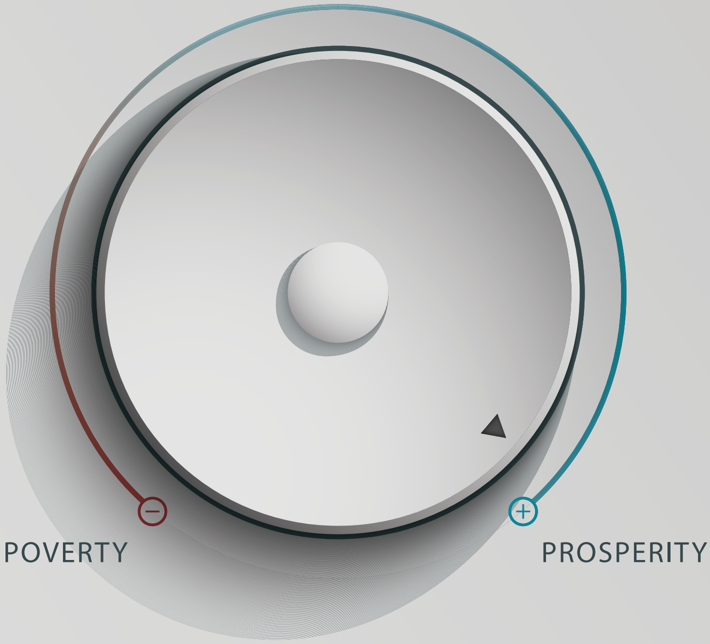


ANNUAL REPORT 2014

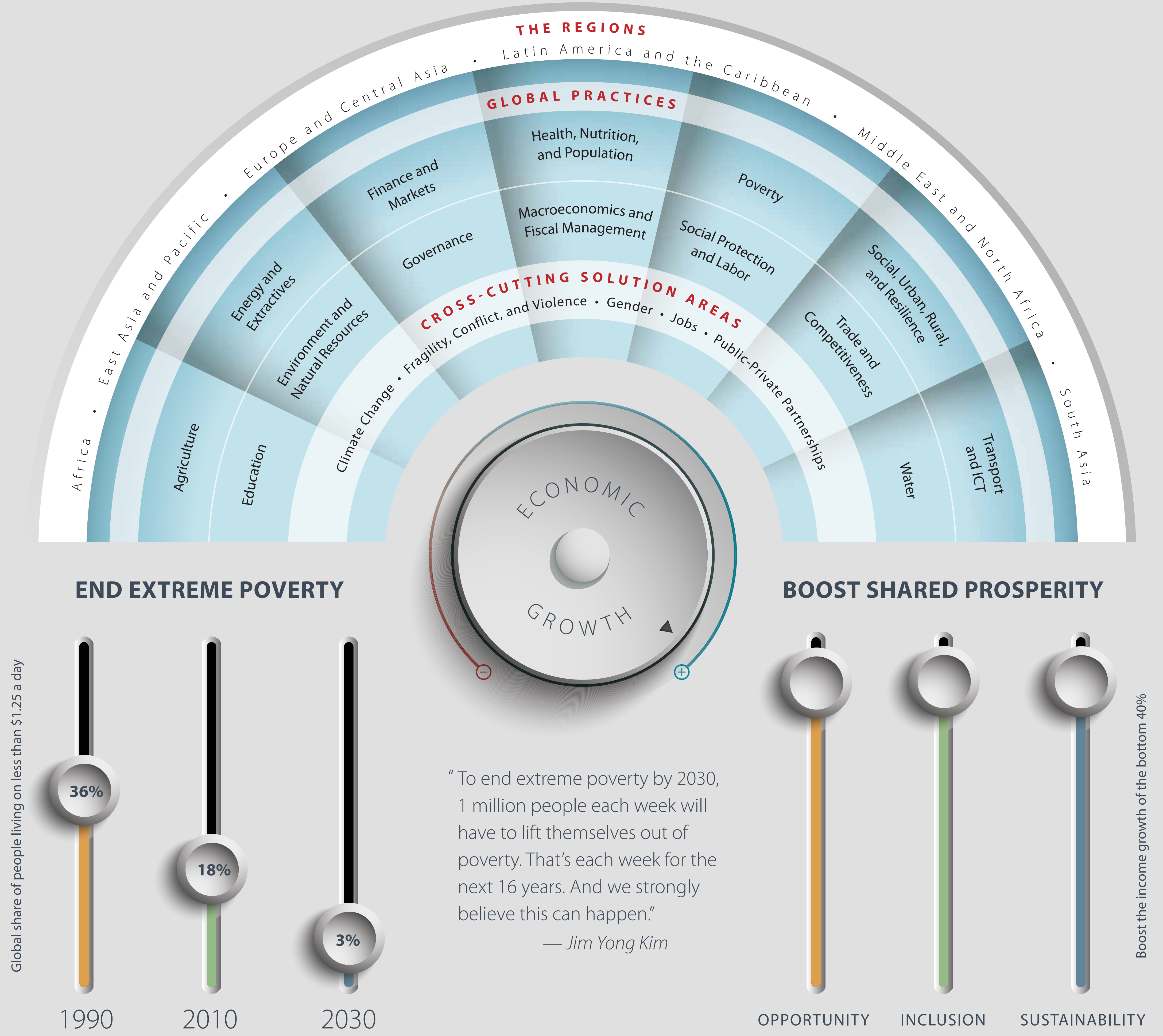
THE WORLD BANK

Contents

This Annual Report, which covers the period from July 1, 2013, to June 30, 2014, 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.

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


THE REGIONS
Africa • East Asia and Pacific • Europe and Central Asia • Latin America and the Caribbean • Middle East and North Africa • South Asia
GLOBAL PRACTICES
Agriculture
Education
Energy and Extractives
Environment and Natural Resources
Finance and Markets
Governance
Health, Nutrition, and Population
Macroeconomics and Fiscal Management
Poverty
Social Protection and Labor
Social, Urban, Rural, and Resilience
Trade and Competitiveness
Transport and ICT
Water
CROSS-CUTTING SOLUTION AREAS
Climate Change • Fragility, Conflict, and Violence • Gender • Jobs • Public-Private Partnerships
ECONOMIC GROWTH
END EXTREME POVERTY
Global share of people living on less than $1.25 a day
36%
18%
3%
1990
2010
2030
BOOST SHARED PROSPERITY
Boost the income growth of the bottom 40%
OPPORTUNITY
INCLUSION
SUSTAINABILITY
"To end extreme poverty by 2030, 1 million people each week will have to lift themselves out of poverty. That's each week for the next 16 years. And we strongly believe this can happen."
— Jim Yong Kim

Strong, Inclusive, Sustainable Growth

The progress in poverty reduction of the past 20 years presents the opportunity to envision a world free of poverty within a generation. Nonetheless, more than 1 billion people worldwide remain living in extreme poverty—on less than $1.25 a day. Challenges to poverty reduction are increasingly differentiated and vary across countries and regions, and solutions will need to take on multisectoral approaches. Greater progress is achieved when investments—including improving the environment for private investment and productivity growth, building human capital, and promoting climate-smart growth—are well designed, efforts are coordinated across regions and sectors, and growth is inclusive. Combining concern for greater equity with the need for growth will help to ensure that the bottom 40 percent of society will share in prosperity.

The depth and breadth of the World Bank Group's sectoral knowledge, along with its range of financial and technical assistance instruments, can help countries address these challenges. This year, the World Bank Group has undergone an historic institutional change. The new Global Practices and Cross-Cutting Solution Areas, for example, will improve the sharing of knowledge and complement the Bank Group's country-based engagement model and the existing strengths of its regional units and country offices. The implementation of these changes creates a more nimble global structure and improves the World Bank Group's ability to help countries make progress toward the twin goals of ending extreme poverty and boosting shared prosperity.

This Annual Report focuses on two of the World Bank Group's institutions: The International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA), collectively known as the World Bank. We encourage you to read this report to learn more about the work of the World Bank, the activities and outcomes it supports in the six regions, and the results of that work in helping to overcome poverty and create opportunities for people in developing countries. On the enclosed CD-ROM, you will find the full audited Financial Statements and Management's Discussion and Analysis documents for IBRD and IDA; comprehensive lending and organizational data; the April 2014 World Bank Group and World Bank Corporate Scorecards; and the 2014 Global Reporting Initiative (GRI) index for the World Bank.

Multiple links are provided throughout the text to connect you with even more information. We also invite you to visit the following websites to broaden your understanding of how the World Bank partners with countries to end extreme poverty, boost shared prosperity, and achieve sustainable results.

- Annual Report 2014: **worldbank.org/annualreport2014**
- Corporate Scorecard: **worldbank.org/corporatescorecard**
- World Bank Results: **worldbank.org/results**
- World Bank Open Data: **data.worldbank.org**
- Corporate Responsibility: **crinfo.worldbank.org**

World Bank Group 2014 Summary Results

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

Two years ago, the World Bank Group began down a path of renewal and change to prepare our organization to take on its toughest challenge yet—to end extreme poverty in a single generation. At the 2013 Spring Meetings, we adopted two ambitious goals: to end extreme poverty by 2030 and to boost shared prosperity for the poorest 40 percent in developing countries.

To make us fit for this purpose, at our Annual Meetings last October, our Board of Governors approved the first strategy for the entire World Bank Group. This strategy focuses on delivery of transformational solutions, marshals our combined resources more effectively, and accelerates our collaboration with the private sector and other development partners.

The challenge is immense. To reach our end poverty goal, we have to help tens of millions of people lift themselves out of poverty each year. It is a daunting task, but if we effectively implement our strategy, we know we can achieve it.

In this Annual Report, you will learn how we have been implementing the strategy over the past year. Our four principal institutions—the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA) —now work together as one World Bank Group to accomplish our mission.

We have made great progress. Engagement with our country partners is now more selective, as we work closely with them to identify the best opportunities to reach our common goals. Our new Global Practices and Cross-Cutting Solution Areas are improving our ability to bring our clients the best global knowledge to solve their toughest challenges—and with fewer transaction costs.

Our financial structure has been updated and strengthened, growing our financial capacity while reducing expenditures and directing the savings to our clients. This year, the World Bank Group committed $65.6 billion in loans, grants, equity investments, and guarantees to its members and private businesses. Commitments from IBRD totaled $18.6 billion, while IDA, the World Bank's fund for the poorest, made commitments of $22.2 billion. Thanks to a record $52 billion replenishment pledged by donors for the next three years, IDA will continue to make crucial investments in people so that the benefits of growth are shared by all.

Over the past two decades, 90 percent of new jobs were created by the private sector—and good jobs were by far the most effective path to escaping poverty. Our private sector arm IFC and our political risk insurance arm MIGA are ramping up their efforts to leverage private sector investment and create more jobs and economic opportunities for the poor. This year, IFC provided more than $22 billion in financing for private sector development, about $5 billion of which was mobilized from investment partners. MIGA issued $3.2 billion in political risk and credit enhancement guarantees underpinning investments, including those in transformational projects.

"We are focused on improving the lives of roughly a billion people now living in extreme poverty, and seek to build a world that is more sustainable, prosperous, and just—for all of us."

To have a lasting impact, our investments have to be environmentally sustainable. If we don't confront climate change, we won't end extreme poverty. The poor are the first impacted and suffer the most from the effects of climate change. Last year, we announced our plan to address climate change, and we are making investments that will protect our environment while creating a more sustainable future for our children and grandchildren.

The World Bank Group leadership and staff are united in pursuing our urgent mission, and are implementing the critical changes needed to deliver results for our clients. We are focused on improving the lives of roughly a billion people now living in extreme poverty, and seek to build a world that is more sustainable, prosperous, and just—for all of us.

DR. JIM YONG KIM
President of the World Bank Group and
Chairman of the Board of Executive Directors

Global Commitments

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

$65.6 billion

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.

Our Impact

The entire World Bank Group leveraged its strengths, expertise, and resources to help countries and other partners make a real impact on development—by driving economic growth, promoting inclusiveness, and ensuring sustainability.

Driving economic growth

IBRD/IDA

95,000 kilometers of roads constructed and rehabilitated

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

IFC

2.6 million jobs provided

94 million customers supplied with power, water, and gas

MIGA

52,100 jobs provided

$6.1 billion new business loans issued by MIGA clients

Promoting inclusiveness

IBRD/IDA

250.9 million people received health, nutrition, and population services

37.4 million beneficiaries covered by social safety net programs

IFC

2.9 million farmers assisted

2.5 million students received educational benefits

MIGA

47 million people provided access to power

15 million people provided access to transport

Ensuring sustainability

IBRD/IDA

903 million tons of CO_2 equivalent emissions expected to be reduced annually

57 countries with strengthened public financial management systems

IFC

5.5 million metric tons of greenhouse emissions expected to be reduced

$18.7 billion in government revenues generated by IFC clients

MIGA

3.3 million people provided access to clean water

$1.6 billion in government revenues generated by MIGA clients

The Institutions of the World Bank Group

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

International Development Association (IDA)
Provides interest-free loans, or credits, and grants to governments of the poorest countries

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

Multilateral Investment Guarantee Agency (MIGA)
Provides political risk insurance or guarantees against losses caused by noncommercial risk to facilitate foreign direct investment in developing countries

International Centre for Settlement of Investment Disputes (ICSID)
Provides international facilities for conciliation and arbitration of investment disputes

World Bank Group Financing for Partner Countries

BY FISCAL YEAR
MILLIONS OF DOLLARS

	2014	2013	2012	2011	2010
World Bank Group					
Commitments[a]	65,579	57,587	57,450	61,120	76,482
Disbursements[b]	44,399	40,370	42,390	42,028	50,234
IBRD					
Commitments	18,604	15,249	20,582	26,737	44,197
Disbursements	18,761	15,830	19,777	21,879	28,855
IDA					
Commitments	22,239	16,298	14,753	16,269	14,550
Disbursements	13,432	11,228	11,061	10,282	11,460
IFC					
Commitments[c]	17,261	18,349	15,462	12,186	12,664
Disbursements	8,904	9,971	7,891	6,715	6,793
MIGA					
Gross issuance	3,155	2,781	2,657	2,099	1,464
Recipient-Executed Trust Funds					
Commitments	4,319	4,910	3,996	3,829	3,607
Disbursements	3,302	3,341	3,571	3,152	3,126

a. Includes IBRD, IDA, IFC, Recipient-Executed Trust Funds (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. IFC's own account, not including funds mobilized from third parties.

Seated (left to right): Arnaud Delaunay (alternate), France; Jörg Frieden, Switzerland; Gwen Hines, United Kingdom; Merza Hasan (Dean), Kuwait; Denny H. Kalyalya, Zambia; Satu Santala, Finland; Piero Cipollone, Italy; Wilhelm Rissmann (alternate), Germany

Message from the Board of Executive Directors

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

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

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

Directors periodically travel to member countries to gain firsthand knowledge about a country's economic and social challenges, visit project activities financed by the World Bank Group, and discuss with government officials their assessment of the collaboration with the Bank Group. Among the stakeholders, they meet with government officials, beneficiaries, representatives of nongovernmental organizations, other development partners, and the

Standing (left to right): Frank Heemskerk, Netherlands; Omar Bougara, Algeria; Vadim Grishin, Russian Federation; Roberto B. Tan, Philippines; Ibrahim M. Alturki (alternate), Saudi Arabia; Boonchai Charassangsomboon (alternate), Thailand; Alister Smith, Canada; Gulsum Yazganarikan (alternate), Turkey; Agapito Mendes Dias, São Tomé and Príncipe; Hideaki Suzuki, Japan; Shixin Chen, China; Mansur Muhtar, Nigeria; Mohammad Tareque (alternate), Bangladesh; Juan José Bravo, Mexico; Michael Willcock, Australia; Sara Aviel (alternate), United States

Not pictured: César Guido Forcieri, Argentina

business community. They also meet with country Bank staff. In 2014, Directors visited the Arab Republic of Egypt, Argentina, Costa Rica, the Dominican Republic, Malaysia, Nepal, and Tunisia.

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

Board achievements of 2014

Highlights of the committees' work this year include the Audit Committee's extensive consultation with management on measures to improve the financial sustainability and lending capacity of the World Bank, and the Budget Committee's support to the Bank's new budget process and the guidance the committee provided on the expenditure review. This review is meant to optimize the cost structure for the World Bank Group, as well as enhance its financial sustainability and expand its capacity.

Milestones of the work of the Committee on Development Effectiveness involved discussions on the "New Approach to Country Engagement" paper, the operational policy on guarantees, the environmental and social risk management of financial intermediaries, and various evaluations of the development effectiveness of World Bank Group operational programs and activities. Important work at the Committee on Governance and Administrative Matters covered the World Bank's policy and procedure framework, the access to information policy as it pertains to Board records, and an annual review of the principles-based approach to selecting projects for Board discussion. The Human Resources Committee considered the human resources strategy and various policies to ensure successful implementation of the World Bank Group Strategy and the internal reforms agenda as related to compensation; talent management; and staff performance, diversity, and leadership.

The core of the Board's engagement centered on the global objectives of poverty reduction and shared prosperity, but it encompassed other significant areas, such as managing risk for development in the *World Development Report 2014,* the Millennium Development Goals and post-2015 development framework, directions for the World Bank Group's energy sector in "Toward a Sustainable Energy Future for All," changes to the *Doing Business* report, as well as the climate challenge. The Board also looks forward to the *World Development Report 2015* on mind and mindsets.

The Executive Directors discussed financial affairs such as the revenue, cost, and capacity measures to improve margins for maneuver; the record replenishment of IDA17; the Bank's Equity Management Framework to expand capacity to meet greater client demands; Trust Fund reforms; the Group of 20 meetings; and the Global Infrastructure Facility. The Board also deliberated on important issues related to the management and implementation of the new World Bank Group Strategy in the context of supporting the goals on poverty and prosperity. Such issues include the development of a new World Bank Group Corporate Scorecard and redesign of the current World Bank Corporate Scorecard, to jointly serve as the pinnacle of a revamped, results-focused performance management system; a new approach to country engagements, including the Country Partnership Frameworks; Global Practices and Cross-Cutting Solution Areas; and future directions of IFC and MIGA.

Furthermore, the Executive Directors approved several crisis or emergency responses for Bangladesh, the Philippines, St. Lucia, St. Vincent and the Grenadines, Tonga, and West Bank and Gaza; and discussed the fragile situations in the Sahel, South Sudan, and Ukraine while also approving specific operations. They were kept abreast of, and deliberated over, the challenges and opportunities in all the Bank's regions through the regional updates. The Board also welcomed the increased collaboration across the World Bank, IFC, and MIGA, which demonstrated the Bank Group's unique capacity to leverage policy engagements and private sector investments to take on complex development challenges, often in a regional context. They welcomed numerous joint World Bank-IFC-MIGA proposals to address energy infrastructure needs in Africa, Central and South Asia, and the Middle East.

The Board also discussed several papers that were considered by the Board of Governors during the Annual and Spring Meetings, including "Mainstreaming Disaster Risk Management in World Bank Group Operations," "Growth in the Post-Crisis Global Economy," "Implementation of the Gender Equality Agenda," and the World Bank Group Strategy.

Overall, the Board approved approximately $40.8 billion in financial assistance in fiscal year 2014, comprising about $18.6 billion in IBRD lending and over $22.2 billion in IDA support. The Directors also reviewed 31 Country Partnership Strategy products, 30 of which were prepared jointly with IFC. The Board approved an administrative budget for the World Bank of $2.6 billion.

IBRD and IDA: Fiscal 2014 Facts and Figures

TABLE 1

TOP–10 COUNTRY BORROWERS

MILLIONS OF DOLLARS

IBRD

Country	Commitment
Brazil	2,019
India	1,975
China	1,615
Ukraine	1,382
Romania	1,374
Philippines	1,279
Morocco	1,096
Indonesia	1,072
Colombia	870
Tunisia	426

IDA

Country	Commitment
India	3,134
Pakistan	2,218
Bangladesh	1,888
Nigeria	1,698
Ethiopia	1,624
Vietnam	1,341
Uganda	764
Tanzania	753
Kenya	612
Sri Lanka	442

Note: Amounts for multicountry operations are allocated across borrowers.

TABLE 2

NUMBER OF APPROVED OPERATIONS

Region	IBRD	IDA
Africa	2	139
East Asia and Pacific	20	36
Europe and Central Asia	30	13
Latin America and the Caribbean	24	17
Middle East and North Africa	14	7
South Asia	5	37
Total	95	249

TABLE 3

ACTIVE PORTFOLIO NET COMMITMENTS

BILLIONS OF DOLLARS, AS OF JUNE 30, 2014

Region	IBRD	IDA
Africa	4.2	42.5
East Asia and Pacific	22.0	8.6
Europe and Central Asia	23.6	3.0
Latin America and the Caribbean	26.4	2.2
Middle East and North Africa	9.4	1.3
South Asia	12.8	27.4
Total	98.3	84.9

TABLE 4

WORLD BANK STAFF

AS OF JUNE 30, 2014

Administrative staff	1,810
Full-time consultants	1,187
Technical/managerial staff	895/519
World Bank total salaried staff	12,335
Short-term consultants (estimated)	4,804
Country offices	131
Percentage of staff based in country offices:	
Country Directors/managers	91%
Total World Bank staff	38%

Building a "Solutions World Bank Group"

At the 2013 Annual Meetings, the World Bank adopted a new World Bank Group Strategy focused on aligning all of the institutions' work with the twin goals of eliminating extreme poverty and boosting shared prosperity in a sustainable manner. The two goals are now at the heart of the World Bank Group's work. The first calls for an end to extreme poverty by 2030—reducing to no more than 3 percent the fraction of the world's population living on less than $1.25 per day. To accelerate progress, the Bank Group has also set an interim goal of cutting extreme poverty to 9 percent of the world's population by 2020. The second goal of boosting shared prosperity will require promoting income growth of the bottom 40 percent of each developing country's population.

