio in energy access—particularly off-grid programs—is growing fast, with \$500 million added in fiscal 2018 to an existing portfolio of \$1.3 billion. Also growing is the portfolio of clean energy projects, particularly solar. Many of these projects are being delivered through innovative financial solutions. In Argentina, an additional \$250 million IBRD guarantee will facilitate private investment to help the country to meet its goal of 20 percent renewable energy by 2025. In India, a partnership with the State Bank of India delivered 575 megawatts in solar systems for homes and small businesses in just six months.

The World Bank is also dedicated to delivering energy services in some of the most difficult and remote environments in the world. In Mexico, the Bank is financing solar “farms” to deliver electricity to the 3 percent of the country still without power—mostly indigenous people in remote, isolated areas. In the Republic of Yemen, the World Bank is working with an existing network of micro-finance institutions to deliver off-grid solar systems to rural and peri-urban areas. Another project is improving the efficiency of electricity distribution systems and piloting solar services in Gaza.

## **Supporting the move to sustainable transport**

Transport is another crucial driver of economic and social development, connecting people to jobs, education, and health services; bringing opportunities for the poor; and making economies more competitive. The Bank is helping to finance innovative and sustainable transport infrastructure. For example, a \$375 million IBRD loan for a national waterway project is helping India to revive the Ganga watercourse as a cheaper and greener mode of transport—water transport uses four times less fuel per freight ton than road transport, reducing emissions—while observing the river’s cultural importance.

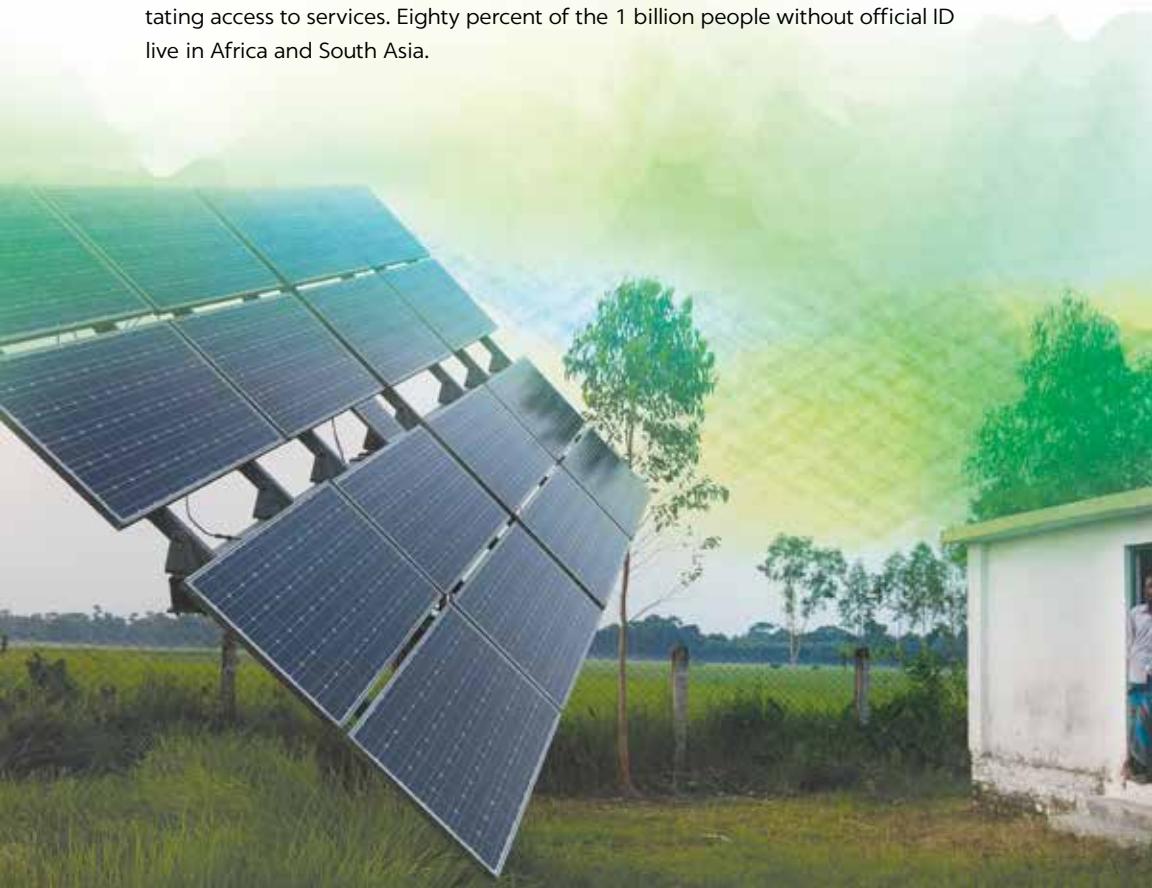
To be sustainable, transport must meet four essential goals: it should be accessible for all, green, safe, and efficient. To monitor progress toward these ends, the

World Bank-led Sustainable Mobility for All initiative launched the *Global Mobility Report* in October 2017, the first assessment of how the transport sector performs against these four major goals. With plans to update it every two years, the data will enable governments to measure progress in how they provide sustainable transport. In addition, this year the Bank signed a pioneering agreement with the International Association of Public Transport to raise awareness of sexual harassment in public transport worldwide, with the aim of reducing the incidence of this impediment for women's empowerment and inclusive transport.

## Revolutionizing development with digital technologies

Digital technologies promote economic growth, citizen engagement, and job creation, driving development and transforming economies with unprecedented speed and scale. By 2020, the increased use of digital technologies could add \$1.4 trillion to total global economic output. The digital gap remains a formidable challenge, however, as globally more than 4 billion people remain unconnected to the internet. In Africa, only 22 percent of people have internet access and most are unable to pay for goods and services digitally. To help address some of the roadblocks, the World Bank launched the Digital Economy for Africa Initiative, which will support African governments to work with the private sector in building the foundations of the digital economy, including infrastructure, platforms, payments, skills, and entrepreneurship.

Digital technologies are also bringing opportunities to help support development in unique ways. The World Bank is leveraging technology to develop digital platforms and solutions that can improve public service delivery and make governments more open, effective, and accountable. In Tanzania, the Bank helped the government use drones for geospatial mapping for flood preparedness, and also supported the establishment of birth registration systems that provide baseline data to help target anti-stunting programs. A \$317 million IDA program supported by the Identification for Development partnership (ID4D) will help build an inclusive ID system in the Economic Community of West African States, facilitating access to services. Eighty percent of the 1 billion people without official ID live in Africa and South Asia.



## **Investing in agribusiness to create inclusive growth**

Food demand is projected to rise to meet a growing and more urban population, even as natural capital is depleted and climate change adversely affects food production. This is a challenge, particularly in rural areas, where roughly 80 percent of the extreme poor live and where many of the agricultural value chain activities—from farming to processing, trading, and distribution—take place. It is also an opportunity. By drawing on well-sequenced reforms, public and private sector investments, advisory services, and guarantees, the World Bank is working to transform the agriculture sector toward climate-smart agriculture, sustainable value chains, and more inclusive agribusiness models.

In Côte d'Ivoire, for example, the World Bank is supporting efforts to better leverage the cashew nut value chain to generate about 12,000 direct jobs, of which 50 percent will be for women, and enhance the competitiveness and inclusiveness of about 225,000 cashew farmers. By promoting cashew research and seedling development, supporting extension services and technology transfers, and rehabilitating and maintaining feeder roads, World Bank support will help increase on-farm cashew productivity and access to markets. In addition, through a mix of interventions including dedicated financial facilities and strong collaboration with IFC, the project will attract private investment in postharvest and processing infrastructure to increase the volume and value addition of locally processed cashews.

## **Achieving a water-secure world for all**

Access to safe water and sanitation and sound management of water resources are essential to human health, environmental sustainability, and economic prosperity. To help countries achieve the vision of a water-secure world for all, the World Bank works with partners to ensure sustainable management of water resources and infrastructure, strengthen institutions to expand access to quality services, improve the financial viability of the water sector, and deliver resilient water services to adapt to shocks and stresses. For example, a \$145 million IBRD project supported the rehabilitation and modernization of the Jinnah Barrage in Pakistan to provide a reliable water supply for over 2.1 million acres of farmland, benefiting about 600,000 families.

The World Bank works to upgrade water infrastructure and services in some of the most challenging places. Despite the volatile environment, the World Bank supported the construction of the North Gaza Wastewater Treatment Plant, which is ready for operation. It will provide a long-term, sustainable wastewater management solution for over 400,000 people.

In addition, the World Bank leverages its convening power to help countries find ways to accelerate solutions to the urgent water crisis. This year, the High-Level Panel on Water, co-convened by the Bank and the United Nations and comprising 11 heads of state and a special adviser, delivered on its two-year mandate to champion a comprehensive, inclusive, and collaborative way of developing water resources and improving water and sanitation-related services. The outcome package offered a new agenda and recommendations for action: rethinking how to understand, value, and manage water as a precious resource, and catalyzing change and building partnerships to achieve the water-related goals of the 2030 sustainable development agenda.



## Managing resources effectively for long-term gain

As developing countries make the investments to grow their economies, it is important to ensure that debt levels are sustainable and that domestic resources are managed effectively. Good debt management is essential to economic development over the long term. As increasing indebtedness is resurfacing as a risk across emerging and developing economies, the World Bank is working with the International Monetary Fund (IMF) to help low-income countries achieve their development goals without creating future debt problems. Together, the institutions developed the Debt Sustainability Framework, a tool for countries, multilateral institutions, and other creditors to assess risks to debt sustainability in lower-income countries. This classification is used, in part, to determine the share of grants and credits in IDA's assistance to the country.

The World Bank also continues to support the Addis Ababa framework that calls for greater mobilization of domestic resources to finance development investments. To ensure that governments have a sufficient revenue base to provide basic public services and support a stronger economy, research suggests that countries need to collect at least 15 percent of GDP in taxes. Working with the IMF, the Organisation for Economic Co-operation and Development, and the United Nations through the Platform for Collaboration on Tax, the Bank is developing tools and strategies for countries to increase their tax base, as well as engaging directly with governments to help ensure the quality of public expenditures.

## Removing barriers to mobilize private sector financing

Finding ways to sustainably leverage private sector resources can help preserve public financing. Through lending, diagnostics, policy dialogue, and advisory services, the World Bank addresses public sector risks and barriers to entry for the private sector. Bank support for financial sector, legal, regulatory, and policy reforms is aimed at creating an enabling environment for foreign and local private sector investment. These engagements range from supporting sound fiscal



## Improving private sector involvement in infrastructure

**B**uilding modern, sustainable, and reliable infrastructure is critical for meeting the rising aspirations of billions of people around the globe. The World Bank takes an integrated approach to increasing and financing infrastructure services in developing countries, with a view toward greater access, affordability, and sustainability. Underpinning this work is the World Bank Group's commitment to Maximizing Finance for Development.

World Bank support to infrastructure includes helping countries build the knowledge and capacity to design and implement quality public-private partnerships (PPPs), when appropriate. In this vein, the Bank released its *Procuring Infrastructure PPPs 2018* report, which benchmarked the regulatory framework of 135 economies against internationally recognized good practices. In addition, the Bank's PPP Certification Program—which aims to enhance performance, build capacity, and ensure global good practices among PPP practitioners—also expanded this year with language versions in Chinese, French, and Spanish.

One major factor hindering infrastructure implementation and delivery is the absence of good governance. This year, the World Bank—in coalition with other multilateral development banks and development partners—spearheaded a program of Regional Roundtables on Infrastructure Governance to bring together government officials, the private sector, civil society, and others to address this core issue. Roundtables took place in Cape Town and Abidjan in fiscal 2018 and will move to Asia and Latin America next year.

Supporting PPP project development, the Global Infrastructure Facility, a collaboration platform that facilitates private sector investment in complex emerging-market infrastructure projects, now boasts a strong portfolio of 38 projects, which are expected to mobilize over \$30 billion in total investment. In addition, the Bank also provides financing, which this year included support for the preparation of the second-round RenovAr tenders in Argentina. The \$250 million IBRD guarantee complements the \$480 million IBRD guarantee provided in 2017 and together they will help Argentina unlock its renewable energy potential by creating a market and mobilizing \$5.5 billion of mostly private investments.

policy and macroeconomic management at the country level to microeconomic reforms to improve the ease of doing business in a country.

A \$12 million IDA grant for The Gambia, for example, has led to measurable improvements in the business environment for entrepreneurs. The project focused on the challenges faced by small businesses in two of the country's largest industries: small-scale agriculture and tourism. The project helped establish an online business registration system, which cut the average registration time from 27 days to 3. By the end of the project, more than 10,000 new enterprises had registered.

The World Bank is also collaborating with IFC to unlock access to long-term financing in underserved markets. In the countries of the West Africa Economic and Monetary Union (WAEMU), for example, access to affordable housing is a growing concern. The World Bank and IFC embarked on a joint intervention to expand the private mortgage market in WAEMU, working through the West African regional mortgage refinance company (CRRH). IFC is providing an equity investment of CFAF 1.2 billion (\$2 million) in CRRH, while IDA financing is being channeled into CRRH through the West African Development Bank. The IDA package includes technical assistance to develop the enabling environment for the construction of cheaper housing.

### **Creating more, better, and inclusive jobs**

Jobs are key for economic and social development, and there are growing demands for the World Bank Group's policy and financial support, particularly in the context of IDA18. The problems are not only related to unemployment; in most client countries, average unemployment rates are low. Rather, it is inactivity and underemployment that keep large numbers of households living in poverty, as many of these jobs are in the informal sector or are low productivity activities. The three main jobs challenges most developing countries face to varying degrees are: creating more jobs in the formal sector of the economy; increasing the quality of informal jobs (e.g. productivity, earnings, access to social insurance, etc.); and connecting vulnerable groups to jobs or to better jobs.

The World Bank supports developing countries in the design and implementation of integrated, multisectoral job strategies. This is achieved through a three-prong strategy. First, Jobs Diagnostics help client countries identify key jobs challenges at the macro, firm, and household level. The diagnostics are being mainstreamed in the World Bank Strategic Country Diagnostics, which inform the World Bank's Country Partnership Frameworks. Second, the World Bank helps mobilize global knowledge to identify solutions to common jobs challenges. Last, the Bank supports countries implementing job strategies through lending and investment operations and policy reforms. As of April 2018, the World Bank has 578 active jobs-related projects, representing investments of about \$76 billion. Last year, these projects reached close to 2 million new beneficiaries. In addition, the World Bank designs monitoring and evaluation tools to standardize how jobs outcomes are measured in projects.

In Nigeria, the State Employment and Expenditure for Results Project, with \$200 million in IDA funding, aims to enhance opportunities for employment and access to socioeconomic services while improving public expenditure management systems in participating states. The project has employed over 16,000 youth, of whom 49 percent are young women, across four states through the implementation of 277 sub-project contracts on road maintenance and rehabilitation and waste collection and disposal.

## Reaching the goal of universal financial access

The world has made a great deal of progress on financial inclusion, but it remains a defining challenge for development. Between 2011–17, collective efforts on financial inclusion, including the Universal Financial Access Initiative, led to 1.2 billion new accountholders. Around the world, 69 percent of adults now have a bank account, up from 51 percent in 2011, according to the latest Global Findex data released in April 2018. The number of unbanked adults has fallen to 1.7 billion, after accounting for population growth. Despite these global gains in financial inclusion, the gender gap in access to finance remains persistent at 9 percentage points. Currently unbanked adults are also disproportionately poor, young, and tend to have low educational attainment.

There are less than three years left to reach the Universal Financial Access (UFA) 2020 goal, a vision the World Bank announced in 2013 for all adults to have access to a transaction account. The Bank is on track to meet its UFA commitment of enabling 1 billion new accountholders to be reached by 2020, with World Bank Group technical assistance and financing operations currently anticipated to help reach 738 million new accountholders. To date, 33 private sector partners across the financial sector have signed on to help reach the UFA 2020 goal.

## Preparing for the economies of the future

Disruptive technologies offer opportunities to developing countries, but only if countries are capable of taking advantage of them. Many countries lack the legal and regulatory frameworks and the skills and firms needed to harness technology's potential. The World Bank is working with governments to identify constraints to technology-led development. The Public Expenditure Review for Science, Technology, and Innovation, for example, is a new diagnostic tool to help governments formulate appropriate strategies, adopt good practices, and improve coordination of innovation policies. The tool was piloted this year in Chile, Colombia, and Ukraine.

The World Bank report, *Trouble in the Making? The Future of Manufacturing-Led Development*, explains how technology is changing the criteria for becoming a desirable manufacturing location. Companies once influenced by the prospect of inexpensive labor costs are beginning to favor locations that can better utilize technology. Countries are urged to focus on three dimensions: competitiveness, capabilities, and connectedness. This includes shifting from a focus on low wages to broader considerations of the business environment, the rule of law, and the use of technology to complete financial transactions to develop firm ecosystems; equipping workers with new skills, building stronger firms, and developing the necessary infrastructure to adopt new technologies; and improving logistics and lowering trade restrictions on manufactured goods and services.

Countries will need to ensure that their economies are prepared for tomorrow's technology. But they will also need to ensure that they are making the best investments in their people, so that they are prepared to participate as well.

## Building human capital—a project for the world

For the past 25 years, humanity has experienced huge gains through investments in people: more children are surviving their fifth birthdays and going to school, more poor people are protected by safety nets, and there is greater life expectancy globally. These are important gains, because building human capital is essential for competitiveness and growth. However, the world continues to face

## INVESTING IN PEOPLE

**"We always knew that investing in people is the right thing to do; now we're learning that, economically, it may very well be the smartest thing to do. . . . Investing in people is investing in economic growth. —JIM YONG KIM**

a critical human capital gap. Hundreds of millions of children and youth are not learning enough to prepare them for jobs of the future, weak health systems are failing to provide universal health coverage, and four out of five poor people in low-income countries still lack access to social safety nets. Moreover, technology is changing the very nature of work, lending further urgency to ensure that quality investments in people and their skills are made.

To drive more and better investments in people, the World Bank's new Human Capital Project (HCP) will place human capital at the center of the global agenda and Bank-client engagement, and employ the full range of World Bank services. The HCP is developing a Human Capital Index in late 2018, which is intended to stimulate awareness, prioritization, and action at the country level. This innovative, international metric will reflect countries' investments in the next generation, initially measuring *survival* (will children born today survive to school age?); *schooling* (how much will children complete and how much will they learn?); and *health* (will they leave school in good health, ready for further learning and/or work?).

## Securing the foundation for human capital

Investing in the first years of life is vital for economic development, given the impact of nutrition and early stimulation on brain development and subsequent adult productivity. The World Bank estimates that the average country would have 7 percent more GDP per capita today if childhood stunting had been eliminated when today's workers were children. The Bank has prioritized investment



in the early years as critical to securing the foundation for human capital, working closely with partners with the aim of scaling up investments in more than 30 priority countries.

For example, in Rwanda, where the government has made a public commitment to dramatically reduce stunting, the Bank has utilized \$176 million in IDA and private sector grants to support cross-sectoral investments, with a special focus on the first 1,000 days of life. The innovative Rwanda program brings together supply-side nutrition interventions, demand-side conditional cash transfers, a focus on early childhood development, and a planned agriculture project. The World Bank has leveraged significant resources from the private sector through The Power of Nutrition, nearly \$100 million of which has already been programmed across IDA projects in Ethiopia, Tanzania, Côte d'Ivoire, Madagascar, and Rwanda.

## Realizing the promise of education

World Bank operations and technical work in education take an integrated approach to creating, supporting, and enhancing education systems that deliver learning for children, young adults, and those who need skills later in life. The Bank is also advancing the gathering and dissemination of evidence on what works based on rigorous impact evaluations. Shifting the emphasis in education from inputs to outcomes is helping strengthen education systems and improve results.

*The World Development Report 2018: Learning to Realize Education's Promise* has been timely in an era of rapid economic and social change. It points to a massive learning crisis affecting virtually all developing countries, underscoring that schooling without learning is both a wasted opportunity and a great injustice. Learning-adjusted years of schooling—a means for interpreting the productivity of an education system—is an important new measure that has emerged following this report. New data now show that children in low-performing countries acquire, on average, about five years less schooling than those in the highest-performing countries.

President Kim's 2015 commitment at the World Education Forum to double World Bank results-based financing in education from \$2.5 billion to \$5 billion by 2020 has been achieved in half the time, with more than \$7.1 billion committed as of June 30, 2018, signaling increasing client-country demand for stronger education systems and for the results that matter in education. The World Bank works with countries to ensure that funds are appropriately directed and spent smartly across regions and schools.

Ensuring that vulnerable girls can go to secondary school is another foundational investment in human capital. The World Bank has already fulfilled a key education commitment—to invest \$2.5 billion over five years in education projects directly benefiting adolescent girls. More than \$4.0 billion has been invested since 2016, three years ahead of schedule. The investments, largely concentrated across Sub-Saharan Africa and South Asia, are helping provide adolescent girls with access to quality education at the secondary level, and ensuring they remain in school using scholarships, conditional cash transfers, and basic school facilities. In Lebanon, for example, the Bank is working with the government to promote equitable access to education, with a focus on girls and refugees, while in Tanzania, it is boosting girls' enrollment by making schools affordable, reducing the time and distance to school, and providing teacher training on ways to reduce gender-based violence.

## **Pursuing universal health coverage and innovative financing for health**

Working with partners, the World Bank has focused its health investments and research in areas that are especially vital to helping countries achieve universal health coverage by 2030. Some of these areas include ending preventable maternal and child mortality, reducing child stunting, strengthening health systems and health financing, ensuring pandemic preparedness and response, promoting sexual and reproductive health and rights, and preventing and treating communicable diseases.

In December 2017, new data published by the World Bank and the World Health Organization in the *Tracking Universal Health Coverage: 2017 Global Monitoring Report* highlighted alarming gaps in the health and well-being of the global population that have serious implications for human capital and the economic prospects of countries. Currently, half the world's population lacks access to essential health services. Furthermore, 800 million people spend at least 10 percent of their household budgets on health expenses. For nearly 100 million people, these expenses are high enough to push them into extreme poverty. The report was launched during the Universal Health Coverage Forum in Tokyo, which was co-organized by the Bank to drive increased political commitment and accelerate progress toward universal health coverage by 2030. High-level speakers at the Forum included World Bank Group President Jim Yong Kim, Japanese Prime Minister Shinzo Abe, United Nations Secretary-General António Guterres, WHO Director-General Tedros Adhanom Ghebreyesus, and UNICEF Executive Director Anthony Lake, as well as heads of state and ministers from over 30 countries.

Ensuring that every woman, child, and adolescent has access to health care and nutrition is fundamental to building human capital. The Global Financing Facility (GFF), an innovative country-driven financing platform hosted by the World Bank Group, is working toward this goal. Linked to IDA and IBRD, it generates a large return on investment for countries. As of June 2018, 20 projects totaling \$3.3 billion in World Bank financing and supported by \$452 million in GFF Trust Fund grants have been approved by the World Bank. For example, in Cameroon, which has one of the highest maternal mortality ratios in the world and where under-five mortality remains extremely high in the country's north, the government is using the GFF to help serve neglected people and places with increased child vaccination, maternal immunization against tetanus, family planning, and access to quality essential health and nutrition services.

## **Promoting universal social protection coverage to reduce human capital gaps**

Social protection systems promote human capital development from the early years to adulthood by investing in the health and education of children, connecting people to jobs, and protecting the elderly and other vulnerable population. By supporting families' human capital investments while increasing household consumption, social protections help to reduce poverty. *The State of Social Safety Nets*, published by the Bank in April 2018, shows that over a third of very poor people receiving social safety net benefits in 79 countries escaped extreme poverty. The report helps benchmark where countries and regions stand in terms of social safety net spending, key performance indicators, and the impact on reducing poverty and inequality.

