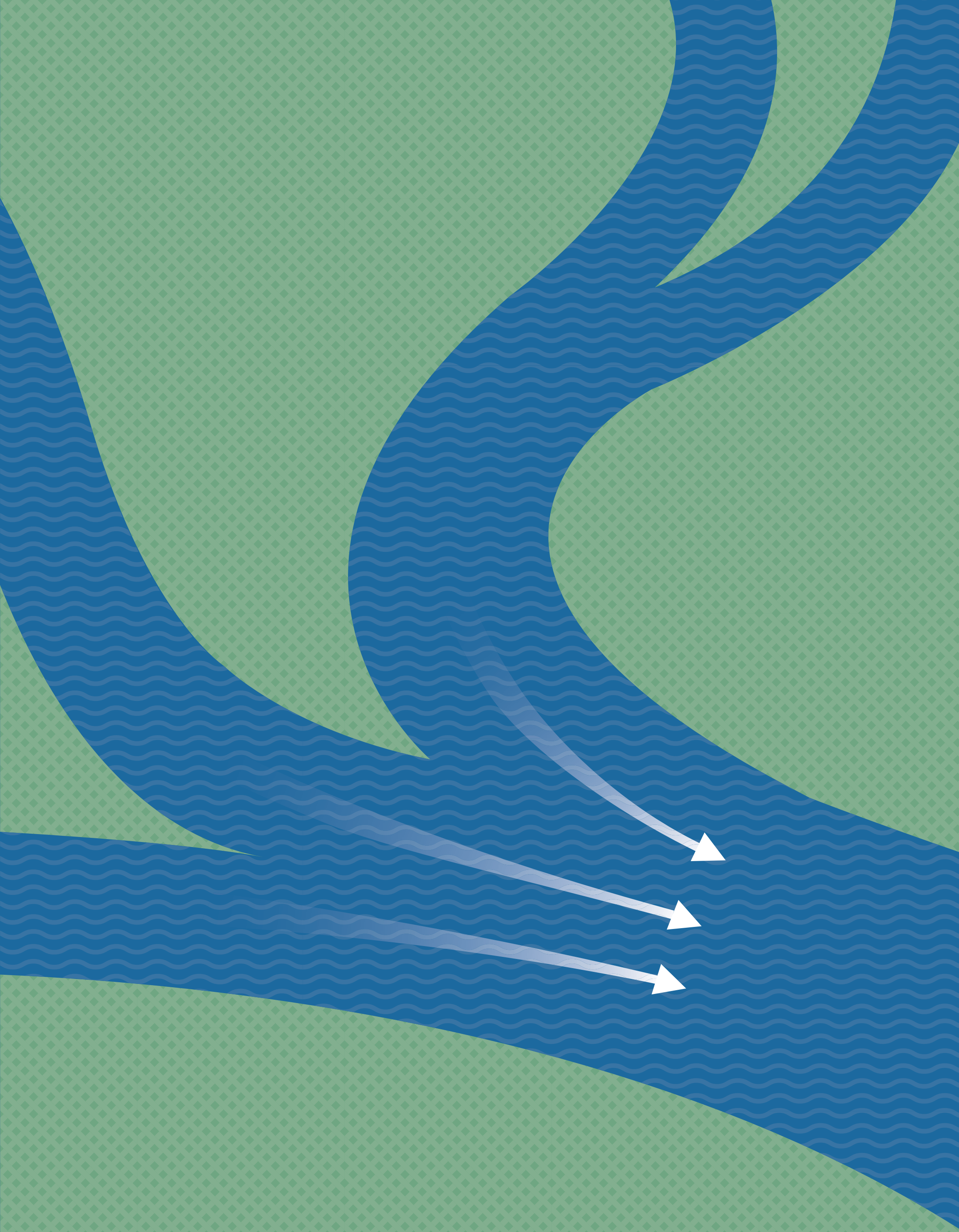


Annual Report 2015

THE WORLD BANK

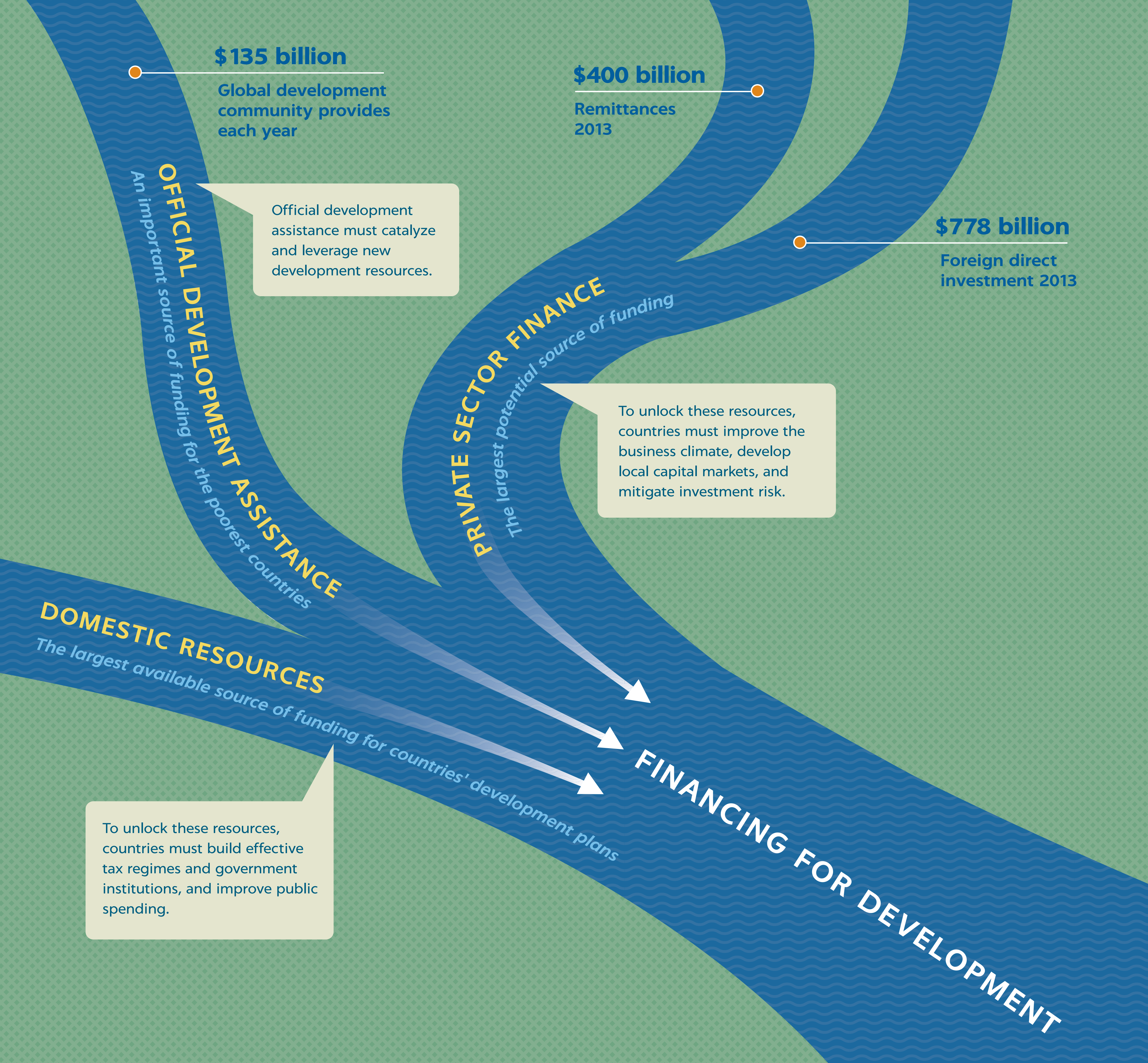
Contents

This Annual Report, which covers the period from July 1, 2014, to June 30, 2015, 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.