Implementation of the Strategy supporting these goals involves sweeping institutional changes designed to significantly raise the World Bank Group's financial capacity as well as its operational efficiency. Under the new structure, the institutions of the World Bank Group—the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA)—will strengthen their collaboration to deliver effective solutions that bring global knowledge to bear on local challenges. Leveraging the strengths and resources of the four institutions will produce a stronger, more nimble, and financially sustainable Bank Group that is better able to deliver proven development solutions to its clients.

Delivering results for clients

The World Bank Group Strategy comprises three pillars:

- The Bank Group will deliver results for its clients through country programs and regional and global engagements by offering knowledge and solutions to the toughest development challenges.
- Closer collaboration across the Bank Group will multiply the strengths of each institution by using their combined resources and expertise to serve clients as the "Solutions World Bank Group."
- Leveraging the partnerships, resources, and expertise of the private sector and other development actors will help the Bank Group maximize the impact of development in alignment with the twin goals.

A prominent change derived from the Strategy is the development of Global Practices and Cross-Cutting Solution Areas, which are designed to reflect the Bank Group's comparative advantages and better complement the existing strengths of its regional units and country offices. The Global Practices will improve the sharing across all regions of technical expertise and knowledge in 14 specialized areas of development:

Agriculture	Governance	Social Protection and Labor
Education	Health, Nutrition, and Population	Social, Urban, Rural, and Resilience
Energy and Extractives	Macroeconomics and Fiscal Management	Trade and Competitiveness
Environment and Natural Resources	Poverty	Transport and ICT
Finance and Markets		Water

The Cross-Cutting Solution Areas will address development challenges that require integration across five areas of specialization:

Climate Change	Gender	Public-Private Partnerships
Fragility, Conflict, and Violence	Jobs	

The World Bank—comprised of IBRD and IDA—has also adopted a new country engagement model, which is designed to tailor policies and programs to the needs and priorities of individual countries. The model is centered on new Country Partnership Frameworks, which will be underpinned by evidence-based analysis and will help Bank Group programs to selectively address areas that have the most impact in supporting countries' efforts to achieve the twin goals. This approach will include coordination with IFC and MIGA and will provide the basis for selective and focused engagements across the World Bank Group. Regular meetings of regional management from the World Bank, IFC, and MIGA will determine the appropriate level of engagement for each institution and identify where joint implementation mechanisms are needed. The new approach will remain country focused, grounded in national priorities, owned by the country, and developed in coordination with other partners. Emphasis will shift from an "approvals" to a "results delivery" culture centered on implementation, real-time citizen feedback, and mid-course evaluation and correction.

Improving financial capacity and sustainability

To ensure the availability of adequate resources that are aligned with the twin goals and its Strategy, the World Bank Group is undertaking significant financial reforms that will increase its capacity to provide financial services to clients while strengthening its financial resilience. Through efforts to become more efficient and shore up its revenue base, the Bank Group will improve its financial sustainability and build a strong foundation for years to come.

Over the next decade, the World Bank Group will increase its financing capacity from an annual average of $45 billion–$50 billion to more than $70 billion. The additional financing is made possible by the record IDA17 replenishment, which will ensure IDA's lending capacity over fiscal 2015–17. On the revenue side, IBRD will strengthen its margins for maneuver by increasing its single-borrower limit by $2.5 billion for Brazil, China, India, Indonesia, and Mexico, with a 50 basis point surcharge on the incremental amount; lowering its equity-to-loan ratio percentage to reflect improvements in its portfolio credit quality; expanding the menu of loan maturities including extending the maximum maturity; and restoring commitment fees on undisbursed balances.

Increased lending capacity and budget flexibility will also result from a World Bank Group–wide Expenditure Review, which has identified cost-saving measures of at least $400 million on the annual cost base to be achieved over fiscal 2015–17 and will optimize the cost structure of the Bank Group. The cost savings are being designed to ensure that the Bank Group's operational capacities and its ability to deliver services to clients will not be compromised. Additionally, a new budget and strategic planning process—simpler and more flexible—is helping to align resources more directly with the World Bank Group Strategy and twin goals. It focuses on promoting selectivity, linking budget to results, and medium-term planning.

As a World Bank Group, increased collaboration among the four institutions will simplify procedures and reduce overlapping administrative functions while magnifying the development impact of its work with clients. One early example of collaboration is an innovative exposure swap between IBRD and MIGA of up to $100 million of principal that will enable each institution to do more business in Brazil and Panama.

An agenda for change

Other efforts to improve operations will continue beyond fiscal 2014. For example, in November 2013, the Board considered an outline of a new framework for procurement in World Bank investment project finance, and endorsed a vision statement and principles to guide its implementation. The next phase will articulate details of the new policy and implementation. Work also continues to review the World Bank's safeguard policies, begun in 2012, to update the policy framework that helps avoid or mitigate harm to people and the environment. A second round of global consultations with stakeholders on the proposed new framework is planned for the second half of 2014. (See **consultations.worldbank.org**.)

Changes now under way across the World Bank Group are the most extensive and important in decades. They are intended to align all of the institutions' work to the twin goals within the context of its Strategy. The result will be a Bank Group that is financially strong; a recognized leader in knowledge and talent; fast and responsive; internally integrated, globally connected, and locally engaged; and focused on achieving the goals of ending extreme poverty and boosting shared prosperity.

The World Bank: Promoting Opportunity, Growth, and Prosperity

The twin goals of ending extreme poverty and boosting shared prosperity, the new World Bank Group Strategy, and the change process now under way across the Bank Group together will strengthen its ability to carry out its core mission of providing lending and knowledge to developing countries. The following are highlights of current work by the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA), collectively known as the World Bank.

Managing risks in the global economy

Despite some setbacks in early 2014, the recovery is under way in high-income economies and is expected to support growth in developing countries. However, many developing countries are beginning to encounter capacity limits to economic activity. The growth rates needed to achieve the World Bank's twin goals would require reinvigorated structural reforms tailored to each developing country's circumstances.

Growth in developing countries is expected to remain flat at 4.8 percent in 2014. One-off factors (such as the exceptionally cold winter in the United States and the tensions in Ukraine) depressed growth in many countries in early 2014 but are expected to subside. In 2015 and 2016, growth is expected to pick up to about 5.5 percent, broadly in line with its average over the precrisis decade.

Regional prospects vary. East Asia and Pacific continue to exhibit the strongest growth, though it is expected to remain flat in 2014 at about 7 percent as China rebalances growth toward a more sustainable path. Buoyed by strengthening economies in high-income countries, growth in South Asia is expected to be 5.3 percent in 2014 and should rise further in 2015 and 2016 to around 6 percent, partly as a result of policy reforms. Investments in the resources sector, public infrastructure, and agriculture have helped to sustain growth in Sub-Saharan Africa at 4.7 percent and are expected to push growth above 5 percent in 2015–16. A divergent recovery is under way in Eastern Europe and Central Asia. The weak outlook in key trading partners (in particular, the Russian Federation) is expected to slow growth in Central Asia, while developing Europe will benefit from the gradual recovery under way in the Euro Area. As a result, growth in developing countries in Europe and Central Asia is expected to slow to 2.4 percent in 2014 before strengthening to about 4.0 percent in 2016. Weak growth in the United States in early 2014 dampened growth in Latin America and the Caribbean, but the recovery in high-income countries and steady commodity prices are expected to strengthen growth to 3.5 percent in 2016. Social and political strife continue to hinder activity in much of the Middle East and North Africa, where growth is expected to pick up to 1.9 percent in 2014 (following stagnation in 2013) and rise to 3.5 percent by 2016.

PHILIPPINES Dominic Chavez/The World Bank

Short-term risks to the overall outlook have receded. Challenges and risks in high-income countries are increasingly of a medium-term nature, including those related to fiscal sustainability, exits from unconventional monetary policy, a prolonged period of low inflation or deflation risks in the Euro Area, and the need for structural reforms to boost productivity growth. Among developing countries, short-term risks have also become less pressing. This is partly because earlier downside risks over the past year did not generate large upheavals, and partly because the recent economic adjustments have reduced vulnerabilities. In several countries, adjustments in exchange rates, interest rate hikes, and other policy measures since the summer of 2013 have narrowed current account deficits and slowed credit growth.

Developing countries continue to face various challenges. External financial conditions are expected to tighten as the recovery in high-income countries gains traction. In addition, several developing countries seem limited by the lack of capacity to sustain further growth. Sustained and strong future growth in developing countries therefore rests on domestic efforts to increase productivity and competitiveness while reducing vulnerabilities to external pressures. Such reforms are necessary if developing countries are to achieve the goals of ending poverty and boosting shared prosperity. Rising inequality in many countries is harmful to economic stability and the sustainability of growth, but well-designed policies can reduce inequality without hurting growth. (See **worldbank.org/gep**.)

Building infrastructure for tomorrow's world

Developing countries face intense pressure to provide basic services—water, energy, transportation, and information and communication technology—in large part because some 5 million people move from rural to urban areas each year. Helping countries to meet these infrastructure needs represents the World Bank's largest business line, which at $19 billion, comprised 47 percent of the total assistance to client countries in fiscal 2014.

260,000 kilometers of roads were constructed or rehabilitated worldwide between 2002 and 2013.

Developing countries will need to invest an estimated $1 trillion per year through 2020 to overcome the lack of adequate infrastructure. For example, some 2.5 billion people do not have access to basic sanitation, 748 million people cannot access improved water, and nearly 1 billion people in rural areas lack access to all-weather roads. The demand for new and improved infrastructure will only grow. It will evolve as economies mature and with the pressures of rapid urbanization, climate change, and demographic shifts.

Water insecurity has become one of the greatest challenges facing the world today, and climate change is expected to worsen the situation. In January 2014, the World Bank launched

ALBANIA Albes Fusha/The World Bank

the "Thirsty Energy" initiative to help developing countries incorporate water constraints into their energy development plans and investments. Countries such as South Africa and China have already begun working with the Bank to better understand their current energy and water interdependencies and to help identify the exposure to risks and related tradeoffs that will have to be made to ensure sustainable energy. (See **worldbank.org/water**.)

4 million people in Ukraine received improved water and sanitation services between 2007 and 2014.

Providing electricity to the world's 1.2 billion people who now live without it—and modern cooking solutions to 2.8 billion people who use wood or other biomass as household fuel—is also vital to ending poverty and boosting shared prosperity. The Energy Sector Directions Paper, discussed by the Board of Directors in July 2013, emphasizes expanding access to modern energy services, as well as accelerating energy efficiency gains and renewable energy expansion. These goals coincide with the objectives of the Sustainable Energy for All (SE4ALL) Initiative, in which the World Bank plays a leadership role along with the United Nations.

A prime example of energy needs is the continent of Africa. To help meet the continent's needs, IDA recently approved a $73 million grant to the Democratic Republic of Congo for planning the Inga Hydroelectric Project. Potentially the world's largest hydropower site, it could generate power equal to one-half of the installed capacity in all of Sub-Saharan Africa today. (See **worldbank.org/energy**.)

Transportation projects financed by the World Bank range from building the first all-weather roads in rural areas to helping to relieve urban congestion. One of the latest examples of the latter is taking place in Quito, Ecuador, where construction began during fiscal 2014 on an underground metro line that is expected to ease congestion and reduce pollution in a city of 1.6 million people surrounded by volcanoes. When completed in late 2018, the 23-kilometer metro will have the capacity to transport 360,000 passengers a day. Financing of the project came from a unique collaboration between IBRD, the Andean Development Corporation, the European Investment Bank, and the Inter-American Development Bank, along with Ecuador's municipal and national governments. (See **worldbank.org/en/topic/transport**.)

The World Bank has also been a global leader in providing funding and technical assistance for information and communication technologies in developing countries. In the Pacific region, for example, the Bank is helping remote island populations to access broadband Internet, making it easier and cheaper for people to connect to friends, jobs, and knowledge. In August 2013, a new 830-kilometer fiber optic cable connected the country of Tonga, made up of 176 islands spread across 700,000 square kilometers of ocean, to Fiji and onward to global broadband networks. As a result, the household price for a month of Internet service, per gigabyte, has fallen by 60 percent, and bandwidth utilization has grown 10-fold, which is expected to help create jobs and facilitate access to remote health and education services. (See **worldbank.org/ict**.)

Confronting the reality of climate change

The World Bank is working to leverage both public and private sources of climate finance to support climate-smart policies and investments and to help countries and businesses adapt to a changing climate.

In fiscal 2014, the World Bank worked with 62 countries to take action on climate change. Examples of new projects announced this year include the Ethiopia Climate Innovation Center, which is expected to help more than 3.1 million Ethiopians increase resilience to climate change and to create more than 12,000 jobs in the next 10 years; a $100 million grant to Burundi to finance hydropower projects that will bring clean electricity to Burundi's poor; and a project to help rural communities in the Solomon Islands to manage risks associated with natural hazards and climate change. The project, with $9.1 million in funding from the Bank, will benefit 79,000 Solomon Islanders. (See **worldbank.org/climatechange**.)

The World Bank is one of the world's largest issuers of green bonds, which finance climate-related projects. So far, the World Bank Treasury has raised over $6.3 billion with green bonds. IBRD has issued 66 World Bank Green Bonds in 17 currencies, supporting 50 projects in 17 member countries. Examples of projects supported by World Bank Green Bonds include renewable energy installations, energy-efficiency projects, new technologies in waste management and agriculture that reduce greenhouse gas emissions and help to finance the transition to a low-carbon economy. Green bonds also finance forest and watershed management, and infrastructure to prevent climate-related flood damage and build climate resilience.

> Off-grid solar power has been delivered to 2.9 million households in Bangladesh since 2002, contributing to a 9 percent increase in access to electricity.

The World Bank's green bond issuance in fiscal year 2014 included the following four successful benchmark transactions: more than $1 billion issued through two U.S. dollar transactions, an inaugural €550 million World Bank Green Bond, and a $A 300 million "Kangaroo" Green Bond, the first-ever in the Australian market, opening that market for other green bond issuers to follow.

Protecting nature, unlocking the wealth of natural capital

Three-quarters of the world's poor live in rural areas, where natural capital—forests, wetlands, and oceans—represent a major proportion of people's wealth. For the rural and coastal poor, whose livelihoods depend on such natural capital, the World Bank has funded projects that provide a social safety net to supplement agricultural lifestyles and diversify incomes. For example, the Honduras Forests and Rural Productivity Project supported conservation and sustainable management of biodiversity in several communities, increasing incomes by more than 300 percent and directly creating 3,000 jobs and indirectly creating 5,400 jobs.

The World Bank is also investing in the stock of natural capital to ensure long-term sustainable returns for the poor and the newly middle class. In fiscal 2014, the Bank approved over $130 million in new forest and biodiversity projects that, for example, have helped to establish or expand forest protected areas, strengthened the protection of wetlands, and improved the management of fisheries. Helping countries to combat environmental and natural resources crime is another Word Bank priority. For example, in fiscal 2014, the Bank launched a project in the Lao People's Democratic Republic to strengthen the management of protected areas and control the wildlife trade.

> 4.1 million hectares had new or improved irrigation or drainage between 2004 and 2013.

At the policy level, the World Bank–led global partnership on Wealth Accounting and the Valuation of Ecosystem Services is assisting countries in Africa,

IDA17 Replenishment

This year, the International Development Association (IDA) concluded its 17th replenishment (IDA17) with record financing of Special Drawing Rights (SDR) 34.6 billion (equivalent to $52.1 billion). The overarching theme of IDA17 is "maximizing development impact." This theme emphasizes IDA's role in leveraging private resources, public resources, and knowledge to deliver results in the world's poorest countries. The theme also incorporates a sharper focus on "value for money" through greater efforts to achieve both concrete results and cost effectiveness.

The special themes for IDA17, to be implemented within the context of each country, include three areas carried over from IDA16: promoting gender equality, assisting fragile and conflict-affected situations (FCS), and helping countries to deal with the consequences of climate change, including an agreed-upon policy action to provide climate change support to an additional 25 IDA countries. Another theme for IDA17 is inclusive growth, which is central to achieving the World Bank Group (WBG) goals. Anchored in the WBG Strategy, the IDA17 policy package includes a range of policy commitments and performance indicators under IDA's four-tier Results Measurement System.

Responding to the increasingly diverse needs of IDA's clients, the resource allocation framework for IDA17 was revised to respond more effectively to the challenges facing FCS and small states while preserving the principle of performance orientation. IDA17 will also provide transitional support to India, which graduated from IDA during the period of IDA16.

Expected results from projects financed by IDA17 include electricity for an estimated 15 million–20 million people, life-saving vaccines for 200 million children, microfinance loans for more than 1 million women, and basic health services for 65 million people. Some 32 million people will benefit from access to clean water and another 5.6 million from better sanitation facilities. IDA17 runs from July 1, 2014, through June 30, 2017.

Central and South America, and East Asia to factor natural assets and their ecosystem services into development plans and systems of national accounts. Guatemala, Indonesia, and Rwanda joined the partnership during fiscal 2014. Water accounts are helping Botswana to better manage this scarce resource, and forest accounts in Guatemala have highlighted the extent of uncontrolled deforestation, leading to new forest protection and alternative energy policies. (See **worldbank.org/environment**.)

Getting urbanization right

The developing world is experiencing rapid urbanization, with the number of city dwellers expected to reach 4 billion in 2030, twice the level of 2000. The World Bank's urban strategy, grounded in a policy framework that distills lessons from the ongoing Urbanization Reviews program, aims to ensure that rapid urbanization is managed well for resilient, inclusive, and sustainable growth. The Bank's urban agenda is aligned with the twin goals and places greater emphasis on addressing risk from climate change and improving services for the urban poor.

Programs launched in fiscal 2014 designed to catalyze support for the World Bank's priorities included:

> 6.8 million people were provided with access to improved sanitation facilities, 2011–13.

- *Low-Carbon, Livable Cities.* This initiative assists rapidly growing cities to plan for low-carbon development, focusing on diagnostics and tools to improve planning and on new financing instruments. This year, City Creditworthiness Academy workshops were conducted in Nairobi, Kenya, and in Seoul, Republic of Korea, for African and Asian cities, respectively, as the first step in helping cities to improve their finances and access to capital so that they can deliver better services and make climate-smart investments.
- *Resilient Cities.* Working with UN-Habitat, the Rockefeller Foundation, C40, and others, this program aids cities in managing natural disaster and climate risk, as well as broader challenges such as economic downturns, public health epidemics, and other systemic shocks.
- *Competitive Cities.* This cross-sector initiative provides the leaders of cities and metropolitan regions with robust analytics on the drivers of city competitiveness; evidence to support

BRAZIL Mariana Ceratti/The World Bank

policy decisions to attract investment, create jobs, and spur growth; and policy implementation support.

- *Inclusive Cities*. This program focuses the Bank's work on how to make cities more inclusive, broadening the agenda from infrastructure to improving access to land, public transport, jobs, and opportunities for all.

37.4 million people were covered by social safety net programs, 2011–13.

MetroLab, or the Global Lab on Metropolitan Strategic Planning, is another innovative initiative by the World Bank to enable cities to learn from one another as they pursue a metropolitan approach to urban development. In fiscal 2014, MetroLab was convened in Seoul in partnership with the Seoul Metropolitan Government, and brought together over 100 participants, including mayors, urban planners, and technical experts, from 18 cities in 15 countries. (See **worldbank.org/urbandevelopment**.)

Bolstering disaster and climate resilience

Over the past 10 years, the World Bank has emerged as the global leader in disaster risk management (DRM), supporting countries to prepare for and manage disaster risks. Through technical and financial support for risk assessments, risk reduction, preparedness, financial protection, and resilient recovery and reconstruction, the Bank helps countries to reduce their vulnerabilities due to natural hazards and climate change.

The World Bank's DRM portfolio, including co-benefits, has grown about 20 percent annually for the past four years to about $5.3 billion in fiscal 2014. During the year, 80 percent of active World Bank country assistance strategies incorporated disaster and climate risk analysis, promoting a comprehensive, multisector approach to managing disaster risk.

The Global Facility for Disaster Reduction and Recovery (GFDRR), a growing partnership of 21 countries, is the World Bank's institutional mechanism for DRM. Working with more than 300 national, community-level, and international partners, GFDRR helps countries to mainstream DRM in development strategies and processes. Through a new $100 million program supported by the government of Japan, a World Bank-GFDRR DRM Hub was established in Tokyo in February 2014. The Hub will help to bring Japanese experience and expertise to vulnerable countries and World Bank DRM operations.