## Investing in gender equity to ensure opportunities for all

The World Bank Group Gender Strategy focuses on four key areas to support countries in achieving greater gender equality: improving human endowments which is essential to build human capital; removing barriers to women's ownership and control of assets; removing constraints for more and better jobs; and enhancing women's voice and agency.

Helping countries to remove barriers to women's ownership and control of productive assets such as land and housing, as well as to improve access to the finance, technology, and insurance services needed to make assets productive, is vital for women's economic opportunities. Supporting these efforts, the Bank Group launched the groundbreaking Women Entrepreneurs Finance Initiative (We-Fi), which aims to mobilize more than \$1 billion to unlock finance, markets, and information constraints faced by women-owned small and medium enterprises in developing countries. We-Fi is an example of how the Bank Group is mobilizing finance from the private sector and ensuring that the public-sector tackles policy and regulatory barriers. The initiative has already catalyzed interest from banks and financial institutions in Africa, India, and Germany, who recognize that investment in women is good for their bottom line.

The Bank is also providing project support to countries to remove such barriers. In Ethiopia, for example, the Women's Entrepreneurship Development Program is piloting the use of modern technologies, including psychometric testing and data-driven algorithms, to help unlock access to formal finance for women business owners. Psychometric testing measures characteristics such as knowledge, skills, education, abilities, attitudes, and personality traits to predict the likelihood that a person will pay back a loan. Women entrepreneurs who do not have collateral are able to take an interactive test on a tablet computer that predicts their likelihood to repay. If they score highly, they can borrow without traditional collateral.

The Bank is also focused on increasing women's voice and representation in society and in key economic sectors. The IDA-financed Bihar Transformative Development Project, the second phase of rural livelihoods support in one of India's poorest states, fosters the development of women's self-help groups, which serve as an important platform for amplifying women's voice. Such groups are important platforms for communication and learning among women, and have been used to drive behavioral changes in community health and hygiene practices and to connect women with national nutrition and sanitation programs. They have also helped women from 7.5 million households to access financial services and generate income in the farm and non-farm sectors, with a further 4.5 million households expected to participate by 2022.

In addition to these efforts, the institution targeted constraints to more and better jobs for women, focusing especially on reducing occupational sex segregation, enhancing skills training, improving the safety and accessibility of trans-

port services, and providing services for child and elder care. Efforts are also being undertaken in fragile and conflict-affected areas and include engaging men and boys to tackle challenges related to child marriage, gender-based violence, and adverse social norms.

The World Bank is leading by example on its commitment to gender equality. For instance, it is implementing an action plan on recommendations received in July 2017 from the Task Force on Sexual Exploitation and Abuse, to strengthen interventions to reduce gender-based violence in World Bank infrastructure operations.



The report also shows that only 45 percent of the global population are covered by social protections, while only one in five poor people have access to social protections in the poorest countries. The World Bank is committed to supporting social protections and helping countries to develop national social protection systems to substantially cover the poor and the vulnerable by 2030. At the seventh Ministerial Roundtable on Social Safety Nets in April 2018, ministers of finance and economy and other officials gathered to reaffirm the importance of social safety nets in building the resilience of poor and vulnerable households, thereby protecting human capital.

By the end of fiscal 2018, the World Bank had 87 active social protection and labor projects, representing investments of \$15 billion. In Rwanda, for example, the Bank has supported more than 500,000 new extreme poor beneficiaries with cash transfers that promoted social protection system development and improved investments in early childhood development, nutrition, and education, as well as productive activities by families. In Bangladesh, the Bank supports cash transfer programs for vulnerable populations, including the elderly, widowed, and persons with disabilities, and is helping to expand the coverage of social protection programs to 6 million poor people by 2023.

Developing strong, inclusive economies and ensuring that all people can participate to their fullest potential will help position countries for a brighter future. Yet severe threats to development remain, which, if not addressed, could roll back decades of economic progress and poverty reduction gains.

#### BUILDING RESILIENCE

**"[O]ne thing that for us at the [World] Bank in this world of fragilities is most important, more important than anything . . . it is the success of collective action. Working together, working as one community."** —KRISTALINA GEORGIEVA

### Managing natural resources for current and future generations

Natural resources are under threat globally, from dwindling fish stocks and eroded coastlines, to unhealthy air and degraded landscapes. The World Bank is working with its clients to better manage land, sea, and freshwater natural resources. Pollution caused an estimated 9 million premature deaths in 2015 alone. The World Bank is working with clients to address pollution and increasing its support for environmental quality data and monitoring, particularly for air quality. In Ulaanbaatar, Mongolia's capital and a heavily polluted city, the Bank's \$15 million intervention supported the installation of energy-efficient stoves and boilers, which helped improve air quality with a 60-70 percent reduction in particulate concentration. Another Bank priority is creating sustainable ocean economies. In West Africa, where about 42 percent of the region's GDP is generated in coastal areas, a new regional project is helping to build the resilience of communities that are particularly vulnerable to the effects of poor coastal development, erosion, and frequent flooding. The \$210 million West Africa Coastal Areas Resilience Investment Project will protect against coastal erosion through a range of activities, including fixing dunes, restoring wetlands and mangroves, replenishing beaches, and building seawalls and dikes. The projects in Mongolia and West Africa are guided by the Bank's safeguard policies, which address environmental and social risks.

The World Bank is also working with countries to think of wealth in terms beyond GDP and put a value on their natural resources. A new publication, *The Changing Wealth of Nations 2018*, tracked the natural wealth of 141 countries over 20 years and recognized the contribution to the economy of assets like forests, wetlands, and agricultural land. The use of natural capital accounting puts countries in a better position to make policy and investment choices that will boost economic growth and support sustainable development.

### **Acting in the face of a changing climate**

Ranked as the second warmest year on record, 2017 underscored the severe impacts that climate change is already bringing. Floods in South Asia, severe drought in Africa, and devastating hurricanes in the Caribbean came at an enormous cost to lives, property, and economies. As extreme events like these become more frequent and more severe, slow-onset climate impacts such as sea level rise, water scarcity, and crop failure are also forcing people to leave their homes in increasing numbers. According to the World Bank report *Groundswell: Preparing for Internal Climate Migration*, by 2050, more than 143 million people in Sub-Saharan Africa, Latin America, and South Asia could be forced to move within their own countries in search of less vulnerable places to live.

The World Bank is continuing to support countries to meet their climate change commitments under the Paris Agreement, actively working with countries to help them deliver on their Nationally Determined Contributions by translating their pledges into specific policies, and providing knowledge sharing, technical assistance, and financing. The Bank is moving quickly toward meeting its targets under its Climate Change Action Plan, such as its commitment to increase climate financing to 28 percent of the Bank Group's portfolio by 2020. In fiscal 2018, the World Bank Group committed \$20.5 billion to over 450 climate-related projects, which accounts for 32.1 percent of the total lending volume. Since the launch of the Climate Change Action Plan, this increased financing for climate action has driven strong results and contributed to 18 gigawatts of new renewable energy generation or integration in developing countries, supported 22 climate-smart agriculture investment plans for 20 countries, and enabled 38 million people in 18 countries to have access to reliable weather data and early warning systems so that they are prepared for and safe from natural disasters, among other investments.

### **Building resilience proactively into cities and societies**

Resilience against global shocks and threats can be built into the structures of cities and societies with careful planning and proactive forethought. Globally, 54 percent of the population lives in urban areas today, and by 2045, the number of people expected to live in cities will increase by 1.5 times to 6 billion. The Bank's work in urban development aims to build sustainable cities and communities through an urbanization process that is inclusive, resilient and low carbon, productive, and livable. The Bank's City Resilience Program, for example, is an effort to assist city governments in building greater resilience to climate and disaster risk. The program works to provide the technical expertise or access to financing that cities sometimes lack to make the necessary and costly investments to strengthen their urban resilience. It will achieve this by leveraging the Bank's expertise and assisting cities to expand access to capital. Since launching in June 2017, the program has engaged with 45 cities across the world on developing investment programs in resilient infrastructure.

## Partnering to affirm climate change commitments

The World Bank partners with governments, the United Nations, and the private sector to accelerate progress in the fight against climate change. The One Planet Summit, a collaboration between the Government of France, the United Nations, and the World Bank, which took place in December 2017 to mark the two-year anniversary of the signing of the Paris Agreement, was a prime example of this.

The gathering of heads of state from more than 50 countries, UN organizations, private sector CEOs, mayors, philanthropists, and researchers called on participants to go further in their own climate change commitments, and provided a forum to mobilize badly needed finance for climate action. Speaking alongside President Emmanuel Macron of France and United Nations Secretary-General António Guterres, President Kim announced several new World Bank and IFC climate commitments. Among them, the World Bank Group will report greenhouse gas emissions from the investment projects it finances in key emissions-producing sectors, such as energy, starting in 2018. Additionally, after 2019 the World Bank Group will no longer finance upstream oil and gas, other than in exceptional circumstances.

A key theme of the summit was the power of the private sector to fight climate change by providing the innovation, financing, and tools required for a transition to a low-carbon economy. Investors from top asset managers, pensions funds, insurers, and sovereign wealth funds joined the Climate Action 100+ to encourage companies to cut greenhouse gas emissions and improve the disclosure and oversight of climate-related threats, while another 225 financial institutions made additional climate pledges.

In addition, the World Bank and its partners launched or renewed a series of climate initiatives that aim to improve disaster resilience and advance climate action worldwide, including a new partnership to finance urban resilience between the World Bank's City Resilience Program and the Global Covenant of Mayors for Climate & Energy, as well as the Africa Hydromet Program, a commitment to raise at least \$100 million annually through 2024 in new, direct investments annually for hydromet modernization in 15 countries and four regional climate centers in Africa.

Over the past decade, the Bank has emerged as the global leader in disaster risk management (DRM), supporting client countries in assessing exposure to hazards and addressing disaster risks. The Bank provides technical and financial support for risk assessments, risk reduction, preparedness, financial protection, and resilient recovery and reconstruction, and all World Bank-supported projects are now screened for climate and disaster risk to ensure that they build the resilience of people on the ground. Over the past six years, annual World Bank DRM investment has increased from \$3.7 billion in fiscal 2012 to \$5.3 billion in fiscal 2018, or 11 percent of total Bank commitments. In providing support for DRM, the Bank promotes a comprehensive, multisectoral approach to managing disaster risk.

The World Bank's social development programs are another way to help build resilience into society. The Bank's support spans all sectors and areas of its work, promoting social inclusion of the poor and vulnerable by empowering people, building cohesive and resilient societies, and making institutions accessible and accountable to citizens. These programs are supported by analysis to make sure Bank lending operations benefit the poor and vulnerable in the countries it serves. In addition, the Bank continues to mainstream citizen engagement across its portfolio of operations, and has an active portfolio of projects on community empowerment and community-driven development, an approach that gives control over planning decisions and investment resources for local development projects to community groups.

## **Building household resilience and responding to shocks**

The World Bank is increasingly helping countries to develop systems for responding to crises by utilizing risk modeling and mapping, strengthening early warning systems, ensuring financial protection are in place before a shock hits, and investing in adaptive social protection systems that ensure households are prepared for crises and social protection systems are ready to respond. Such crises response systems allow governments to identify people who are vulnerable to becoming poorer in the face of a shock, what their recovery needs may be, and how to finance and deliver support to them in times of crisis. This year, the Bank supported the sharing of experience in developing such systems through the South-South Learning Forum on "Building Resilience through Adaptive Social Protection." More than 250 participants, including government officials from 68 client countries, attended the February 2018 forum.

The World Bank is supporting countries in bolstering social protection systems in challenging environments. For example, the Bank supported the Ethiopia Rural Productive Safety Net Program, which includes innovative linkages to disaster and humanitarian responses through government-run social protection systems. The Bank is also supporting adaptive social protection systems across the Sahel region, including the ability to scale up to respond to shocks and climate responsive transfers in Burkina Faso. In partnership with the United Nations, the Bank is helping Yemen to use its existing social protection systems to help households cope with ongoing conflict there. An innovative IDA-IFC joint project in Côte d'Ivoire is a good example of World Bank Group social protection work in action. It is helping expand social protection coverage by leveraging innovations in technology. Vulnerable households are receiving cash transfer grants from the government through mobile money technology. About 210,000 individuals from poor households have benefited from mobile money accounts and digital cash payments.

## **Increasing support to fragile and conflict-affected places**

**P**overty and fragility are increasingly interlinked. By 2030, projections show that between 43 and 60 percent of the world's extreme poor will live in settings marked by fragility, conflict, and violence (FCV), and serious risks such as violent extremism, climate change, pandemics, and food insecurity are on the rise.

The World Bank Group is scaling up efforts to maximize its impact in FCV situations. As a top development priority, the Bank Group is doubling resources for FCV-affected countries to more than \$14 billion under the 18th replenishment of IDA. New financing mechanisms include \$2 billion to support refugees and host communities, \$2.5 billion to spur private enterprise, and a Risk-Mitigation Regime that supports proactive initiatives to help countries mitigate fragility risks. Efforts this fiscal year focused on quickly operationalizing these new windows. For the IDA18 Refugee Sub-Window, eligibility was established for nine countries that collectively host more than 62 percent of refugees located in IDA and IBRD/IDA blend countries. Cameroon became the first country to benefit from the window, with the approval of \$130 million in grants in May 2018 to help provide refugees and host communities with access to health care, education, social safety nets, and social and economic infrastructure. The Bank is also helping to address the needs of Rohingya refugees in Bangladesh through an additional \$50 million supported in part by the window to an existing Health Sector Support Project, with contributions from the Government of Canada. This is the first in a package of support that could total as much as \$480 million designed to improve education, promote skills development, and provide basic services, including water and sanitation, for refugees in a phased manner.

The global prevalence of fragility has long been characterized by a flat, unbending line. The World Bank aims to turn the flat line into a sharp, downward curve. To that end, the World Bank, in partnership with the United Nations, is working to refocus the international community's attention toward prevention. In March 2018, the two institutions published the joint report, *Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict*, which estimated that violent conflict costs up to \$13.6 trillion per year globally. According to the study, prevention could save up to \$70 billion annually.





## Responding quickly to disease outbreaks

A severe pandemic can cause millions of deaths and significant losses of global GDP. World Bank investments support expanding the pandemic preparedness capacity of country health systems to halt disease outbreaks before they become pandemics. Under the IDA18 program, these investments will be made in at least 25 countries, along with pandemic preparedness investments in several IBRD countries. In addition, the Bank's support to the International Working Group on Financing Preparedness, as well as its leadership in engaging policy makers—country finance ministers, in particular—on several pandemic simulations, have helped drive home the importance of investing in pandemic preparedness.

In the event of severe outbreaks or pandemics, the Pandemic Emergency Financing Facility (PEF) will enable the Bank to engage with a rapid and early response. Supported by the World Health Organization, the private sector, and donors such as Japan, Germany, and Australia, the PEF is the first-ever form of pandemic insurance, using an innovative combination of public and private financing, including from capital markets. The PEF, which consists of both a cash and insurance component, became operational in July 2017 for an initial three-year period and now covers all 77 IDA countries with pandemic insurance at no cost. In May 2018, the PEF made the first commitment from its cash window in the form of a \$12 million grant to bridge the financing gap for the Ebola response in the Democratic Republic of Congo. The quick disbursement of these resources helped the government to focus their efforts on the immediate response to the crisis, rather than raising funds.

## **WORKING ACROSS ALL SECTORS**

**"We have to be the institution that integrates across all our different areas and provides enormous value to our member countries."**

—JIM YONG KIM

In all of the areas described above, the World Bank strives to bring the best development solutions to its clients. But the unique strength of the World Bank is its ability to combine expertise from many sectors to help countries design, finance, and implement sustainable projects that provide more benefits and make a greater impact. In providing such interdependent and multisectoral solutions, the Bank helps to realize sustainable outcomes while responding to local, country, and regional priorities.

In Bangladesh, for example, the Bank is supporting projects that are working to improve the country's transport connectivity, but that also have broader effects because of the integration of multiple sector approaches. The ongoing \$360 million commitment to the Regional Waterway Transport Project will improve the navigability of 900 kilometers of inland waterways along the Chittagong-Dhaka-Ashuganj Corridor and connecting routes, incorporating solutions from the Bank's expertise in transport, but also trade, the environment, and infrastructure to help reduce travel time and costs for cargo and passengers and to sustainably boost national and regional trade. The project also supports improvements to social inclusivity by developing key river ports to include safe, sanitary, and female-friendly facilities such as bathrooms and waiting rooms. Similarly, the \$150 million Regional Connectivity Project will modernize trade-related infrastructure, systems, and procedures to increase Bangladesh's connectivity and trade with India, Bhutan, and Nepal. With improvements to key land ports, the investments will increase trade volumes and reduce clearance time at border posts. In addition to the trade, transport, and infrastructure solutions that comprise this project, the investments will also incorporate a perspective informed by gender issues. The project will pilot activities to help remove bottlenecks faced by women in trade and business, as well as skills development programs to bring more women traders into formal trade networks and global value chains. The insights gained from this project will help to develop specific infrastructure, logistics, and transport services for women in the future.

As these projects demonstrate, by leveraging the collective knowledge base of the institution, as well as the lessons learned from its operations and the experiences of country members, the World Bank provides layered solutions for the projects it supports. Integrating an environmental perspective into an infrastructure project or a gender-informed perspective into a trade project allows the Bank to facilitate development impacts that are greater than the sum of their parts and that can endure. As the Bank continues its work along the path toward meeting its goals, it will continue to develop diverse perspectives and innovative ideas as part of the support it offers to country clients to help them meet their development needs.

For more information, visit [www.worldbank.org/topics](http://www.worldbank.org/topics).

# Innovative Finance for Development Solutions

Through global capital markets, IBRD has been mobilizing finance for its client countries for over 70 years, leveraging \$16 billion in paid-in capital from its shareholders to fund over \$600 billion in projects and programs that help client countries address development priorities around the world. The World Bank leverages IBRD's triple-A rating and strong standing in the markets to cost-effectively raise between \$45 and \$55 billion annually to support the Bank's sustainable development mandate, to develop innovative financial tools that support global development priorities, and to help clients manage risk and build resilience.

## Raising private capital for the poorest countries

In April 2018, IDA made its debut in the global capital markets for the first time in its nearly 60-year history, leveraging its strong financial position and triple-A rating. IDA's inaugural bond—a \$1.5 billion, five-year US-dollar benchmark issue—received strong reception in the market, with total orders reaching \$4.6 billion from around the world. The bond pioneers a new model for development finance that combines funding from donors with funding raised in the capital markets, increasing IDA's lending capacity in IDA18 by 50 percent.

Going forward, IDA will continue to grow its borrowing program to raise funds that complement donor contributions, enabling it to expand its life-changing investments in the poorest countries.

## Catalyzing a transformation toward sustainable capital markets

The World Bank is a leader in mobilizing private investment for development through the capital markets. Since issuing the first IBRD bond in 1947, the Bank has been a key promoter of unique capital market instruments that give the private sector the opportunity to engage in global development priorities. The World Bank is one of the largest issuers of green bonds, for example, which tap capital markets to support climate-related projects. Since issuing the first labeled green bond in 2008, the Bank has issued \$11 billion equivalent through more than 140 transactions in 19 currencies. In April 2018, the Bank issued its first green bond denominated in Hong Kong dollars (HK\$ 1 billion).

The World Bank also supports country efforts to build green bond markets. Through this work, the Bank helps clients demonstrate leadership on sustainability and climate action, while offering investors an opportunity to support

development solutions that address climate change. The Bank's work in this area is driving growth and innovation. In fiscal 2018, the Bank identified the opportunity to leverage the world's biggest Shari'ah-compliant debt market (Malaysia) to combine the *sukuk* (Islamic Bond) and the green bond into a new financial instrument for climate finance: the green sukuk. With technical assistance from the Bank, Tadau Energy, a solar energy company in Malaysia, issued the first green sukuk in the world in July 2017, raising RM 250 million to finance a 50-megawatt solar photovoltaic power plant. Following this successful demonstration, four green sukuk and one green bond were issued by Malaysian companies, and Indonesia issued the first sovereign green sukuk in the world.

The World Bank, working with IFC, assisted Fiji in becoming the first emerging market issuer of a sovereign green bond (F\$ 100 million) in the world. The Bank also provided technical assistance for Nigeria to issue the first African sovereign green bond (₦ 10.69 billion). In addition, the Bank supported the development of the Association of Southeast Asian Nations Green Bond Standards and the Indonesia Financial Services Authority Green Bond Regulations.

Building on the evolution of the green bond market and a growing demand from investors for opportunities to make a positive impact, the World Bank has broadened its offerings of sustainable investing instruments. In January 2018, IBRD issued a bond to raise awareness for how empowering women and girls is one of the most effective ways to accelerate economic development, reduce poverty, and build sustainable societies around the world. The bond raised Can\$ 1 billion from institutional investors in the Canadian dollar market. In February, the World Bank issued a \$350 million private placement with the Folksam Group to raise awareness for four Sustainable Development Goals—good health and well-being, gender equality, responsible consumption and production, and climate action—that anchor Folksam's sustainability strategy. The World Bank is also promoting the transition toward sustainable capital markets through its partnership with Japan's Government Pension Investment Fund. The partnership aims to identify and address the challenges in greater Environmental, Social, and Governance (ESG) integration—such as insufficient data and disparate standards—with the broader goal of directing more capital toward sustainable investments.

## **Building resilience with disaster insurance and risk transfer solutions**

The World Bank is the largest provider of risk insurance for countries. By intermediating between client countries and the capital markets and through direct World Bank bond and over-the-counter derivative transactions, the Bank is helping countries build resilience against risks from natural disasters, pandemic disease outbreaks, and other destabilizing risks. Risk transfer coverage provides protection to governments, without increasing public debt, and is an important complement to other sources of funding, including emergency funds, budget reserves, credit lines, and international aid. To date, the Bank has provided clients with \$3.9 billion in coverage against catastrophe, weather, and health risks.

In fiscal 2018, the Bank issued a \$360 million catastrophe bond for Mexico to cover earthquakes and hurricanes, and provided \$206 million local currency catastrophe insurance coverage for 25 provinces in the Philippines against losses from major typhoons and earthquakes. There have been two payouts under these programs this fiscal year. Mexico received a \$150 million payout following the powerful 8.2 magnitude earthquake that struck in September 2017. In December

2017, Typhoon Vinta triggered a partial payout of PHP 83.5 million (\$1.6 million) to the province of Davao del Sur in the Philippines. In June 2018, the Bank issued a \$1.3 billion catastrophe bond to protect each of Chile, Colombia, Mexico, and Peru against potential losses from earthquakes. This marked the largest sovereign risk insurance transaction ever and establishes the World Bank as the largest provider of sovereign risk insurance.

## Helping clients to manage public debt

When governments and other public entities need financing for development investments, borrowing is one of the available options. Ensuring that publicly held debt does not undermine development objectives requires sound management practices. Effective, strategic, and efficient public debt management is the cornerstone of financial stability and sustainable fiscal policy.

In fiscal 2018, the World Bank worked with 38 federal and subnational debt management offices in 33 countries across all regions of the world, helping governments build institutional capacity in all areas required for effective management of government debt. During fiscal 2018, the World Bank's debt management advisory services reached more than 500 debt management practitioners in different countries through webinars, workshops and forums, online communication and virtual peer groups, and in-person meetings to build and manage long-term relationships with debt managers in partner countries. The World Bank also provides a repository of knowledge in the form of research reports and publications to stimulate discussions and further research.