The terminology used in this report is very precise. The term *World Bank* and the abbreviated *Bank* refer only to IBRD and IDA. The term *World Bank Group* and the abbreviated *Bank Group* refer to the collective work of IBRD, IDA, IFC, and MIGA.


$135 billion
Global development community provides each year
$400 billion
Remittances 2013
$778 billion
Foreign direct investment 2013
OFFICIAL DEVELOPMENT ASSISTANCE
An important source of funding for the poorest countries
Official development assistance must catalyze and leverage new development resources.
PRIVATE SECTOR FINANCE
The largest potential source of funding
To unlock these resources, countries must improve the business climate, develop local capital markets, and mitigate investment risk.
DOMESTIC RESOURCES
The largest available source of funding for countries' development plans
To unlock these resources, countries must build effective tax regimes and government institutions, and improve public spending.
FINANCING FOR DEVELOPMENT

Financing the Post-2015 Sustainable Development Agenda

Overall, 2015 is set to be a pivotal year in global development aspirations. With the Millennium Development Goals (MDGs) expiring at year's end, a new post-2015 development agenda is being designed: the Sustainable Development Goals (SDGs) encourage every country to end poverty and enhance social and economic development in a sustainable manner. The SDGs will spur new strategies and provide greater incentives for better governance—all designed to give the poor more opportunities to succeed. Yet channeling the financing needed to achieve them will not be accomplished with a business-as-usual approach.

Official development assistance (ODA) will remain an important source of external public financing for the poorest countries. Yet going forward, the current billions of dollars of ODA must be used more strategically to leverage and catalyze trillions of dollars in investment of all kinds: public and private, domestic and global, in capital and capacity. To reach the needed trillions in investments, additional flows must come from mobilizing public domestic resources—the source of the most substantial development spending—and from private sector finance and investment—the largest potential source of additional funding.

Through their unique business models, the World Bank Group and other multilateral development banks marshal financing along with policy advice and knowledge, and work with governments for sustainable development. Together they partner to improve the climate for development within countries in diverse and wide-ranging ways: by providing policy advice and assistance to improve public institutions and increase domestic resource mobilization; by leveraging resources from shareholder contributions and from financial markets; and by promoting investment and attracting private capital to developing economies.

Even more than obtaining financing, achieving the SDGs will require a global change in mind sets, approaches, and accountabilities to reflect and transform the reality of complex and varied development challenges. The next 15 years will demand nothing less than all of our best efforts.

The World Bank Annual Report 2015

This Annual Report focuses on how two of the World Bank Group's institutions—the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA)—are partnering with countries to end extreme poverty by 2030, promote shared prosperity, and support the global sustainable development agenda.

The following websites and additional links throughout the report are provided for further information.

- Annual Report 2015: **worldbank.org/annualreport**
- Corporate Scorecard: **worldbank.org/corporatescorecard**
- World Bank Results: **worldbank.org/results**
- World Bank Open Data: **data.worldbank.org**
- Corporate Responsibility: **worldbank.org/corporateresponsibility**

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

This has been a pivotal year for global development. The international community's decisions in 2015 will have long-term impacts on the world's ability to reach our goal of ending extreme poverty by 2030.

Today, nearly 1 billion people still live on less than $1.25 a day. This is a staggering number, but it is important to remember that over the past 25 years, the world has reduced the rate of extreme poverty by two-thirds. Over that time, many countries have succeeded in making the seemingly impossible possible.

Ending extreme poverty by 2030 will be difficult but entirely possible. For decades, the World Bank Group's 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)—have distilled and analyzed our global experience in fighting poverty. We have learned from our experience what has worked for development and what has not in specific contexts, and some clear patterns have emerged.