Since 2010, more than 40 million people in 24 countries have gained improved access to risk information about their countries through World Bank–supported national and regional geospatial data-sharing platforms. Following Typhoon Haiyan in November 2013, the World Bank and GFDRR assisted the Philippines with a rapid damage assessment based on satellite imagery and geospatial information. The Bank is also helping the government with a long-term financing and reconstruction strategy.

The World Bank helps countries to protect their fiscal sustainability from external shocks caused by disaster through innovative financing mechanisms like the Catastrophe Deferred Drawdown Option, expanding the Caribbean Catastrophe Risk Insurance Facility to Central America, and adding a new pilot facility in the Pacific Islands. In January 2014, the facility made its first payout to Tonga with $1.3 million for cyclone recovery. Similar initiatives are also ongoing in the southern part of Eastern Europe and in South Asia. (See **worldbank.org/disasterriskmanagement**.)

Managing financial risks, strengthening resilience to shocks

The World Bank is helping member countries to protect hard-won development gains by facilitating access to risk management solutions that mitigate the financial impact associated with market volatility and natural disasters. In fiscal 2014, IBRD executed the equivalent of more than $4.3 billion in currency, interest rate, and disaster risk management transactions for clients, including subnationals and state-owned enterprises in Morocco, South Africa, Tunisia, Turkey, and Uruguay.

In December 2013, the World Bank executed a landmark $450 million weather and oil-price insurance transaction for Uruguay's state-owned electric utility, Administración Nacional de Usinas y Trasmisiones Eléctricas (UTE). With more than 80 percent of its energy needs coming from hydropower, water shortages mean that UTE must purchase oil and other sources of energy, exposing the country and consumers to high electricity-generation costs. This transaction marked the largest weather derivative the market had ever seen and insured UTE for 18 months against drought and high oil prices. It was also part of a broader risk management program that included a reserve fund and longer-term investment in alternative energy sources and interconnectivity with Brazil. (See **treasury.worldbank.org**.)

Promoting jobs, the private sector, and universal financial access

One of the highest priorities for meeting the twin goals is stimulating the creation of millions of jobs in developing countries. Across the world, more than 200 million working-age people are out of work, and about 1.5 billion are marginally employed. In addition, current demographic trends mean that 600 million new jobs will be needed by 2027 just to hold employment rates constant. About 90 percent of the new jobs will have to be in the private sector, which is the main driver of global employment growth.

> 45 million poor people experienced an average of an 11 percent increase in household expenditures as the result of a community-driven program in Indonesia between 2009 and 2012.

The World Bank is working with member countries to improve job opportunities through a creative mix of employment services, training, support for competitiveness and entrepreneurship, and increased access to credit. In fiscal 2014, the World Bank's labor-related lending totaled $218 million. From fiscal 2011 to fiscal 2013, the Bank supported 1.5 million new labor market program beneficiaries, half of whom were female. (See **worldbank.org/en/topic/jobsandpoverty**.)

An estimated 2.5 billion adults are financially excluded—meaning that they have no access to formal banking or financial services—with almost 80 percent of them living on incomes of less than $2 per day. This factor constrains fulfillment of the poverty-related goals. The World Bank has set out a vision of achieving universal financial access by 2020 through the concerted efforts of countries leading their own reforms and through the harnessing of technology and data to reduce the costs and risks of financial services.

In April, the World Bank launched the Financial Inclusion Support Framework, which will support and coordinate efforts by countries to give their citizens access to financial services. More than 50 countries have made commitments to expand financial inclusion, through such initiatives as the Group of 20 Financial Inclusion Peer Learning Program and the Alliance for Financial Inclusion. The Bank also supports reforms by governments that can lower the costs and risks of reaching the unbanked and the underserved, and consumer financial protection and awareness programs that can enable consumers to use new products. (See **worldbank.org/fpd**.)

Investing in human development

The World Bank is committing expanded resources to invest in people to reach the twin goals. Achieving both goals will be possible only if developing countries can provide necessary education and health services, along with jobs and social protection, for more than 1 billion people now living just above or below the poverty line. The Bank is the largest external supporter of education in developing countries, managing a portfolio of $11.1 billion, with operations in 71 countries. In fiscal 2014, new support for education totaled $3.6 billion, up sharply from $2.9 billion in 2013 and bolstered by increased support for basic education. For example, the Bank committed more than $1.0 billion in IDA support to improve education outcomes for about 200 million elementary school children in India. This project will improve teacher accountability and enhance access to elementary education for disadvantaged children.

1 million teachers were recruited or trained worldwide between 2011 and 2013.

Improving learning for all is the World Bank's highest priority in education. The Bank's education strategy encourages countries to get children off to the right start with effective early childhood development programs, followed with an emphasis on facilitating labor mobility and job matching. The goal is for students at all levels to receive a quality education that will prepare them to meet the challenges of the 21st century. The Bank also helps countries to analyze their education systems with cross-country, comparable data through the Systems Approach for Better Education Results (SABER) initiative. In Tanzania, for example, SABER-Teachers data are helping to shape the government's current large-scale education reforms under its Big Results Now initiative. (See **worldbank.org/education**.)

With the 2015 deadline for the Millennium Development Goals (MDGs) looming, the World Bank in fiscal 2014 continued accelerating efforts to help countries achieve the health MDGs by that date. In September 2013, the Bank committed to investing $700 million by 2015 to improve women and children's health. The funding is enabling the scale-up of successful reproductive, maternal, and child health projects, which also include malaria and tuberculosis prevention, as well as other disease-prevention activities. The Bank nearly tripled direct financing for maternal and early childhood nutrition programs in 2013–14 to $600 million, up from $230 million in 2011–12 , and is accelerating work on multisectoral approaches to improve nutrition through sectors such as agriculture.

The most equitable and sustainable way to achieve these health outcomes is through universal health coverage. To that end, the World Bank's goals in health are to ensure that everyone has access to quality, essential health services, and no one struggles to pay for these services. Reflecting the Bank's commitment to the MDGs, three areas of special focus were expanding access to family planning and reproductive health, preventing HIV/AIDS and other communicable diseases, and scaling up support for early childhood nutrition. (See **worldbank.org/health**.)

144,974 children were immunized in South Sudan between 2009 and 2012.

Building sustainable and affordable social safety nets is another vital component of the campaign to eliminate extreme poverty and promote shared prosperity. In fiscal 2014, the World Bank invested more than $1.8 billion in social protection and labor programs, and it manages a $9.9 billion portfolio with 134 operations in 72 countries. Cash transfers are becoming an increasingly important safety net tool, particularly in postconflict and fragile societies.

The Social Protection and Labor Strategy 2012–22 aims to help countries move from fragmented programs to affordable social protection systems, to enable individuals to manage risk, and to improve resilience by investing in human capital and improving people's ability to access jobs. Social safety nets have an immediate impact by putting resources into the hands of the poorest and most vulnerable members of society. The World Bank supports safety net programs that protect families from shocks; help ensure that children grow up healthy and well-fed, and stay in school and learn; empower women and girls; and create jobs. Examples of safety net interventions are cash transfers, labor-intensive public works, and school feeding programs. (See **worldbank.org/sp**.)

BANGLADESH Scott Wallace/The World Bank

Reducing poverty through inclusive growth and good governance

The World Bank supports the design of policies and the building of accountable institutions to achieve inclusive growth in developing countries. Public and private policies and actions can promote gender equality, and the Bank has placed gender equality at the forefront of its own work with clients. Illustrative of this is the fact that all country assistance strategies discussed in the past year were gender informed, meaning that gender was integrated into the analysis.

Gender integration in World Bank lending has deepened, with more lending operations including follow-up actions to address identified gender disparities. This is true across all groups of clients and sectors. The total share of Bank lending that was gender informed rose from 54 percent to 95 percent between fiscal 2010 and fiscal 2014, or nearly $38 billion in fiscal 2014. Ninety-three percent of operations in fragile and conflict-affected situations were gender informed in fiscal 2014, up from 62 percent in fiscal 2010. Similarly, 49 out of 54 operations (over 90 percent) in conflict-affected situations in Africa were gender informed in fiscal 2014.

Two reports produced this year by the World Bank detail persistent challenges. *Voice and Agency: Empowering Women and Girls for Shared Prosperity* sheds new light on constraints facing women and girls worldwide, from epidemic levels of gender-based violence to biased laws and norms that prevent them from owning property, working, and making decisions about their own lives. *Gender at Work: A Companion to the World Development Report on Jobs* describes how women around the world still face huge and persistent inequalities at work.

> 6.3 million individuals availed themselves of microcredit, with 58 percent of the loans given to women between 2000 and 2013.

In late 2013, the World Bank launched two new open technology platforms providing a wealth of information about progress toward gender equality. One, the enGender Impact database, is a repository of impact evaluations with key findings gathered from World Bank and partner projects. Another, the ADePT Gender software application, houses a growing volume of gender data and produces quick, standardized reports, including cross-country labor statistics. (See **worldbank.org/gender**.)

Inclusive opportunities in society are supported by good governance practices in the public sector, and the World Bank has a long history of helping countries to develop sound governance and effective institutions. Putting this emphasis into practice at the country level, for example, the Bank has worked with Honduras, where 100 percent of central government expenditures have been included in a single treasury account since 2010, and internal audit

IBRD and IDA: Our people

Composed of some 12,335 full-time staff members of 172 nationalities who work across 134 countries, the World Bank's workforce is a global one in every sense of the word. The richness of the backgrounds and experience of Bank staff continues to be a hallmark of the products and services that clients seek.

The World Bank has a significant global footprint, with 40 percent of staff now working outside the United States. And 85 percent of the staff in country offices are locally hired, underscoring efforts to recruit local talent, whose skills help the Bank better understand, work more closely with, and provide faster service to partners in client countries.

In terms of diversity, nationals of developing countries account for 61 percent of all staff and 41 percent of management positions. Women currently account for 51 percent of all staff and 38 percent of management positions, and Sub-Saharan African and Caribbean nationals represent 15 percent of all staff and 12 percent of management positions.

Human Resources staff support the Bank in employing the right people in the right place with the right skills at the right time. To deliver on that commitment, the Human Resources Strategy has four areas of focus:

- Building a culture of performance and accountability
- Developing inspiring leaders
- Shaping a diverse and inclusive workforce
- Creating career opportunities for staff.

Addressing the final point, the past year has seen significant progress in the areas of career mobility and performance management, as well as in the area of compensation—all efforts that seek to strengthen the employment value proposition for Bank staff.

As the Bank retools to increase its delivery and responsiveness to its clients, Human Resources has played a pivotal role in the transition of staff from the earlier structure to the new Global Practices. Looking forward, aligning staffing and skills to the World Bank Group Strategy will be a priority.

units now cover the entire central government. In Vietnam, the financial information management system now operates nationwide and is used for budget execution, accounting, and fiscal reporting for the central government and those in all 63 provinces and 700 districts. Also, in the Republic of Yemen, the government budget is now prepared using Government Finance Statistics classifications and is published on the government website when it is submitted to the parliament.

> The number of public procurement processes published in 2013 in the Dominican Republic reached 57,000, compared to 1,000 in 2012.

Increasing agricultural incomes and food security

Investing in agriculture is essential to reducing poverty because 78 percent of the poor live in rural areas and most rely on agriculture for their livelihoods. The world must produce about 50 percent more food by 2050 for a projected population of 9 billion. To help countries meet food and nutrition needs and raise the incomes of small-holder farmers, the World Bank Group is expanding its support to agriculture and related sectors reaching $8 billion to $10 billion per year during 2013–15, up from an average of $7 billion per year during 2010–12.

The World Bank's predominant focus is on raising agricultural productivity and resilience, especially for small-holder farmers, and better linking these farmers to markets. Additional emphasis is being given to the areas of climate-smart agriculture, private sector responses, longer-term risk management, gender mainstreaming, nutrition, and landscape approaches. In addition to direct support, the World Bank participates in and manages global partnerships, which provide broader support to these areas.

The Global Food Price Crisis Response Program was established by the World Bank in May 2008 in response to concerns about higher and more-volatile food prices. It has reached nearly 70 million people in 49 countries through $1.6 billion in emergency support.

2.6 million farmers worldwide have adopted new technologies since 2004.

The World Bank also coordinates the Global Agriculture and Food Security Program, a global partnership supporting long-term, country-led agriculture and food-security plans and helping to promote investments, especially for small-holder farmers. Nine countries and the Bill & Melinda Gates Foundation have pledged $1.4 billion over three years, and the program has awarded $912 million in grants to 25 countries. (See **worldbank.org/agriculture**.)

Assisting fragile and conflict-affected situations

Working more effectively to combat fragility, conflict, and violence is a commitment that goes to the very heart of the World Bank's mandate and the twin goals. By 2030, estimates suggest that the average rate of extreme poverty in fragile and conflict-affected situations (FCS) will still be about 30 percent, down from about 40 percent today, based on current trends.

Recognizing this, the IDA17 deputies supported a financing and policy package that tackles issues at the core of the development agenda in FCS. The financing package includes adjustments to the IDA resource allocation framework that would allow for increased financial engagement in these countries. Subject to country performance, these adjustments could lead to a 50 percent increase in the share of IDA funding to FCS. This was accompanied by strong IDA commitments to improve effectiveness and value-for-money in FCS, with a particular focus on the issues of livelihood and gender.

In fiscal 2014, the Center on Conflict, Security, and Development, a specialized unit with a staff of experts co-located in Nairobi, Kenya, and Washington, DC, contributed to 8 country assistance strategies and 11 fragility assessments. The center published a benchmarking review of 53 FCS country strategies to extract the lessons of strategy development in challenging environments.

The number of students in West Bank and Gaza primary schools increased from 345,250 in 2007 to 623,380 in 2012.

Trust fund financing has provided critical and strategic support in countries with limited or no access to other financing sources; for example, to Lebanon and Jordan in response to the Syrian refugee crisis. Trust fund support also serves to develop cutting-edge knowledge on development approaches in challenging FCS contexts, to promote partnerships with the United Nations, and to pilot activities that can be scaled up through IDA and other financing sources.

A number of "hot topic" areas have been a special focus of work in fiscal 2014. A high-level seminar on extractive industries in FCS was hosted at the Annual Meetings to examine how rich resources could be a source of sustaining wealth for citizens, rather than conflict. Gender and job creation are also vital in FCS, and one example of support to the private sector in the most challenging of environments is the $10 million Somaliland Business Fund, in which the World Bank Group partners with the British and Danish governments. (See **worldbank.org/fcs**.)

Supporting knowledge for solutions

Providing reliable data about the developing world and knowledge about proven development solutions is one of the World Bank's key value propositions. No other development institution has as much breadth and quality of information about how countries and communities around the world have solved their problems—and how those solutions can be applied in very different situations.

The World Bank and other multilateral institutions have established the Global Poverty Statistics Board to collaborate and help to develop accurate data on poverty and incomes to measure progress toward the twin goals. An important aspect of this work is the use of statistical profiles of the bottom 40 percent of the population in each country. These profiles will help the Bank work with each country to determine what interventions and policies will be most effective in broadening prosperity.

The World Bank's Open Data agenda was enhanced in fiscal 2014 by the launch and maintenance of numerous publicly available datasets. Examples include the creation

MALI Dominic Chavez/The World Bank

of a multilingual version of the DataBank and the production of Enterprise Surveys and International Debt Statistics. This year, more of the World Development Indicators also went fully online. (See **data.worldbank.org**.)

Additionally, at the request of the Group of 20 (G-20), the World Bank and the Organisation for Economic Co-operation and Development provided technical assistance to help evaluate G-20 structural reform commitments. Joint reports have assessed progress in the implementation of commitments made at the annual G-20 summit meetings.

The World Bank helps client countries to open up their own data and make it accessible to country stakeholders. In fiscal 2014, the World Bank launched the Open Budgets Portal as part of its efforts to advance fiscal transparency and open data. The portal showcases a subset of 14 countries and state governments that have released their entire public spending datasets and are disseminating them in accessible formats. The datasets featured in the portal are drawn from the World Bank's BOOST initiative—a Bank-wide effort to improve access to and use of budget data.

Translating its knowledge into learning is another priority. The World Bank has delivered more than 140 e-learning courses and partnered with Coursera, a leading provider of Massive Open Online Courses (MOOCs), to turn some of its flagship publications, including the *World Development Report,* into online learning. The report titled "Turn Down the Heat: Why a 4°C Warmer World Must Be Avoided" was turned into a MOOC and delivered to 19,000 active users globally during a four-week period.

Through its collaborative leadership for development program, the World Bank helps clients to accelerate the pace and quality of reform implementation. The approach combines team workshops with hands-on coaching and support, ensuring that clients are able to arrive at their own solutions to complex problems while building their individual and organizational capacity for effective implementation. This year, more than 50 client leadership teams were trained, strengthening their skills to drive change and deliver results.

The World Bank's highly regarded knowledge products and reports during fiscal 2014 included the annual *World Development Report,* which described how improved risk management can lead to greater gains in poverty reduction and economic development. Also released this year was the second in a new series titled *Global Financial Development Report,* which highlighted novel evidence that financial inclusion can reduce poverty and promote shared prosperity.

The World Bank supports the development of knowledge hubs to help facilitate knowledge sharing at the country level. For example, in October 2013, the Bank opened the Global Center for Islamic Finance in Istanbul, Turkey. The center is envisaged as a knowledge hub for developing Islamic finance globally, conducting research and training, and providing technical assistance and advisory services to World Bank client countries interested in developing Islamic financial institutions and markets.

Engaging with the world for an end to poverty

As the World Bank organizes itself to deliver on the twin goals, it is deepening its contact and engagement with a broad range of stakeholders. This year, President Jim Yong Kim reached out to many global activists and development leaders. In September 2013, he was a featured speaker at the Global Citizen Festival and called for an end to extreme poverty by 2030. The event, sponsored by the Global Poverty Project and held in New York City's Central Park, attracted participation by musicians, celebrity activists, and world leaders. At the 2013 Annual Meetings, he shared the stage with Malala Yousafzai, the 16-year-old education activist from the Swat Valley of Pakistan. The event coincided with the UN International Day of the Girl and created a powerful global advocacy moment for girls' education and empowerment. And during the 2014 Spring Meetings, President Kim and UN Secretary-General Ban Ki-moon joined Millennial activists in a call to action for theirs to be the generation to end extreme poverty.

Over the past year, several initiatives expanded civil society participation in World Bank policy formulation and operations. Through more than 80 policy sessions, civil society organizations provided constructive input to the Bank's work on topics ranging from environmental and social safeguards to energy policy and social inclusion. In parallel, operational staff were given access to training, research, and tools to partner and communicate effectively with civil society to enhance project outcomes. The new initiatives and the enriched relations established as a result of the Bank staff training contributed to record attendance at the weeklong civil society policy forum held during the Spring and Annual Meetings. Deepening and broadening its relationship with civil society groups, the World Bank also increased strategic engagement and dialogue with leaders of prominent faiths, the global philanthropic community, and parliamentarians. (See **worldbank.org/civilsociety**, **worldbank.org/foundations**, and **worldbank.org/parliamentarians**.)

The World Bank recognizes citizen engagement as being at the core of improving development outcomes. This year, it has started to develop its citizen engagement strategy, which aims to achieve 100 percent beneficiary feedback in World Bank projects with clearly identifiable beneficiaries, and to scale up results-focused and context-specific citizen engagement. The World Bank also encourages client countries to incorporate citizen engagement mechanisms in country policies and processes. A total of 39 countries have agreed to have civil society monitor their performance as long as it is mediated by the Global Partnership for Social Accountability, an initiative started by the World Bank that has provided 22 grants for this purpose.

Since 2012, the World Bank has systematically measured and tracked perceptions of its clients, partners, and other stakeholders across the globe. The Country Opinion Survey (COS) Program surveys stakeholders from nearly all client countries about the effectiveness and relevance of the Bank's work. The Bank will use the survey results to help it solve big development challenges and to make difficult decisions about the allocation of resources.

In the most recent COS data available, for fiscal 2013, stakeholders who said that they collaborate with the World Bank were significantly more positive about every area related to the Bank's work than those who did not collaborate. These areas included the technical quality of the Bank's knowledge work and the Bank's overall effectiveness, relevance, openness, and responsiveness. A plurality of respondents suggested that the Bank can enhance its value to countries by reaching out more to groups outside of government and reducing the complexity of obtaining Bank financing. The COS findings are live on its new website, where data from the past two years are available externally as part of the World Bank's Open Access Policy. (See **countrysurveys.worldbank.org**.)

Similarly, the World Bank supports substantive South-South cooperation in ways to expand economic growth. The new Lesotho Trade Portal—launched in March 2014—was developed through a bilateral agreement between Lesotho and the Lao People's Democratic Republic, which had launched its own trade portal in 2012 with the assistance of the World Bank. The Lesotho portal is a single, online source for all trade-related laws for importing and exporting, and bolsters the transparency of Lesotho's trade environment.