Going forward, the World Bank will continue to use capital market innovations to finance sustainable development, to serve clients through advisory services and risk management projects, and to maximize the resources available to help countries to invest in their own development needs.

For more information, visit [treasury.worldbank.org](http://treasury.worldbank.org).

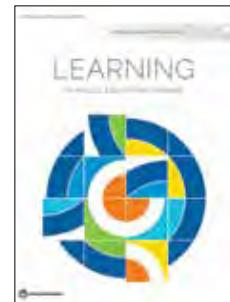
# Promoting Development through Research, Analysis, and Data

Knowledge is critical to development. The World Bank focuses on evidence-based development solutions and provides global insights for solving development challenges through reports and publications, in-depth analytic services, and freely available development data.

## Researching today's most pressing topics

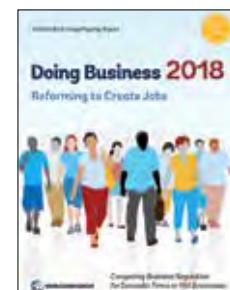
The World Bank promotes development through its knowledge products, which include flagship reports, research papers, databases, and global indicators. Broader access to research and data allows policy makers and advocacy groups to make better-informed decisions and measure improvements more accurately. In fiscal 2018 the Bank published several significant reports, including:

- **World Development Report 2018: Learning to Realize Education's Promise.** Each year, the World Development Report features a topic of crucial importance to global development. The 2018 edition—the 40th in the series—was the first ever devoted entirely to education. According to the report, despite massive global gains in access to education, recent learning assessments reveal that many children around the world are leaving school unequipped with even foundational literacy and numeracy skills, let alone the higher-order skills needed for the 21st century. Across many low- and middle-income countries, skills lag far behind what those countries aspire to. The report uses new data to diagnose what's causing this learning crisis and how to tackle it. It proposes starting with learning metrics and evidence-based programs to make schools work for learners, and urges countries to overcome stubborn system-level technical and political barriers to learning.



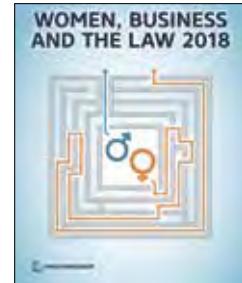
- **Doing Business 2018: Reforming to Create Jobs.**

Doing Business compares the business regulations in 190 economies to provide data for governments to help design sound business regulatory policies and to encourage research on the important dimensions of regulatory environments for firms. The report ranks economies on their overall "ease of doing business" and analyzes reforms to business regulation—identifying which economies are strengthening their business

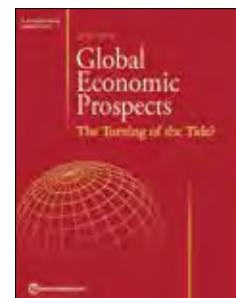


environment. The annual rankings have served to spur countries to undertake useful reforms that help create fair, efficient, and transparent rules for the domestic private sector. In the 15 years of its existence, more than 3,100 business reforms have been carried out by governments around the world to make it easier for domestic small and medium enterprises to start, operate, and expand.

- **Women, Business, and the Law 2018.** This report measures gender inequality in the law. Its dataset identifies barriers to women's economic participation and encourages the reform of discriminatory laws. The report—now in its fifth edition—introduces scoring to better inform the reform agenda, tracks progress made over the past two years, and identifies opportunities to ensure economic empowerment for all. It notes that governments in 65 economies took steps to improve women's economic inclusion, enacting 87 legal reforms during the past two years. However, women continue to face widespread barriers, entrenched in laws, that keep them out of jobs and prevent them from owning a business by restricting their access to credit or control over marital property.



- **Global Economic Prospects.** This semi-annual flagship report, published in January and June, analyzes economic developments and prospects globally, regionally, and nationally. Each edition contains special focus reports on economic developments relevant to policy making and planning. *Global Economic Prospects, June 2018: The Turning of the Tide?* noted that despite recent softening, global economic growth was forecast to remain robust this year. However, growth is expected to decelerate over 2019 and 2020 as global slack dissipates, trade and investment moderate, and financing conditions tighten. The report recommends policies to rebuild buffers and accelerate reforms to boost competitiveness, adapt to technological change, and promote trade openness. Risks to the global economic outlook included the possibility of financial market disruptions, rising trade protectionism, and heightened geopolitical tensions.



For more information, visit [www.worldbank.org/research](http://www.worldbank.org/research).

## Employing Advisory Services and Analytics: Technical advice on specific challenges

The World Bank's Advisory Services and Analytics (ASA)—that is, the Bank's non-lending activities—are a vital part of how it contributes to development. Member countries use the Bank's technical advice and analysis to develop or implement better policies, programs, and reforms that help to sustain development over the long term.

In fiscal 2018, the World Bank produced 1,476 ASA products in over 141 countries. These products ranged from reports on key economic and social issues to knowledge-sharing workshops, policy notes, and implementation action plans. The analysis often underpins partnership frameworks, government programs,

and projects supported by World Bank lending and guarantees. In East Asia and Pacific, for example, the Bank is providing technical support to several countries to increase climate adaptation and resilience in order to reduce climate risks that impact people and livelihoods.

Reimbursable Advisory Services (RAS), another form of ASA, are customized advisory services requested and paid for by country clients. The World Bank has around 175 active RAS engagements in 45 countries across its six regions, with 119 delivered in 33 countries in fiscal 2018. Through such services, the World Bank serves all its member states, including nonborrowing countries.

For more information, visit [www.worldbank.org/asa](http://www.worldbank.org/asa).

## Data for development: A global good

The World Bank also recognizes that transparency and accountability are essential to the development process and central to achieving the Bank's mission to alleviate poverty. The Bank's commitment to openness is also driven by a desire to foster public ownership, partnership, and participation in development from a wide range of stakeholders. As a knowledge institution, the World Bank is proud to share its knowledge freely and openly. Statistics and data are a key part of that knowledge and are easily accessible through the World Bank's Open Data website for all users. The *World Development Indicators* is the primary World Bank collection of development indicators, compiled from officially recognized international sources. It presents the most current and accurate global development data available and includes estimates at the national, regional, and global levels.

The World Bank has also taken on the mission of working with its client countries to ensure all of them have data that serves as evidence for their decision making. The Bank partners on their efforts to collect good data and promote its access and use. In 2015, the World Bank identified 77 countries that either had no household-level data at all, had only one household survey in the last 10 years, or two surveys that were more than five years apart; most were IDA countries. This hinders their ability to make programmatic and policy decisions based on data and to monitor poverty and shared prosperity trends. The Bank is now engaged in all IDA countries, either through lending or technical assistance, to ensure that the pledge set in 2015 of having all these countries complete one round of surveys by 2020 is met.

For more information, visit [data.worldbank.org](http://data.worldbank.org).

# Mobilizing Partnerships in a New Development Landscape

The range of participants within the global development community continues to grow with traditional and non-traditional actors taking on new and changing roles. Such an evolving landscape is inspiring a new roadmap for forming partnerships and strengthening collaboration among stakeholders.

## Strengthening partnerships to deepen collaboration

In fiscal 2018, the World Bank reaffirmed its commitment to work with partners of all kinds to tackle shared global development challenges.

**Philanthropy and the private sector.** To support and align with the strategic emphasis on Maximizing Finance for Development, the World Bank sharpened its focus on building partnerships with an expanding group of influential actors including foundations, new philanthropists, impact investors, social entrepreneurs, and other private sector leaders. This work catalyzes innovative partnerships and activates new champions in support of institutional priorities, including forced displacement, climate, gender, and human capital.

**Civil society.** The World Bank continued to strengthen engagement and collaboration with civil society organizations (CSOs), including faith-based organizations. Throughout the year, the Bank encouraged CSO participation in key policy discussions, and it enhanced its engagement with CSOs beyond Washington, DC, including in Indonesia where the World Bank Group and IMF will hold their 2018 Annual Meetings.

The Civil Society Policy Forum hosted at this year's Annual and Spring Meetings enabled the Bank and CSOs to deliberate on critical issues such as citizen engagement, financial intermediaries, education, energy, and climate change. More than 1,000 CSO participants attended the Spring Meetings—the largest contingent to date—demonstrating the enduring interest from CSOs in engaging with the Bank. A new CSO Innovation Fair, held during the spring Policy Forum, also provided a unique opportunity for CSOs to engage one another, delegates, and Bank staff through a showcase of their advocacy campaigns, online data tools, and other innovative products and interventions.

**Parliamentarians.** As elected representatives, parliamentarians are key to integrating citizen voices into programs and promoting lasting development results. In this context, the Bank expanded its engagement with parliamentarians through initiatives such as a pilot outreach program with European parliamentarian staff who facilitate engagement between legislators and the World Bank, with the aim of deepening shared understanding, knowledge, and collaboration. The Bank also launched a global young members of parliament (MPs) initiative with a core group

of influential parliamentarians under the age of 45, in an effort to cultivate the next generation of parliamentary leaders committed to overcoming international development challenges. This year the Bank organized a parliamentary field visit to Vietnam, which allowed a delegation of 29 MPs from 15 countries to see the impact of Bank-financed infrastructure projects in Hanoi.

The Annual and Spring Meetings continue to provide important engagement opportunities with parliamentarians. The 2018 Annual Global Parliamentary Conference, co-organized with the Parliamentary Network and the IMF, hosted 205 MPs from 58 countries, including 9 heads of parliament (speakers and vice-speakers), 20 committee chairs, and 35 members of finance or budget committees. The Conference covered a range of topics including youth unemployment and job creation, human capital, governance, gender, and development finance.

**Partnering within communities.** The Bank works actively to engage and contribute to its local community, whether in Washington, DC, or at country offices around the world. Through the Community Connections program, the entire World Bank Group and its staff personally partner with local communities and nongovernmental organizations via staff donations, matching corporate philanthropy, volunteerism, in-kind donations, and an internship program for students from local public high schools to strengthen the communities in which it works. Together, these programs leverage a motivated, highly educated, and international workforce for the betterment of communities where they live around the world.

## Working together to address the critical issues of our time

The World Bank Group is actively working across the institution to strengthen the collaboration and partnerships that can help bring immediate attention to critical global issues.

**Fragility.** Today more than 68 million people worldwide have been forced from their homes, and by 2030 almost half of the poor will live in fragile and conflict-affected situations. Tackling fragility and displacement, and closing the gap between humanitarian and development work, is critical for the global development agenda and a priority for many of the Bank's partners and stakeholders.

This year, the World Bank focused its annual Advisory Council—a gathering of global leaders representing the private sector, impact investors, philanthropists, and foundations—on fragility to tackle this critical issue from all fronts. Participants discussed the Syrian refugee crisis and presented a collective perspective of the challenges and opportunities facing actors working in fragile situations. They also discussed how to leverage each actor's strengths, such as the patient capital of foundations, the Bank's convening power, and the private sector's ability to be agile, create jobs, and spur economic growth. The Advisory Council discussions led to a commitment from foundations, the private sector, and the World Bank Group to explore the feasibility of a matchmaking platform in support of refugees and host communities. This would aim to match private sector companies with opportunities for refugees and unlock investment financing. It would be accompanied by a global advocacy effort to change the narrative around refugees.

**Climate change.** This fiscal year the Bank mobilized partnerships across public, private, multilateral, and civil society spheres to advance the climate agenda. Work continued on shaping Invest4Climate, a platform being developed with UN partners to leverage public and philanthropic funding to crowd in more private sector investment for climate action in developing countries. And in May, the



Bank delivered the second edition of “Innovate4Climate”—a new annual conference bringing together finance, business, technology, and policy leaders to drive climate investment.

Since 2011, Connect4Climate (C4C) has built a global network of more than 500 partners among civil society, youth coalitions, the private sector, international organizations, and others. C4C connects individuals and groups, amplifies discourse and interaction, and shares information to promote climate-related events and activities, with a strong emphasis on engagement with youth. This year, C4C was involved in initiatives that heightened awareness and advocacy on climate change. These included All4theGreen in Bologna, a program of more than 80 events focused on climate change leading up to and during the G-7 Environment Ministerial Meeting in June 2017, and Uniting4Climate, a campaign developed in collaboration with the United Nations Framework Convention on Climate Change and the governments of Fiji, Italy, and Germany ahead of and through the 2017 United Nations Climate Change Conference held in Bonn in November 2017 and the One Planet Summit held in Paris in December 2017. C4C has also successfully continued its long-standing engagement with the film industry through the Film4Climate global campaign dedicated to advancing climate action and the inclusion of sustainability messages in films and creative visual storytelling.

Finally, the Private Sector Liaison Officers (PSLO) Network also focused key missions on sustainable energy and climate-smart agriculture in Washington, DC, and Abidjan, Côte d’Ivoire, respectively.

**Human capital.** As the global economy rebounds, more countries are within reach of achieving real economic gains. These gains may be short-lived and opportunities may be missed if countries do not invest in human capital to prepare their citizens for the jobs of the future. As the World Bank works to drive more and better investments in people, it is putting human capital at the center of its global agenda through the Human Capital Project. The Bank has engaged stakeholders from the public and private sectors, as well as from civil society and foundations, to mobilize global support for this effort. From the Annual Meetings’ Human Capital Summit, where government leaders including President Paul Kagame of Rwanda committed to action to invest in human capital, to the Spring Meetings’ discussion on making human capital a project for the world with Bill Gates and UK Secretary of State for International Development Penny Mordaunt, a

diverse range of stakeholders are coming forward to champion the human capital agenda in partnership with the Bank.

**Technology.** Harnessing the power of technology and data presents exciting opportunities to create new markets, jobs, and economic growth. However, it must be adopted in a way that ensures that inequality does not increase within and between countries. The World Bank Group worked actively with partners this fiscal year to connect clients to the dynamic opportunities of technology while managing associated challenges. For example, the Bank partnered with the Global System for Mobile Communications Association (GSMA) to harness the power of data from the Internet of Things to help developing countries solve their most critical development challenges. TechEmerge, a first-of-its-kind matchmaking program, connects proven technology solutions from around the world with organizations and institutions in developing markets. It also supports local pilot projects to accelerate the adoption of technology where it's needed most. This year the World Bank Group launched the TechEmerge program for the health care market in Brazil, working with 25 health system providers across the country serving over 19 million patients annually. In addition, the Identification for Development (ID4D) initiative brings global knowledge and expertise to help countries realize the potential of digital identification systems. To help achieve this, ID4D has forged partnerships with the Bill and Melinda Gates Foundation, the Omidyar Network, and the Government of Australia, whose support brings thought leadership and funding to this initiative. Lastly, the Digital Economy for Africa Initiative, launched at the Spring Meetings, brought together African governments, development organizations, bilateral donors, and the private sector to support building the foundations for digital economies in African countries.

**Gender.** Achieving true gender equality continues to be a deep challenge. Many women around the world lack the voice and decision-making ability to improve their livelihoods for themselves or for their families, especially in developing countries. Investing in gender equality is not only a moral imperative, but also smart economics. In fiscal 2018, the Bank continued to push for gender equality and empowering women in development through various initiatives, such as the Women Entrepreneurs Finance Initiative (We-Fi), a collaborative partnership between the Bank, governments, multilateral development banks (MDBs), and other stakeholders to help unlock billions of dollars of financing for small and medium enterprises owned and led by women in developing countries. The initiative aims to address financial and non-financial barriers and create a better environment for women entrepreneurs. In partnership with the Government of Canada, the Bank also launched a new study on the economic costs of gender inequality, which found the global loss in human capital wealth due to gender inequality to be estimated at \$160.2 trillion. The study, which helped inform the G-7 Finance Ministers meeting in Canada, offers economic evidence to help clients and partners make the case for investments that close gaps in gender equality.

**Multilateral engagement.** The World Bank's participation within key international forums are important opportunities to provide a voice for developing countries and to advance critical priorities for the Bank's clients. This year, the Bank is supporting the Argentinian G-20 Presidency's efforts to develop infrastructure as an asset class, as well as to prepare governments and workers for an economy shaped by rising digitalization, automation, and artificial intelligence. With UNICEF and the Inter-American Development Bank, the World Bank is also supporting the G-20 priority of early childhood development. In addition, the Bank is leading efforts to more systematically engage with institutional investors

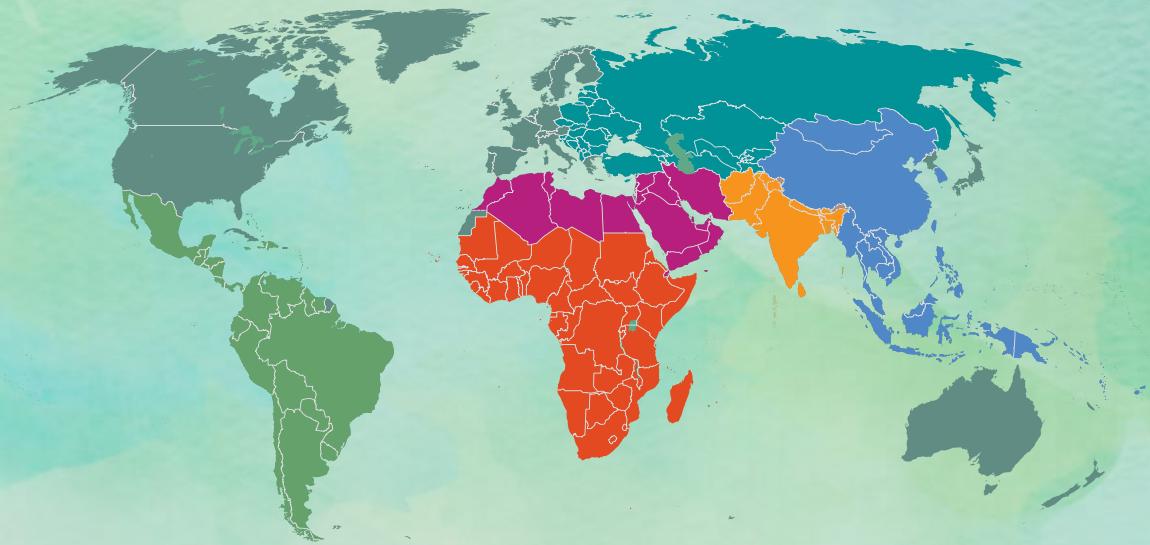
to stimulate greater long-term sustainable financing into developing and developed countries. The Bank has also continued to follow up on work accomplished last year under the German G-20 Presidency to implement efforts to promote sustainable and inclusive economic development in Africa, mobilize greater private sector finance, and increase women's economic empowerment. Within the G-7, the Bank is strongly supporting Canada's prioritization of gender issues, while also demonstrating how MDBs are working more as a system through the delivery of value for money and the increased development impact achieved through private sector operations.

**Small states.** The World Bank uses its convening power to help small states in taking a collective stand in international forums to highlight the development challenges they face and draw more attention to their concerns. It convenes an annual Small States Forum on the margins of the World Bank Group-IMF Annual Meetings. The forum provides a platform for high-level dialogue on key issues affecting small states and allows members to showcase development initiatives and activities. The 2017 Forum in Washington, DC, discussed issues related to concessional financing, climate finance, private financing, and the blue economy.

**Prioritizing partnership efforts and improving efficiencies.** To more effectively collaborate with organizations on global development objectives, the World Bank Group has worked to improve coordination, better leverage capabilities, and find efficiencies with its partners. This year, President Kim signed a new Strategic Partnership Framework with UN Secretary-General António Guterres to consolidate the institutions' joint commitment to help countries implement the 2030 Agenda for Sustainable Development. The agreement deepens the partnership by focusing efforts on jointly selected priorities and by utilizing the complementary strengths of the institutions to broaden their impact. It centers on four key areas of cooperation: finance and implementation support to help countries reach the sustainable development goals; decisive global action on climate change; joint work in postcrisis and humanitarian settings; and harnessing data to improve development outcomes. In addition, the World Bank Group supports the 'Grand Bargain' agreement among aid organizations and donors, which seeks to improve the effectiveness of humanitarian assistance. Launched at the World Humanitarian Summit, the Grand Bargain is a commitment to enhance efficiency, transparency, and collaboration in the way financing is provided and used in crisis situations.

For more information, visit [www.worldbank.org/en/about/partners](http://www.worldbank.org/en/about/partners).

## Regional Perspectives



The World Bank operates today out of 140 offices worldwide. An increased presence in client countries is helping the Bank to better understand, work more effectively with, and provide more timely services to its partners in those countries. Ninety-four percent of Country Directors/Country Managers and 43 percent of staff are based in countries within each of the six geographical regions. The following section highlights the major goals achieved, projects undertaken, strategies implemented, and publications produced in fiscal 2018.



# Africa

There is a modest growth recovery underway in Africa, bolstered by broad-based global growth, loose monetary policies, and a rise in commodity prices. Economic growth is projected to increase to 3.1 percent in 2018, up from 2.6 percent in 2017, and reach an average of 3.6 percent in fiscal 2020, reflecting a gradual pick-up in growth in Nigeria, South Africa, and Angola—the region's largest economies. However, many challenges remain. Growth in the non-resource industrial sectors of oil and metals exporters has yet to pick up, underscoring the slow structural transformation in the region. In many countries, public debt burdens are increasing, fueling debt sustainability risks. Poverty continues to be widespread, with rising fragility and a lack of productive employment contributing to social instability and intraregional migration.

While the region's per capita GDP growth will turn positive in 2018, it will remain insufficient to reduce poverty significantly. The total poverty headcount at the international poverty line is projected to decline only slightly in 2018.

## World Bank assistance

The World Bank approved \$16.5 billion in lending to the region for 138 projects in fiscal 2018, including \$1.1 billion in IBRD loans and \$15.4 billion in IDA commitments. Revenue from Reimbursable Advisory Services agreements with nine countries was \$7.5 million. Key focus areas of the World Bank strategy for Africa include: raising agricultural productivity, increasing access to affordable and reliable energy, building resilience to climate change, promoting regional integration, and boosting human capital.

## Harnessing technology for clean and reliable energy

At only 42.8 percent (as of 2016), energy access in Africa lags behind other regions. As part of efforts to ensure access to affordable, reliable, and sustainable energy for all, the Bank's work in the region supports grid extension and expansion of the transmission network, innovative off-grid electrification solutions, expansion of renewable generation capacity, development of regional power pools, and improvement of service efficiency. In addition, the Bank is supporting the development and adoption of new technologies such as solar storage solutions, smart meters, mobile utility payments, satellite mapping and imaging, high-voltage direct current transmission, and solar home systems and mini-grids.

The renewable energy program Scaling Solar is yielding strong results, making privately funded grid-connected solar projects operational within two years with competitive tariffs. In Zambia, auctions have resulted in some of the lowest tariffs in Africa (\$0.06 per kilowatt hour). The program has expanded to include activities in Ethiopia, Madagascar, and Senegal.

**TABLE 2 AFRICA**

**REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2016–18**

	COMMITMENTS (\$ MILLIONS)			DISBURSEMENTS (\$ MILLIONS)		
	FY16	FY17	FY18	FY16	FY17	FY18
IBRD	669	1,163	1,120	874	427	734
IDA	8,677	10,679	15,411	6,813	6,623	8,206

Portfolio of operations under implementation as of June 30, 2018: \$70.7 billion.

## **Investing in the early years and empowering women and youth**

Of the 250 million children under the age of 5 in Africa, one-third are stunted and less than one-quarter are enrolled in preschool, threatening economic growth and social development in the region. The World Bank employs a multisectoral approach to reduce stunting, expand access to early learning, and harness social protection opportunities to reach the most vulnerable. In Rwanda, for example, the Bank is helping to address chronic malnutrition through health and nutrition interventions, high-quality child feeding and hygiene practices, enhanced access to food through cash transfers, and support for improvements in household food security and dietary diversity.