Evidence shows that great gains can be made through the strategy of "grow, invest, and insure." We must promote strong, sustainable, and inclusive economic growth; we must invest in people—especially in health and education; and we must build social safety nets and protections against natural disasters and pandemics to prevent people from plunging into extreme poverty.

We also know that as an institution, the World Bank Group needs to better meet the evolving needs of low- and middle-income countries. In a world where capital is more easily available, we must emphasize our greatest strengths—the marriage of our vast knowledge with innovative financing to deliver programs that have the greatest impact on the poorest. Our aim is to help countries translate global experience into practical know-how to solve their most difficult problems.

This year, the World Bank Group committed nearly $60 billion in loans, grants, equity investments, and guarantees to its members and private businesses. IBRD delivered record amounts of financing for any year except at the height of the global financial crisis, with commitments totaling $23.5 billion. And IDA, the World Bank's fund for the poorest, has just had the strongest first year of a replenishment cycle ever, committing $19.0 billion. Thanks to our determined and dedicated staff, we have been able to strengthen our performance and ensure that the development knowledge and expertise within our institution moves more easily around the globe.

As the world seeks to go from billions to trillions of dollars in development finance—with sources of financing from high-, middle-, and low-income countries—the work of our entire World Bank Group will be critical to driving private sector investment to emerging markets and fragile countries. IFC and MIGA, two of our institutions focused on private sector development, are strengthening their efforts in this regard. This year, IFC provided about $17.7 billion in financing for private sector development, about $7.1 billion of which was mobilized from investment partners. MIGA issued $2.8 billion in political risk and credit enhancement guarantees underpinning various investments, including in much-needed infrastructure projects.

Nearly 1 billion people living in extreme poverty want an equal opportunity for a better life. They are counting on policies and programs that give them a chance. Governments must seize this moment. Our private sector partners must explore new investments. The World Bank Group, our multilateral development bank partners, and our new partners on the horizon must all work together to not let this opportunity slip away and collaborate with real conviction. Working together, we can promote inclusive and sustainable growth, as well as opportunity for the poor and the vulnerable. We can be the generation that ended extreme poverty.