In addition, middle-income countries requiring services that cannot be fully funded by the World Bank's own resources are increasingly using Reimbursable Advisory Services (RAS). A key feature of the Knowledge Agenda, RAS agreements allow the Bank to provide clients—including governments, nongovernmental organizations, and multilateral institutions—with analytic and advisory services to help advance their development objectives. In fiscal 2014, the Bank is projected to have generated $79 million in RAS revenues and have engagements in over 40 countries.

Obtaining client feedback is a key aspect of strengthening the institution's focus on solutions. In 2012, the World Bank began systematically surveying governments and individuals on the knowledge services they have received and used. The Annual Client Feedback Exercise

Creating lasting value: A sustainable World Bank

Sustainability is an overarching theme that frames the twin goals of the World Bank Group. A sustainable path to eradicate poverty and promote shared prosperity would be one that manages the resources of the planet for future generations, ensures social inclusion, and adopts fiscally responsible policies that limit future debt burden.

As a global development institution, clients recognize the World Bank as a valuable partner providing financial and advisory services that help them achieve their development goals. The very nature of the World Bank's mission is to have a positive effect on communities, through investments in education, health, public administration, infrastructure, financial and private sector development, agriculture, and environmental and natural resource management. But what makes the Bank unique is its business model, which blends

- a focus on sustainability,
- an emphasis on open development and stakeholder inclusiveness,
- the promotion of staff diversity and well-being, and
- the efficient management of its internal footprint.

Details are published in the Bank's annual Sustainability Review. Complementing the financial and operational data presented in this Annual Report, the Sustainability Review summarizes how the World Bank's business model works; how its board, staff, and borrowers are held accountable; how its operations create value; and how it manages its own corporate footprint. The 2014 review uses a standard framework provided by the G4 Sustainability Reporting Guidelines from the Global Reporting Initiative (GRI), which require the Bank to define what matters most for it to report on, based on stakeholder opinion and its impact in the world. (See **crinfo.worldbank.org**.)

is pivotal to the Bank's approach for measuring the quality, results, and impact of its Knowledge and Advisory Services, and is now a regular part of the portfolio monitoring to ensure that the Bank takes on board clients' feedback.

Ensuring accountability at the World Bank

To ensure the highest accountability in development, the World Bank works to deter corruption and prevent integrity risk to the activities it finances, particularly in fragile contexts and high-risk sectors. As of June 30, 2014, the World Bank sanctioned 101 entities, including affiliates and conditional nondebarred entities. Some of these sanctions were the result of settlements under which entities are debarred for an agreed-upon period of time, with a mitigated sanction, and usually commit to implementing a compliance program. The Bank is engaging with 36 major entities to track compliance with the Integrity Compliance Guidelines before the end of their debarment period.

Under the cross-debarment agreement, entities debarred by one multilateral development bank may be sanctioned for the same misconduct by the other participating development banks. Currently, the total number of cross-debarments sought among cross-debarment signatories is 121. (See **worldbank.org/integrity**.)

The World Bank also holds itself internally accountable to its clients and shareholders through independent evaluations of its work. The Independent Evaluation Group (IEG), which reports directly to the Board of Executive Directors, completed several major evaluations of the Bank's work in 2014 that contribute to enhanced accountability for results and learning on what works.

IEG found that the overall portfolio performance continued to decline, driven by lower outcome ratings of investment projects. In contrast, the outcome ratings of development policy operations and project performance in fragile and conflict-affected situations improved. IEG recognized the measures that have already been undertaken by management to reverse the negative trend in investment lending. It also found that overly ambitious strategies relative to country capacity and to weak monitoring and evaluation frameworks, among other factors, limited the achievement of desired country program objectives. As input to the implementation of the World Bank Group Strategy, IEG identified the following four areas for attention: client focus and country ownership, product excellence, informed risk management, and adequate financing.

Several evaluations have contributed to the corporate reform agenda. The report titled "Learning and Results in World Bank Operations" focused on how well the World Bank has generated, accessed, and used learning and knowledge in its lending operations. An evaluation of the Bank's procurement systems and practices informed the World Bank's ongoing self-assessment of its procurement system and provides suggestions for future directions. (See **ieg.worldbank.org**.)

The World Bank continues to be a leader in global transparency through its Access to Information Policy. This policy, implemented in 2010, recognizes the right to a two-level appeals process when a request for information is denied. In keeping with its commitment to transparency, accountability, and results, the Bank continues to work with local stakeholders to maximize the outreach and impact of this policy. (See **worldbank.org/wbaccess**.)

Additionally, the World Bank accounts for its external impact by committing to the continual management of its environmental and social resources. As part of this commitment, the Bank measures, reduces, offsets, and reports on the greenhouse gas emissions associated with its global facilities, major meetings, and air travel.

Total emissions for the World Bank's global facilities, including those for business travel and major meetings, were approximately 185,000 metric tons of carbon dioxide equivalent in fiscal 2013, the most recent data available. The Bank has set a goal of reducing its greenhouse gas emissions from owned and managed offices by 2017 to 10 percent below its 2010 baseline. To maintain carbon neutrality, the World Bank purchases offsets for corporate emissions that cannot be reduced—Certified Emission Reduction credits for facilities and travel and Renewable Energy Certificates for electricity consumption. In fiscal 2014, the Bank maintained carbon neutrality with the purchase of Certified Emission Reductions from Clean Development Mechanism projects in Brazil, China, and Nepal.

Generating citizen action to end poverty

Reaching the goals of ending poverty and boosting shared prosperity—and ensuring that future generations will share in broader prosperity—is a realistic objective. Citizens around the world are already driving change in their communities and developing innovative ideas to address some of the toughest challenges their countries face. The institutions of the World Bank Group are committed to using their financial instruments, data, knowledge, and solutions to highlight innovations and catalyze this action to end poverty. It will take a global movement to end poverty, and in supporting and working alongside stakeholders around the world, the Bank can fully realize the twin goals.

The Regions

The World Bank today operates out of more than 130 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-one percent of Country Directors/Country Managers and 38 percent of staff are based in country offices. The Bank's work in its six geographic regions is as diverse as the member countries within each region. The following section highlights the major goals achieved, projects undertaken, strategies revised, and publications produced in fiscal 2014. Selected project stories are also presented, along with a snapshot of facts and figures about each region. For more information, visit **worldbank.org/countries**.

TABLE 5

COMMITMENTS, FISCAL 2014

Region	IBRD ($ millions)	Share (%)	IDA ($ millions)	Share (%)
Africa	420	2%	10,193	46%
East Asia and Pacific	4,181	22%	2,131	10%
Europe and Central Asia	4,729	25%	798[a]	4%
Latin America and the Caribbean	4,609	25%	460	2%
Middle East and North Africa	2,588	14%	199	1%
South Asia	2,077	12%	8,458[a]	38%
Total	18,604	100%	22,239	100%

a. The South Asia figure includes one multiregional project of $527 million, of which 17 percent was provided to Europe and Central Asia countries.

TABLE 6

DISBURSEMENTS, FISCAL 2014

Region	IBRD ($ millions)	Share (%)	IDA ($ millions)	Share (%)
Africa	334	2%	6,604	49%
East Asia and Pacific	3,397	18%	1,459	11%
Europe and Central Asia	6,537	35%	519	4%
Latin America and the Caribbean	5,662	30%	306	2%
Middle East and North Africa	1,666	9%	273	2%
South Asia	1,165	6%	4,271	32%
Total	18,761	100%	13,432	100%

RWANDA Amelody Lee/The World Bank

Africa

Sub-Saharan Africa continued to grow strongly in 2013, with output increasing by 4.7 percent. Excluding South Africa, growth was 6.0 percent, well above the global gross domestic product (GDP) average of 2.4 percent. The region is expected to remain one of the world's fastest growing, with its GDP projected to rise to above 5.0 percent in 2015–16.

The share of people living on less than $1.25 a day declined from an estimated 58 percent to 48.5 percent between 1996 and 2010. If recent trends of a 1 percent per year decline are sustained, poverty rates will fall below 30 percent by 2030.

World Bank assistance

Bank assistance to Africa reached a record high this fiscal year with the approval of $10.6 billion for 141 projects. Support included $420 million from IBRD and $10.2 billion from IDA. The leading sectors were Public Administration, Law, and Justice ($2.1 billion); Energy and Mining ($1.9 billion); and Transportation ($1.5 billion).

Furthering agricultural productivity

The Bank supports country-led efforts to improve agricultural productivity by linking farmers to markets and reducing risk and vulnerability, to increase rural employment, and to make agriculture more environmentally sustainable. This fiscal year, it provided more than $1.1 billion in agricultural assistance to Sub-Saharan Africa, a 33 percent increase over the past two years. Priority projects included support in Ethiopia for improving pastoralism through community development and livelihoods, and support subregionally for promoting agribusiness in Senegal and meeting food security and emergency needs in the Central African Republic and Madagascar.

Irrigation is vital. Only 20 percent of the Sahel's irrigation potential has been developed, preventing farmers from producing greater harvests. At a ministerial conference held in Dakar in October 2013, African countries, the Bank, and its development partners committed to bringing more irrigation to the Sahel lands, to double irrigated coverage to 1 million hectares by 2020.

The African Union Commission designated 2014 the "Year of Agriculture and Food Security." To further highlight agriculture's importance, the Bank is working to increase support for the Comprehensive Africa Agriculture Development Programme (CAADP), which helps African countries to increase their economic growth through agriculture-led development.

Turning on the lights

Only one in three Africans has access to electricity. Increasing access to affordable, reliable, and sustainable energy is a primary objective of the Bank's work in Africa's energy sector, support to which reached nearly $2.0 billion this fiscal year. The Bank supports governments' efforts to develop and implement sustainable business strategies for utilities in Ethiopia, Ghana, Guinea, Kenya, Liberia, Senegal, and Uganda.

Sub-Saharan Africa is blessed with large hydropower resources that can create electricity, yet only 10 percent of its potential has been mobilized. Hydropower projects—such as Rusumo Falls in Burundi, Rwanda, and Tanzania and the Jiji-Mulembwe in Burundi—will increase generation capacity, benefiting millions of Africans.

Countries eligible for World Bank borrowing*

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

* as of June 30, 2014

In May 2014, the Bank approved up to $261 million in IDA guarantees to Mali, Mauritania, and Senegal, and approved $585 million in MIGA investment guarantees to support the Banda gas-to-power project to produce and convert natural gas from offshore gas fields in Mauritania into 300 megawatts of new electricity. This first-of-its-kind combination of guarantees also mobilizes $950 million of private investment in gas extraction and energy generation by facilitating power trade among Mali, Mauritania, and Senegal.

In a major push, IBRD, IFC, and MIGA combined forces under a joint Energy Business Plan for Nigeria. The plan will support Nigeria's energy reform program and help to increase installed generation capacity by about 1,000 megawatts while mobilizing nearly $1.7 billion of private sector financing for Africa's largest economy.

Advancing higher education

Higher education plays a key role in promoting economic growth and development, especially for Africa's fast-growing youth population. As one of the largest financiers of higher education in the region, the Bank is mobilizing its knowledge and leadership behind countries to champion education.

The World Bank's new $150 million Africa Higher-Education Centers of Excellence Project is funding 19 university-based centers for advanced education in West and Central Africa. It will support regional specialization among participating universities in mathematics, science, engineering, and information and communication technology (ICT) to address regional challenges.

The Bank has long supported Africa's new partners—Brazil, China, India, and the Republic of Korea—in their development. In July 2013, it proposed that these same countries and Japan create a Partnership for Skills in Applied Sciences, Engineering, and Technology (PASET) to work toward closing skills gaps among Africa's workforce. The first phase of the new South-South knowledge partnership will involve Ethiopia, Guinea, Liberia, Mozambique, Nigeria, Rwanda, Senegal, Sudan, and Tanzania.

Building resilience in the Sahel and the Central African Republic

Signaling its commitment to addressing the drivers of conflict, instability, and poverty in Africa's hard-hit Sahel region, the World Bank Group pledged $1.5 billion for regional programs to reduce vulnerability and strengthen the resilience of the region's people and to promote economic opportunity through deeper regional integration and cooperation. The funding will expand clean energy production and trade, strengthen the livelihoods of pastoral populations, increase agricultural productivity through more irrigation and new technology, expand health services for women and girls, and improve regional communications and ICT connectivity between countries.

TABLE 7 AFRICA

REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2012–14

	Commitments ($ millions)			**Disbursements** ($ millions)		
	FY12	FY13	FY14	FY12	FY13	FY14
IBRD	$147	$42	$420	$488	$429	$334
IDA	$7,379	$8,203	$10,193	$5,746	$5,799	$6,604

Portfolio of projects under implementation as of June 30, 2014: $46.6 billion.

Senegal River Basin Multi-Purpose Water Resources Development Project

Near the village of Sadel, the markets that line the Senegal River are bustling. Thanks to improved irrigation, Sadel's communities sell watermelons, squash, tomatoes, even rice, and the river is full of perch. Local people earn their livelihoods almost entirely from the river's resources. Yet, irrigation systems needed to grow more food and fight poverty and hunger can also serve as breeding sites for mosquitoes that transmit malaria. Tackling this challenge requires interventions in the health and irrigation sectors, including supporting disease-control activities associated with water and how it is used to irrigate crops.

In 2006, the World Bank launched the Senegal River Basin Multi-Purpose Water Resources Development Project, a regional, multisector water resources improvement program that focuses on fisheries, irrigation, and health in Guinea, Mali, Mauritania, and Senegal. The Bank has continued its long-term commitment by extending this project into a second phase, which was approved in December 2013.

The most compelling result has been the improvement of local health. Malaria and neglected tropical diseases have been particularly problematic in the basin, affecting people's ability to work and attend school and affecting maternal and child health and survival. The distribution of 3.1 million insecticide-treated mosquito nets to cover about 5.6 million people has produced striking results. Net use has increased dramatically, from 28 percent in 2009 to 46 percent in 2012, in an area largely populated by poor farmers and their families. In the Sahel, providing integrated solutions is helping to protect vulnerable people from the ravages of malaria while simultaneously improving their livelihoods.

Photo taken by Sarah Farhat/The World Bank.

Following the conflict in the Central African Republic, which displaced more than 25 percent of the population, the Bank put together a $100 million emergency response package. In fiscal 2014, two operations were approved totaling $50 million of the overall commitment. One supports targeted food distribution and restoring food production capacity, and the other supports the resumption of core public administration, including social services.

FIGURE 1 AFRICA

IBRD AND IDA LENDING BY SECTOR | FISCAL 2014

SHARE OF TOTAL OF $10.6 BILLION

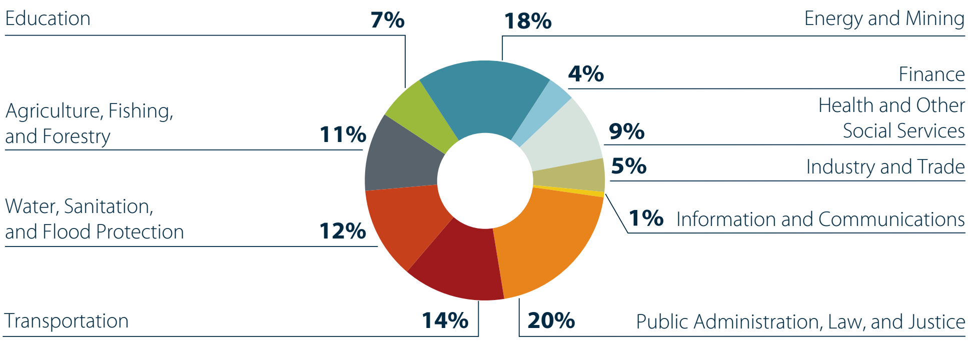
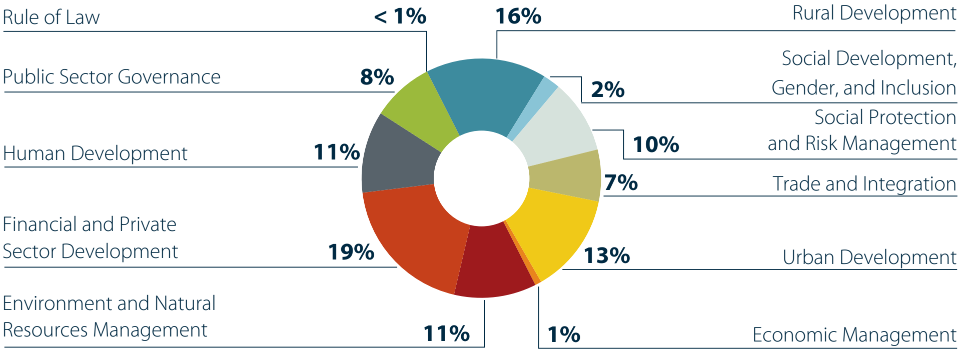


FIGURE 2 AFRICA

IBRD AND IDA LENDING BY THEME | FISCAL 2014

SHARE OF TOTAL OF $10.6 BILLION



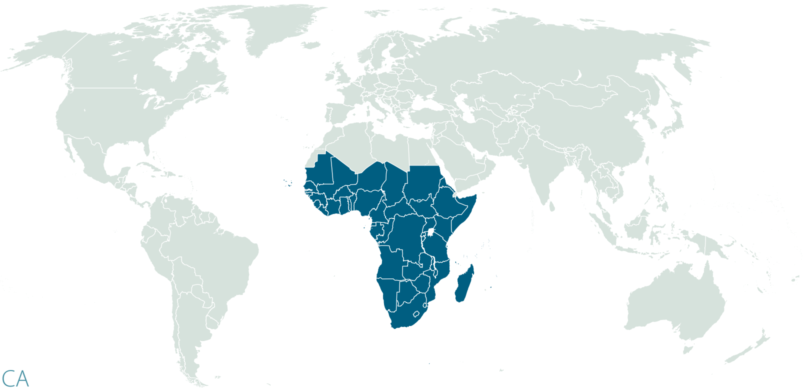


TABLE 8 AFRICA

REGIONAL SNAPSHOT

Indicator	2000	2005	Current data[a]	Trend
Total population (millions)	664	757	936	
Population growth (annual %)	2.7	2.7	2.7	
GNI per capita (Atlas method, current US$)	495	776	1,624	
GDP per capita growth (annual %)	0.7	2.8	1.5	
Population living on less than $1.25 a day (millions)	376[b]	395	414	
Life expectancy at birth, females (years)	51	53	58	
Life expectancy at birth, males (years)	49	51	55	
Youth literacy rate, females (% ages 15–24)	62	—	64	
Youth literacy rate, males (% ages 15–24)	76	—	75	
Labor participation rate, females (% population ages 15+)	62	63	63	
Labor participation rate, males (% population ages 15+)	77	76	76	
Proportion of seats held by women in national parliaments (% total)	12	16	22	
Carbon dioxide emissions (megatons)	551	628	704	
Carbon dioxide emissions, per capita (metric tons)	0.8	0.8	0.8	

PROGRESS TOWARD THE MILLENNIUM DEVELOPMENT GOALS (MDGs)

MDG	1990 baseline	Current data[a]	2015 target	Trend + 2015 target
MDG 1.a Extreme poverty (% population below $1.25 a day, 2005 PPP)	56.5	48.5	28.3	
MDG 2.a Primary completion rate (% relevant age group)	54	70	100	
MDG 3.a Ratio of girls to boys in primary and secondary education (%)	82	90	100	
MDG 4.a Infant mortality rate (per 1,000 live births)	107	64	36	
MDG 4.a Under-5 mortality rate (per 1,000)	177	98	59	
MDG 5.a Maternal mortality ratio (modeled estimate, per 100,000 live births)	990	510	248	
MDG 7.c Access to safe drinking water (% population with access)	48	64	74	
MDG 7.c Access to basic sanitation facilities (% population with access)	24	30	62	

Note: The MDG targets are indicative at the regional level based on global MDG targets. PPP = purchasing power parity.
a. = The most current data available between 2010 and 2013; visit http://data.worldbank.org for data updates.
b. = 1999 data.
● = 2015 MDG target.

PHILIPPINES Dennis Sabangan/The World Bank

East Asia and Pacific

East Asia and Pacific remained the fastest-growing region in the world in 2013, accounting for more than 40 percent of the increase in global output. China's annual growth remained at 7.7 percent, while growth in other developing economies in the region fell to 5.3 percent, down from 6.3 percent in 2012. Total growth in developing countries of the region is expected to remain about 7.0 percent through 2016.

In the short term, the region's developing countries navigated the global economic crisis successfully, maintaining high growth. In the midterm, ensuring sustainable and inclusive growth is a major challenge for the region that will require raising productivity and addressing wide-ranging vulnerabilities.

The proportion of people in the region living in poverty declined steadily over the past 25 years. However, nearly 140 million (7 percent) of its 2 billion people still live on less than $1.25 a day, and another 300 million (15 percent) live on incomes between $1.25 and $2.00 a day.

World Bank assistance

The Bank approved $6.3 billion for the region for 56 projects this fiscal year. Support included $4.2 billion in IBRD loans and $2.1 billion in IDA commitments. The leading sectors were Transportation ($1.9 billion); Public Administration, Law, and Justice ($1.3 billion); and Energy and Mining ($827 million).