Meanwhile, the \$205 million multisectoral Sahel Women's Empowerment and Demographic Dividend Project stretching across six countries (Burkina Faso, Chad, Côte d'Ivoire, Mali, Mauritania, and Niger) is providing 210,000 young women with life skills and livelihood interventions and helping 87,000 girls to continue their schooling. The program seeks to strengthen resilience in the Sahel by giving women and girls the tools to shape their own future and improve access to quality reproductive, child, and maternal health services.

## **Scaling up social protection with innovative approaches**

The World Bank contributed \$17 million to the Social Safety Nets Project in Sierra Leone, which provides regular income support to extremely poor households across the country. The project is currently supporting roughly 30,000 households with quarterly payments and rolling out workshops on health, nutrition, and basic financial literacy. By harnessing digital technology and mobile phones, the program can collect quality data in the field and transmit this quickly to headquarters, thereby conducting efficient targeting and enrollment, delivering timely payments with electronic verification, recording grievances, and monitoring activities. The approach has been adopted by the government and replicated in other interventions, including during the Ebola crisis and the recent mudslides.

## **Promoting climate resilience and sustainable transport**

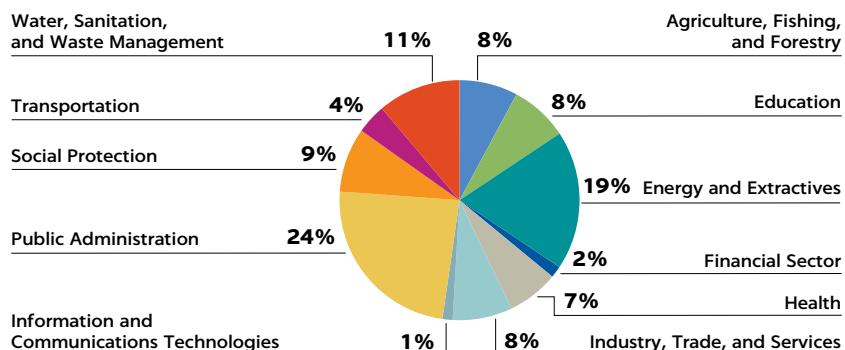
Despite being the lowest carbon emitter, Africa is more vulnerable to climate change than other regions—of the top 10 countries most vulnerable to climate change impact, nine are in Africa. The Bank's Africa Climate Business Plan (ACBP) sets out a work program to leverage financing in support of climate change adaptation. As shown in the second ACBP progress report, as of June 30, 2018, there are 186 World Bank-supported projects worth \$20 billion contributing to ACBP implementation.

To reduce greenhouse gas emissions and connect citizens to jobs, the World Bank is supporting the construction of a fully segregated 18.3-kilometer Bus Rapid

**FIGURE 2 AFRICA**

**IBRD AND IDA LENDING BY SECTOR • FISCAL 2018**

SHARE OF TOTAL OF \$16.5 BILLION



Transit system in Dakar, Senegal. Approved in 2017 by the Board, the \$300 million pilot project has the potential for replication and scaling up across the region.

### **Partnering on research to improve entrepreneurship**

The World Bank Group joined forces with a team of psychologists from the University of Singapore and Leuphana University in Germany to develop and pilot a psychology-based personal initiative training in Togo that focuses on developing non-cognitive skills and successful entrepreneurial behavior. The results from this pilot, recently published in Science Magazine, demonstrated the effectiveness of the psychology-based training for entrepreneurs, who saw their profits rise by an average of 30 percent relative to the control group. Female entrepreneurs who received the training saw an average increase of 40 percent in monthly profits. The promising results of the pilot have led governments and other multilateral institutions to apply these lessons in their entrepreneurship programs and further adapt and scale the training for other sectors and country contexts.

### **PROJECT SPOTLIGHT**

#### **Maximizing finance for development in Kenya's energy sector**

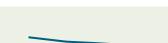
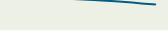
Over the past two decades, Kenya's energy sector has undergone a series of reforms to create enabling conditions for private sector investment. As a result, Kenya has mobilized at least \$2.5 billion in private capital in the power sector toward overcoming its power generation deficits. With adequate power generation capacity available, Kenya is now driving one of the most successful electrification programs in Sub-Saharan Africa, encompassing both grid and off-grid solutions. Kenya has made 1.2 million new electricity connections per year in the last three years—a tremendous feat in the African context.

Under the \$135 million Kenya Private Sector Power Generation Support Project, IDA guarantees leveraged \$431 million from private capital for the development of 250 megawatts of thermal capacity, which were commissioned between 2013 and 2016. MIGA provided breach-of-contract guarantees, while IFC provided long-term financing. A separate \$180 million IDA guarantee was recently approved that will help the Kenya Electricity Generating Company (KenGen) strengthen its financial position through a corporate debt restructuring process to help KenGen raise up to \$300 million in long-term commercial financing. Proceeds from the new loan will be used to refinance an expensive portion of KenGen's existing commercial loans and enhance KenGen's credit quality, thereby reducing financial costs and extending maturity periods. It will also contribute to the creation of an enabling environment for the sustainable development of renewable energy in Kenya.

As a result of these combined efforts, 30 percent of the installed generation capacity (around 700 megawatts) is developed through independent power producers, representing 44 percent of the incremental generation capacity since 1990. Kenya's two major utilities, Kenya Power and Lighting Company and KenGen, are publicly listed and able to tap into capital markets for financing needs.



**TABLE 3 AFRICA**  
**REGIONAL SNAPSHOT**

INDICATOR	2000	2010	CURRENT DATA <sup>a</sup>	TREND
Total population (millions)	671	878	1,061	
Population growth (annual %)	2.7	2.8	2.7	
GNI per capita (Atlas method, current US\$)	503	1,287	1,453	
GDP per capita growth (annual %)	0.9	2.6	-0.1	
Population living below \$1.90 a day (millions)	402 <sup>b</sup>	407	401	
Life expectancy at birth, females (years)	52	58	62	
Life expectancy at birth, males (years)	49	55	59	
Youth literacy rate, females (% ages 15–24)	61	64	72	
Youth literacy rate, males (% ages 15–24)	72	75	79	
Carbon dioxide emissions (megatons)	564	746	822	
<b>MONITORING THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)</b>				
<b>SDG 1.1</b> Extreme poverty (% population below \$1.90 a day, 2011 PPP)	56.9 <sup>b</sup>	46.5	42.3	
<b>SDG 2.2</b> Prevalence of stunting, height for age (% children under 5) <sup>c</sup>	43	38	34	
<b>SDG 3.1</b> Maternal mortality ratio (modeled estimate, per 100,000 live births)	846	625	547	
<b>SDG 3.2</b> Under-5 mortality rate (per 1,000 live births)	155	101	78	
<b>SDG 4.1</b> Primary completion rate (% relevant age group)	54	67	70	
<b>SDG 5</b> Ratio of female to male labor force participation rate (modeled ILO estimate, %)	82	85	86	
<b>SDG 5.5</b> Proportion of seats held by women in national parliaments (% total)	12	19	24	
<b>SDG 6.1</b> Access to at least basic water services (% population)	44	53	58	
<b>SDG 6.2</b> Access to at least basic sanitation services (% population)	24	27	28	
<b>SDG 7.1</b> Access to electricity (% population)	26	33	43	
<b>SDG 7.2</b> Renewable energy consumption (% total final energy consumption)	73	71	70	
<b>SDG 17.8</b> Individuals using the Internet (% population)	1	7	20	

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

a. The most current data available between 2013 and 2017; visit <http://data.worldbank.org> for data updates.

b. 2002 data. For poverty estimates, see the regional groups on <http://research.worldbank.org/PovcalNet/data.aspx>.

c. For prevalence of stunting, all income levels are covered.

For more information, visit [www.worldbank.org/afr](http://www.worldbank.org/afr) and [data.worldbank.org/country](http://data.worldbank.org/country).



# East Asia and Pacific

Growth in East Asia and Pacific accelerated to 6.6 percent in 2017, making it one of the fastest growing regions in the world. Underpinned by prospects for continued broad-based global recovery and robust domestic demand, regional growth is expected to remain strong, though it is forecast to moderate to 6.2 percent in 2018.

After growing faster than anticipated in 2017, China is expected to slow moderately to 6.5 percent in 2018. With improved prospects for investment and private consumption, growth in Thailand is expected to strengthen in 2018. In the Philippines and Vietnam, growth is anticipated to remain stable, while in Malaysia it is expected to ease. In East Asia's smaller economies, the prospects are generally favorable. The outlook for the Pacific Island countries is mixed, with modest but volatile growth in the smaller nations and an easing of growth in Fiji and Papua New Guinea. The two main risks to growth are a faster-than-expected tightening of global financing conditions and the escalation of trade protectionism.

While poverty continues to decline, over a quarter of the region's population remains economically insecure, and inequality is perceived to be high and rising in many countries. Rapid urbanization and business demands are feeding a massive need for infrastructure investment in the region, where 130 million lack access to power, 600 million lack access to adequate sanitation, and broadband infrastructure and connectivity are lagging. Fragility and conflict are also intensifying in some countries.

## World Bank assistance

The World Bank approved \$4.6 billion for 38 projects in the region in fiscal 2018, including \$4.0 billion in IBRD loans and \$631 million in IDA commitments. The Bank also signed 10 Reimbursable Advisory Services agreements with four countries and one with the Association of Southeast Asian Nations for a total of \$11.7 million. The Bank's regional strategy focuses on three main areas: private sector-led growth, resilience and sustainability, and human capital and inclusion.

## Supporting private sector-led growth with knowledge and lending

With the private sector accounting for 90 percent of jobs, a focus on private sector-led growth is key to reducing poverty and promoting inclusive growth in the region. In March 2018, the World Bank Group organized a conference in Vietnam highlighting the importance of a sound business environment. Participants discussed specific actions to streamline administrative procedures and enhance efficiency in areas such as business licensing, paying taxes, and trading across borders. The Bank is also supporting the establishment of robust regulatory and policy frameworks in countries such as Thailand, Brunei, and Malaysia.

**TABLE 4 EAST ASIA AND PACIFIC  
REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2016–18**

	COMMITMENTS (\$ MILLIONS)			DISBURSEMENTS (\$ MILLIONS)		
	FY16	FY17	FY18	FY16	FY17	FY18
<b>IBRD</b>	5,176	4,404	3,981	5,205	3,961	3,476
<b>IDA</b>	2,324	2,703	631	1,204	1,145	1,252

Portfolio of operations under implementation as of June 30, 2018: \$35.3 billion.

To promote private sector involvement in sustainable development, the Bank supported the \$55 million Geothermal Energy Upstream Development Project in Indonesia, which aims to facilitate investment in geothermal power generation. In Vietnam, the Bank is providing advisory assistance for capacity building and institutional reforms to promote private investments as part of the \$238 million Sustainable Agriculture Transformation Project. Additionally, as part of overall Maximizing Finance for Development efforts in the region, the Bank and IFC piloted Infrastructure Assessment Programs in Indonesia and Vietnam to assess constraints to private sector investment in infrastructure.

The World Bank is also focusing on empowering women in the workplace. For example, in the Solomon Islands, the Bank is investing in women's skills development, while in Vietnam, it is informing a gender-focused policy dialogue on the new labor code.

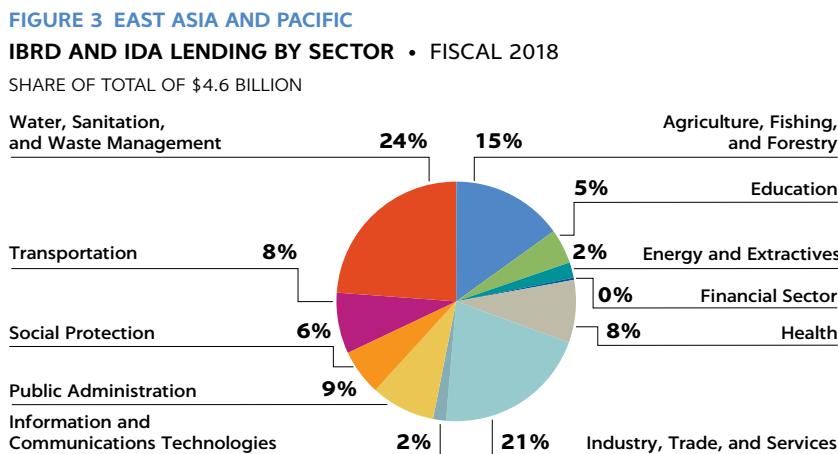
### **Enhancing sustainable infrastructure, natural wealth, and climate resilience**

The region contributes a large and growing share of carbon emissions globally and is one of the most vulnerable regions to climate impacts and natural disasters. In the Philippines, recurrent flooding has made life more difficult for the poorest populations who live in low-lying areas, on riverbanks, and in other danger zones. The \$208 million Metro Manila Flood Management Project will modernize 36 existing pumping stations, allow for the construction of 20 new ones, and improve supporting infrastructure along critical waterways.

To enhance natural wealth and resilience, the \$38 million Green Growth Development Policy Operation series in Lao People's Democratic Republic is supporting better governance of natural resources and the environment. At the 2017 United Nations Climate Change Conference in Bonn, the World Bank-supported Climate Vulnerability Assessment for Fiji was launched, which identified measures to help Fiji and Fijians become more resilient. To reduce air pollutants and carbon emissions by increasing energy efficiency and clean energy in China, a \$500 million program will help provide financing for enterprises that take action under China's Air Pollution Prevention and Control Action Plan.

### **Investing in human capital for inclusive growth**

Public perceptions in the region point to concerns about high and rising inequality, falling mobility, and growing economic insecurity. Some of the long-term trends that previously supported the region's more equitable growth—such as the demographic transition and rapid urbanization—need to be better managed.



Investments in human capital are key to increasing productivity and achieving inclusive growth. Investing in the early years, with a focus on fighting malnutrition and reducing high stunting rates, remains a regional priority. In Indonesia, conditional cash transfers under the Family Hope Program have been associated with a reduction in severe stunting by 3 percentage points. To build on this success, the government, with World Bank financing, will scale up its coverage from 3.5 million families in 2015 to 10 million by the end of 2020.

Having improved overall health outcomes, China faces new challenges, including an aging population, an increasing burden of chronic diseases, and fast-rising health expenditures. The \$600 million Health Reform Program-for-Results aims to tackle those challenges by improving hospital services, establishing a people-centered integrated care model, and creating an enabling policy and institutional environment.

## PROJECT SPOTLIGHT

### Generating opportunities for the people of Lao PDR

In Lao PDR, the Nam Theun 2 (NT2) Social and Environment Project brought together 27 development partners and financiers to help develop a modern, safe, and environmentally and socially sustainable hydropower project that could generate power and expand opportunities for modern livelihoods.

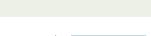
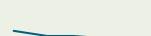
NT2 is expected to generate \$2 billion in revenues over a 20-year period. These revenues flow back to the people of Lao PDR through investments in poverty reduction and environmental programs. In addition to revenues invested in education, health, and other social programs, the project covers the protection of large areas with rich biodiversity, with the Nakai Nam-Theun Protected Area slated to become one of Lao PDR's first national parks.

New sources of livelihoods have emerged for the resettled families on the Nakai Plateau, with the incomes of 97 percent of households having doubled since before the project. In addition to new homes with bathrooms, electricity, and rainwater-collection tanks, the project included the construction of schools, health centers, and an upgraded district hospital. Today, about 90 percent of children aged five to nine attend schools, child mortality has dropped from 120 per 1,000 before resettlement to 50 per 1,000, and 90 percent of resettled children under five are immunized.

The World Bank is working with the government and other partners to ensure that NT2 continues to build on its accomplishments. This includes providing financial and technical support to many sectors, including conservation, agriculture, fiscal management, and village development.



**TABLE 5 EAST ASIA AND PACIFIC  
REGIONAL SNAPSHOT**

INDICATOR	2000	2010	CURRENT DATA <sup>a</sup>	TREND
Total population (millions)	1,816	1,966	2,068	
Population growth (annual %)	1.0	0.7	0.7	
GNI per capita (Atlas method, current US\$)	914	3,767	6,987	
GDP per capita growth (annual %)	6.4	9.0	5.8	
Population living below \$1.90 a day (millions)	553 <sup>b</sup>	221	73	
Life expectancy at birth, females (years)	73	75	77	
Life expectancy at birth, males (years)	69	72	73	
Youth literacy rate, females (% ages 15–24)	97	99	99	
Youth literacy rate, males (% ages 15–24)	98	99	99	
Carbon dioxide emissions (megatons)	4,197	10,040	11,689	
<b>MONITORING THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)</b>				
<b>SDG 1.1</b> Extreme poverty (% population below \$1.90 a day, 2011 PPP)	29.9 <sup>b</sup>	11.2	3.6	
<b>SDG 2.2</b> Prevalence of stunting, height for age (% children under 5) <sup>c</sup>	25	16	12	
<b>SDG 3.1</b> Maternal mortality ratio (modeled estimate, per 100,000 live births)	120	79	63	
<b>SDG 3.2</b> Under-5 mortality rate (per 1,000 live births)	43	23	17	
<b>SDG 4.1</b> Primary completion rate (% relevant age group)	92	102	95	
<b>SDG 5</b> Ratio of female to male labor force participation rate (modeled ILO estimate, %)	82	79	78	
<b>SDG 5.5</b> Proportion of seats held by women in national parliaments (% total)	17	18	20	
<b>SDG 6.1</b> Access to at least basic water services (% population)	78	89	93	
<b>SDG 6.2</b> Access to at least basic sanitation services (% population)	60	70	75	
<b>SDG 7.1</b> Access to electricity (% population)	90	95	97	
<b>SDG 7.2</b> Renewable energy consumption (% total final energy consumption)	32	16	16	
<b>SDG 17.8</b> Individuals using the Internet (% population)	2	29	48	

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

a. The most current data available between 2013 and 2017; visit <http://data.worldbank.org> for data updates.

b. 2002 data. For poverty estimates, see the regional groups on <http://research.worldbank.org/PovcalNet/data.aspx>.

c. For prevalence of stunting, all income levels are covered.

For more information, visit [www.worldbank.org/eap](http://www.worldbank.org/eap) and [data.worldbank.org/country](http://data.worldbank.org/country).



# Europe and Central Asia

In fiscal 2018, growth in Europe and Central Asia was stronger than at any time since the global financial crisis. Growth was robust across the region, especially in Central Europe and Turkey. In 2017, GDP rose 2.7 percent, and annual private consumption rose 2.5 percent. Growth is forecast to moderate to 2.3 percent in 2018. However, increased capacity utilization, unemployment rates close to their 2007 levels, and average inflation now exceeding 2 percent are all signals that regional growth is likely to slow further.

During the economic upswing, many countries in the region increased their exports and reduced fiscal deficits, providing a cushion if cyclical headwinds materialize. Going forward, however, the region will face additional challenges navigating the global tightening of financial conditions and the rising tendencies toward protectionism.

## World Bank assistance

The World Bank approved \$4.5 billion in lending to the region for 37 projects in fiscal 2018, including \$3.6 billion in IBRD loans and \$957 million in IDA commitments. The Bank also signed 35 Reimbursable Advisory Services agreements with 11 countries for a total of about \$75 million. These agreements provided technical advice on issues such as public finance and fiscal reforms, urban planning and development, and strengthening education and skills for employment. The Bank's regional strategy seeks to support clients in enhancing productivity and building resilience through investments in sustainable and inclusive growth; in human capital to ensure people stay healthy, educated, and productive; and to mitigate the impact of climate change and natural disasters.

## Promoting sustainable and inclusive growth

The Bank supports client countries in building solid foundations for macroeconomic and financial stability, improving governance and institutions, and creating an enabling environment for private sector-led growth. In Bosnia and Herzegovina, a \$60 million project is strengthening the financial sector in the country. In Turkey, the Bank provided a \$400 million loan to provide better access to finance for women-inclusive enterprises and to businesses active in areas with large refugee communities.

In fiscal 2018, the Bank also provided financial support to boost trade and connectivity throughout the region, including a \$50 million project to improve private sector competitiveness in Georgia, a \$60 million loan to modernize transport connectivity in Bosnia and Herzegovina, and a \$50 million loan to improve regional and local roads in Albania. Additionally, the Bank is supporting improved access to affordable, quality, and high-speed broadband services in Kosovo through the \$25 million Digital Economy Project, and improving regional digital connectivity infrastructure and building a digital economy in the Kyrgyz Republic through the \$50 million Digital Central Asia-South Asia project.

**TABLE 6 EUROPE AND CENTRAL ASIA  
REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2016–18**

	COMMITMENTS (\$ MILLIONS)			DISBURSEMENTS (\$ MILLIONS)		
	FY16	FY17	FY18	FY16	FY17	FY18
IBRD	7,039	4,569	3,550	5,167	2,799	4,134
IDA	233	739	957	365	310	298

Portfolio of operations under implementation as of June 30, 2018: \$26.5 billion.

## **Supporting critical investments in human capital**

Prioritizing and investing in the systems that help ensure people are healthy, educated, and connected is essential for economic growth. The World Bank continued to work with countries to improve the quality of health care systems, supporting Serbia with \$31 million of additional financing to improve access to cancer prevention and care, investing \$100 million in emergency medical services in Uzbekistan, and providing a \$125 million loan to support the modernization of Belarus's health system.

In Azerbaijan, additional financing of \$67 million provided access to basic rural infrastructure to 95 percent of households with internally displaced persons. In Kazakhstan, a \$67 million loan will improve the quality of and equity in primary and secondary education in rural and disadvantaged schools.

The Bank's knowledge products provide evidence-based solutions and valuable insights to help support policy makers make well informed decisions to address development priorities. The report, *Growing United: Upgrading Europe's Convergence Machine*, looked at how Europe can boost growth and prosperity for all citizens at a time when the rise of technology risks leaving behind the poorest countries, lagging regions, and unskilled workers. The report recommends policies that ensure people have the right skills to pursue new opportunities and increased access to quality education and training, and that improve the country's business environment to create more jobs and opportunities for people.

A survey on marginalized Roma in the Western Balkans, jointly conducted by the World Bank and the United Nations Development Programme and supported by the European Commission, showed increased school attendance but also a growing gap between Roma and non-Roma in health, employment, and housing. The results can help inform policies that address the challenges that Roma people face in Western Balkan countries.

## **Building resilience to climate change and natural disasters**

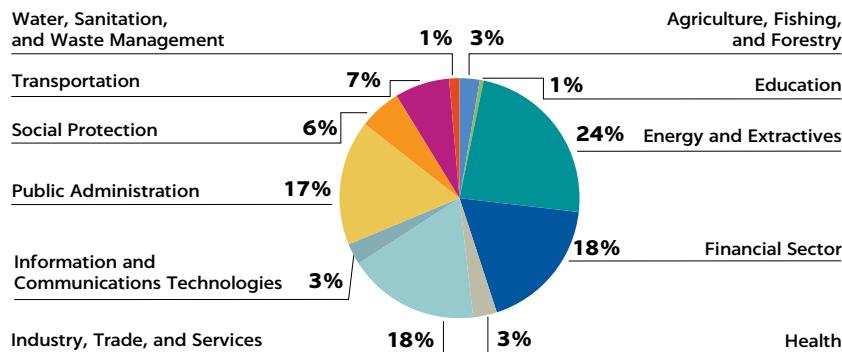
The World Bank focused on building resilience to climate change and natural disasters with investments across the region in three areas: low-carbon energy transition, sustainable land-use management, and climate resilience.