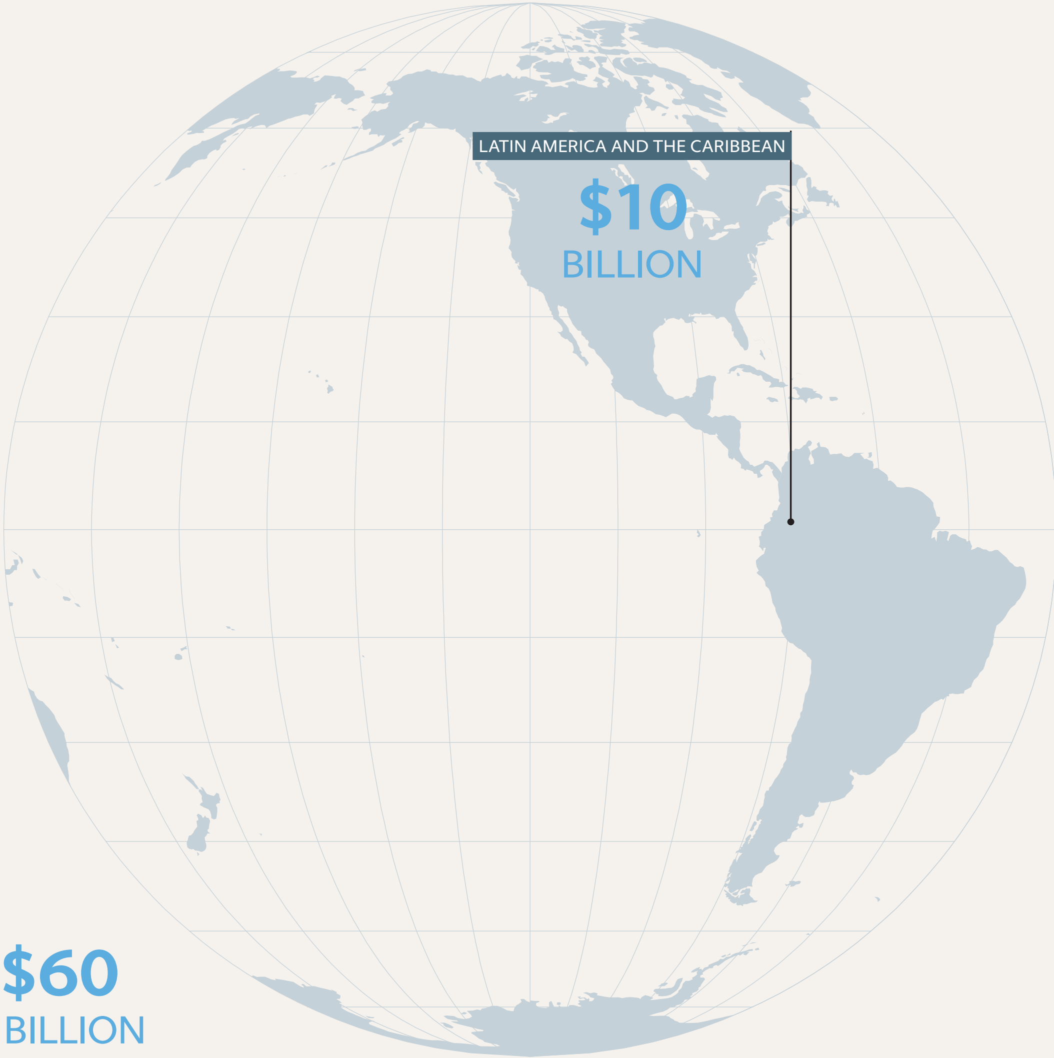
DR. JIM YONG KIM

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

"Working together, we can promote inclusive and sustainable growth, as well as opportunity for the poor and the vulnerable. We can be the generation that ended extreme poverty."