The Bank's strategy in the region focuses on five priority areas: inclusion and empowerment, jobs and private sector–led growth, governance and institutions, infrastructure and urbanization, and climate change and disaster risk management. Growth and job creation are critical to reducing poverty and building shared prosperity, particularly because of the high rates of youth unemployment and the informality of the labor market in the region. The Bank also focuses on the cross-cutting themes of gender, fragility and conflict, and poverty analytics.

The region faces huge infrastructure needs and rapid urbanization. As many as 130 million people have no access to power, and 600 million lack access to adequate sanitation. Rapid migration to cities is putting pressure on service delivery and leading to large urban slums, pollution, and environmental degradation. More than 70 percent of the world's natural disasters occur in the region, home to 13 of the world's 30 most-climate-affected countries.

Reengaging with Myanmar

A key priority in fiscal 2014 was to continue the reengagement with Myanmar that began in 2012 after a 25-year absence. In December 2013, Myanmar became the 180th member of the Multilateral Investment Guarantee Agency (MIGA), entitling it to MIGA support to investments in sectors such as energy, telecommunications, and agribusiness.

During his first official visit to the country, in January 2014, President Jim Yong Kim announced a $2 billion World Bank Group package that harnesses the expertise and resources of the Bank Group to support the government's multiyear investment program. The package includes the delivery of universal health care and access to electricity by 2030.

Countries eligible for World Bank borrowing*

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

* as of June 30, 2014

Confronting vulnerability in the Pacific

The Bank has been scaling up its effort to assist Pacific Island countries in addressing their vulnerability to economic and natural shocks. These shocks result from the islands' high exposure to natural disasters as well as from their small size and geographical isolation.

To support recovery after Tropical Cyclone Ian struck in January 2014, the Bank provided $10 million in emergency grants and credits from IDA's Crisis Response Window, and the innovative Pacific Catastrophe Risk Insurance Pilot project made a first payout of $1.3 million to Tonga to cover initial emergencies. Six Pacific Island countries—the Cook Islands, the Marshall Islands, Samoa, the Solomon Islands, Tonga, and Vanuatu—participate in this pilot, which insures key public assets and helps Pacific Island countries quickly access postdisaster funding. Partners include the Asian Development Bank, the government of Japan, and the Global Facility for Disaster Reduction and Recovery.

In fiscal 2014, the World Bank published *Hardship and Vulnerability in the Pacific Island Countries: A Regional Companion to the World Development Report 2014*. This book provides the first comprehensive analysis of hardship and vulnerability in these countries in more than a decade.

Strengthening knowledge partnerships to deliver solutions

Knowledge continues to be a strategic priority in the Bank's partnerships. This fiscal year, the Bank and the Development Research Center of China's State Council published a seminal study on urbanization titled *Urban China: Toward Efficient, Inclusive, and Sustainable Urbanization*. The report is already having an impact on the country's urbanization process. It contains many lessons for other countries facing similar challenges.

In December 2013, the Bank opened a new office in Songdo, Republic of Korea, and a liaison office in Seoul to support a broad range of development partnership opportunities to leverage Korea's expertise in areas such as economic development policy, information and communication technology, infrastructure, and the financial sector. The Bank also announced plans to open an office in Kuala Lumpur, deepening its relationship with Malaysia.

The Bank continues to build partnerships with the Association of Southeast Asian Nations (ASEAN), the Asia-Pacific Economic Cooperation (APEC), the Pacific Island Forum, the Asian Development Bank (ADB), the Australian Government Overseas Aid Program (AusAID), the Japan International Cooperation Agency (JICA), and many other organizations to maximize development impact.

TABLE 9 EAST ASIA AND PACIFIC

REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2012–14

	Commitments ($ millions)			**Disbursements** ($ millions)		
	FY12	FY13	FY14	FY12	FY13	FY14
IBRD	$5,431	$3,661	$4,181	$3,970	$3,621	$3,397
IDA	$1,197	$2,586	$2,131	$1,484	$1,764	$1,459

Portfolio of projects under implementation as of June 30, 2014: $30.5 billion.

Saving lives, reducing poverty, and enhancing quality of life in the Philippines

Since its inception in 2002, a World Bank–supported, community-driven development project in the poorest municipalities and provinces in the Philippines has benefited more than 1.6 million households. The Kapitbisig Laban sa Kahirapan–Comprehensive and Integrated Delivery of Social Services (KALAHI-CIDSS) Project has helped poor communities to select, implement, and sustain some 6,000 small-scale infrastructure projects, including roads, footbridges, water supplies, school buildings, health clinics, daycare centers, and community enterprise activities. The project gives poor people a voice in the development process and helps communities to learn how to engage with their local governments.

The KALAHI-CIDSS Project has had a measurable effect on people's lives. One of its projects—a seawall in Ajuy, Iloilo—saved lives when Super Typhoon Haiyan (Yolanda) devastated parts of the country in November 2013. Overall, according to an impact evaluation, consumption by project beneficiaries rose about 12 percent, and access to basic services was 9 percentage points higher in beneficiary villages than in nonbeneficiary villages.

Given these results, the government decided to expand KALAHI-CIDSS into what is now called the National Community-Driven Development Project. In February 2014, the Bank approved a $479 million loan to support the new effort, which seeks to empower communities in targeted municipalities to achieve improved access to services and to participate in more-inclusive local planning, budgeting, and implementation. The government hopes that expanding this project will reduce rural poverty while responding to the needs of the survivors of Super Typhoon Haiyan.

Photo taken by David Llorico Llorito/The World Bank.

FIGURE 3 EAST ASIA AND PACIFIC

IBRD AND IDA LENDING BY SECTOR | FISCAL 2014

SHARE OF TOTAL OF $6.3 BILLION

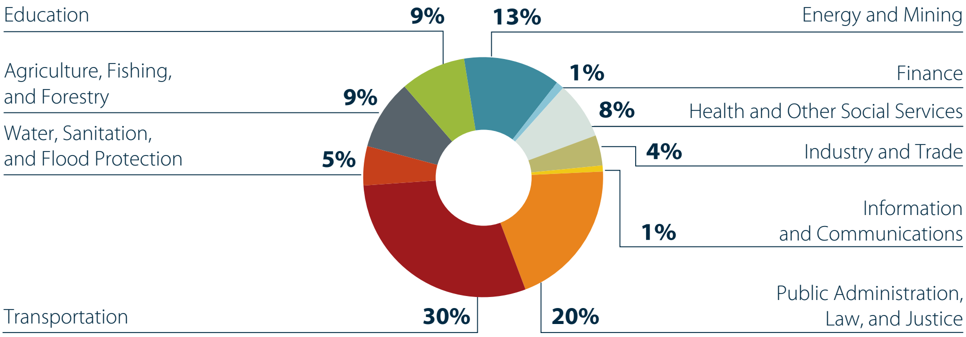
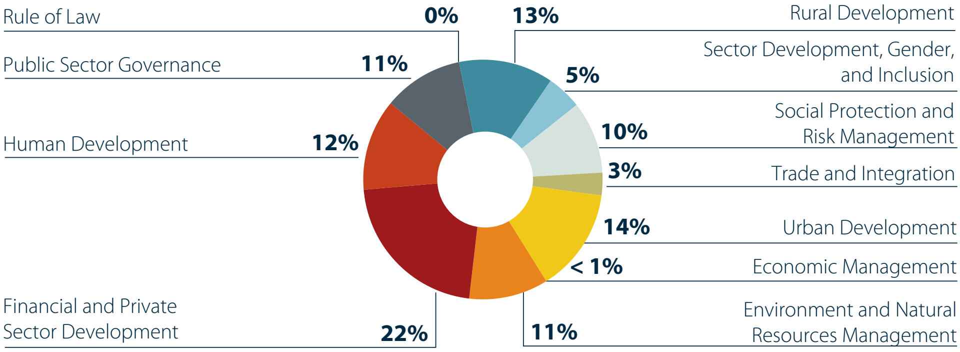


FIGURE 4 EAST ASIA AND PACIFIC

IBRD AND IDA LENDING BY THEME | FISCAL 2014

SHARE OF TOTAL OF $6.3 BILLION



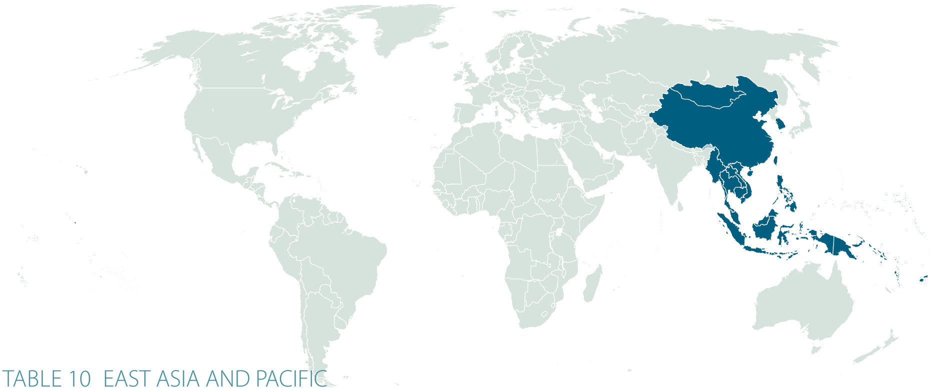


TABLE 10 EAST ASIA AND PACIFIC

REGIONAL SNAPSHOT

Indicator	2000	2005	Current data[a]	Trend
Total population (millions)	1,812	1,893	2,006	
Population growth (annual %)	1.0	0.8	0.7	
GNI per capita (Atlas method, current US$)	905	1,629	5,536	
GDP per capita growth (annual %)	5.9	8.8	6.4	
Population living on less than $1.25 a day (millions)	656[b]	332	251	
Life expectancy at birth, females (years)	73	74	76	
Life expectancy at birth, males (years)	69	71	72	
Youth literacy rate, females (% ages 15–24)	98	—	99	
Youth literacy rate, males (% ages 15–24)	98	—	99	
Labor participation rate, females (% population ages 15+)	67	64	63	
Labor participation rate, males (% population ages 15+)	83	80	79	
Proportion of seats held by women in national parliaments (% total)	17	17	19	
Carbon dioxide emissions (megatons)	4,213	6,854	9,571	
Carbon dioxide emissions, per capita (metric tons)	2.3	3.6	4.9	

PROGRESS TOWARD THE MILLENNIUM DEVELOPMENT GOALS (MDGs)

MDG	1990 baseline	Current data[a]	2015 target	Trend + 2015 target
MDG 1.a Extreme poverty (% population below $1.25 a day, 2005 PPP)	56.2	12.5	28.1	
MDG 2.a Primary completion rate (% relevant age group)	99	105	100	Met at outset
MDG 3.a Ratio of girls to boys in primary and secondary education (%)	88	100	100	
MDG 4.a Infant mortality rate (per 1,000 live births)	45	17	15	
MDG 4.a Under-5 mortality rate (per 1,000)	59	21	20	
MDG 5.a Maternal mortality ratio (modeled estimate, per 100,000 live births)	170	75	43	
MDG 7.c Access to safe drinking water (% population with access)	68	91	84	
MDG 7.c Access to basic sanitation facilities (% population with access)	30	67	65	

Note: The MDG targets are indicative at the regional level based on global MDG targets. PPP = purchasing power parity.
a. = The most current data available between 2010 and 2013; visit http://data.worldbank.org for data updates.
b. = 1999 data.
● = 2015 MDG target.

ARMENIA Hakob Hovhannisyan/Altera LCC/The World Bank

Europe and Central Asia

The 2009 global economic crisis hit Europe and Central Asia harder than any other region, and the recovery has been slower than elsewhere. Although a modest rebound has occurred since 2010, growth has been slower than in all other developing regions. Broader regional GDP—including newly high-income countries—grew just 2.2 percent in 2013, and even slower growth of 1.7 percent is projected for 2014.

Poverty remains throughout Europe and Central Asia when measured at regional thresholds. Because of the harsh climatic conditions, the higher cost of subsistence—including for heating, clothing, and shelter—makes it almost impossible to survive on $1.25 a day. The poverty threshold for the region is $5.00 a day, and the extreme poverty threshold is $2.50 a day. At these thresholds, an estimated 15 percent of the population (about 65 million people) are poor, and 3.5 percent (about 15.5 million people) are extremely poor (2012 estimates as of July 16, 2014).

World Bank assistance

The Bank approved $5.5 billion in lending to the region for 43 projects this fiscal year. Support included $4.7 billion in IBRD loans and $798 million in IDA commitments. The leading sectors were Public Administration, Law, and Justice ($1.7 billion); Energy and Mining ($1.2 billion); and Health and Other Social Services ($552 million).

The Bank signed 36 Reimbursable Advisory Services agreements with 13 countries in the region. The agreements address pension reform, education, capacity building, governance, infrastructure investments, and other issues.

The region's strategy focuses on two main areas of intervention: competitiveness and shared prosperity through jobs and environmental, social, and fiscal sustainability. Governance and gender continue to be thematic priorities under interventions of both pillars.

Increasing competitiveness and shared prosperity through jobs

The Bank is supporting competitiveness and job creation in the region in many ways. It has increased access to finance for small and medium enterprises in Bosnia and Herzegovina and in Croatia; helped to improve skills and increase labor market flexibility in the former Yugoslav Republic of Macedonia; invested in infrastructure in Azerbaijan and Ukraine; strengthened financial sector regulations, the business environment, and policies conducive to innovation in FYR Macedonia and Serbia; and offered advice on innovation, trade, and logistics systems in Poland and Turkey.

The Bank published several important reports on the region. *Shared Prosperity: Paving the Way in Europe and Central Asia* combines macroeconomic drivers (aggregate growth, factor returns, and relative prices) and microeconomic characteristics (particularly assets owned by individuals) to explain income growth among the bottom 40 percent of the population in different parts of the region. It suggests a new approach to development that combines the quest for economic growth with a concern for equity, in recognition of the fact that at least in the long run, the two reinforce each other.

Back to Work: Growing with Jobs in Europe and Central Asia recommends actions in two broad policy areas. The first is establishing an enabling macroeconomic and business environment that allows existing firms to grow and new firms to emerge and succeed or

Countries eligible for World Bank borrowing*

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

* as of June 30, 2014

to fail quickly and at low cost. The second is helping workers to tap new job opportunities by equipping them with the right skills and work incentives, unhindered access to the labor market, and the ability to move to places that offer more or better job opportunities.

Improving social protection and increasing social cohesion

The Bank works with countries in designing and implementing reforms to improve the efficiency and fiscal sustainability of their pension, social protection, and health care systems. Its report titled *The Inverting Pyramid: Pension Systems Facing Demographic Challenges in Europe and Central Asia* documents how pension systems in the region are facing increasing pressures from aging populations and shrinking labor forces. These changes require comprehensive, long-term, and socially sustainable reforms to pension systems so that they can protect the elderly poor and future generations.

The Bank is supporting Armenia and Croatia in their efforts to improve the efficiency and fiscal sustainability of their safety net and pension systems. It is helping to improve health care systems in Bulgaria, Croatia, Kosovo, Moldova, Romania, Tajikistan, and Uzbekistan. The Bank is working to strengthen social cohesion by supporting community-driven development and social accountability in the Kyrgyz Republic and Tajikistan. In Romania and elsewhere, it is helping governments to improve economic opportunities and public services for disadvantaged communities, including the Roma and unemployed youth.

Adapting to climate change and improving energy efficiency

Climate adaptation and energy efficiency remain strategic priorities for Europe and Central Asia, the most energy-intensive region in the world. Greater energy efficiency delivers both environmental and economic gains. In Belarus, Bosnia and Herzegovina, and Turkey, the Bank is working to achieve these gains through policy reforms (such as energy pricing) and investments in both public infrastructure and private industry, including renewable energy and energy efficiency. The cumulative energy savings from the portfolio of Bank projects in the region is comparable to taking 1.4 million cars off the roads.

The Bank is also working with client countries as they adapt to climate change. It is supporting flood recovery and protection in Bosnia and Herzegovina and Serbia following the catastrophic floods of May; improved water resource management (flood protection, water-loss reduction, irrigation efficiency) in Kazakhstan; climate-smart agriculture (switching to more-resilient crops) in Tajikistan; and improved institutional capacity for better weather forecasting and climate change monitoring in the Russian Federation.

TABLE 11 EUROPE AND CENTRAL ASIA

REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2012–14

	Commitments ($ millions)			**Disbursements** ($ millions)		
	FY12	FY13	FY14	FY12	FY13	FY14
IBRD	$6,233	$4,591	$4,729	$5,654	$3,583	$6,537
IDA	$362	$729	$798	$482	$468	$519

Portfolio of projects under implementation as of June 30, 2014: $26.6 billion.

Responding to the urgent crisis in Ukraine

In response to the crisis in Ukraine, the World Bank Group has stepped up its assistance to help stabilize the economy and support the delivery of critical public services. In May 2014, the Board approved a total of $1.4 billion in IBRD loans, including two large investment operations to improve municipal service delivery and a $750 million multisector Development Policy Loan. In addition, the Board approved a $250 million IFC investment project in support of a private sector poultry company. These four projects are part of the World Bank Group's overall assistance to Ukraine announced in March 2014, which aims to provide up to $3.5 billion by the end of 2014.

The Ukrainian government has developed a comprehensive program of reforms, which it is committed to undertake with support from the World Bank Group. The country's leaders are determined to improve public services, strengthen the banking sector, reform the energy sector, seriously tackle corruption and improve accountability, enhance the investment climate, and better target social assistance toward the poor and the vulnerable—and the Bank is determined to help them.

Photo taken by Dmytro Derkach/The World Bank.

To facilitate the exchange of ideas and solutions for addressing climate change, the Bank holds an annual Central Asia Climate Knowledge Forum. The second forum, held in May 2014, brought together nearly 200 policy makers and practitioners from government, national and regional learning institutions, universities, civil society organizations, development partners, international organizations, and other stakeholders interested in climate-resilient development. The forum concluded with a call from all five Central Asian countries for a regional program on climate resilience, to be prepared by the World Bank in partnership with Central Asian countries and development partners.

FIGURE 5 EUROPE AND CENTRAL ASIA

IBRD AND IDA LENDING BY SECTOR | FISCAL 2014

SHARE OF TOTAL OF $5.5 BILLION

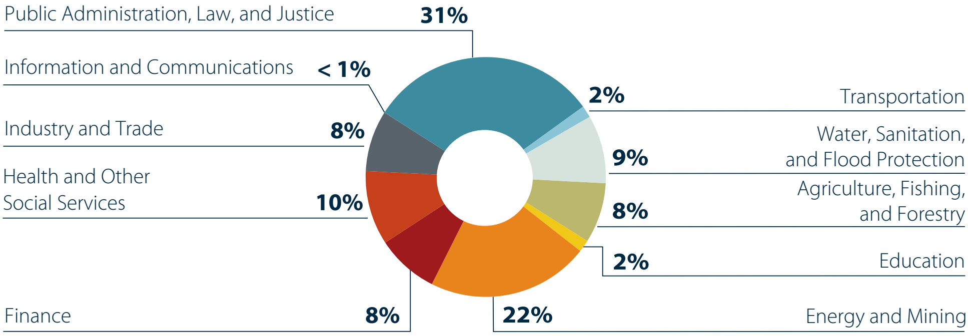
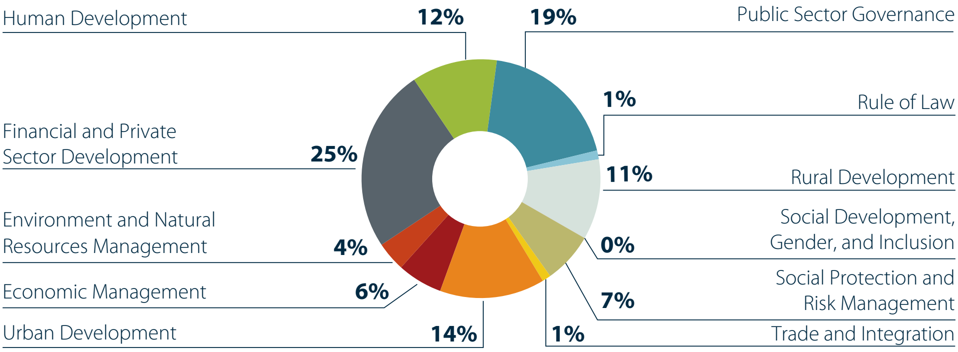


FIGURE 6 EUROPE AND CENTRAL ASIA

IBRD AND IDA LENDING BY THEME | FISCAL 2014

SHARE OF TOTAL OF $5.5 BILLION



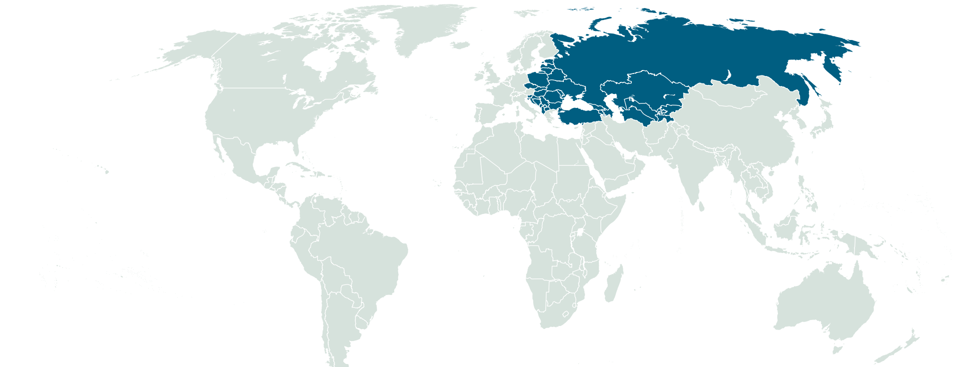


TABLE 12 EUROPE AND CENTRAL ASIA

REGIONAL SNAPSHOT

Indicator	2000	2005	Current data[a]	Trend
Total population (millions)	256	260	272	
Population growth (annual %)	0.3	0.4	0.7	
GNI per capita (Atlas method, current US$)	1,908	3,494	7,086	
GDP per capita growth (annual %)	5.5	6.6	3.2	
Population living on less than $1.25 a day (millions)	18[b]	6	3	
Life expectancy at birth, females (years)	73	74	76	
Life expectancy at birth, males (years)	65	66	69	
Youth literacy rate, females (% ages 15–24)	98	—	99	
Youth literacy rate, males (% ages 15–24)	99	—	100	
Labor participation rate, females (% population ages 15+)	46	44	46	
Labor participation rate, males (% population ages 15+)	69	67	69	
Proportion of seats held by women in national parliaments (% total)	7	11	17	
Carbon dioxide emissions (megatons)	1,191	1,308	1,417	
Carbon dioxide emissions, per capita (metric tons)	4.6	5.0	5.3	

PROGRESS TOWARD THE MILLENNIUM DEVELOPMENT GOALS (MDGs)

MDG	1990 baseline	Current data[a]	2015 target	Trend + 2015 target
MDG 1.a Extreme poverty (% population below $1.25 a day, 2005 PPP)	1.9	0.7	1.0	
MDG 2.a Primary completion rate (% relevant age group)	96	99	100	
MDG 3.a Ratio of girls to boys in primary and secondary education (%)	95	98	100	
MDG 4.a Infant mortality rate (per 1,000 live births)	44	19	15	
MDG 4.a Under-5 mortality rate (per 1,000)	56	22	19	
MDG 5.a Maternal mortality ratio (modeled estimate, per 100,000 live births)	61	28	15	
MDG 7.c Access to safe drinking water (% population with access)	88	95	94	
MDG 7.c Access to basic sanitation facilities (% population with access)	87	94	94	

Note: The MDG targets are indicative at the regional level based on global MDG targets. PPP = purchasing power parity.
a. = The most current data available between 2010 and 2013; visit http://data.worldbank.org for data updates.
b. = 1999 data.
● = 2015 MDG target.