The Bank is supporting energy efficiency in countries across the region, including through a \$200 million loan to support energy-saving investments in Uzbekistan and a \$31 million credit to reduce energy consumption and fossil fuel use in public buildings in Kosovo. The Bank is also continuing to support low-carbon energy sources, improving dam safety, and rehabilitating a hydropower plant in Tajikistan with a \$225 million loan and grant, and improving dam safety and efficiency in Albania with additional financing of \$14 million. In Belarus, a \$14 million project is

**FIGURE 4 EUROPE AND CENTRAL ASIA**

**IBRD AND IDA LENDING BY SECTOR • FISCAL 2018**

SHARE OF TOTAL OF \$4.5 BILLION



working on improving forestry management, while in Moldova, a \$31 million project is helping to introduce sustainable land management practices.

The Bank supported disaster risk management development policy loans in Serbia and Romania with catastrophe deferred drawdown option loans of \$70 million and \$493 million, respectively. These investments provide rapid access to funding for natural disaster response and help strengthen institutional and legal frameworks to better manage the physical and fiscal impacts of natural disasters when they occur.

## PROJECT SPOTLIGHT

### Building momentum on Uzbekistan's economic transformation

Uzbekistan has made rapid progress in adopting major reforms to transform its economy. In less than two years, the government has made significant progress toward liberalizing its currency, lifting trade and investment barriers, improving business regulations, and opening markets to attract private sector investment and boost exports. The government has also introduced safety nets to protect its most vulnerable people and prioritized citizen engagement.

To support this transformation, the World Bank has realigned its country strategy to help the country build a market economy, reform state institutions, broaden dialogue with citizens, and invest in human capital. Uzbekistan's social and economic transformation has also generated new momentum among Central Asian countries for greater regional cooperation in energy, transport, water, and economic connectivity.

In fiscal 2018, the Bank approved \$1.4 billion for five new projects in Uzbekistan, focusing on energy efficiency, horticulture, and emergency medical services. Overall financing in Uzbekistan amounts to \$3.3 billion in existing projects that support Uzbekistan's transition to a market economy, as well as reforms in the transport and education sectors, urban development, and water supply and sanitation services.

The World Bank is also working closely with the government to modernize and diversify the massive agricultural sector, which employs millions of people, and help the country completely end the use of forced labor.



**TABLE 7 EUROPE AND CENTRAL ASIA**  
**REGIONAL SNAPSHOT**

INDICATOR	2000	2010	CURRENT DATA <sup>a</sup>	TREND
Total population (millions)	393	399	416	
Population growth (annual %)	0.0	0.5	0.6	
GNI per capita (Atlas method, current US\$)	1,783	7,426	7,370	
GDP per capita growth (annual %)	8.0	4.6	3.4	
Population living below \$1.90 a day (millions)	28 <sup>b</sup>	11	8	
Life expectancy at birth, females (years)	73	75	77	
Life expectancy at birth, males (years)	63	66	69	
Youth literacy rate, females (% ages 15–24)	98	99	100	
Youth literacy rate, males (% ages 15–24)	99	100	100	
Carbon dioxide emissions (megatons)	2,693	3,014	3,030	
<b>MONITORING THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)</b>				
<b>SDG 1.1</b> Extreme poverty (% population below \$1.90 a day, 2011 PPP)	5.9 <sup>b</sup>	2.4	1.6	
<b>SDG 2.2</b> Prevalence of stunting, height for age (% children under 5) <sup>c</sup>	—	—	—	
<b>SDG 3.1</b> Maternal mortality ratio (modeled estimate, per 100,000 live births)	56	29	25	
<b>SDG 3.2</b> Under-5 mortality rate (per 1,000 live births)	36	20	14	
<b>SDG 4.1</b> Primary completion rate (% relevant age group)	94	97	98	
<b>SDG 5</b> Ratio of female to male labor force participation rate (modeled ILO estimate, %)	73	73	71	
<b>SDG 5.5</b> Proportion of seats held by women in national parliaments (% total)	7	15	20	
<b>SDG 6.1</b> Access to at least basic water services (% population)	93	95	96	
<b>SDG 6.2</b> Access to at least basic sanitation services (% population)	87	91	93	
<b>SDG 7.1</b> Access to electricity (% population)	99	99	100	
<b>SDG 7.2</b> Renewable energy consumption (% total final energy consumption)	6	6	6	
<b>SDG 17.8</b> Individuals using the Internet (% population)	2	36	62	

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

a. The most current data available between 2013 and 2017; visit <http://data.worldbank.org> for data updates.

b. 2002 data. For poverty estimates, see the regional groups on <http://research.worldbank.org/PovcalNet/data.aspx>.

c. Data is not available due to insufficient population coverage in the estimates.

For more information, visit [www.worldbank.org/eca](http://www.worldbank.org/eca) and [data.worldbank.org/country](http://data.worldbank.org/country).



# Latin America and the Caribbean

After suffering the global downturn worse than any other region, Latin America and the Caribbean turned the corner in fiscal 2018. Excluding Venezuela, average GDP in the region grew 1.9 percent in 2017 and is expected to accelerate to 2.6 percent in 2018 and 2.8 percent in 2019.

The World Bank is promoting faster and more equitable growth in the region to buttress the profound social transformation seen during the first decade of the 21st century, when the commodity boom fueled an expansion that helped cut poverty rates by half. Between 2003 and 2016, the share of the population living in extreme poverty in the region fell from 24.5 percent to 9.9 percent. Since then, however, the pace of poverty reduction and growth of the middle class has stalled.

## World Bank assistance

The World Bank approved \$4.3 billion in lending to the region for 34 projects in fiscal 2018, including \$3.9 billion in IBRD loans and \$428 million in IDA commitments. The Bank also issued the first-ever multi-country catastrophe bond between Chile, Colombia, Mexico, and Peru, valued at more than \$1.3 billion, and signed 18 Reimbursable Advisory Services agreements with nine countries for a total of \$5.5 million.

In fiscal 2018, the Bank's priorities in the region centered on supporting inclusive growth through higher productivity and competitiveness, with an emphasis on investing in education, health, and other aspects of human capital. It also invested in infrastructure and worked to improve countries' abilities to manage and withstand shocks—such as natural disasters, economic upheaval, and crime and violence—while promoting greater transparency and accountability. In addition, the World Bank prioritized the inclusion of groups that have traditionally faced exclusion, including indigenous peoples and rural communities. As countries' needs often exceed public resources, the Bank supported activities and interventions that attracted private investment whenever possible.

## Leveraging innovations to support economic recovery

Natural disasters are a constant threat in the region, which can have detrimental impacts on economic growth. Following the devastating 2017 hurricane season, the Bank and its partners helped Caribbean countries conduct damage assessments and prepare emergency response projects. In Dominica, for example, the Bank pledged \$115 million to support efforts to build climate resilience. The Bank also leveraged innovative solutions to transfer risks to capital markets and offer financial protection to participating governments.

In Haiti, the Bank conducted an Urbanization Review to help lay the roadmap for the sustainable development of Haitian cities. The Bank is also supporting the Organisation of Eastern Caribbean States to implement the Eastern Caribbean

**TABLE 8 LATIN AMERICA AND THE CARIBBEAN  
REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2016–18**

	COMMITMENTS (\$ MILLIONS)			DISBURSEMENTS (\$ MILLIONS)		
	FY16	FY17	FY18	FY16	FY17	FY18
IBRD	8,035	5,373	3,898	5,236	3,885	4,066
IDA	183	503	428	303	229	223

Portfolio of operations under implementation as of June 30, 2018: \$28.2 billion.

Oceanscape Policy endorsed by 11 Caribbean heads of state. This involves advising governments on concrete actions to generate sustainable blue growth that balances economic activity with the preservation of healthy coastal and marine ecosystems.

Public and private sector investment in infrastructure is a key element of both growth and resilience. In fiscal 2018, the Bank provided \$64 million for sanitation in Brazil, \$24 million for water delivery in Panama, and \$17 million for municipal services in the Dominican Republic. In addition, a \$150 million project helped improve over 1,500 kilometers of economically vital roads in Argentina, while the \$74 million Paraguay Road Maintenance Project helped the country improve the effectiveness of road maintenance.

### **Investing in people to improve lives and the economy**

Building up human capital by providing new opportunities to traditionally disadvantaged groups improves not only their lives, but also the entire country's economic strength. In Mexico, through a \$100 million project, the World Bank helped over a million women, indigenous peoples, and underprivileged and rural residents get access to credit and savings institutions for the first time.

The Bank also supported Peru in improving health and nutrition services for the poor. The \$25 million Results in Nutrition Project has helped the government make major progress in improving health outcomes and decreasing hunger. As a result, Peru has more than halved malnutrition among children under five, from 28 percent in 2008 to 13.1 percent in 2016. Meanwhile, in Chile, the Bank-supported the \$40 million Tertiary Finance for Results Project III, which helped the government improve tertiary education by strengthening the links between public funding and accountability for results.

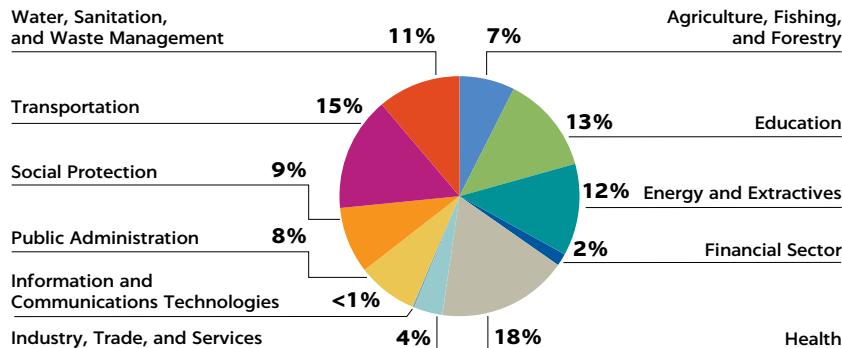
### **Employing knowledge to solve countries' unique challenges**

The Bank also provides a host of Reimbursable Advisory Services and technical assistance to countries in the region. In Colombia, these services supported the implementation of public sector accounting regulation, agriculture insurance for small farmers, and preparation of a broad socioemotional program for teachers and students to improve education. In Mexico, the Bank provided technical assistance on transport and governance. In Chile, the Bank helped with an assessment of special economic zones and the social protection system, while in Peru it advised on housing, improving conditions in urban slums, and strengthening the control framework for public-private partnerships. The Bank also advised Argentina on improving health care and Paraguay on forestry, finance, competitiveness, governance, and education.

**FIGURE 5 LATIN AMERICA AND THE CARIBBEAN**

**IBRD AND IDA LENDING BY SECTOR • FISCAL 2018**

SHARE OF TOTAL OF \$4.3 BILLION



A series of groundbreaking reports and conferences also served as powerful convening platforms in the region. These included timely studies such as *At a Cross-roads: Higher Education in Latin America and the Caribbean*; *The Jobs of Tomorrow: Technology, Productivity, and Prosperity in Latin America and the Caribbean*; and *Raising the Bar: For Productive Cities in Latin America and the Caribbean*.

## PROJECT SPOTLIGHT

### Building resilience to natural disasters with catastrophe bonds

Last year was a stark reminder that Latin America and the Caribbean is one of the most exposed regions to natural disasters. Devastating hurricanes left hundreds of victims across the Caribbean. Two earthquakes rattled Mexico. Flooding and landslides followed heavy rains in Colombia and Peru. When such disasters strike, it is often the poorest who suffer the most. With these events in mind, the World Bank has sought to help countries in the region access greater risk insurance through capital markets.

This year, the Bank issued more than \$1.3 billion in catastrophe bonds as insurance against earthquakes in the Pacific Alliance—an economic and development initiative between Chile, Colombia, Mexico, and Peru. The “Cat Bond” issuance was the largest of its kind ever placed and the first involving multiple countries. These bonds pay investors a premium for a set number of years, with governments receiving a payout if a covered disaster happens and bondholders getting the principal back if not. This transfers part of the risk of disasters from governments to markets, ensuring the quick mobilization of funds and fiscal resilience in the face of disaster. To date, the Bank has facilitated nearly \$4 billion in risk transactions worldwide.

The Cat Bonds highlight the fact that building resilience involves more than just reducing exposure to threats. It is also crucial to design and implement policies that will ensure the well-being of all and allow economic growth to continue after a disaster. The Cat Bonds are also a huge step forward for regional integration and put Latin America at the vanguard of risk management.



**TABLE 9 LATIN AMERICA AND THE CARIBBEAN  
REGIONAL SNAPSHOT**

INDICATOR	2000	2010	CURRENT DATA <sup>a</sup>	TREND
Total population (millions)	460	525	568	
Population growth (annual %)	1.5	1.2	1.0	
GNI per capita (Atlas method, current US\$)	3,640	7,657	7,413	
GDP per capita growth (annual %)	2.6	4.3	0.5	
Population living below \$1.90 a day (millions)	63 <sup>b</sup>	35	28	
Life expectancy at birth, females (years)	74	77	78	
Life expectancy at birth, males (years)	68	71	72	
Youth literacy rate, females (% ages 15–24)	95	98	99	
Youth literacy rate, males (% ages 15–24)	94	97	98	
Carbon dioxide emissions (megatons)	1,095	1,376	1,530	
<b>MONITORING THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)</b>				
SDG 1.1 Extreme poverty (% population below \$1.90 a day, 2011 PPP)	11.7 <sup>b</sup>	6.0	4.5	
SDG 2.2 Prevalence of stunting, height for age (% children under 5) <sup>c</sup>	17	12	10	
SDG 3.1 Maternal mortality ratio (modeled estimate, per 100,000 live births)	104	84	70	
SDG 3.2 Under-5 mortality rate (per 1,000 live births)	34	25	18	
SDG 4.1 Primary completion rate (% relevant age group)	98	99	99	
SDG 5 Ratio of female to male labor force participation rate (modeled ILO estimate, %)	59	66	67	
SDG 5.5 Proportion of seats held by women in national parliaments (% total)	15	23	30	
SDG 6.1 Access to at least basic water services (% population)	90	94	96	
SDG 6.2 Access to at least basic sanitation services (% population)	73	81	84	
SDG 7.1 Access to electricity (% population)	91	96	98	
SDG 7.2 Renewable energy consumption (% total final energy consumption)	31	31	30	
SDG 17.8 Individuals using the Internet (% population)	3	33	55	

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

a. The most current data available between 2013 and 2017; visit <http://data.worldbank.org> for data updates.

b. 2002 data. For poverty estimates, see the regional groups on <http://iresearch.worldbank.org/PovcalNet/data.aspx>.

c. For prevalence of stunting, all income levels are covered.

For more information, visit [www.worldbank.org/lac](http://www.worldbank.org/lac) and [data.worldbank.org/country](http://data.worldbank.org/country).



# Middle East and North Africa

Although violence and the consequences of war continue to take their toll in Libya, the Syrian Arab Republic, and the Republic of Yemen, the past year has seen several positive developments in the Middle East and North Africa region. Recovery and reconstruction efforts are underway in Iraq following the liberation of its territory, while countries such as the Arab Republic of Egypt and Saudi Arabia have undergone major economic and social reforms. With support from the international community, Syrian refugees and host communities in Lebanon and Jordan continued to show remarkable resilience, and Libya witnessed a renewed push for solutions to its ongoing crisis.

Aided by reforms and firmer oil prices, regional economic growth is forecast to increase from 2 percent in 2017 to 3.1 percent in 2018. This growth will be broad-based, with most countries in the region seeing an uptick.

## World Bank assistance

The World Bank approved \$6.4 billion in lending to the region for 26 projects in fiscal 2018, including \$5.9 billion in IBRD loans and \$430 million in IDA commitments. Revenue from Reimbursable Advisory Services agreements with nine countries, as well as the Gulf Cooperation Council (GCC), was around \$55 million, with the program expanding and focusing on key areas of support to the ongoing reform process in the GCC countries. The Maximizing Finance for Development approach is now an integral part of Bank Group programs in almost all countries in the region, with subregional strategies developed for the Maghreb, the Mashreq, and Egypt.

The Middle East and North Africa regional strategy puts the promotion of peace and social stability at its center and continues to guide the Bank's engagement. The strategy's four pillars focus on forging a new social contract with citizens; increasing regional cooperation; building resilience, which includes addressing the challenges of forcibly displaced people; and supporting recovery and reconstruction. Many Bank programs in the region include more than one of these pillars.

## Renewing the social contract

Promoting more accountable and more inclusive structures and supporting private sector-driven economies to provide greater opportunities remain key regional priorities for the Bank. In Tunisia, for example, a \$60 million project targeted youth facing unemployment, another \$100 million project focused on early childhood development, and a separate \$140 million program supported farmers. In Lebanon, a \$400 million program promoted labor-market reforms and skills training, including for refugees. A \$30 million project in the West Bank and Gaza supported fiscal measures while strengthening the business environment, and a separate \$13 million Innovative Private Sector Development Project further strengthened the role of

**TABLE 10 MIDDLE EAST AND NORTH AFRICA  
REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2016–18**

	COMMITMENTS (\$ MILLIONS)			DISBURSEMENTS (\$ MILLIONS)		
	FY16	FY17	FY18	FY16	FY17	FY18
IBRD	5,170	4,869	5,945	4,427	5,335	3,281
IDA	31	1,011	430	44	391	569

Portfolio of operations under implementation as of June 30, 2018: \$17.0 billion.

technology in helping to develop the private sector. In Djibouti, a \$15 million project sought to foster women and youth entrepreneurship and further highlighted the region's private sector focus, while in Egypt, a \$500 million project supported critical reforms in the education sector.

### **Increasing regional cooperation**

The Middle East and North Africa is the least integrated region in the world. The Bank's activities in the region, therefore, focus on promoting greater cooperation, efficiency, and interdependence, particularly in the energy and private sectors, where reforms will enhance cross-border investments and reinforce moves toward a regional market. In fiscal 2018, a \$1.2 billion program in Egypt enhanced fiscal stabilization and private sector reforms in the energy sector while further reducing subsidies. In Morocco, a \$200 million program enhanced private sector participation in municipal infrastructure, while another \$200 million program supported private sector activities in agriculture. To promote the expansion of renewable energy capacity in the country, the Bank also provided \$100 million in additional financing for the Noor Solar Power Project in central Morocco, which promotes private sector participation.

### **Building resilience to forced displacement**

In countries throughout the region, especially in Jordan, Lebanon, and Iraq, the forcibly displaced—including refugees and internally displaced persons—continue to pose challenges for local services. In Jordan, a \$200 million program for education reform will benefit both host communities and refugees in the country. Meanwhile, in Lebanon, Syrian refugees are among the beneficiaries of a \$295 million project that will improve public transportation in Beirut and the surrounding areas. These projects all include concessional financing from the Global Concessional Financing Facility, an initiative launched in 2016 that leverages funding from donor countries to bridge the financing gap for countries dealing with refugee crises.

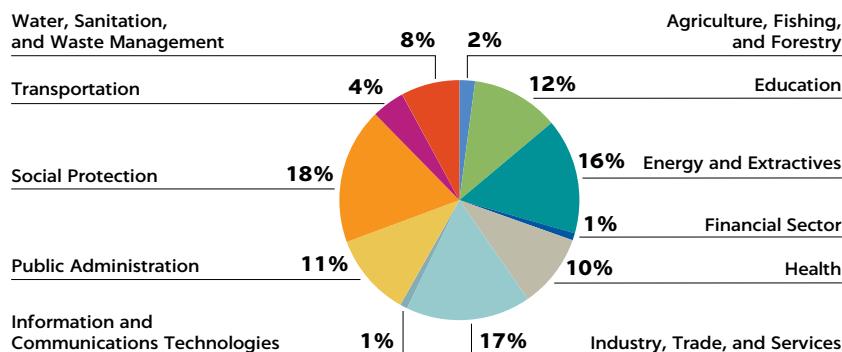
### **Supporting economic recovery and reconstruction**

Following the liberation of Iraq from ISIS, the World Bank has focused on recovery and reconstruction in the country. This effort includes the \$300 million Iraq Social Fund for Development Project focused on small-scale community projects, the \$200 million Iraq Emergency Social Stabilization and Resilience Project focused on social protection for vulnerable populations, and \$400 million in additional financing for the Emergency Operation for Development Project. Meanwhile, the \$210 million Baghdad Water Supply and Sewerage Improvement Project underlines the

**FIGURE 6 MIDDLE EAST AND NORTH AFRICA**

**IBRD AND IDA LENDING BY SECTOR • FISCAL 2018**

SHARE OF TOTAL OF \$6.4 BILLION



Bank's commitment to longer-term reforms in Iraq's water sector, including creating the enabling environment for private sector investments.

Elsewhere in the region, the Bank has expanded support to vulnerable communities affected by conflict, most notably in the Republic of Yemen, where a humanitarian crisis looms. In fiscal 2018, the Republic of Yemen received three grants totaling \$400 million for health and nutrition, specifically targeting the cholera outbreak, urban services, and emergency electricity provision.

## PROJECT SPOTLIGHT

### Enabling Private Sector Participation and Reforming the Energy Sector in Egypt

In 2014, energy subsidies in the Arab Republic of Egypt were 6.6 percent of GDP—more than the public expenditure for health, education, and social protection combined. Daily power outages reached six hours. Political turmoil following 2011 and limited inter-ministerial coordination presented additional challenges. The private sector, dissuaded by the perception of insurmountable risks and credibility concerns, had not invested in the sector since 2002.

This prompted a comprehensive response by the World Bank Group, encompassing a \$3.2 billion loan from IBRD, a \$200 million guarantee insuring against political risk by MIGA, and the largest-ever renewable energy investment by IFC of \$653 million.

Between 2014 and 2018, Egypt witnessed a remarkable transformation in its energy sector. Subsidies went down to 3.3 percent of GDP, backed by a robust social protection mechanism and additional funds made available for social programs. Legislation and regulations designed to facilitate private sector participation in the renewable energy, electricity, and gas sectors were enacted, leading to more than \$2 billion in private investments leveraged by IFC and MIGA and 1,500 megawatts of new solar energy capacity. The program also led to the establishment of the world's largest solar park, creating long-term employment for 500 people in one of Egypt's poorest regions, largely benefiting the most vulnerable members of the population.



**TABLE 11 MIDDLE EAST AND NORTH AFRICA**  
**REGIONAL SNAPSHOT**

INDICATOR	2000	2010	CURRENT DATA <sup>a</sup>	TREND
Total population (millions)	281	336	380	
Population growth (annual %)	1.9	1.8	1.7	
GNI per capita (Atlas method, current US\$)	1,566	3,949	3,843	
GDP per capita growth (annual %)	2.4	3.3	1.8	
Population living below \$1.90 a day (millions)	9 <sup>b</sup>	8	10 <sup>c</sup>	
Life expectancy at birth, females (years)	71	74	75	
Life expectancy at birth, males (years)	68	70	71	
Youth literacy rate, females (% ages 15–24)	80	84	87	
Youth literacy rate, males (% ages 15–24)	89	91	92	
Carbon dioxide emissions (megatons)	872	1,282	1,418	
<b>MONITORING THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)</b>				
<b>SDG 1.1 Extreme poverty (% population below \$1.90 a day, 2011 PPP)</b>	3.2 <sup>b</sup>	2.3	2.7 <sup>c</sup>	
<b>SDG 2.2 Prevalence of stunting, height for age (% children under 5)<sup>d</sup></b>	23	18	15	
<b>SDG 3.1 Maternal mortality ratio (modeled estimate, per 100,000 live births)</b>	125	99	90	
<b>SDG 3.2 Under-5 mortality rate (per 1,000 live births)</b>	46	30	26	
<b>SDG 4.1 Primary completion rate (% relevant age group)</b>	81	91	89	
<b>SDG 5 Ratio of female to male labor force participation rate (modeled ILO estimate, %)</b>	24	26	26	
<b>SDG 5.5 Proportion of seats held by women in national parliaments (% total)</b>	4	11	17	
<b>SDG 6.1 Access to at least basic water services (% population)</b>	87	90	92	
<b>SDG 6.2 Access to at least basic sanitation services (% population)</b>	83	86	88	
<b>SDG 7.1 Access to electricity (% population)</b>	91	95	98	
<b>SDG 7.2 Renewable energy consumption (% total final energy consumption)</b>	3	3	3	
<b>SDG 17.8 Individuals using the Internet (% population)</b>	1	21	43	

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

a. The most current data available between 2013 and 2017; visit <http://data.worldbank.org> for data updates.

b. 2002 data. For poverty estimates, see the regional groups on <http://iresearch.worldbank.org/PovcalNet/data.aspx>.

c. Poverty data for the region is from 2013 and may have changed as a result of conflict or fragility in the region.

d. For prevalence of stunting, all income levels are covered.