Global Commitments

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

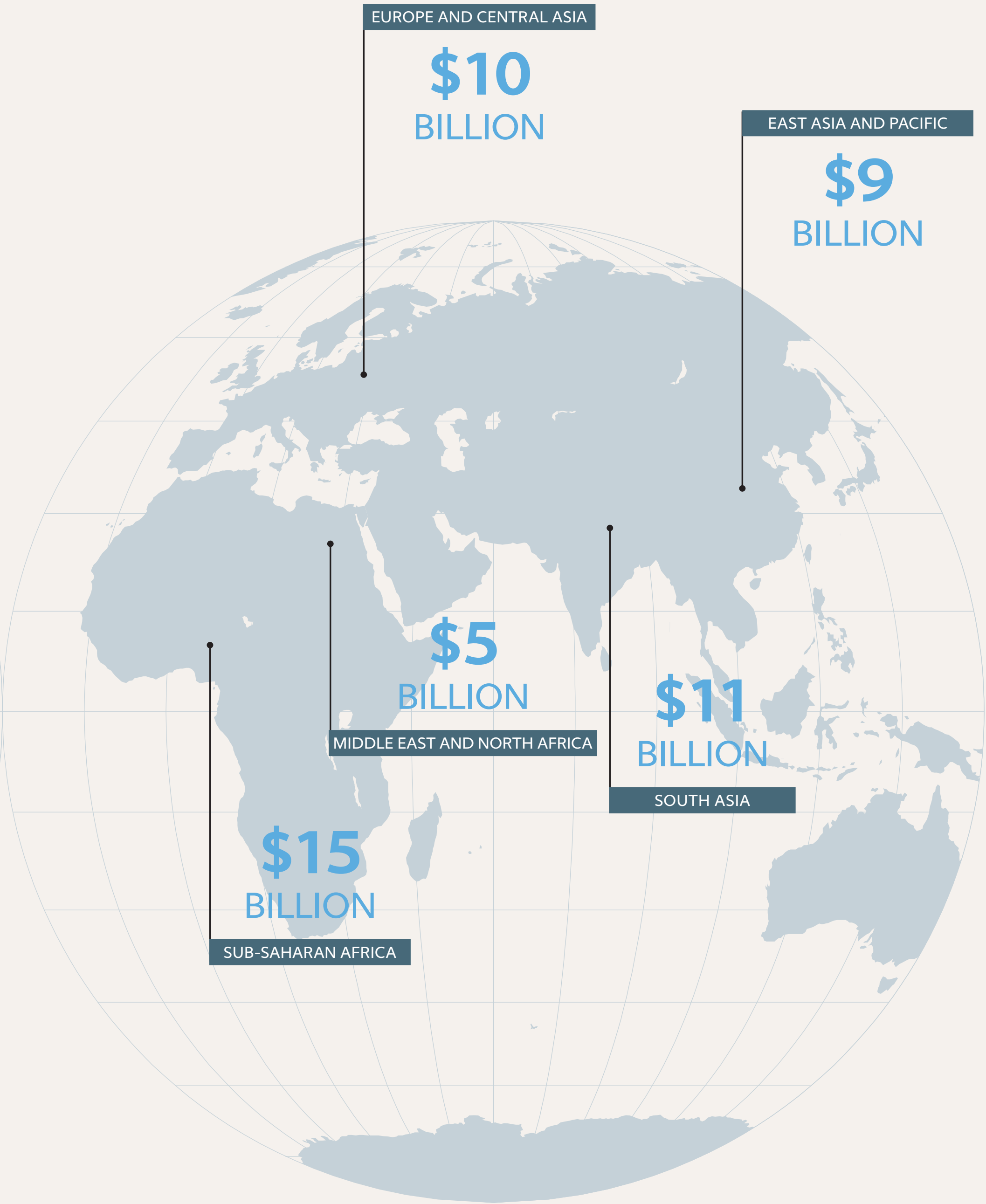


$60
BILLION

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.

WORLD BANK GROUP


EUROPE AND CENTRAL ASIA
$10
BILLION
EAST ASIA AND PACIFIC
$9
BILLION
$5
BILLION
MIDDLE EAST AND NORTH AFRICA
$11
BILLION
SOUTH ASIA
$15
BILLION
SUB-SAHARAN AFRICA

Our Impact

The 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

27,700 kilometers
of roads constructed or rehabilitated

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

IFC

2.5 million
jobs provided

237 million
customers supplied with phone connections

MIGA

100,325
jobs provided

$14.7 billion
in new loans issued by MIGA clients

PROMOTING INCLUSIVENESS

IBRD/IDA

123 million
people received health, nutrition, and population services

14.5 million
beneficiaries covered by social safety net programs

IFC

3.4 million
farmers assisted

3.5 million
students received educational benefits

MIGA

21.8 million
people provided access to power

142 million
people provided access to transport

ENSURING SUSTAINABILITY

IBRD/IDA

41 million
tons of CO_2 equivalent emissions expected to be reduced with support of special climate instruments

34
countries with strengthened public financial management systems

IFC

9.7 million
metric tons of greenhouse emissions expected to be reduced as a result of IFC investments in fiscal 2015

$19.5 billion
in government revenues generated by IFC clients

MIGA

4 million
people provided access to clean water

$3.0 billion
in government revenues generated by MIGA clients

The Institutions of the World Bank Group

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

International Bank for Reconstruction and Development (IBRD)

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

International Development Association (IDA)

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

International Finance Corporation (IFC)

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

Multilateral Investment Guarantee Agency (MIGA)