COSTA RICA Cynthia Flores Mora/The World Bank

Latin America and the Caribbean

Economic activity in Latin America and the Caribbean has been weak, reflecting stable or declining commodity prices, weak activity in the United States in the first quarter of 2014, and domestic challenges. Assuming the volume of regional exports to high-income countries strengthens and capital inflows remain strong, regional growth should rise from 1.9 percent in 2014 to 2.9 percent in 2015 and 3.5 percent in 2016. Because the region is encountering supply bottlenecks, sustaining robust growth over the long term will increasingly become a challenge unless productivity-enhancing reforms are stepped up.

Given the level of economic development in the region, the consumption levels used to define poverty are $2.50 and $4.00 a day. Based on these metrics, about 80 million people in the region emerged from poverty in the past decade. The rate of extreme poverty (the share of people living on or below $2.50 a day) was halved, to 12 percent, between 2003 and 2012, and the rate of moderate poverty (the share of people living on or below $4.00 a day) fell from 42 percent to 25 percent. The size of the region's middle class rose to 34 percent of the population in 2012, and persistent inequality has fallen, even as it has risen in most of the rest of the world.

World Bank assistance

The Bank approved $5.1 billion for the region for 41 projects this fiscal year. Support included $4.6 billion in IBRD loans and $460 million in IDA commitments. The leading sectors were Public Administration, Law, and Justice ($1.8 billion); Transportation ($746 million); and Health and Other Social Services ($711 million).

The Bank tailors its diverse financial, knowledge, and convening services to the region's pressing needs. It addresses them through project financing; innovative mechanisms, such as the Climate Investment Funds; and in-depth research, such as the 2013 flagship report *Latin American Entrepreneurs: Many Firms but Little Innovation*. Bank support seeks to generate opportunities for all through public and private sector initiatives that expand public services; improve regional productivity, competitiveness, and integration; create high-quality jobs; and assist people most in need.

Boosting shared prosperity

Despite impressive recent gains—a growing middle class and fewer poor—Latin America and the Caribbean Region remains very unequal, with some 75 million people living on less than $2.50 a day. Another 38 percent of people in the region remain vulnerable to falling back into poverty. Perhaps even more worrisome is the fact that inequality reduction may be stagnating when growth is also slowing.

Addressing the inequality gap and creating opportunities for all is at the top of the Bank's regional agenda. In the Dominican Republic, the Bank and the Inter-American Development Bank are supporting a program that provides technical and life-skills training and on-the-job internships to 38,000 poor, at-risk youth. In Nicaragua, a Bank-supported program to secure land rights for the poor has already benefited more than 44,000 people in rural areas, more than half of them women.

Countries eligible for World Bank borrowing*

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

*as of June 30, 2014

Increasing productivity

The region's extraordinary recent growth and ability to weather the 2008–09 global recession contrast sharply with its lagging productivity in noncommodity sectors. Logistics costs are high, infrastructure is decaying, and education does not provide the skills demanded in the global marketplace. Logistics in the region cost two to four times more than in OECD (Organisation for Economic Co-operation and Development) countries and the Asian Tigers.

To improve productivity, the Bank provided analytical services to Chile to develop a long-term strategy to spur agricultural innovation and increase agricultural productivity. It also supported the government of Paraguay's efforts to link small producers to market opportunities and to improve competitiveness in specific value chains.

Making the state more efficient

Access to high-quality public services remains a challenge, and demand for better services has risen as the middle class has grown. With support from the Bank, municipalities such as Buenos Aires in Argentina and Rio de Janeiro in Brazil are adopting policy reforms to strengthen public sector performance and improve the quality of public service delivery.

Citizen security remains a development challenge for many countries in the region, especially the small ones. The Bank is supporting governments' efforts to find integrated responses to crime and violence through financing as well as high-level knowledge exchanges.

Increasing disaster resilience and protecting the environment

Nine of the world's top-20 disaster-exposed countries are in the region. Mitigating, preventing, and dealing with disasters cost governments about $2 billion a year. Countries are increasingly focusing on prevention. To help them do so, the Bank provides mechanisms to boost resilience, including cutting-edge instruments such as catastrophe risk insurance.

The region is a global showcase for innovative, environmentally friendly practices. Although it accounts for only 5.1 percent of global greenhouse emissions, it has the cleanest energy matrix of the developing world and has adopted payment schemes for preserving the environment.

The economic bonanza of recent years has combined with exploding urbanization. More than 80 percent of the region's population now lives in cities, and the region has the world's fastest-growing motorization rates (4.5 percent per year). To mitigate greenhouse gas emissions from the transport sector, the Bank provided technical assistance to a dozen cities in the region for sustainable transport planning and development.

TABLE 13 LATIN AMERICA AND THE CARIBBEAN

REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2012–14

	Commitments ($ millions)			**Disbursements** ($ millions)		
	FY12	FY13	FY14	FY12	FY13	FY14
IBRD	$6,181	$4,769	$4,609	$6,726	$5,308	$5,662
IDA	$448	$435	$460	$342	$273	$306

Portfolio of projects under implementation as of June 30, 2014: $28.6 billion.

Increasing access to basic health services by vulnerable women and children in Argentina

Basic health indicators deteriorated in Argentina after the 2001 economic crisis, when many Argentines lost their health coverage. In some of the country's poorer northeastern and northwestern provinces, the rate of infant mortality reached 25 per 1,000 live births.

To address the problem, the government of Argentina developed Plan Nacer. Its goals were twofold: to reduce infant mortality by increasing access to health care for uninsured pregnant women and children under age six, and to improve the efficiency and quality of the public health system by introducing changes in the incentive framework.

A rigorous evaluation conducted last fall shows that the program was a success. The percentage of newborns weighing more than 2,500 grams doubled, and the percentage of pregnant women receiving prenatal care before the 20th week of pregnancy tripled. In larger maternity wards, the program reduced the probability of in-hospital neonatal death by 22 percent for users of Plan Nacer clinics and by 74 percent for Plan Nacer beneficiaries. About half of the reduction in deaths was attributed to better prenatal care, which prevented low birth weight; the other half was the result of better postnatal care.

In 2012, the Bank invested $400 million in a successor program, Plan Sumar. The new program covers children and youth up to the age of 19, as well as uninsured women between the ages of 20 and 64. It also expands the package of services included and adds longer-term participation goals. So far, nearly 7.4 million people have registered for this new health plan.

Photo taken by Nahuel Berger/The World Bank.

FIGURE 7 LATIN AMERICA AND THE CARIBBEAN

IBRD AND IDA LENDING BY SECTOR | FISCAL 2014

SHARE OF TOTAL OF $5.1 BILLION

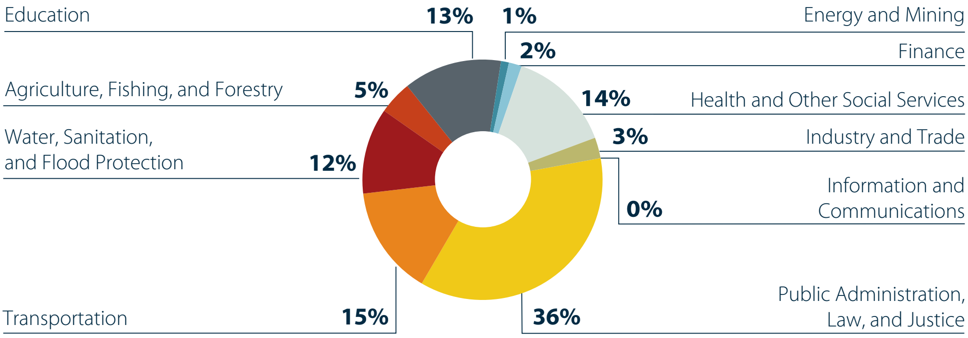


FIGURE 8 LATIN AMERICA AND THE CARIBBEAN

IBRD AND IDA LENDING BY THEME | FISCAL 2014

SHARE OF TOTAL OF $5.1 BILLION

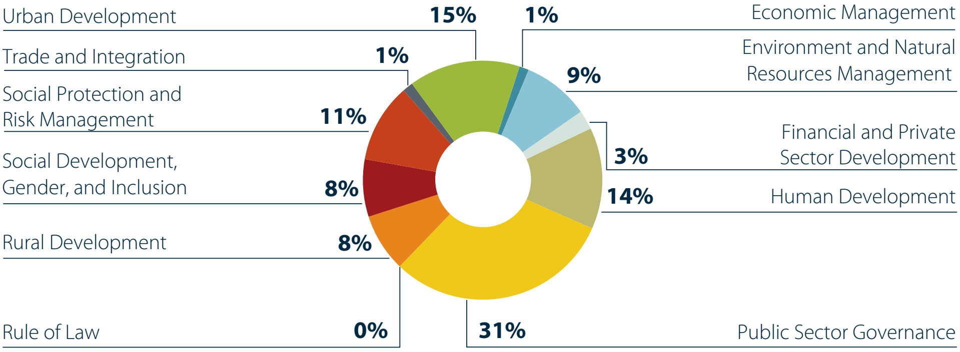


TABLE 14 LATIN AMERICA AND THE CARIBBEAN

REGIONAL SNAPSHOT

Indicator	2000	2005	Current data[a]	Trend
Total population (millions)	500	536	588	
Population growth (annual %)	1.5	1.3	1.1	
GNI per capita (Atlas method, current US$)	4,028	4,344	9,314	
GDP per capita growth (annual %)	2.5	3.1	1.3	
Population living on less than $1.25 a day (millions)	60[b]	48	32	
Life expectancy at birth, females (years)	75	76	78	
Life expectancy at birth, males (years)	68	70	71	
Youth literacy rate, females (% ages 15–24)	97	—	98	
Youth literacy rate, males (% ages 15–24)	96	—	98	
Labor participation rate, females (% population ages 15+)	49	52	54	
Labor participation rate, males (% population ages 15+)	81	81	80	
Proportion of seats held by women in national parliaments (% total)	16	21	26	
Carbon dioxide emissions (megatons)	1,225	1,377	1,554	
Carbon dioxide emissions, per capita (metric tons)	2.4	2.6	2.7	

PROGRESS TOWARD THE MILLENNIUM DEVELOPMENT GOALS (MDGs)

MDG	1990 baseline	Current data[a]	2015 target	Trend + 2015 target
MDG 1.a Extreme poverty (% population below $1.25 a day, 2005 PPP)	12.2	5.5	6.1	
MDG 2.a Primary completion rate (% relevant age group)	82	95	100	
MDG 3.a Ratio of girls to boys in primary and secondary education (%)	101	102	100	Met at outset
MDG 4.a Infant mortality rate (per 1,000 live births)	44	16	15	
MDG 4.a Under-5 mortality rate (per 1,000)	55	19	18	
MDG 5.a Maternal mortality ratio (modeled estimate, per 100,000 live births)	150	87	38	
MDG 7.c Access to safe drinking water (% population with access)	85	94	92	
MDG 7.c Access to basic sanitation facilities (% population with access)	66	81	83	

Note: The MDG targets are indicative at the regional level based on global MDG targets. PPP = purchasing power parity.
a. = The most current data available between 2010 and 2013; visit http://data.worldbank.org for data updates.
b. = 1999 data.
● = 2015 MDG target.

WEST BANK AND GAZA Arne Hoel/The World Bank

Middle East and North Africa

The Middle East and North Africa remains a region in political transition. Tunisia and the Republic of Yemen witnessed positive changes. Jordan, Morocco, and the Gulf Cooperation Council (GCC) countries maintained stability and focused on preserving and furthering social and economic gains. The Arab Republic of Egypt has seen the inauguration of a new president and government, and will focus on economic and fiscal priorities. Violence increased in Iraq and the Syrian Arab Republic, with large influxes of refugees to Lebanon and Jordan.

Economic growth in the region is projected to resume in 2014 and reach 1.9 percent. Oil exporters, especially the GCC countries, are expected to lead the recovery. Large stimulus packages in the GCC states, together with increased flows of funds to the region, particularly to Egypt and Jordan, will boost regional growth rates as capital and current spending continue to rise.

Extreme poverty in this region remains low. However, vulnerability to poverty is very high, with 53 percent of the population living on just $4.00 a day.

World Bank assistance

The Bank approved $2.8 billion for the region for 21 projects this fiscal year. Support included $2.6 billion in IBRD loans and $199 million in IDA commitments. The Bank also committed $68 million in special financing for five projects in the West Bank and Gaza. The top-three sectors in lending in the region were Finance ($773 million); Public Administration, Law, and Justice ($539 million); and Transportation ($431 million).

In addition to financing, the Bank delivered 120 economic and sector work products and nonlending technical assistance. Among the knowledge products, one path-breaking report investigated the extent to which nontransparent regulations and privileges allowed connected business families to amass wealth and profits in prerevolutionary Tunisia. Another provided a rapid assessment of the enormous social and economic impacts placed on Lebanon by the spillover of the Syrian crisis. The region's Reimbursable Advisory Services (RAS) program provided more than $20 million of analytic and advisory services to governments in the region. The RAS program has addressed issues including agricultural development in Algeria, labor markets and social protection in Kuwait, and public finance management in Oman.

The Bank's framework for engagement in response to the Arab Spring and reform efforts is based on four pillars—governance, inclusion, jobs, and sustainable growth—with cross-cutting beams of regional and global integration, gender, and private sector development. Four tactical priorities guide the Bank's engagement in the region: scaling up financial support through partnerships; entering into transformational engagements, particularly with the private sector; fostering resilience to cope with fragility; and taking the institution's commitment to citizen engagement to the next level.

Strengthening governance

The Bank responded to one of the key demands of the Arab Spring—greater transparency and accountability—with a robust program that includes a $250 million Second Programmatic Development Policy Loan (DPL) in Jordan, a $200 million Accountability and Transparency Project in Morocco, and a $250 million Governance and Accountability DPL in Tunisia.

Countries eligible for World Bank borrowing*

Algeria
Djibouti
Arab Republic of Egypt
Islamic Republic of Iran
Iraq
Jordan
Lebanon
Libya
Morocco
Tunisia
Republic of Yemen

This section also reports on the West Bank and Gaza.

* as of June 30, 2014

Additionally, the $5.2 million Fiscal Management Reform 2 Project in Lebanon focuses on local governance and fiscal management.

Increasing social and economic inclusion

A clear demand emanating from the Arab Spring was for greater inclusion and an end to discriminatory practices and policies. Morocco's $159 million Rural Water Supply and $97 million Second Rural Roads projects focus on improving rural services. Tunisia's $26 million Urban Water Supply project and Djibouti's $6 million Second Urban Poverty Reduction Project focus on disadvantaged urban areas. The $8 million Yemen Civil Society Organization (CSO) Project focuses on ensuring that Yemeni CSOs receive the support they need to convey the voices of youth, women, and the poor, who are often excluded from key processes and programs. A $150 million project in Jordan is helping local communities to deal with the impact of the massive influx of Syrian refugees (who now represent 10 percent of Jordan's population). A similar program is being prepared in Lebanon, where the Syrian refugee population has reached nearly 25 percent of the country's population.

Creating jobs

Sustainable private sector jobs are essential to the success of the transition process in this region. Egypt's $300 million Promoting Innovation for Inclusive Financial Access Project; Morocco's $300 million Capital Markets Development and Small and Medium-Size Enterprise Finance Project; Tunisia's $100 million Micro, Small, and Medium Enterprise Development Project; the Republic of Yemen's $20 million Financial Infrastructure Project; and Djibouti's $2 million Governance for Private Sector Development Project all focus on increasing private sector–driven employment and easing access to finance for small firms and entrepreneurs. The innovative private sector project supporting ecotourism in the West Bank facilitated job creation at the rural level under the Abraham Path project. The region also produced seminal, evidence-based analytic pieces on jobs and the business environment in Egypt and Tunisia.

Accelerating sustainable growth

The Middle East and North Africa is the most water-stressed region, and climate change represents a very real threat to long-term sustainability. While this region is responsible for only 6.9 percent of global emissions for low- and middle-income countries, it is embracing environmental stewardship as well as renewable energy. For example, Morocco's $300 million Inclusive Green Growth DPL provides support to sustainable rural growth. The Mocha

TABLE 15 MIDDLE EAST AND NORTH AFRICA

REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2012–14

	Commitments ($ millions)			**Disbursements** ($ millions)		
	FY12	FY13	FY14	FY12	FY13	FY14
IBRD	$1,433	$1,809	$2,588	$1,901	$1,786	$1,666
IDA	$80	$249	$199	$102	$200	$273

Portfolio of projects under implementation as of June 30, 2014: $10.6 billion.

Mitigating the impact of the Syrian conflict on Jordan

Since the outbreak of unrest in Syria in March 2011 and the subsequent armed conflict, millions of Syrians have left the country, most of them for the neighboring countries of Iraq, Jordan, Lebanon, and Turkey. An estimated 2.7 million Syrian refugees now live outside the country (and another 6.5 million are internally displaced). Absorbing such large numbers of refugees represents an enormous challenge for the host countries, with significant civil, social, economic, and political implications.

Among the most severely affected countries is Jordan, where almost 600,000 Syrian refugees currently live. To support its efforts in receiving and caring for this massive influx, the World Bank acted quickly, approving in July 2013 the $150 million Emergency Project to Assist Jordan Partially Mitigate Impact of Syrian Conflict. The loan is helping to ensure that households have affordable access to commodities, such as bread and cooking gas ($80 million); funding vaccines and medicines ($50 million); and relieving pressure on the government's budget for medical services ($20 million). Most of the loan had been disbursed by June 2014.

The Bank also mobilized $50 million in grants to help Jordan address the impact of the Syrian crisis on municipalities. The Jordan Emergency Services and Social Resilience Project—cofinanced by the Bank-administered State and Peace Building Fund, Canada, the United Kingdom, and Switzerland—will be used to improve living conditions in the cities and towns most affected by refugee inflows.

Photo taken by William Stebbins/The World Bank.

Wind Park is an innovative foray into alternative power for the Republic of Yemen. Further, investments in infrastructure are critical for sustained growth and service delivery. In this context, Iraq's $355 million Transport Corridors Project and the Republic of Yemen's $134 million Corridor Highway Project address national and international transport bottlenecks, and support national and global economic integration. Further, a World Bank–IFC public-private partnership operation for solid waste management in the West Bank and Gaza provides for better living conditions and healthier environments, as well as recycling opportunities.