For more information, visit [www.worldbank.org/mena](http://www.worldbank.org/mena) and [data.worldbank.org/country](http://data.worldbank.org/country).



# South Asia

South Asia remains the fastest-growing region in the world, with economic growth projected to accelerate from 6.6 percent in 2017 to 6.9 percent in 2018 and 7.1 percent in 2019, driven by strong private consumption, recovering exports, and investments due to policy reforms and infrastructure upgrades. Risks to the outlook mainly stem from domestic factors, including weak exports, slow progress on fiscal consolidation, high deficits, and disruptions due to natural disasters.

Robust growth has translated into declining poverty and impressive improvements in health and education. However, as of 2013, the proportion of people living on less than \$1.90 a day was estimated at 14.7 percent, or about 249 million people—a third of the global poor. Moreover, many countries in the region suffer from extreme forms of social exclusion and significant infrastructure gaps. The region has also seen the largest refugee influx in modern times, with more than 690,000 Rohingya refugees fleeing to Bangladesh since August 2017, according to United Nations estimates.

## World Bank assistance

The World Bank approved \$10.7 billion in lending to the region for 56 projects in fiscal 2018, including \$4.5 billion in IBRD loans and \$6.2 billion in IDA commitments, of which \$451 million came from the IDA Scale-Up Facility. The Bank also delivered 150 advisory services and analytical products to countries across the region, providing technical advice on issues such as energy sector reform, female labor force participation, and climate change. The Bank's regional strategy emphasizes sustaining inclusive growth, investing in people, and addressing fragility. It focuses on supporting private sector development and job creation, particularly for women; investing in sustainable cities and climate-smart agriculture; and strengthening inclusion, public institutions, and governance.

## Supporting sustainable growth and creating jobs

Economic growth in the region has been driven mainly by consumption and infrastructure upgrades, and can only be sustained at high levels if both investment and exports grow stronger. Moreover, with an estimated 1.5 million people entering the job market every month over the next two decades, job creation is essential. To address these challenges, the World Bank supports efforts such as the \$300 million Punjab Agriculture and Rural Transformation Project in Pakistan, which seeks to improve agriculture productivity, raise farmers' incomes, and create jobs on farms and in agribusinesses.

The World Bank is also helping countries maximize their development resources by drawing on private financing and sustainable private sector solutions. The first use of the MIGA Guarantee Facility, part of the IDA18 Private Sector Window

**TABLE 12 SOUTH ASIA**

**REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2016–18**

	COMMITMENTS (\$ MILLIONS)			DISBURSEMENTS (\$ MILLIONS)		
	FY16	FY17	FY18	FY16	FY17	FY18
IBRD	3,640	2,233	4,508	1,623	1,454	1,698
IDA	4,723	3,828	6,153	4,462	3,970	3,835

Portfolio of operations under implementation as of June 30, 2018: \$52.3 billion.

operation, supported MIGA guarantees of up to \$9 million for private investment in the Rikweda Fruit Process Company in Afghanistan, a raisin production and processing plant. In India, the World Bank and IFC worked together and attracted private capital for the development of the 750-megawatt Rewa Ultra Mega Project in the low-income state of Madhya Pradesh, one of the largest solar plants in the world. Two World Bank guarantees helped Pakistan access over \$1 billion in international commercial financing in support of policy reforms for growth, competitiveness, and infrastructure investments, such as the Dasu Hydropower Project.

### **Investing in human capital and supporting inclusive growth**

To strengthen human capital as a driver of growth, the Bank focuses on improving access to and the quality of education, addressing stunting and malnutrition, strengthening health systems and services, and supporting safety nets to protect the poorest. Initiatives such as the \$500 million Health Sector Support Project in Bangladesh, the \$600 million Sehatmandi Project in Afghanistan, and the \$100 million General Education Modernization Project in Sri Lanka build upon earlier efforts to improve the quality and accessibility of health and education services in the region.

At 28 percent, the labor participation of women in South Asia is very low and has even declined in some countries. To address the factors that are holding women back, the Bank focuses on improving their skills, promoting financial inclusion, and changing social norms. One critical barrier to greater female participation in the labor force is lack of access to safe transportation, which the Bank is addressing through transport programs in Bangladesh, India, and Pakistan.

### **Fostering resilience to conflict and climate change**

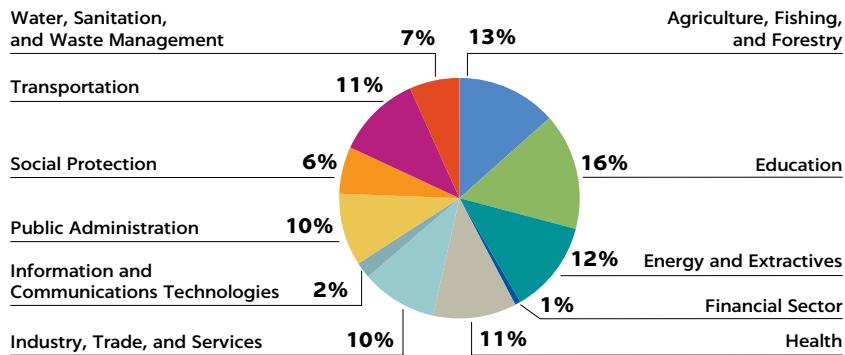
Conflict and fragility risks are increasing in South Asia, resulting in growing displacement and border tensions. The World Bank is working with its partners to provide basic services to the displaced and hosting communities, such as the recent \$114 million project in Pakistan that aims to support families affected by militancy-related violence, improve child health care, and establish safety net systems in affected parts of the Federally Administered Tribal Areas. The Bank is also supporting Nepal's historic transition to a federal democratic republic through a \$200 million development policy credit, which includes resources from the IDA18 Risk Mitigation Regime.

South Asia is also highly vulnerable to the impacts of climate change, including climate-induced natural disasters and rising sea levels. Progress in South Asia depends on reducing carbon emissions, changing the energy mix, mitigating the effects of climate change, and building climate resilience. For example, the

**FIGURE 7 SOUTH ASIA**

**IBRD AND IDA LENDING BY SECTOR • FISCAL 2018**

SHARE OF TOTAL OF \$10.7 BILLION



\$420 million Maharashtra Project on Climate-Resilient Agriculture in India aims to improve smallholder farmers' capacity to adjust and modify their production systems to withstand future impacts from climate events.

### Promoting regional integration

Regional integration and economic cooperation can enhance the prospects for poverty reduction and shared growth, yet South Asia remains one of the least integrated regions in the world. The Bank therefore focuses on energy and electricity trade, transport connectivity, and long-term water security in the region. In Afghanistan, the new \$51 million Digital Central Asia-South Asia Project is helping to build the government's capacity to deliver digital services and develop regionally integrated digital infrastructure. It will also support private sector development by opening the telecommunications market.

### PROJECT SPOTLIGHT

#### Digital Youth Summit advances Pakistan's tech revolution

In April 2018, 5,000 students participated in the annual Digital Youth Summit organized in the Khyber Pakhtunkhwa province of Pakistan. The summit, spearheaded and supported by the World Bank since 2014, grew out of an idea of bringing together the next generation of digital innovators to educate and inspire youth in a conflict-affected region where 50 percent of people are under 30.

Given a lack of infrastructure and an anemic private sector in Khyber Pakhtunkhwa, the World Bank and the provincial government are working together to promote the digital economy as an avenue for job creation. The prevalence of mobile broadband and devices has led to increasing internet connectivity, creating opportunities in digital freelancing, entrepreneurship, and business process outsourcing (BPO) to drive job creation and boost prosperity for young women and men. Several burgeoning local firms have already grown to become successful job-creating ventures with clients across Pakistan.

The summit also brings potential investors from the outsourcing industry to showcase new initiatives planned in Khyber Pakhtunkhwa—most notably BPO-ready spaces in Peshawar, as well as Pakistan Digital City, an outsourcing facility planned in Haripur that will accommodate around 5,000 outsourcing jobs. Both the BPO-ready spaces and Pakistan Digital City are being supported by World Bank funding and technical assistance, and investors are ready to invest, attracted by the abundance of competitive and dynamic labor and available facilities.



**TABLE 13 SOUTH ASIA  
REGIONAL SNAPSHOT**

INDICATOR	2000	2010	CURRENT DATA <sup>a</sup>	TREND
Total population (millions)	1,387	1,631	1,788	
Population growth (annual %)	1.9	1.4	1.2	
GNI per capita (Atlas method, current US\$)	440	1,160	1,743	
GDP per capita growth (annual %)	2.2	7.5	5.2	
Population living below \$1.90 a day (millions)	555 <sup>b</sup>	402	257	
Life expectancy at birth, females (years)	64	68	70	
Life expectancy at birth, males (years)	62	66	67	
Youth literacy rate, females (% ages 15–24)	63	77	86	
Youth literacy rate, males (% ages 15–24)	80	87	90	
Carbon dioxide emissions (megatons)	1,181	1,969	2,516	
<b>MONITORING THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)</b>				
<b>SDG 1.1</b> Extreme poverty (% population below \$1.90 a day, 2011 PPP)	38.6 <sup>b</sup>	24.7	15.1	
<b>SDG 2.2</b> Prevalence of stunting, height for age (% children under 5) <sup>c</sup>	51	42	35	
<b>SDG 3.1</b> Maternal mortality ratio (modeled estimate, per 100,000 live births)	388	228	182	
<b>SDG 3.2</b> Under-5 mortality rate (per 1,000 live births)	94	63	48	
<b>SDG 4.1</b> Primary completion rate (% relevant age group)	70	88	93	
<b>SDG 5</b> Ratio of female to male labor force participation rate (modeled ILO estimate, %)	39	36	36	
<b>SDG 5.5</b> Proportion of seats held by women in national parliaments (% total)	8	20	19	
<b>SDG 6.1</b> Access to at least basic water services (% population)	82	86	88	
<b>SDG 6.2</b> Access to at least basic sanitation services (% population)	24	39	46	
<b>SDG 7.1</b> Access to electricity (% population)	57	75	86	
<b>SDG 7.2</b> Renewable energy consumption (% total final energy consumption)	53	42	38	
<b>SDG 17.8</b> Individuals using the Internet (% population)	0	7	26	

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

a. The most current data available between 2013 and 2017; visit <http://data.worldbank.org> for data updates.

b. 2002 data. For poverty estimates, see the regional groups on <http://iresearch.worldbank.org/PovcalNet/data.aspx>.

c. For prevalence of stunting, all income levels are covered.

For more information, visit [www.worldbank.org/sar](http://www.worldbank.org/sar) and [data.worldbank.org/country](http://data.worldbank.org/country).

# Strengthening Operations, Policies, and Processes

The World Bank is firmly committed to becoming an organization that is more agile, efficient, and effective. Over the past fiscal year, it has continued to improve its operations, policies, and processes to better serve its member countries.

## The Agile Bank Program

The Agile Bank Program was launched in late 2016 to improve ways of working and promote a culture of continuous improvement through a staff-driven approach. Its goal is to enhance client value through more efficient resource allocation and empowered staff.

The Agile approach is an iterative process to make continuous improvement through incremental gains. New ideas are incubated, tested, rolled out if they work, and discarded if they do not. In fiscal 2018, a community of 200 Agile Champions—from across all operational units—was established to accelerate the testing and mainstreaming of the Agile approach. Although the program is still in a relatively nascent phase, hundreds of staff were engaged through training, testing of ideas, and awareness-raising activities. Task team leaders tested Agile innovations in over 230 operations, while more than 15 ideas completed the testing phase and are being mainstreamed. These include more focused project documentation, streamlined meetings, and a more efficient way to co-create solutions with clients. Delegated restructuring and a new multiphase programmatic approach to lending were mainstreamed and influenced by the Agile Program. Preliminary data from a subset of pilot projects show potential improvements on project quality, staff time redeployed to higher value activities, and faster delivery of projects.

## Simplifying the way the Bank works

The World Bank has simplified the way its staff works through streamlining, standardizing, and automating processes to make systems more user-friendly and information more easily accessible. Among these measures, expenditure management processes have been simplified; 20 human resources processes have been automated; an eSignature solution has been introduced to accelerate the signing of legal documents; apps have been developed to facilitate approvals, transactions, and access to operational and administrative policies; and current budget information has been made available to all budget holders online. The Bank's IT infrastructure has been improved through new collaboration tools, a personalized workspace, and a simplified and decluttered intranet, while technology such as robotics is being leveraged to render transaction-heavy processes more efficient. The Bank is also implementing a shared services strategy to find further efficiencies.

## Improving the design and use of trust funds

The World Bank manages a portfolio of 751 trust funds, which serve as an important source of development finance and partnership. Complementing IDA and IBRD financing, trust funds account for about 10 percent of the Bank's disbursements to its clients, and they are critical to the knowledge agenda, financing about two-thirds of all Advisory Services and Analytics activities. Although they provide vital support, the purpose, focus, and alignment with the World Bank's top priorities vary among trust funds. The largest of them are clearly linked to high priorities for the Bank. The long tail of smaller, highly customized trust funds—the 70 percent that account for only 7 percent of the total value of the Bank's trust fund portfolio—are more fragmented, making a clear link to priorities and managing tradeoffs more difficult. They also have higher transaction costs for their establishment, fundraising, governance, and reporting requirements.

The World Bank has been working to strengthen the link between funding and strategic priorities and to improve efficiencies by organizing its portfolio around two main instruments: larger trust funded programs ("Umbrella 2.0"), with a strong focus on results; and simpler, more nimble trust funds using fully standardized governance, reporting, and results features. The larger programs would lower transaction costs through coordinated governance and reporting, and elevate the dialogue with partners around shared priorities and mutually desirable outcomes. The Bank is implementing these reforms in an iterative process. Roll-out of the new instruments will start with a pilot phase in the second half of calendar year 2018, with lessons learned informing the final design of the program, before a Bank-wide launch in mid-2019.

For more information, visit [www.worldbank.org/en/publication/trust-fund-annual-report-2017](http://www.worldbank.org/en/publication/trust-fund-annual-report-2017).

## The World Bank Environmental and Social Framework

The World Bank is launching a new Environmental and Social Framework (ESF) in October 2018. The ESF will progressively replace the current Safeguard Policies for Investment Project Finance operations, with the two operating in parallel for about seven years. The ESF offers broader and more systematic coverage of environmental and social risks, including issues such as labor, climate change, and stakeholder engagement.

Ahead of the launch, intensive preparation and trainings have been implemented. Bank environmental and social specialists are working with government officials, project implementation staff, and key stakeholders—including civil society, the private sector, universities and training centers, and in-country bilateral agencies—to deepen their understanding of the ESF and its requirements. Internally, a management information system to track and manage environmental and social risks is being developed, while guidance materials, good practice notes, templates, and other resources are being created and will be updated over time based upon implementation experience.

Training is being offered to Bank management and staff and includes eLearning and in-person workshops on application of the ESF through case studies. More than 900 staff have completed the training. The Bank is also working with development partners to harmonize environmental and social risk management approaches across institutions.

For more information, visit [www.worldbank.org/esf](http://www.worldbank.org/esf).

## The World Bank's Grievance Redress Service

The Grievance Redress Service (GRS) is an avenue for people and communities who believe a World Bank–funded project has caused or will likely cause them harm to raise their concerns directly at the Bank's corporate level. By fostering dialogue and acting as a facilitator in conflict resolution, the GRS embodies the Bank's emphasis on proactive problem-solving and has become an effective complement to mechanisms at the project level and the Inspection Panel. Since its creation in 2015, the GRS has collaborated with operational teams across the Bank in working with complainants to understand their concerns, and identify and monitor actions to resolve them. Building on its growing experience and track record, the GRS is well positioned to support operational teams in early identification, assessment, and resolution of complaints and in channeling knowledge garnered through this work to help identify systemic issues and devise appropriate solutions.

For more information, visit [www.worldbank.org/grs](http://www.worldbank.org/grs).

## The World Bank Procurement Framework

The World Bank's Procurement Framework, effective since 2016, plays a strategic role in helping countries achieve better development outcomes in implementing Investment Project Finance operations. It uses a fit-for-purpose approach to allow countries to develop procurement strategies that are tailored to their specific needs, unique characteristics, diverse markets, and project development objectives.

Progress has been made in the implementation of the new framework. All new projects using the framework now prepare Project Procurement Strategies for Development, strategy documents that assess a project's operating context, the potential impact on procurement, and market conditions, and help to develop procurement arrangements based on these assessments. The use of Alternative Procurement Arrangements, one of the framework's new features to help countries strengthen their national institutions and improve efficiency, is also underway. Bhutan's Thimphu Thromde and India's Power Grid are among the first borrower agencies whose procurement rules and procedures shall be relied upon in future World Bank–financed investment projects. Another new feature is the Hands-On Expanded Implementation Support, which helps to expedite project implementation by offering additional Bank procurement support as appropriate. This arrangement has been used in an emergency health project in Papua New Guinea and a disaster risk management project in Myanmar, and is planned for use in other countries, especially those with fragile or conflict-affected environments.

To date, 202 investment projects valued at \$20 billion are or will be subject to the new Procurement Framework, along with 107 small recipient-executed trust fund investment projects worth \$137 million. To ensure smooth implementation, several guidance notes to operational teams, borrowers, and the private sector have been developed. Numerous global outreach efforts have taken place to disseminate the framework's new features, and participating companies consistently confirm that it has helped to create a stronger enabling environment for business.

For more information, visit [www.worldbank.org/procurement](http://www.worldbank.org/procurement).

# Maintaining a Socially and Environmentally Responsible Institution

The World Bank is committed to ensuring that the institution is on a sustainable path. By implementing its Corporate Responsibility Strategic Plan, the Bank systematically addresses environmental impacts from day-to-day operations, utilizing a set of Sustainability Principles as its guide. This commitment is also reflected in the workplace environment that the Bank aims to create with its People Strategy and in the expectations that it sets for staff. These concepts are embedded in the World Bank Group's (WBG) Core Values, which were refreshed this fiscal year.

## Our values

The WBG concluded an extensive internal consultation to revisit its Core Values, which define how Bank Group staff engage with partners and each other. They are:

- **Impact**—We help our clients solve their greatest development challenges.
- **Integrity**—We do what is right.
- **Respect**—We care for our people, our clients, our partners, and our planet.
- **Teamwork**—We work together to achieve our goals.
- **Innovation**—We learn and adapt to find better ways of doing things.

A new Code of Conduct to integrate these values into the Bank Group's culture and work is being prepared and staff trainings will be revised.

## Our people

The World Bank's 12,216 full-time staff are the source of the solutions to the most pressing development challenges. The current WBG People Strategy aims to build a workforce with the right skills, in the right place, at the right time, and who can offer the best solutions to clients, and to strengthen the employment value proposition to make the World Bank the best place to work in development.

**Working in challenging environments.** The World Bank is on track to meet its IDA18 commitment to increase its footprint in fragile, conflict-, and violence-affected countries by 150 staff by the end of fiscal 2020. Support and incentives for staff working in the most difficult places have been strengthened by tailored learning programs, close monitoring and management of career development, compensation commensurate with the assumed risks, and enhanced counseling support and security infrastructure.

**Increasing diversity and inclusion.** In fiscal 2018, the World Bank Group received the Economic Dividends for Gender Equality (EDGE) global certification

for both its headquarters and country offices. The World Bank's headquarters completed the EDGE recertification by demonstrating progress in the areas of senior management gender parity, effectiveness of flexible work policies, promotion of equal pay for equivalent work, and inclusive culture. The Bank also established the Disability Advocacy and Resource Group as an affinity network for staff and family members with disabilities to promote better integration into the WBG community, create a sense of belonging, and encourage institutional support and acceptance.

**Addressing harassment.** Gender equality is one of the World Bank Group's strategic priorities. Anyone who commits sexual harassment, exploitation, or abuse is in clear contradiction of the Bank Group's values. Although rules banning sexual misconduct are in place, the Bank Group is conducting an external review to ensure that they remain in line with best practices. The Bank Group has recently clarified staff rules regarding sexual misconduct, exploitation, or abuse. Staff members have also been encouraged to more readily report cases of sexual harassment. Complainants are provided with the necessary tools and support to assist them in recovering and moving forward after experiencing such forms of misconduct. Preventing sexual misconduct is linked to the Bank Group's core values of integrity, respect, and teamwork.

**Supporting health and wellness.** In a proactive approach to employee health, the World Bank Group introduced online health and wellness services to all eligible staff, retirees, and their dependents. The program is expected to improve personal health outcomes by providing health risk management support. An onsite primary clinic was established at headquarters that provides primary care services to staff, dependents, and retirees, as well as urgent and preventative services to visiting country office staff and dependents. A 24/7 multilingual crisis counseling hotline was also launched to provide support to WBG staff and dependents worldwide.

**Refreshing learning resources.** New staff-learning curriculums were launched, aligned with the Bank's corporate priorities. The curriculums offer interactive activities to raise staff awareness, operationalize corporate initiatives, and further embed learning into the Bank's culture. Module topics include, for example, Maximizing Finance for Development; the new Environmental and Social Framework; the new Procurement Framework; the World Bank Group Products Learning program; and

**TABLE 14 WORLD BANK (IBRD/IDA) STAFF DATA, FISCAL 2016–18**

INDICATOR	FY16	FY17	FY18	Related Indicators
Total full-time staff	11,421	11,897	12,216	GRI 401; SDG 8
Non-US based (%)	41.0	42.0	42.6	
Short-term consultants/temporaries (FTEs)	4,757	4,948	4,810	
Employee engagement (%)	73	80	—	
Diversity index	0.89	0.91	0.92	GRI 405; SDG 8
Female managers (%)	37.5	39.0	41.5	
Managers from developing countries (%)	43.5	43.3	43.1	
Female technical staff (grade GF+, %)	43.9	44.2	44.5	
Sub-Saharan/Caribbean technical staff (grade GF+, %)	12.2	12.9	13.3	
Average days of training per staff, at headquarters	3.3	3.7	4.3	GRI 404; SDG 8
Average days of training per staff, in country offices	3.5	4.2	3.9	

**Note:** — = not available; FTE = full-time equivalent (staff); GF+ = salary grade GF or higher, that is, professional; GRI = Global Reporting Initiative. There was no Engagement Survey in fiscal 2018.

Staff Conduct Essentials, including sexual harassment and conflict resolution. In addition, as part of the Knowledge Management Action Plan to improve institutional knowledge sharing, the Bank provides Knowledge Packages to project leaders at the outset of new operations. This automated service, which uses machine-learning technology, bundles highly-relevant, well-tailored knowledge for staff to prepare the best operations for clients. To date, 540 such packages have been delivered.