FIGURE 9 MIDDLE EAST AND NORTH AFRICA

IBRD AND IDA LENDING BY SECTOR | FISCAL 2014

SHARE OF TOTAL OF $2.8 BILLION

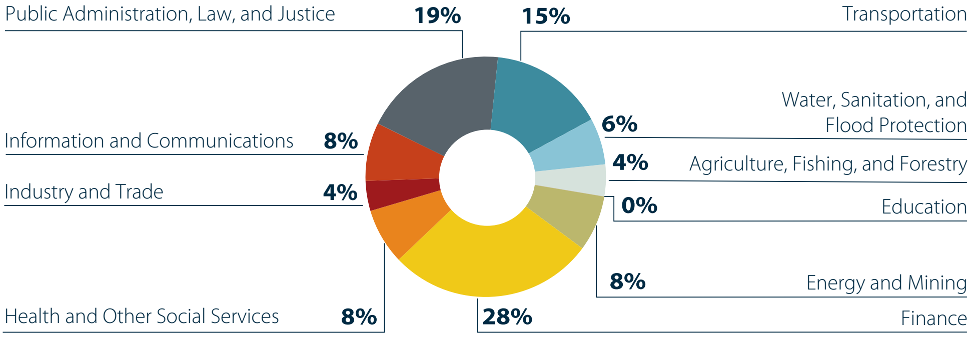
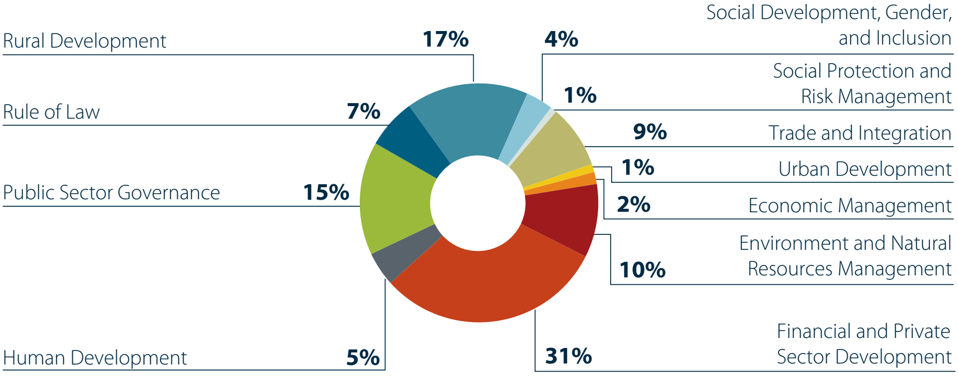


FIGURE 10 MIDDLE EAST AND NORTH AFRICA

IBRD AND IDA LENDING BY THEME | FISCAL 2014

SHARE OF TOTAL OF $2.8 BILLION



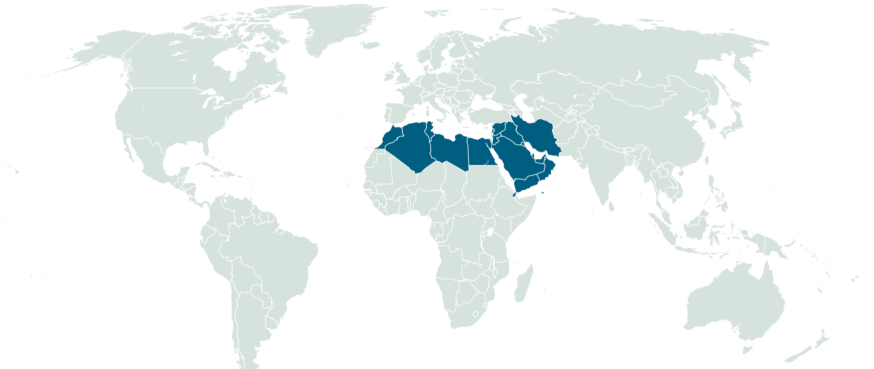


TABLE 16 MIDDLE EAST AND NORTH AFRICA

REGIONAL SNAPSHOT

Indicator	2000	2005	Current data[a]	Trend
Total population (millions)	277	301	345	
Population growth (annual %)	1.8	1.7	1.7	
GNI per capita (Atlas method, current US$)	1,492	1,997	4,520	
GDP per capita growth (annual %)	1.9	3.3	–2.2	
Population living on less than $1.25 a day (millions)	14[b]	10	8	
Life expectancy at birth, females (years)	71	72	74	
Life expectancy at birth, males (years)	67	68	69	
Youth literacy rate, females (% ages 15–24)	80	—	88	
Youth literacy rate, males (% ages 15–24)	90	—	94	
Labor participation rate, females (% population ages 15+)	18	20	20	
Labor participation rate, males (% population ages 15+)	74	74	73	
Proportion of seats held by women in national parliaments (% total)	4	6	16	
Carbon dioxide emissions (megatons)	873	1,090	1,278	
Carbon dioxide emissions, per capita (metric tons)	3.2	3.6	3.9	

PROGRESS TOWARD THE MILLENNIUM DEVELOPMENT GOALS (MDGs)

MDG	1990 baseline	Current data[a]	2015 target	Trend + 2015 target
MDG 1.a Extreme poverty (% population below $1.25 a day, 2005 PPP)	5.8	2.4	2.9	
MDG 2.a Primary completion rate (% relevant age group)	76	95	100	
MDG 3.a Ratio of girls to boys in primary and secondary education (%)	80	94	100	
MDG 4.a Infant mortality rate (per 1,000 live births)	52	21	17	
MDG 4.a Under-5 mortality rate (per 1,000)	68	26	23	
MDG 5.a Maternal mortality ratio (modeled estimate, per 100,000 live births)	160	78	40	
MDG 7.c Access to safe drinking water (% population with access)	87	90	93	
MDG 7.c Access to basic sanitation facilities (% population with access)	70	88	85	

Note: The MDG targets are indicative at the regional level based on global MDG targets. PPP = purchasing power parity.
a. = The most current data available between 2010 and 2013; visit http://data.worldbank.org for data updates.
b. = 1999 data.
● = 2015 MDG target.

AFGHANISTAN Graham Crouch/The World Bank

South Asia

South Asia's economy is projected to grow 5.3 percent in 2014 and 5.9 percent in 2015, up from 4.7 percent in 2013. Economic growth could be held back, however, by an unstable banking sector, inflation, fiscal deficits and debt, and persistent shortfalls in energy and transport infrastructure across the region.

Despite an impressive two-decade decline, extreme poverty remains high in South Asia. About 571 million people in the region survive on less than $1.25 a day. The region accounts for 42 percent of the world's poor, with more than 200 million people living in slums and half a billion people going without electricity. Extreme forms of social exclusion and huge infrastructure gaps mark many countries, and inequality is rising in the larger countries. Development in the region will be key to meeting global poverty and prosperity goals.

World Bank assistance

The Bank approved $10.5 billion for the region for 42 projects this fiscal year. Support included $2.1 billion in IBRD loans and $8.5 billion in IDA commitments. The leading sectors were Energy and Mining ($2.4 billion); Transportation ($2.3 billion); and Education ($1.4 billion).

To unleash the region's development potential, the Bank's strategy for South Asia focuses on growth, social inclusion, and climate and environmental management. A focus on improved governance and gender equality informs work across the region.

Spurring growth and reducing poverty

Infrastructure gaps in South Asia stymy growth and entrench poverty. To help the region to bridge the gaps, the Bank is supporting the transformational Central Asia–South Asia Electricity Project (CASA-1000), which will put in place the commercial and institutional arrangements, as well as the infrastructure required, to support the sustainable trade of 1,300 megawatts of electricity. The project will build more than 1,200 kilometers of electricity transmission lines and associated substations to transmit excess summer hydropower energy from existing power-generation stations in the Kyrgyz Republic and Tajikistan to Afghanistan and Pakistan.

To support Pakistan's economic reforms, the Bank approved a package of assistance worth $1 billion. The $600 million Power Sector Reform Development Policy Credit, which is being supplemented with cofinancing by the Asian Development Bank and Japan, supports Pakistan's goal of developing an efficient and consumer-oriented electric power system. The $400 million Fiscally Sustainable and Inclusive Growth Development Policy Credit supports Pakistan's goal of accelerating growth to help create jobs and economic opportunity for all.

The Bank approved a $600 million loan to improve the quality of the electricity supply in rural areas in eastern Bangladesh. The Rural Electricity Transmission and Distribution Project will help to ensure that a larger percentage of the electricity generated reaches rural consumers, which will increase the quality and reliability of the power supply to 25 million people in rural Bangladesh. A $107 million IDA credit for road construction in the Indian state of Mizoram will significantly increase connectivity among India, Bangladesh, Myanmar, and Nepal.

The new Country Partnership Strategy for Nepal, covering the next four years, supports increasing economic growth and competitiveness, and will focus on expanding hydroelectric power generation, enhancing transport connectivity, and improving the business

Countries eligible for World Bank borrowing*

Afghanistan	Bhutan	Maldives	Pakistan
Bangladesh	India	Nepal	Sri Lanka

* as of June 30, 2014

environment. It provides support to increasing inclusive growth and opportunities for shared prosperity; enhancing the productivity of agriculture; and equalizing access to health care, skills development, and social protection.

Enhancing social inclusion

The Bank focused on improving access to and the quality of public services, building social cohesion, and tackling the most difficult forms of exclusion and deprivation. It approved a $50 million package to support implementation of the Punjab Public Management Reform Program, which will help to improve the transparency and resource management of targeted departments. The project, which uses the Bank's Program-for-Results instrument, will scale up activities using innovative financing to emphasize results, take a multisectoral approach, and increase citizen access to information.

A multifaceted program on gender-based violence in the region includes analytical work, advocacy, and evaluations. The Bank empowers women through rural livelihood programs and projects that focus on gender equality through specific interventions that seek to improve girls' education and access to labor markets and finance.

Supporting management of climate and the environment

To reduce disaster risk in the region, the Bank increased its investments from $425 million in fiscal 2012 to $2.4 billion in fiscal 2014. Sri Lanka became the first South Asian country to access a Development Policy Loan with a Catastrophe Deferred Drawdown Option. The $102 million facility was approved along with a $110 million IDA credit Climate Resilience Improvement Project, which will finance both short- and long-term interventions to reduce climate and disaster risk.

A $250 million IDA credit for the Uttarakhand Disaster Recovery Project will support the Indian state in its postdisaster recovery plans and strengthen its capacity for disaster risk management. The project was prepared within three months after the unprecedented rainfall that devastated towns in Uttarakhand in June 2013. About 2,500 permanent, disaster-resilient houses will be built and about 3,600 kilometers of roads reconstructed.

Sharing knowledge, delivering solutions

The Bank's analytical work in the region this year included the preparation of policy notes in anticipation of newly elected governments in Afghanistan, Bangladesh, and Nepal. The Bank

TABLE 17 SOUTH ASIA

REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2012–14

	Commitments ($ millions)			**Disbursements** ($ millions)		
	FY12	FY13	FY14	FY12	FY13	FY14
IBRD	$1,158	$378	$2,077	$1,037	$1,103	$1,165
IDA	$5,288	$4,096	$8,458	$2,904	$2,724	$4,271

Portfolio of projects under implementation as of June 30, 2014: $40.1 billion.

Lighting up rural communities in Bangladesh

Only about 40 percent of rural households in Bangladesh have access to grid electricity. As a result, for millions of rural people, most activities come to a near standstill once the sun goes down. To address the problem, in 2002, the Bank provided $191 million to support the first Rural Electrification and Renewable Energy Development Project (RERED). The project established solar home systems as a practical and cost-effective alternative to electrification in remote rural areas, where grid electricity is not economically viable. Together with support from IDA and other development partners, the project supported the installation of about 2 million solar home systems.

In 2012, the Bank's Executive Directors approved a $155 million loan to finance RERED II, building on the success of the earlier project. In addition to continuing Bank support for solar home systems, it supports renewable energy–based mini-grid options for access to electricity, the replacement of diesel pumps with solar irrigation pumps, and the dissemination of higher-efficiency cook stoves and biogas plants for cooking. The project also supports the second phase of the energy-efficient compact fluorescent light deployment and provides support for technical assistance to the energy sector for reform and capacity building. More than 50,000 solar home systems are being installed every month, making the program the fastest-growing solar home system in the world.

Results have been wide ranging. A recent impact evaluation study confirmed that access to electrification increased study time for children; improved mobility and the sense of security for women; and spurred the use of contraceptives and the decline in fertility, thanks to awareness from watching TV.

Photo taken by Arne Hoel/The World Bank.

also published *Reducing Poverty by Closing South Asia's Infrastructure Gap*, its first comparative analysis of the region's infrastructure needs. The recently published *South Asia Economic Focus, Spring 2014: Time to Refocus* reports on recent economic developments and provides a near-term economic outlook for the region.

FIGURE 11 SOUTH ASIA

IBRD AND IDA LENDING BY SECTOR | FISCAL 2014

SHARE OF TOTAL OF $10.5 BILLION

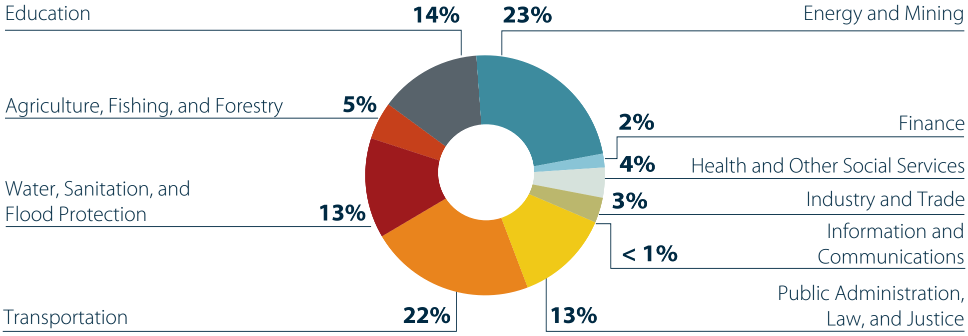
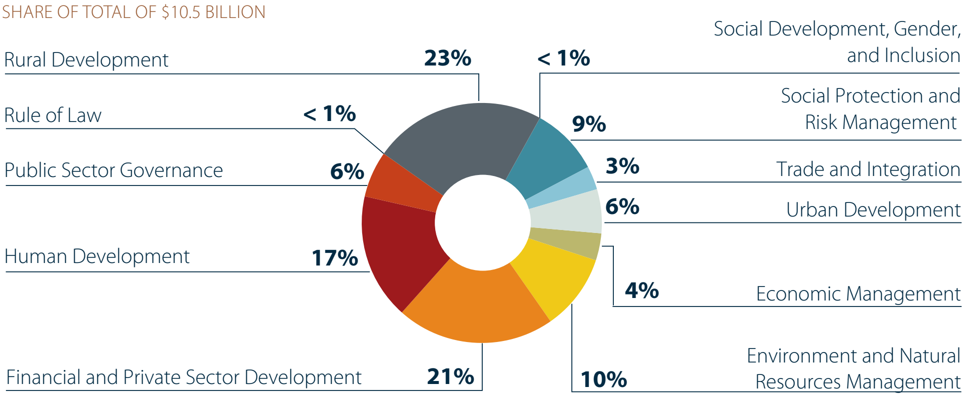


FIGURE 12 SOUTH ASIA

IBRD AND IDA LENDING BY THEME | FISCAL 2014

SHARE OF TOTAL OF $10.5 BILLION



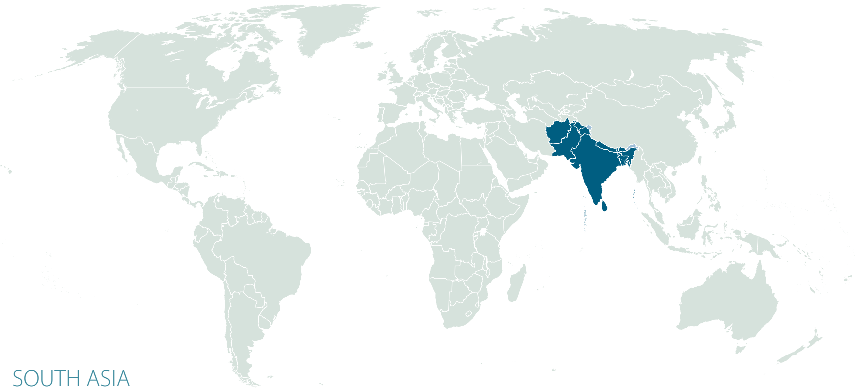


TABLE 18 SOUTH ASIA

REGIONAL SNAPSHOT

Indicator	2000	2005	Current data[a]	Trend
Total population (millions)	1,382	1,499	1,671	
Population growth (annual %)	1.8	1.5	1.3	
GNI per capita (Atlas method, current US$)	448	700	1,474	
GDP per capita growth (annual %)	2.3	7.1	3.8	
Population living on less than $1.25 a day (millions)	619[b]	598	507	
Life expectancy at birth, females (years)	64	66	68	
Life expectancy at birth, males (years)	62	63	65	
Youth literacy rate, females (% ages 15–24)	64	—	73	
Youth literacy rate, males (% ages 15–24)	80	—	86	
Labor participation rate, females (% population ages 15+)	35	37	32	
Labor participation rate, males (% population ages 15+)	83	83	81	
Proportion of seats held by women in national parliaments (% total)	8	13	20	
Carbon dioxide emissions (megatons)	1,336	1,602	2,253	
Carbon dioxide emissions, per capita (metric tons)	1.0	1.1	1.4	

PROGRESS TOWARD THE MILLENNIUM DEVELOPMENT GOALS (MDGs)

MDG	1990 baseline	Current data[a]	2015 target	Trend + 2015 target
MDG 1.a Extreme poverty (% population below $1.25 a day, 2005 PPP)	53.8	31.0	26.9	
MDG 2.a Primary completion rate (% relevant age group)	64	91	100	
MDG 3.a Ratio of girls to boys in primary and secondary education (%)	68	97	100	
MDG 4.a Infant mortality rate (per 1,000 live births)	92	47	31	
MDG 4.a Under-5 mortality rate (per 1,000)	129	60	43	
MDG 5.a Maternal mortality ratio (modeled estimate, per 100,000 live births)	550	190	138	
MDG 7.c Access to safe drinking water (% population with access)	71	91	86	
MDG 7.c Access to basic sanitation facilities (% population with access)	21	40	60	

Note: The MDG targets are indicative at the regional level based on global MDG targets. PPP = purchasing power parity.
a. = The most current data available between 2010 and 2013; visit http://data.worldbank.org for data updates.
b. = 1999 data.
● = 2015 MDG target.

The Roles of IBRD and IDA

The role of IBRD

The International Bank for Reconstruction and Development (IBRD) is a global development cooperative owned by its 188 member countries. It works with its members to achieve equitable and sustainable economic growth in their national economies and to find solutions to pressing regional and global problems in economic development and other important areas, such as environmental sustainability. As the largest development bank in the world and part of the World Bank Group, IBRD has two main goals: to end extreme poverty and to boost shared prosperity. It seeks to achieve these goals primarily by providing loans, guarantees, risk management products, and expertise on development-related disciplines, as well as by coordinating responses to regional and global challenges. (See **worldbank.org/ibrd**.)

IBRD financial commitments and services

New lending commitments by IBRD were $18.6 billion in fiscal 2014 for 95 operations. This volume was higher than the precrisis historical average ($13.5 billion a year in fiscal 2005–08) and the $15.2 billion in fiscal 2013. Europe and Central Asia ($4.7 billion) and Latin America and the Caribbean ($4.6 billion) received the largest shares of new lending, followed by East Asia and Pacific ($4.2 billion). Commitments to the Middle East and North Africa ($2.6 billion), South Asia ($2.1 billion), and Africa ($420 million) followed. Public Administration, Law, and Justice received the largest sector commitments ($4.8 billion), followed by Transportation ($4.0 billion), Energy and Mining ($2.4 billion), and Health and Other Social Services ($1.6 billion). Financial and Private Sector Development received the largest share of commitments (27 percent) for themes, followed by Public Sector Governance (18 percent) and Urban Development (11 percent).

IBRD also offers financial products that allow clients to efficiently fund their development programs and manage risks related to currency, interest rates, commodity prices, and natural disasters. In fiscal 2014, the Bank's Treasury executed U.S. dollar equivalent (USDeq) 4.3 billion in hedging transactions on behalf of member countries, including USDeq 2.7 billion in interest rate hedges, USDeq 1.1 billion in currency hedges, USDeq 52 million in hedges against non-IBRD obligations, and USDeq 547 million for disaster risk management. Disaster risk management included the renewal of the Pacific Catastrophe Risk Insurance Pilot project for the second year, with coverage increasing from $45 million to $67 million and the inclusion of the Cook Islands and a $30 million debut catastrophe bond providing reinsurance to the Caribbean Catastrophe Risk Insurance Facility. In addition, the Bank's Treasury executed swap transactions totaling USDeq 33.1 billion to manage the risks of IBRD's balance sheet. (See **treasury.worldbank.org/bdm/htm/risk_financing.html**.)

IBRD resources

IBRD issues bonds in international capital markets and provides loans, guarantees, and other risk management products, as well as technical assistance for economic reform projects and programs to middle-income countries and creditworthy low-income countries. In fiscal 2014, it raised USDeq 51 billion by issuing bonds in 22 currencies. Its standing in the capital markets and its financial strength allowed IBRD to borrow these large volumes on very favorable terms despite volatile market conditions.