**Representing staff voice.** Staff rights and interests are represented by the Staff Association (SA). More than 11,800 WBG staff and consultants globally are members of the SA. To strengthen its global reach, the SA continues to strengthen its Country Office Staff Associations in 90 countries through its pilot program of Regional Volunteer Counselors. In fiscal 2018, the SA engaged in dialogue with human resources and senior management, observing staff concerns about the compensation methodology to protect the employee value proposition and enhance career growth. It also focused on organizational pulse checks on issues ranging from sexual harassment to health coverage, advocating to strengthen staff rights.

## Our places

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

**Being climate aware.** The World Bank measures, reduces, offsets, and reports on greenhouse gas (GHG) emissions from its facilities, major meetings, and corporate air travel. The World Bank surpassed its GHG emissions target of reducing facilities-based emissions by 10 percent between 2010 and 2017 and aims to introduce a new target in the coming year. However, between June 2016 and July 2017, total GHG emissions increased by 4 percent from the previous year, in part due to improved data accountability from country offices and increased business travel in support of the Bank's global operations. To offset direct and indirect carbon emissions not curtailed, the Bank purchased and retired credits totaling 117,667 metric tons CO<sub>2</sub> equivalent covering fiscal 2017. In addition, the Bank purchased and retired Renewable Energy Credits equivalent to the electricity use at its Washington, DC, offices. Details are available in the Global Reporting Initiative (GRI) disclosure 305, and the Carbon Disclosure Project (CDP) 2018 Questionnaire.

**TABLE 15 SELECTED WORLD BANK ENVIRONMENTAL IMPACTS, FISCAL 2016–18**

INDICATOR	FY16	FY17	FY18	Related Indicators
Absolute GHG emissions (metric tons of CO <sub>2</sub> equivalent) <sup>a</sup>	143,066	148,184	—	GRI 305; CDP C6; SDG 13
Global energy use (GJ) <sup>b</sup>	492,626	506,156	—	GRI 302; CDP C8.2; SDG 7
Global energy use intensity (GJ/m <sup>2</sup> ) <sup>b</sup>	0.80	0.81	—	
Waste diverted from landfill (%) <sup>c</sup>	57	57	57	GRI 306; SDG 12
Total PCW paper use (both copy paper and print shop, %) <sup>c</sup>	62	60	50	GRI 301; SDG 12

**Note:** — = not available; CDP = Carbon Disclosure Project; CDP CC = CDP's Climate Change indicators; GHG = greenhouse gas; GJ = gigajoule; GJ/m<sup>2</sup> = gigajoule per square meter; GRI = Global Reporting Initiative; PCW = postconsumer waste.

- a. Data are for all World Bank offices worldwide and include Scope 1, 2, and 3 emissions and lag by one fiscal year. Due to changes in emissions factors and errors within the data management system, the World Bank Group base year calculations have been restated, and details have been captured in the Inventory Management Plan, available on the Corporate Responsibility website.
- b. Data are for all World Bank offices worldwide and include electricity, stationary combustion, and mobile combustion.
- c. Data are for Washington, DC, offices only.

**Designing sustainable sites.** In fiscal 2018, the World Bank Group Islamabad office earned LEED Gold certification, joining nine other Bank offices with similar certified sustainable building standards. Overall there was a slight increase in energy use in the Bank's 135 global locations mainly due to greater reliance on onsite generator fuel in the Afghanistan office and higher electricity use in the London and Chennai offices.

**Improving waste diversion.** In fiscal 2018, the Bank piloted a bin-less waste removal system and surveyed waste management practices in its Washington, DC, offices. To date, the bin-less pilot has increased the amount of waste that is recycled and composted, with only 20 percent sent to the landfill. Results from this pilot and the previously implemented central sorting and composting program are informing a new HQ-wide waste management standard. Across the Washington, DC, offices, the waste diversion rate remained at 57 percent in fiscal 2018. Waste disposal rates in country offices are available based on country context and currently anecdotal. The Bank is working to strengthen this data point.

**Building a principled supply chain.** In line with institutional commitments to gender equality, the World Bank Group announced a goal of doubling corporate procurement from women-owned businesses to 7 percent of total procurement spend by 2023. This focus on supplier diversity is one component of a sustainable procurement framework currently under development to integrate sustainability throughout the corporate procurement process. In fiscal 2018, the Bank Group was also awarded a 2018 Electronic Product Environmental Assessment Tool (EPEAT) Purchaser Award at the two-star level by the Green Electronics Council, a program recognizing excellence in the procurement of sustainable electronics.

For more information, visit [www.worldbank.org/corporateresponsibility](http://www.worldbank.org/corporateresponsibility).

# Ensuring Accountability and Monitoring Operations

The World Bank holds itself accountable to its clients and shareholders through institutional mechanisms that monitor operational performance. These include the Corporate Scorecard, the IDA Results Measurement System, and regular opportunities to discuss progress on operations with the Bank's Executive Directors. The Bank also benefits from the expertise of key units within and independent of the institution.

## Independent Evaluation Group

The Independent Evaluation Group (IEG) aims to strengthen the World Bank Group's development effectiveness through evaluations that assess results and performance and recommend improvements. IEG's evaluations contribute to accountability and learning and inform the Bank Group's new directions, policies and procedures, and country partnership frameworks. IEG's *Results and Performance of the World Bank Group 2017* report assessed the Bank Group's efforts to mainstream environmental sustainability in its country- and project-level work, showing a 4 percent increase in mainstreaming environmental sustainability across its activities. The report also found that 73 percent of World Bank projects completed between fiscal 2014–16 achieved moderately satisfactory or better development outcome ratings. This represents a 3 percent improvement from the previous review period (fiscal 2011–13) but remains below the target of 75 percent.

In fiscal 2018, IEG completed 10 major evaluations, each of which assessed the World Bank Group's performance and identified lessons for improving Bank Group operations regarding a theme, sector, or corporate process. IEG also prepared two country program evaluations (on Rwanda and Mexico), which reviewed the effectiveness of World Bank Group development support over the last 10 years and extracted lessons for future engagements in these and similar countries.

For more information and IEG's annual report, visit [ieg.worldbankgroup.org](http://ieg.worldbankgroup.org).

## Inspection Panel

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

During fiscal 2018, the panel received seven complaints and delivered to the Board an investigation report on a case from the Democratic Republic of Congo. Additionally, the World Bank's Global Gender-Based Violence (GBV) Task Force, created following the panel's 2016 investigation into the Uganda Transport Sector Development Project, released its recommendations on how to prevent and address GBV in Bank-supported projects. As part of its role in promoting institutional learning and improving the development effectiveness of Bank operations, the panel delivered the fourth report in its series drawing on lessons from its nearly 25-year caseload. The latest report covered cases involving the issues of consultation, participation, and disclosure of information.

For more information and the Inspection Panel's annual report, visit [www.worldbank.org/inspectionpanel](http://www.worldbank.org/inspectionpanel).

## Integrity Vice Presidency

The Integrity Vice Presidency (INT) investigates World Bank Group-financed projects for sanctionable practices, including fraud and corruption; pursues sanctions; identifies integrity risks; and draws lessons for future operations, reflecting the Bank Group's ongoing commitment to fight corruption and prevent it before it occurs. INT's Integrity Compliance Office engages with sanctioned companies that are working toward meeting conditions for release from sanctions. INT has strengthened its preventive role through efforts such as hosting integrity compliance workshops and working closely with WBG task team leaders to design measures to mitigate fraud and corruption risks in projects.

INT plays a fundamental role in the World Bank Group's robust two-tiered adjudicative system designed to fight corruption and protect the integrity of Bank Group financing while offering suspected parties an opportunity to respond to the allegations against them. The system's adjudicators—with the Bank's Office of Suspension and Debarment and IFC's and MIGA's counterparts at the first tier, and the WBG Sanctions Board at the second tier—review sanctions cases brought by INT, provide due process to suspected parties, and suspend and sanction firms and individuals found to have engaged in misconduct. In fiscal 2018, the World Bank Group sanctioned 83 firms and individuals and recognized 73 cross-debarments from other multilateral development banks (MDBs). Sixty-six Bank Group debarments were eligible for recognition by other MDBs in fiscal 2018.

For more information and INT's annual report, visit [www.worldbank.org/integrity](http://www.worldbank.org/integrity).

## Internal Audit Vice Presidency

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

In fiscal 2018, IAD conducted assurance and advisory reviews in development operations, corporate processes, and information technology and data management. Some topics that were covered include the Bank's Anti-Money Laundering and Countering the Financing of Terrorism (AML-CFT) program, corporate procurement, and information security.

For more information and IAD's annual and quarterly reports, visit [www.worldbank.org/internalaudit](http://www.worldbank.org/internalaudit).

### The World Bank Policy on Access to Information

Introduced in 2010, the World Bank's Policy on Access to Information (AI Policy) has made it a more effective development partner. Based on the concept that any information in the Bank's possession should be accessible to the public, except for that which falls under a defined list of exceptions, the AI Policy remains the standard for international development institutions. It has also provided the basis for the accompanying open initiatives—including Open Data, Open Finances, the Open Knowledge Repository, and the Open Archives—all of which make the Bank's work more transparent, accessible, and accountable.

For requests that are denied, the public can appeal by alleging a violation of policy and/or public interest. The internal Access to Information Committee serves as the first level for all appeals, and its decisions are final for appeals alleging a public interest ground. A second and final recourse for appeals alleging a violation of policy is available through the external and independent Appeals Board, consisting of three international experts.

In fiscal 2018, the Bank handled 675 public access requests for information and received more than 3.5 million visits to and 20 million downloads from the Documents and Reports database.

For more information and to submit public access requests for information to the World Bank, visit [www.worldbank.org/en/access-to-information](http://www.worldbank.org/en/access-to-information).

# Deploying Resources Strategically

## Prioritizing strategic interventions across the World Bank Group

The World Bank's principal institutions—the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA)—work in ever-closer coordination with the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) to leverage the collective strength of the World Bank Group (WBG) for the benefit of its partner countries. The comparative advantage of the WBG comes from the powerful combination of country depth and global breadth, public and private sector instruments and relationships, multisectoral knowledge, and the ability to mobilize and leverage financing. Collaboration across IBRD, IDA, IFC, and MIGA has grown over time, and spans a range of activities at the regional, country, sector, and thematic levels.

World Bank experts are organized across teams of Global Practices, which focus on key technical areas of development, as well as Global Themes, composed of teams working to deliver on cross-cutting corporate priority areas, such as climate change, gender, fragility, infrastructure, public private partnerships, and guarantees. Collaboration across these teams allow for the development of comprehensive solutions for clients. The Bank's teams work together with country-based staff, IFC, MIGA, and country partners to prioritize the WBG's program of financial, analytical, advisory, and convening support, based on the Bank Group's comparative advantage, the client's priorities, and in response to development challenges highlighted in the Systematic Country Diagnostic (SCD).

The SCD identifies the barriers to eliminating extreme poverty and boosting shared prosperity within a country, and is carried out by the WBG before developing a new partnership framework with a country. The diagnostic guides the development of the Country Partnership Framework (CPF), which outlines the strategic interventions and support on which the WBG and partner country will engage. This process has been in place since July 2014, and as of the end of this fiscal year, the WBG has prepared SCDs in 90 countries and new CPFs in 57 countries.

## Maintaining budget discipline to maximize the use of financial resources

The World Bank Group aligns its resources through an annual strategic planning, budgeting, and performance review exercise, called the "W" process for its three top-down decision points and two bottom-up input phases:

- W1:** Considering external factors and clients' demands, senior management sets strategic planning priorities.
- W2:** Vice-presidential units (VPUs) review and respond to corporate priorities.
- W3:** Senior management refines the guidance on priorities for each World Bank Group institution.
- W4:** VPUs develop work programs in response to determined priorities and planned budget envelopes.
- W5:** Senior management for each institution separately review VPU-level allocations and agree on aggregate budget proposals. The Board reviews and approves budgets for the next fiscal year.

The World Bank Group has made significant progress in aligning its budget to address development priorities, to reinforce selectivity and efficient delivery, and to maintain budget sustainability. It has done so through a combination of revenue expansion and spending containment measures that include completing an Expenditure Review that saved \$400 million. The World Bank has also implemented new sustainability principles and budget indicators that allow for administrative expenses to be covered by revenues generated from operations, and realigned its budget with strategic priorities. The Bank Group is committed to continued financial sustainability, strategic alignment, and efficiency.

During the fiscal 2019–21 planning period, the Bank Group will focus on priorities arising from the organization's goals of ending extreme poverty and boosting shared prosperity, as set out in its Forward Look strategy. Specific priorities include: support for client-facing work, particularly for the IDA18 scale-up and areas affected by fragility, conflict, and violence, and for meeting the IBRD capital increase policy commitments; the Bank Group-wide partnership to crowd in private sector investment and create new markets to maximize finance for development; a renewed focus on human capital and on enhancing the Bank Group's leadership on global issues; and improvement of the business model for greater effectiveness and efficiency.

### **IBRD financial commitments and services**

IBRD is a global development cooperative owned by its 189 member countries. As the largest multilateral development bank in the world, it provides loans, guarantees, risk management products, and advisory services to middle-income and creditworthy low-income countries, and coordinates responses to regional and global challenges.

In fiscal 2018, new IBRD lending commitments amounted to \$23.0 billion for 124 operations, of which two were IBRD and IDA blended operations.

**TABLE 16 IBRD COMMITMENTS, BY REGION, FISCAL 2014–18**

MILLIONS OF DOLLARS

REGION	FY14	FY15	FY16	FY17	FY18
Africa	420	1,209	669	1,163	1,120
East Asia and Pacific	4,181	4,539	5,176	4,404	3,981
Europe and Central Asia	4,729	6,679	7,039	4,569	3,550
Latin America and the Caribbean	4,609	5,709	8,035	5,373	3,898
Middle East and North Africa	2,588	3,294	5,170	4,869	5,945
South Asia	2,077	2,098	3,640	2,233	4,508
<b>Total</b>	<b>18,604</b>	<b>23,528</b>	<b>29,729</b>	<b>22,611</b>	<b>23,002</b>

**TABLE 17 IBRD DISBURSEMENTS, BY REGION, FISCAL 2014–18**

MILLIONS OF DOLLARS

REGION	FY14	FY15	FY16	FY17	FY18
Africa	335	816	874	427	734
East Asia and Pacific	3,397	3,596	5,205	3,961	3,476
Europe and Central Asia	6,536	5,829	5,167	2,799	4,134
Latin America and the Caribbean	5,662	5,726	5,236	3,885	4,066
Middle East and North Africa	1,666	1,779	4,427	5,335	3,281
South Asia	1,165	1,266	1,623	1,454	1,698
<b>Total</b>	<b>18,761</b>	<b>19,012</b>	<b>22,532</b>	<b>17,861</b>	<b>17,389</b>

For monitoring, reporting, and better decision making about its commitments, the World Bank applies a taxonomy of codes to all lending operations to reflect the sectors and themes into which it directs its resources. Sector codes reflect high-level groupings of economic activities based on the types of goods and services produced, and are used to indicate which part of the economy is supported by the Bank's intervention. Theme codes reflect the goals and objectives of Bank-supported activities and are used to capture the Bank's support to the Sustainable Development Goals.

**TABLE 18 IBRD COMMITMENTS BY SECTOR, FISCAL 2014–18**

MILLIONS OF DOLLARS

SECTOR	FY14	FY15	FY16	FY17	FY18
Agriculture, Fishing, and Forestry	829	843	561	754	2,561
Education	1,192	1,496	1,788	1,074	1,685
Energy and Extractives	2,359	3,361	4,599	4,434	3,084
Financial Sector	1,360	3,433	2,657	1,879	764
Health	793	893	1,181	1,189	2,204
Industry, Trade, and Services	1,106	1,684	3,348	2,694	3,416
Information and Communications Technologies	262	90	194	503	324
Public Administration	4,162	3,175	5,111	4,754	2,189
Social Protection	1,006	2,687	1,393	778	2,091
Transportation	4,089	3,202	4,569	2,551	2,074
Water, Sanitation, and Waste Management	1,447	2,664	4,192	2,000	2,610
<b>Total</b>	<b>18,604</b>	<b>23,528</b>	<b>29,729</b>	<b>22,611</b>	<b>23,002</b>

**Note:** Numbers may not add to totals because of rounding. As of fiscal 2017, new sector categories have replaced the previous taxonomy as part of an internal data modernization effort. Past fiscal year data reported here have been revised to reflect the new categories and therefore may not match figures published in previous annual reports. Please visit [www.projects.worldbank.org/sector](http://www.projects.worldbank.org/sector) for more information on changes.

**TABLE 19 IBRD COMMITMENTS BY THEME, FISCAL 2017–18**

MILLIONS OF DOLLARS

THEME	FY17	FY18
Economic Policy	1,677	1,124
Environment and Natural Resources Management	7,237	10,409
Finance	3,330	2,501
Human Development and Gender	2,687	6,641
Private Sector Development	5,741	4,945
Public Sector Management	3,516	1,353
Social Development and Protection	939	2,844
Urban and Rural Development	5,937	8,593

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

**TABLE 20 IBRD TOP COUNTRY BORROWERS, FISCAL 2018**

MILLIONS OF DOLLARS

COUNTRY	COMMITMENTS	COUNTRY	COMMITMENTS
India	3,453	Iraq	1,110
Egypt, Arab Rep.	2,180	Argentina	1,000
Indonesia	1,800	Tunisia	930
China	1,788	Pakistan	855
Turkey	1,492	Colombia	702

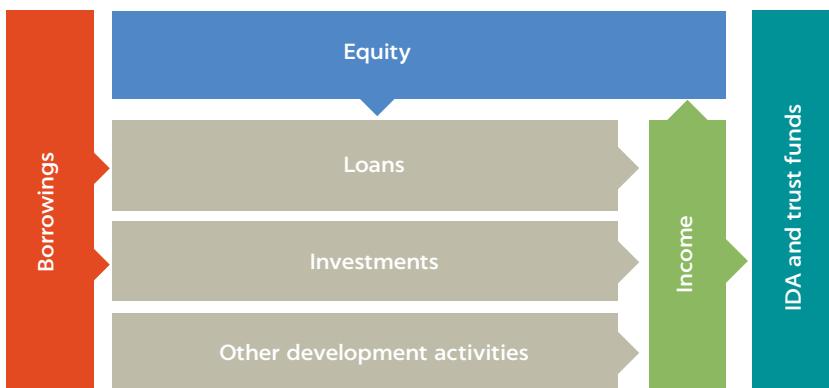
### IBRD financial resources and financial model

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

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

IBRD's strategy has enabled it to borrow at favorable market terms and pass the savings on to its borrowing members. Funds not immediately deployed for lending are held in IBRD's investment portfolio to provide liquidity for its operations. In fiscal 2018, IBRD raised US dollar equivalent (USDeq) \$36.0 billion by issuing bonds in 27 currencies.

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 2018 allocable net income, the Executive Directors recommended to the Board of Governors the transfer of \$248 million to IDA and the allocation of \$913 million to the General Reserve. As part of its lending, borrowing, and investment activities, IBRD is exposed to market, counterparty, country credit, and operational

**FIGURE 8 IBRD BUSINESS MODEL**

**TABLE 21 IBRD KEY FINANCIAL INDICATORS, FISCAL 2014–18**

MILLIONS OF DOLLARS, EXCEPT RATIOS, WHICH ARE IN PERCENTAGES

INDICATOR	FY14	FY15	FY16	FY17	FY18
<b>Lending highlights</b>					
Commitments <sup>a</sup>	18,604	23,528	29,729	22,611	23,002
Gross disbursements <sup>b</sup>	18,761	19,012	22,532	17,861	17,389
Net disbursements <sup>b</sup>	8,948	9,999	13,197	8,731	5,638
<b>Reported basis</b>					
<i>Income statement</i>					
Board of Governors-approved and other transfers	(676)	(715)	(705)	(497)	(178)
Net income/(loss)	(978)	(786)	495	(237)	698
<i>Balance sheet</i>					
Total assets	358,883	343,225	371,260	405,898	403,056
Net investment portfolio	42,708	45,105	51,760	71,667	73,492
Net loans outstanding	151,978	155,040	167,643	177,422	183,588
Borrowing portfolio	152,643	158,853	178,231	207,144	213,652
<b>Allocable income</b>					
Allocable income	769	686	593	795	1,161
Allocated as follows:					
General Reserve <sup>c</sup>	0	36	96	672	913
International Development Association <sup>d</sup>	635	650	497	123	248
Surplus	134	0	0	0	0
<b>Capital adequacy</b>					
Usable equity <sup>e</sup>	40,467	40,195	39,424	41,720	43,518
Equity-to-loans ratio (%) <sup>f</sup>	25.7	25.1	22.7	22.8	22.9

**Note:** For a complete presentation of fiscal year data, see the full financial statements: [www.worldbank.org/financialresults](http://www.worldbank.org/financialresults).

- a. Commitments include guarantee commitments and guarantee facilities that have been approved by the Executive Directors of the World Bank.
- b. Amounts include transactions with the International Finance Corporation and loan origination fees.
- c. The June 30, 2018, amount represents the proposed transfer to the General Reserve from fiscal 2018 net income, which was approved on August 9, 2018, by the Executive Directors.
- d. On August 9, 2018, the Executive Directors recommended to the Board of Governors of the International Bank for Reconstruction and Development (IBRD) a transfer of \$248 million to the International Development Association.
- e. Usable equity is comprised of usable paid-in capital and elements of retained earnings and reserves.
- f. Equity-to-loans ratio compares IBRD's usable equity against its current exposures to evaluate its capital adequacy. The current minimum threshold is 20 percent.

risks. The World Bank Group's Chief Risk Officer leads the risk oversight function and supports the institutional decision-making process via dedicated risk committees. In addition, IBRD has put in place a strong risk management framework, which supports management in its oversight functions. The framework is designed to enable and support IBRD in achieving its goals in a financially sustainable manner. One summary measure of IBRD's risk profile is the ratio of equity to loans, which is closely managed in line with its financial and risk outlook. This ratio stood at 22.9 percent as of June 30, 2018.

At the 2018 Spring Meetings, the Development Committee of the Board of Governors endorsed a package of measures that include a \$13 billion paid-in capital increase for the World Bank Group, including \$7.5 billion for IBRD, as well as a \$52.6 billion increase in callable capital for IBRD. The boost in capital is augmented by a broad range of internal measures to create an even stronger World Bank Group.

Draft resolutions on the capital increase were sent to the Governors for formal approval in June 2018. As of June 30, 2018, the cumulative subscribed capital of IBRD totaled \$274.7 billion, including \$16.5 billion paid-in capital.

For more information, visit [www.worldbank.org/ibrd](http://www.worldbank.org/ibrd).

### **IDA financial commitments and services**

The International Development Association (IDA) is the world's largest multilateral source of concessional financing for the poorest countries. It provides financing in the form of development loans, grants, and guarantees to support these countries' efforts to increase economic growth, reduce poverty, and improve the living conditions of the poor.

In fiscal 2018, 75 countries were eligible for IDA assistance. In addition, three countries—Bolivia, Sri Lanka, and Vietnam, which graduated at the end of the IDA17 cycle—are receiving exceptional transitional support from IDA. New IDA lending commitments amounted to \$24.0 billion for 207 operations, of which two were IBRD and IDA blended operations. These commitments included \$18.5 billion in credits, \$5.0 billion in grants, and \$463 million in guarantees. In addition, 12 projects and one program were supported under the IDA18 IFC-MIGA Private Sector Window (PSW) for a total of \$185 million.