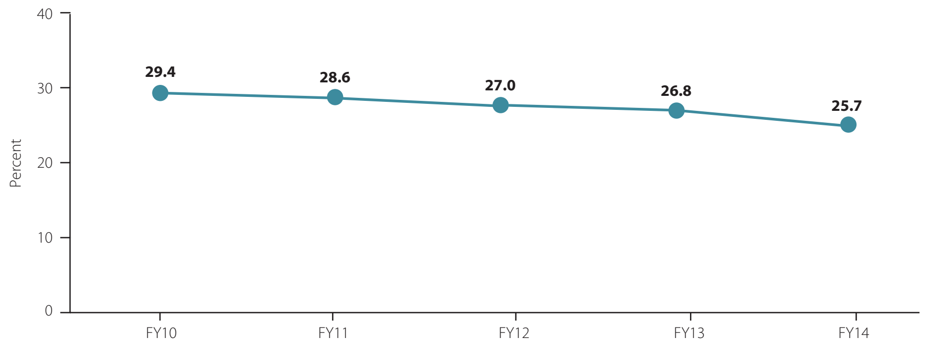
IBRD's financial strength is based on its robust capital position and shareholder support, as well as on prudent financial policies and practices that help to maintain its triple-A credit rating. IBRD's equity comprises primarily paid-in capital and reserves. Under the terms of the general and selective capital increase resolutions approved by the Board of Governors on March 16, 2011, subscribed capital is expected to increase by $87.0 billion, of which $5.1 billion will be paid in over a five-year period. As of June 30, 2014, the cumulative increase in subscribed capital totaled $42.6 billion. Related paid-in amounts in connection with the capital increase were $2.5 billion.

As a cooperative institution, IBRD seeks not to maximize profit but to earn enough income to ensure its financial strength and sustain its development activities. Of fiscal 2013 allocable net income, the Board of Executive Directors approved the addition of $147 million to the general reserve and recommended to the Board of Governors the transfer of $621 million to IDA and the allocation of $200 million to surplus.

FIGURE 13

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

AS OF JUNE 30, 2014



Consistent with IBRD's development mandate, the principal risk it takes is the country credit risk inherent in its portfolio of loans and guarantees. One summary measure of 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 25.7 percent as of June 30, 2014.

As one of the pioneers of the green bond market and one of the largest issuers of green bonds, IBRD has raised USDeq over 6.3 billion in 66 green bond transactions denominated in 17 currencies since its first green bond was issued in 2008. World Bank Green Bonds support lending to eligible development programs that are designed to address the challenges of climate change, including mitigation projects and programs as well as activities that help countries to adapt to the effects of climate change and build climate resilience. (See **treasury.worldbank.org/cmd/htm/WorldBankGreenBonds.html**.)

The role of IDA

The International Development Association (IDA) is the largest multilateral source of concessional financing and the main instrument for pursuing the World Bank Group's twin goals of ending extreme poverty and boosting shared prosperity in a sustainable manner in the world's poorest countries. IDA's funding supports countries' efforts to increase economic growth, reduce poverty, and improve the living conditions of the poor. In fiscal year 2014, 82 countries were eligible to receive IDA assistance. (See **worldbank.org/ida**.)

IDA financial commitments

IDA commitments amounted to $22.2 billion in fiscal 2014, including $18.5 billion in credits, $2.8 billion in grants, and $937 million in guarantees. The largest share of resources was committed to Africa, which received $10.2 billion. South Asia ($8.5 billion) and East Asia and Pacific ($2.1 billion) also received large shares of committed funding, followed by Europe and Central Asia ($798 million), Latin America and the Caribbean ($460 million), and the Middle East and North Africa ($199 million). India ($3.1 billion) and Pakistan ($2.1 billion) were the largest country recipients.

Commitments for infrastructure—including the sectors Energy and Mining; Transportation; Water, Sanitation, and Flood Protection; and Information and Communications—reached $10.4 billion. Significant support was also committed to the sectors of Public Administration, Law, and Justice ($4.0 billion); Education ($2.3 billion); and Agriculture, Fishing, and Forestry ($2.3 billion). The themes receiving the highest share of commitments were Rural Development ($4.6 billion), Human Development ($3.4 billion), and Financial and Private Sector Development ($2.9 billion).

IDA resources

IDA is financed largely by contributions from partner governments. Additional financing comes from transfers from IBRD's net income, grants from the International Finance Corporation (IFC), and borrowers' repayments of earlier IDA credits.

Every three years, partner governments and representatives of borrower countries meet to agree on IDA's strategic direction, priorities, and financing for the subsequent three-year implementation period. During the IDA16 Replenishment, which covered fiscal years 2012–14, total resources, reflecting updates subsequent to the replenishment discussions, amounted to 33.8 billion in Special Drawing Rights (SDR) (equivalent to \$50.8 billion). Of this amount, SDR 31.7 billion (equivalent to \$47.6 billion) was made available, including unqualified partner contributions of SDR 16.7 billion (equivalent to \$25.1 billion) from 46 countries and contributions to the Multilateral Debt Relief Initiative (MDRI) of SDR 2.2 billion (equivalent to \$3.3 billion). IDA16 funding also included credit reflows of SDR 8.9 billion (equivalent to \$13.4 billion); fully paid contributions from IBRD and IFC, including associated investment income, of SDR 1.8 billion (equivalent to \$2.7 billion); and balances carried forward from prior replenishments of SDR 2.0 billion (equivalent to \$3.0 billion). (The U.S. dollar equivalents are based on the reference exchange rate for IDA16. The amounts are provided for illustrative purposes only.)

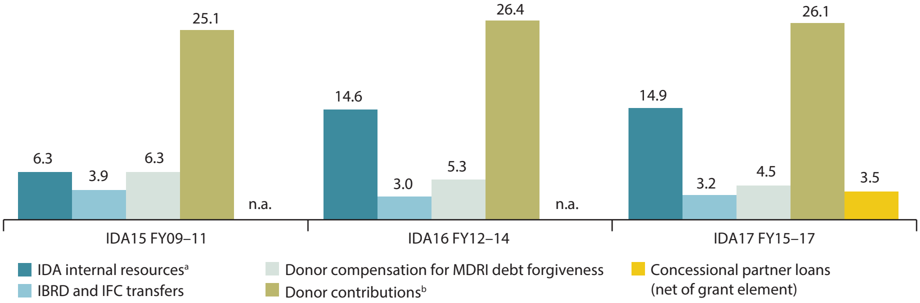
The overarching theme and main focus of IDA16 was the delivery of development results. IDA16 special themes included crisis response, gender, climate change, and fragile and conflict-affected situations. IDA16 also included funding for a dedicated Crisis Response Window to help low-income countries to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

The process for the IDA17 Replenishment (IDA17), which will cover fiscal years 2015–17, was completed in December 2013. The record envelope of SDR 34.6 billion (equivalent to \$52.1 billion) represented an increase over IDA16 of 5.3 percent in SDR terms (5.7 percent in U.S. dollar terms), as agreed upon at the final IDA16 pledging session. Forty-seven partners, three of which are new contributing partners, pledged SDR 17.3 billion (equivalent to \$26.1 billion) in grants, of which SDR 0.6 billion (equivalent to \$0.9 billion) is the grant element from concessional partner loan contributions. Partners are providing SDR 2.9 billion (equivalent to \$4.4 billion) in concessional partner loans, an important innovation developed during the course of the replenishment discussions to leverage IDA's resources in a financially sustainable way. Contributing partners will also provide SDR 3.0 billion (equivalent to \$4.5 billion) in compensation for debt relief under the MDRI. Credit reflows of IDA are estimated to provide some SDR 9.5 billion (equivalent to \$14.3 billion). This figure includes SDR 0.8 billion (equivalent to \$1.2 billion) from the hardening of lending terms of IDA-only client countries with low and moderate levels of debt distress and SDR 1.9 billion (equivalent to \$2.8 billion) from contractual accelerated repayments of outstanding credits from IDA graduates and voluntary prepayments. Contributions from World Bank Group resources, through transfers from IBRD and IFC, including associated investment income, are planned at SDR 2.1 billion (equivalent to \$3.2 billion); such transfers are approved annually by the IBRD's Board of Governors and the IFC's Board of Directors, based on evaluations of the institutions' annual results and financial capacities. Carry forward of unused IDA16 arrears clearance funding will amount to SDR 0.4 billion (equivalent to \$0.6 billion). (The U.S. dollar equivalents are based on the reference exchange rate for IDA17. The amounts are provided for illustrative purposes only.)

FIGURE 14

IDA REPLENISHMENTS

BILLIONS OF DOLLARS



Note: n.a. = not applicable. Data reflects final agreed replenishment reports and exchange rates used during the replenishment discussions.
a. IDA internal resources include principal repayments, charges, and investment income.
b. Net of structural financing gap.

FIGURE 15

IBRD AND IDA LENDING BY REGION | FISCAL 2014

SHARE OF TOTAL LENDING OF $40.8 BILLION

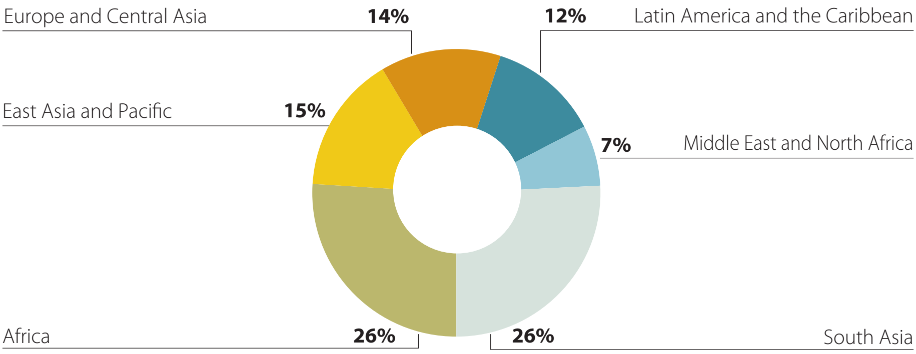


FIGURE 16

IBRD AND IDA LENDING BY SECTOR | FISCAL 2014

SHARE OF TOTAL LENDING OF $40.8 BILLION

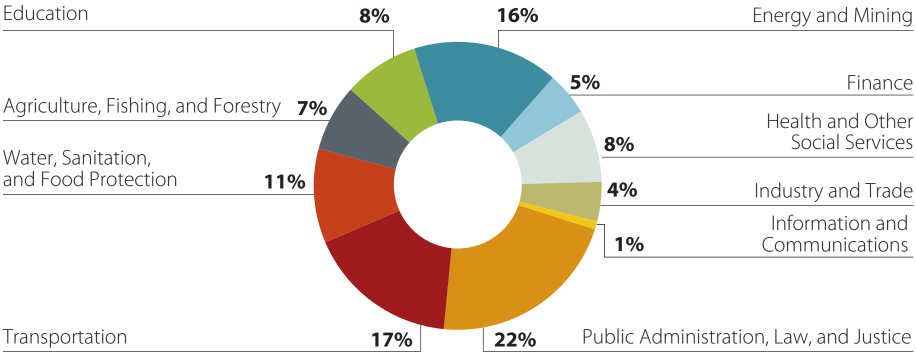


FIGURE 17

IBRD AND IDA LENDING BY THEME | FISCAL 2014

SHARE OF TOTAL LENDING OF $40.8 BILLION

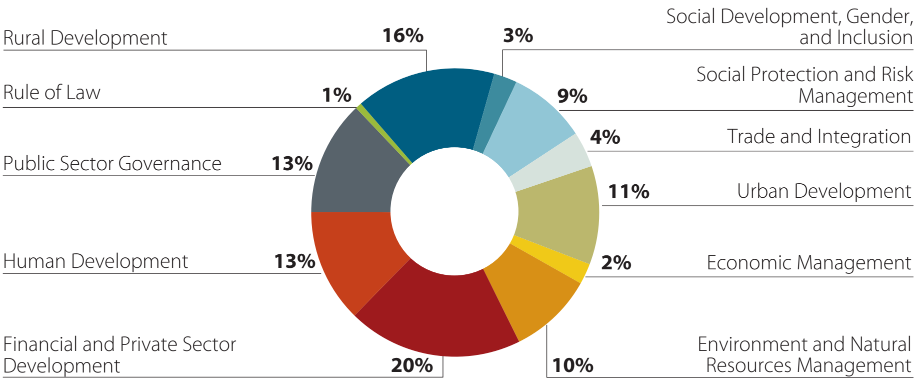


TABLE 19

OPERATIONAL SUMMARY | FISCAL 2010–14

MILLIONS OF DOLLARS

IBRD	FY14	FY13	FY12	FY11	FY10
Commitments	18,604	15,249	20,582	26,737	44,197
Of which development policy lending	7,997	7,080	10,333	9,524	20,588
Gross disbursements	18,761	15,830	19,777	21,879	28,855
Of which development policy lending	9,786	5,972	9,052	10,582	17,425
Principal repayments (including prepayments)	9,805	9,470	11,970	13,885	11,624
Net disbursements	8,956	6,361	7,806	7,994	17,231
Loans outstanding	154,021	143,776	136,325	132,459	120,103
Undisbursed loans	58,449	61,306	62,916	64,435	63,574
Operating income[a]	728	876	783	1,023	800
Usable capital and reserves	40,467	39,711	37,636	38,689	36,106
Equity-to-loans ratio	26%	27%	27%	29%	29%

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

IDA	FY14	FY13	FY12	FY11	FY10
Commitments	22,239	16,298	14,753	16,269	14,550
Of which development policy lending	2,489	1,954	1,827	2,032	2,370
Gross disbursements	13,432	11,228	11,061	10,282	11,460
Of which development policy lending	2,644	1,662	2,092	1,944	3,228
Principal repayments (including prepayments)	3,636	3,845	4,023	2,501	2,349
Net disbursements	9,878	7,371	7,037	7,781	9,111
Credits outstanding	136,011	125,135	123,576	125,287	113,474
Undisbursed credits	46,844	39,765	37,144	38,059	30,696
Undisbursed grants	6,983	6,436	6,161	6,830	5,837
Development grant expenses	2,645	2,380	2,062	2,793	2,583

TABLE 20

WORLD BANK LENDING BY THEME AND SECTOR | FISCAL 2010–14

MILLIONS OF DOLLARS

THEME	FY14	FY13	FY12	FY11	FY10
Economic Management	955	484	1,293	655	3,950
Environment and Natural Resources Management	3,883	2,470	3,997	6,102	4,337
Financial and Private Sector Development	8,028	4,380	4,743	7,981	17,726
Human Development	5,192	4,348	4,961	4,228	8,421
Public Sector Governance	5,252	3,790	4,035	4,518	5,750
Rule of Law	291	590	126	169	207
Rural Development	6,437	4,651	5,443	5,636	5,004
Social Development, Gender, and Inclusion	1,064	1,310	1,247	908	952
Social Protection and Risk Management	3,585	3,956	3,502	5,691	5,006
Trade and Integration	1,643	2,707	1,872	2,604	1,818
Urban Development	4,511	2,861	4,118	4,514	5,575
THEME TOTAL	**40,843**	**31,547**	**35,335**	**43,006**	**58,747**

SECTOR	FY14	FY13	FY12	FY11	FY10
Agriculture, Fishing, and Forestry	3,059	2,112	3,134	2,128	2,618
Education	3,457	2,731	2,959	1,733	4,945
Energy and Mining	6,689	3,280	5,000	5,807	9,925
Finance	1,984	2,055	1,764	897	9,137
Health and Other Social Services	3,353	4,363	4,190	6,707	6,792
Industry and Trade	1,807	1,432	1,352	2,167	1,251
Information and Communications	381	228	158	640	146
Public Administration, Law, and Justice	8,837	7,991	8,728	9,673	10,828
Transportation	6,946	5,135	4,445	8,638	9,002
Water, Sanitation, and Flood Protection	4,332	2,220	3,605	4,617	4,103
SECTOR TOTAL	**40,843**	**31,547**	**35,335**	**43,006**	**58,747**
Of which IBRD	**18,604**	**15,249**	**20,582**	**26,737**	**44,197**
Of which IDA	**22,239**	**16,298**	**14,753**	**16,269**	**14,550**

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

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 World Bank has made important contributions across many areas to support development results by its partner countries, as shown in these selected examples from around the world. The accompanying map also shows the current borrowing eligibility of member countries. For more information, visit **worldbank.org/results**.

1 **Argentina:** Women attending their first antenatal care visit before the 20th week of pregnancy increased from 23 percent to 67 percent between 2006 and 2012.

2 **Armenia:** 95 percent of citizens had access to qualified family practices for basic health care services in 2013, compared to 85 percent in 2010.

3 **Benin:** 38,000 people—77 percent women—in 512 previously unserved communities have gained access to microfinance services since 2005.

4 **Brazil:** 13,687 additional students were enrolled in professional education schools between 2010 and 2013.

5 **Burundi:** More than 1,500 kilometers of roads were maintained in 2013, compared to none in 2003.

6 **Cambodia:** The share of births delivered by trained health personnel increased from 65 percent in 2009 to 85 percent in 2013.

7 **China:** Over 20 million people have improved resident health and living standards because of improved water and pollution control.

8 **Democratic Republic of Congo:** 3,951 survivors of sexual violence in the war-torn province of South Kivu have received medical and therapeutic care since 2010.

9 **Dominican Republic:** 700,000 adults enrolled in a second-chance literacy program in 2013.

10 **Arab Republic of Egypt:** Polluting brick kilns were converted to natural gas, which reduced the exposure of approximately 717,500 people to health-damaging particulate matter.

11 **Georgia:** Poverty rates decreased from 21 percent in 2010 to less than 15 percent in 2012.

12 **Ghana:** A public-private partnership project that develops e-government infrastructure produced over 8,093 new jobs in 2013, of which 54 percent were held by women.

13 **Guinea-Bissau:** With the help of local communities, 480,000 hectares of the coastal zone were conserved with the intent to form the backbone of a future tourism industry.

14 **India:** More than 6,000 hectares of mangroves have been planted as part of integrated coastal management.

15 **Kenya:** 60,000 smallholder farmers are now selling carbon credits earned by improved agricultural land management practices, which trap carbon dioxide in soil.

16 **Kyrgyz Republic:** Over 50,000 people were trained since 2000 to manage irrigation areas covering 710,000 hectares.

17 **Madagascar:** 291 schools damaged by natural disasters were rehabilitated or reconstructed between 2009 and 2013.

18 **Malawi:** 391,338 people with advanced HIV infection were on ARV therapy in 2012, up from 3,000 in 2002.

19 **Moldova:** Access to preschool programs increased from 77 percent in 2010 to 82 percent by 2013.

20 **Mongolia:** About 500,000 people have gained access to solar power since 2006.

21 **Morocco:** Completion rates in lower secondary education increased to 65 percent in 2012 from 52 percent in 2009.

22 **Nicaragua:** 15 indigenous territories—over 20 percent of the national territory—were demarcated and titled to the benefit of more than 100,000 indigenous people by 2013.

23 **Nigeria:** 200,000 daily commuters in Lagos are now using a bus rapid transport system, cutting their time in transit by 40 percent.

24 **Pakistan:** Nearly 2 million citizens in Punjab have benefited from improved local government services, prioritized through a demand-driven planning process, between 2006 and 2013.

25 **Philippines:** 1.6 million households in the poorest parts of the country benefited from local projects for water systems, school buildings, day care centers, health stations, roads, and bridges since 2002.

26 **Rwanda:** 37,771 ex-combatants had demobilized and were provided with reintegration benefits as of November 2013.

27 **Tajikistan:** 10,321 jobs were created in rural areas between 2011 and 2013.

28 **Tanzania:** Over 12 million people gained access to improved health services between 2005 and 2013.

29 **Turkey:** Satisfaction with land registry and cadastre services improved from 40 percent in 2008 to 85 percent in 2013.

30 **Vietnam:** More than 1.2 million people in Ho Chi Minh City now benefit from a modern sanitation and flood control system.

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In recent years, World Bank investments have helped to

- Construct or rehabilitate generation capacity of **1,430 megawatts** of conventional and **904 megawatts** of renewable energy
- Provide **6.9 million** people with direct access to electricity
- Cover **37.4 million** people by social safety net programs
- Reduce **903 million** tons of CO_2 emissions annually through special climate instruments
- Construct or rehabilitate **95,000 kilometers** of roads
- Support **1.8 million** farmers in adopting improved agricultural technology
- Provide **35.3 million** people with access to an improved water source
- Provide **6.8 million** people with access to improved sanitation facilities
- Reach **15.3 million** people and micro, small, and medium enterprises with financial services
- Support **29 countries** in institutionalizing disaster risk reduction as a national priority

The list above highlights selected results achieved by World Bank clients during fiscal 2011 to fiscal 2013 and supported by World Bank operations. The World Bank is comprised of the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA), and it is committed to the goals of ending extreme poverty and boosting shared prosperity and to achieving both in a sustainable manner. The World Bank provides financing, knowledge, and convening services that help client countries address their most important development challenges.

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