**TABLE 22 IDA COMMITMENTS, BY REGION, FISCAL 2014–18**

MILLIONS OF DOLLARS

REGION	FY14	FY15	FY16	FY17	FY18
Africa	10,193	10,360	8,677	10,679	15,411
East Asia and Pacific	2,131	1,803	2,324	2,703	631
Europe and Central Asia	798	527	233	739	957
Latin America and the Caribbean	460	315	183	503	428
Middle East and North Africa	199	198	31	1,011	430
South Asia	8,458	5,762	4,723	3,828	6,153
<b>Total</b>	<b>22,239</b>	<b>18,966</b>	<b>16,171</b>	<b>19,463<sup>a</sup></b>	<b>24,010<sup>b</sup></b>

a. Figure does not include the commitment of a \$50 million grant for the Pandemic Emergency Financing Facility.

b. Figure does not include \$185 million in approved IDA18 IFC-MIGA PSW instruments, of which IDA has exposure of \$36 million in guarantees and \$9 million in derivatives.

**TABLE 23 IDA DISBURSEMENTS, BY REGION, FISCAL 2014–18**

MILLIONS OF DOLLARS

REGION	FY14	FY15	FY16	FY17	FY18
Africa	6,604	6,595	6,813	6,623	8,206
East Asia and Pacific	1,459	1,499	1,204	1,145	1,252
Europe and Central Asia	519	314	365	310	298
Latin America and the Caribbean	306	383	303	229	223
Middle East and North Africa	273	194	44	391	569
South Asia	4,271	3,919	4,462	3,970	3,835
<b>Total</b>	<b>13,432</b>	<b>12,905</b>	<b>13,191</b>	<b>12,668<sup>a</sup></b>	<b>14,383</b>

a. Figure does not include the disbursement of a \$50 million grant for the Pandemic Emergency Financing Facility.

For monitoring, reporting, and better decision making about its commitments, the World Bank applies a taxonomy of codes to all lending operations to reflect the sectors and themes into which it directs its resources. Sector codes reflect high-level groupings of economic activities based on the types of goods and services produced, and are used to indicate which part of the economy is supported by the Bank's intervention. Theme codes reflect the goals and objectives of Bank-supported activities and are used to capture the Bank's support to the Sustainable Development Goals.

**TABLE 24 IDA COMMITMENTS BY SECTOR, FISCAL 2014–18**

MILLIONS OF DOLLARS

SECTOR	FY14	FY15	FY16	FY17 <sup>a</sup>	FY18
Agriculture, Fishing, and Forestry	2,382	2,525	1,849	2,025	1,442
Education	2,426	2,124	1,431	1,773	2,836
Energy and Extractives	4,438	1,461	2,814	1,891	4,028
Financial Sector	669	661	443	1,227	546
Health	758	2,197	1,191	1,246	2,062
Industry, Trade, and Services	850	687	841	1,541	1,991
Information and Communications Technologies	266	265	78	519	419
Public Administration	2,624	2,744	1,500	1,954	5,013
Social Protection	1,515	1,928	2,475	1,913	2,112
Transportation	3,187	2,191	2,277	3,271	1,455
Water, Sanitation, and Waste Management	3,125	2,183	1,271	2,102	2,105
<b>Total</b>	<b>22,239</b>	<b>18,966</b>	<b>16,171</b>	<b>19,463<sup>a</sup></b>	<b>24,010<sup>b</sup></b>

**Note:** Numbers may not add to totals because of rounding. As of fiscal 2017, new sector categories have replaced the previous taxonomy as part of an internal data modernization effort. Past fiscal year data reported here have been revised to reflect the new categories and therefore may not match figures published in previous annual reports. Please visit [www.projects.worldbank.org/sector](http://www.projects.worldbank.org/sector) for more information on changes.

- a. Fiscal 2017 IDA sector breakdown excludes a \$50 million grant for the Pandemic Emergency Financing Facility.
- b. Figure does not include \$185 million in approved IDA18 IFC-MIGA PSW instruments, of which IDA has exposure of \$36 million in guarantees and \$9 million in derivatives.

**TABLE 25 IDA COMMITMENTS BY THEME: FISCAL 2017–18**

MILLIONS OF DOLLARS

THEME	FY17 <sup>a</sup>	FY18
Economic Policy	1,791	468
Environment and Natural Resources Management	5,766	9,491
Finance	1,507	1,642
Human Development and Gender	6,471	7,509
Private Sector Development	4,837	4,240
Public Sector Management	1,936	3,827
Social Development and Protection	2,544	2,980
Urban and Rural Development	8,352	8,654

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

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

**TABLE 26 IDA TOP COUNTRY BORROWERS, FISCAL 2018**

MILLIONS OF DOLLARS

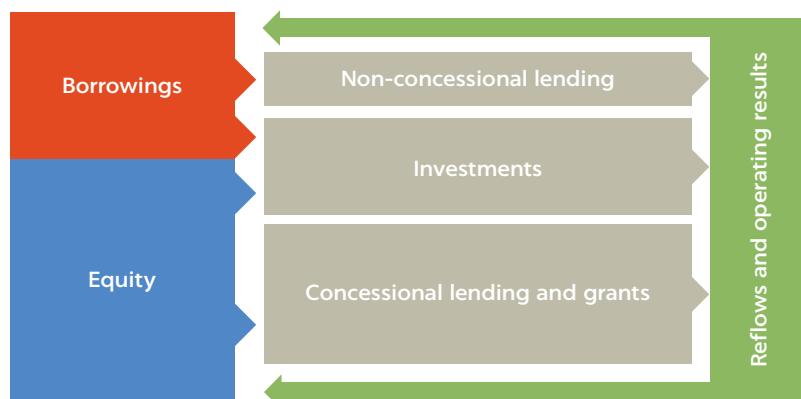
COUNTRY	COMMITMENTS	COUNTRY	COMMITMENTS
Ethiopia	3,122	Côte d'Ivoire	987
Bangladesh	2,991	Tanzania	955
Nigeria	2,586	Uzbekistan	740
Pakistan	1,948	Nepal	706
Kenya	1,280	Uganda	640

### IDA financial resources and financial model

Traditionally, IDA has been funded largely by contributions from high- and middle-income partner countries. Additional financing comes from transfers from IBRD's net income, grants from IFC, and borrowers' repayments of earlier IDA credits. As part of the groundbreaking IDA18 package, IDA shareholders agreed to transform IDA's financing model, leveraging its strong capital base to pioneer a new model for development finance that combines donor funding with funding raised in the capital markets. IDA received its first-ever public credit rating—triple-A—in 2016. IDA's financial strength is based on its robust capital position and shareholder support, as well as on its prudent financial policies and practices, which help to maintain its triple-A credit rating.

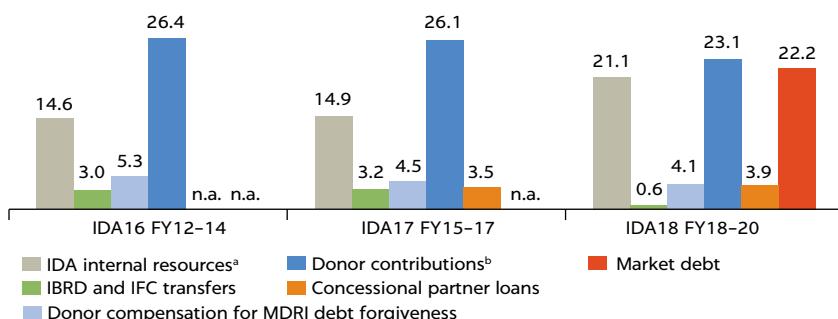
On April 17, 2018, for the first time, IDA issued \$1.5 billion of debt in the international capital markets. This inaugural IDA bond received strong reception in the market, with total orders reaching \$4.6 billion from around the world. IDA's borrowing program will enable IDA to significantly scale up its support toward achieving the Sustainable Development Goals, while offering investors an efficient way to contribute to global development.

Every three years, development partners meet to review IDA's policies, assess its financial capacity, agree on the amount of financing for the next replenishment period, and commit to additional contributions of equity that are required to meet IDA's objectives and development goals. The Financing Framework for the IDA18 Replenishment, which covers fiscal 2018–2020, is managed predominantly in Special Drawing Rights (SDRs). US dollar equivalent figures given here are calculated using the IDA18 reference exchange rates. Development partners agreed to a financing envelope of \$75 billion (equivalent to SDR 53 billion) to provide credits, grants, and guarantees to IDA's client countries. Of this amount, \$63.5 billion is expected to be used on concessional terms, \$9 billion on IBRD terms for the Scale-Up Facility and transitional support, and \$2.5 billion for the PSW. IDA administrative expenses are recovered primarily through the net charges and interest paid by recipient countries.

**FIGURE 9 IDA BUSINESS MODEL**

**FIGURE 10 RECENT IDA REPLENISHMENTS**

BILLIONS OF DOLLARS



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

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

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

**TABLE 27 IDA KEY FINANCIAL INDICATORS, FISCAL 2014–18**

MILLIONS OF DOLLARS

INDICATOR	FY14	FY15	FY16	FY17	FY18
<b>Development operations</b>					
Commitments of loans, grants, and guarantees	22,239	18,966	16,171	19,513 <sup>a</sup>	24,010 <sup>b</sup>
Gross disbursements of loans and grants	13,432	12,905	13,191	12,718 <sup>a</sup>	14,383
Net disbursements of loans and grants	9,878	8,820	8,806	8,154	9,290
<b>Balance sheet</b>					
Total assets	183,445	178,685	180,475	197,041	206,330
Net investment portfolio	28,300	28,418	29,908	29,673	33,735
Net loans outstanding	132,010	126,760	132,825	138,351	145,656
Borrowings	0	2,150	2,906	3,660	7,305
Total equity	153,749	147,149	154,700	158,476	163,945
<b>Income statement</b>					
Interest revenue, net of borrowing expenses	1,468	1,435	1,453	1,521	1,647
Transfers from affiliated organizations and others	881	993	990	599	203
Development grants	(2,645)	(2,319)	(1,232)	(2,577)	(4,969)
Net income/(loss)	(1,612)	(731)	371	(2,296)	(5,231)
<b>Capital Adequacy</b>					
Deployable strategic capital ratio	n.a.	n.a.	n.a.	37.2%	37.4%

**Note:** n.a. = not applicable. For a complete presentation of fiscal year data, see the full financial statements: [www.worldbank.org/financialresults](http://www.worldbank.org/financialresults).

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

b. Figure does not include \$185 million in approved IDA18 IFC-MIGA PSW instruments, of which IDA has exposure of \$36 million in guarantees and \$9 million in derivatives.

To support IDA18 financing, a total of 55 partners—five of which are new or re-engaged contributing partners—have agreed to provide SDR 16.1 billion (equivalent to \$22.6 billion) in grants, of which SDR 0.9 billion (\$1.2 billion) is the grant element from concessional partner loan contributions. Partners are also providing SDR 3.6 billion (\$5.1 billion) in concessional partner loans, or SDR 2.7 billion (\$3.8 billion) excluding the grant element of the loans, and SDR 2.9 billion (\$4.1 billion) in compensation for debt relief under the Multilateral Debt Relief Initiative.

IDA18's effectiveness was achieved in November 2017, when 60 percent of the partner Instruments of Commitment (IoCs) and concessional loan agreements were received. As of June 30, 2018, 48 partners had submitted IDA18 IoCs and concessional loan agreements. Resources in the amount of SDR 29.0 billion (equivalent to \$40.6 billion) have been released and made available for commitments to date.

For more information, visit [www.worldbank.org/ida](http://www.worldbank.org/ida).

### **Focusing on the implications of global political and economic policy uncertainties**

The World Bank Group's Chief Risk Officer monitors the global political and economic impacts that could affect the institution's finances. In fiscal 2018, economic growth in advanced economies reaccelerated, while activity in developing countries also rebounded. Uncertainty, however, remained significant, with the potential for financial market turbulence from the following possible areas.

Policy uncertainty in some advanced and larger developing economies continues to present an overarching risk, and there is a significant chance that economic activity could diverge from the forecast of continued strengthening of global activity. Similarly, geopolitical tensions remain elevated, with potential impacts on financial market confidence and volatility.

Trade growth is picking up after two years of marked weakness, although this comes against the backdrop of new protectionist measures, prompting two key concerns: first, whether measures are narrowly focused and largely bilateral or whether they will be applied more generally; second, whether affected countries respond with retaliatory trade measures setting off a cycle of escalation. Countries with open economies and dependent on trade, including many low-income countries, would be among the most vulnerable. Increased protectionism could also impact foreign direct investment flows to developing countries.

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

# Committed to Results

The World Bank helps to promote sustainable development in partner countries by providing financing, sharing knowledge, and working with the public and private sectors. Delivering integrated solutions to help countries address their development challenges requires a focus on results. In recent years, the Bank has made important contributions across many areas to support development results achieved by its partner countries.

For more information, visit [www.worldbank.org/results](http://www.worldbank.org/results).

- 1 **Afghanistan:** Since 2008, more than 150,000 teachers—of whom 35 percent were women—were trained as part of efforts to increase equitable access to quality basic education, especially for girls.
- 2 **Albania:** Energy sector distribution losses decreased from 49 percent in 2013 to 31 percent in 2015. Over the same period, the energy sector's billing collection rate increased from 78 percent to 98 percent.
- 3 **Bangladesh:** Between 2011 and 2016, more than 22,000 additional classrooms were constructed in remote and underprivileged areas to reduce overcrowding in schools.
- 4 **Brazil:** Between 2010 and 2017, average total annual sales for small-farmer organizations in Santa Catarina increased by 64 percent, and 64.5 percent of beneficiaries saw an increase in household income.
- 5 **Burkina Faso:** Between 2009 and 2016, about 610,000 people gained access to piped water, 440,000 people gained access to improved sanitation, and 120,000 students benefited from improved school sanitation.
- 6 **Cambodia:** Since 2008, around 470 kilometers of Cambodia's national and provincial road network were rehabilitated, resulting in a reduction in travel time from 2 hours to 1.6 hours per 100 kilometers.
- 7 **Chile:** First-year student retention in tertiary education institutions increased from 68.4 percent in 2011 to 73.8 percent in 2016, resulting in larger numbers of professionals joining the work force and raising their standard of living.
- 8 **China:** Nearly 5 million people and 78 towns and villages in Jiangsu Province directly benefited from improved water supply and wastewater services, as well as improved water quality standards, between 2009 and 2015.
- 9 **Croatia:** Between 2009 and 2015, more than 230,000 people in 23 municipalities benefited from more efficient and sustainable water services.
- 10 **Djibouti:** Since 2008, more than 37,000 people in one of the poorest neighborhoods in Djibouti City directly benefited from access to basic services, urban mobility, and flood management.
- 11 **Dominican Republic:** From 2008 to 2016, following two tropical storms in 2007, 24 irrigation schemes were rehabilitated, benefiting nearly 19,000 farmers, and Aguacate power plant's generation capacity was restored or expanded, benefiting nearly 600,000 inhabitants.
- 12 **Arab Republic of Egypt:** From 2012 to 2017, more than 120,000 short-term jobs were created, of which 35 percent benefited women and 70 percent benefited youth, as part of an emergency employment program.



Note: Data represents the IBRD/IDA active portfolio as of June 30, 2018.

IBRD 43838 | AUGUST 2018

**13 El Salvador:** From 2010 to 2016, more than 40,000 beneficiaries—of whom 70 percent were women and 30 percent were youth—in poor urban areas received income support.

**14 Ethiopia:** Between 2006 and 2016, the primary net enrollment rate increased from just over 79 percent to more than 99 per cent, while the ratio of girls to boys in grades 1–8 increased from 0.84 to 0.92.

**15 The Gambia:** Between 2010 and 2015, the days required to receive a business license was reduced from 27 to 3, paving the way for more than 10,000 new enterprise registrations.

**16 Ghana:** Since 2010, more than 1 million beneficiaries—of whom 55 percent were women—benefited from short-term employment opportunities, cash transfer grants, and strengthened safety net systems.

**17 Honduras:** Between 2011 and 2017, about 90,000 urban and rural households were registered in a parcel-based system, and

more than 50,000 new land titles were awarded, improving land tenure security.

**18 India:** Since 1993, more than 260,000 hectares of unproductive lands in Uttar Pradesh were cultivated, and over 425,000 poor families have benefited from a three-to six-fold increase in crop yields.

**19 Indonesia:** From 2007 to 2015, nearly 1 million children received immunizations, 2.3 million pregnant women received iron supplements, and over 218,000 community health volunteers were trained.

**20 Jordan:** Since 2013, an ongoing project to address increased service demands due to refugee inflows has benefited more than 2 million Jordanians and close to 250,000 Syrian refugees.

**21 Lebanon:** The World Bank has worked with Lebanon since 2003 to regenerate historic cities such as Byblos, where every \$1 invested through a Bank-supported project has secured \$7 of private investment, all in locally owned small and medium enterprises.

**22 Madagascar:** Since 2015, over 113,000 children in about 600 schools in the south have received meals at school, helping them to stay in school in spite of drought conditions in the area.

**23 Moldova:** Between 2003 and 2013, over 1,000 business start-ups were launched and \$30 million was disbursed to rural entrepreneurs and start-ups, helping create over 5,600 new jobs.

**24 Nicaragua:** Between 2012 and 2017, nearly 18,000 families benefited from a social protection project in 26 municipalities, and public primary school retention rates increased from 85 percent to 90 percent.

**25 Pakistan:** Between 2017 and 2018, school enrollment in Punjab increased from 11.3 million to 12.3 million students, and roughly 100,000 teachers were hired through a competitive, meritocratic hiring system.

**26 Papua New Guinea:** Since 2010, around 17,500 young Papua New Guineans have completed life skills training and undertaken more than 760,000 labor days.

**27 Rwanda:** National access to the electricity grid increased from about 6 percent in 2009 to more than 24 percent by December 2016.

**28 Tanzania:** Between 2007 and 2015, more than 5 million people gained access to improved sanitation.

**29 Turkey:** Between 2003 and 2011, health insurance coverage for the poorest decile increased from 24 percent to 85 percent.

**30 Vietnam:** Between 2006 and 2014, 800,000 people benefited from better access to improved sanitation.

# World Bank Annual Report 2018

**Financial Statements incorporated by reference.** The Management's Discussion and Analysis and Audited Financial Statements of IBRD and IDA ("Financial Statements") shall be deemed to be incorporated in and to form part of this Annual Report. The Financial Statements may be accessed at <http://www.worldbank.org/financialresults>.

Additional IBRD and IDA financial, lending, and organizational information is available on the World Bank Annual Report 2018 website: <http://www.worldbank.org/annualreport>.

For more information on the World Bank or its publicly-available data and knowledge resources, visit online:

- Finances One: <https://financesapp.worldbank.org/>
- Corporate Scorecard: <http://scorecard.worldbank.org>
- World Bank Open Data: <http://data.worldbank.org>
- Open Knowledge Repository: <http://openknowledge.worldbank.org>
- World Bank Corporate Responsibility: <http://www.worldbank.org/corporateresponsibility>
- World Bank Access to Information: <http://www.worldbank.org/en/access-to-information>

**Production credits.** The World Bank Annual Report 2018 was produced by the World Bank Group's External and Corporate Relations unit, under the direction of Jeremy Hillman in the Corporate Communications department, with editorial coordination by Daniel Nikolic and Leslie Yun. Design by Naylor Design, Inc. Typesetting by BMWW. Translation by the World Bank's Translation and Interpretation Services. Printing by Professional Graphics Printing Co. (Laurel, MD, USA) and PT Paragonatama Jaya (Jakarta, Indonesia).

**Photography credits.** Cover (clockwise from top-left): Pavel Kondrashin/World Bank; Dana Smillie/World Bank; Farhana Asnap/World Bank; Curt Carnemark/World Bank; Maria Fleischmann/World Bank; Trevor Samson/World Bank; Page 3: Marcia Juzga/World Bank; Page 10: Grant Ellis/World Bank; Page 13: Boris Balabanov/World Bank; Page 17: Dominic Chavez/World Bank; Page 19: Abbas Farzami/Rumi Consultancy/World Bank; Page 20: Hendri Lombard/World Bank; Page 23: Sarah Farhat/World Bank; Page 26: Ishaq Anis/Rumi Consultancy/World Bank; Page 29: A'Melody Lee/World Bank; Page 31: Tanvir Murad Topu/World Bank; Page 32: Dominic Chavez/World Bank; Page 42: Grant Ellis/World Bank; Page 48: Eric Wamanji/Rococo PR & Media/World Bank; Page 52: NTPC/World Bank; Page 56: Mirzo Ibragimov/World Bank; Page 60: Jessica Castillo Belmont/World Bank; Page 64: Ebset

This publication follows recommended standards for paper use set by the Green Press Initiative. The paper contains postconsumer fiber, is certified FSC® and EcoLogo, and is manufactured using renewable biogas energy and elemental chlorine-free processing.

© 2018 International Bank for Reconstruction and Development / The World Bank  
1818 H Street NW, Washington, DC 20433  
Telephone: 202-473-1000  
Internet: [www.worldbank.org](http://www.worldbank.org)

Some rights reserved  
1 2 3 4 21 20 19 18

This work is a product of the staff of The World Bank. The boundaries, colors, denominations, and other information shown on any map in this work do not imply any judgment on the part of The World Bank concerning the legal status of any territory or the endorsement or acceptance of such boundaries.

Nothing herein shall constitute or be considered to be a limitation upon or waiver of the privileges and immunities of The World Bank, all of which are specifically reserved.

## Rights and Permissions

 This work is available under the Creative Commons Attribution-NonCommercial-NoDerivatives 3.0 IGO license (CC BY-NC-ND 3.0 IGO) <http://creativecommons.org/licenses/by-nc-nd/3.0/igo>. Under the Creative Commons-NonCommercial-NoDerivatives license, you are free to copy, distribute, and transmit this work, for noncommercial purposes only, under the following conditions:

**Attribution**—Please cite the work as follows: World Bank. 2018. World Bank Annual Report 2018. Washington, DC: World Bank. doi: 10.1596/978-1-4648-1296-5. License: Creative Commons Attribution-NonCommercial-NoDerivatives 3.0 IGO (CC BY-NC-ND 3.0 IGO).

**Noncommercial**—You may not use this work for commercial purposes.

**No Derivative Works**—You may not alter, transform, or build upon this work.

**Third-party content**—The World Bank does not necessarily own each component of the content contained within the work. The World Bank therefore does not warrant that the use of any third-party-owned individual component or part contained in the work will not infringe on the rights of those third parties. The risk of claims resulting from such infringement rests solely with you. If you wish to reuse a component of the work, it is your responsibility to determine whether permission is needed for that re-use and to obtain permission from the copyright owner. Examples of components can include, but are not limited to, tables, figures, or images.

All queries on rights and licenses should be addressed to World Bank Publications, The World Bank Group, 1818 H Street NW, Washington, DC 20433, USA; fax: 202-522-2625; e-mail: pubrights@worldbank.org.

ISBN: 978-1-4648-1296-5  
eISBN: 978-1-4648-1297-2  
doi: 10.1596/978-1-4648-1296-5

The World Bank comprises the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). The organization's mission is to end extreme poverty and boost shared prosperity in a sustainable way.

## In recent years, the World Bank has supported clients in reaching the following results:

**3.5 million hectares**  
of land provided with irrigation services



**76,120 kilometers**  
roads constructed or rehabilitated



**273 million people**  
provided with essential health, nutrition, and population services



**1.8 million people**  
and micro, small, and medium enterprises reached with financial services



**11 million teachers**  
recruited or trained



**47 million people**  
provided with access to an improved water source



**44 million beneficiaries**  
covered by social safety net programs



The selected global results represented above were reported by World Bank clients with the support of Bank-financed operations between 2015 and 2017.

[www.worldbank.org/annualreport](http://www.worldbank.org/annualreport)