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

International Centre for 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

	2011	2012	2013	2014	2015
WORLD BANK GROUP					
Commitments[a]	56,424	51,221	50,232	58,190	59,776
Disbursements[b]	42,028	42,390	40,570	44,398	44,582
IBRD					
Commitments	26,737	20,582	15,249	18,604	23,528
Disbursements	21,879	19,777	16,030	18,761	19,012
IDA					
Commitments	16,269	14,753	16,298	22,239	18,966
Disbursements	10,282	11,061	11,228	13,432	12,905
IFC					
Commitments[c]	7,491	9,241	11,008	9,967	10,539
Disbursements	6,715	7,981	9,971	8,904	9,264
MIGA					
Gross issuance	2,099	2,657	2,781	3,155	2,828
Recipient-Executed Trust Funds					
Commitments	3,828	3,988	4,897	4,225	3,914
Disbursements	3,152	3,571	3,341	3,301	3,401

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

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

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

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). The Executive Directors select a President, who serves as Chair of the Board. The current Board term is from November 2014 to October 2016.

Executive Directors fulfill an important role in guiding the general operations and strategic direction of the entire World Bank Group, and they represent member countries' viewpoints on the Bank's role. They consider and decide on proposals made by the President for IBRD and IDA loans, credits, grants, and guarantees; new policies; the administrative budget; and other operational and financial matters. They also discuss Country Partnership Frameworks—the central tool by which management and the Board review and guide the Bank Group's engagement with client countries and support for development programs. Moreover, Executive Directors are responsible for presenting to the Board of Governors an audit of accounts, an administrative budget, and the World Bank's Annual Report 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 IBRD and IDA, and discuss with government officials their assessment of the collaboration with the Bank Group. In 2015, Directors visited Ethiopia, Kazakhstan, Kenya, Malawi, Tajikistan, and Uzbekistan.

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

Board achievements of 2015

Highlights of the committees' work this year include the Audit Committee's 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 budget process and guidance on the expenditure review. The Committee on Development Effectiveness was involved in discussions on reviews of some important Bank instruments, such as safeguards and procurement policies, and the Program-for-Results lending. The Committee on Governance and Administrative

Seated (left to right): Hervé de Villeroché, France; Patrizio Pagano, Italy; Subhash Chandra Garg, India; Merza Hasan (Dean), Kuwait; Rionald Silaban, Indonesia; Masahiro Kan, Japan; Gwen Hines, United Kingdom; Nasir Mahmood Khosa, Pakistan.

Standing (left to right): Jose A. Rojas R., Venezuela, RB; Frank Heemskerk, Netherlands; Ursula Müller, Germany; Jörg Frieden, Switzerland; Louis Rene Peter Larose, Seychelles; Franciscus Godts, Belgium; Shixin Chen, China; Alister Smith, Canada; Satu Santala, Finland; Ana Dias Lourenco, Angola; Khalid Alkhudairy, Saudi Arabia; Sung-Soo Eun, Korea, Rep.; Alex Foxley, Chile; Antonio Silveira, Brazil; Mohamed Sikieh Kayad, Djibouti; Andrei Lushin, Russian Federation.

Not pictured: Matthew McGuire, United States.

Matters covered discussions on the 2015 Shareholding Review. The Human Resources Committee considered various activities related to the new World Bank Group Strategy, including talent and performance management, global mobility, and the contract architecture of the Bank Group.

The focus of the Board is to help the Bank achieve the objectives of reducing poverty and boosting shared prosperity in a sustainable manner. During fiscal 2015, it has done this by engaging management on interactions with partners, such as those with the United Nations and Group of 20 on such issues as climate change and the response to the Ebola epidemic, as well as on the post-2015 development agenda and the Sustainable Development Goals, creation of the Global Infrastructure Facility, and replenishment of the Global Environment Facility.

The Board uses several approaches to oversee and guide management on achieving the Bank's objectives. Following last year's approval of the World Bank Group Strategy, in fiscal 2015 the Board discussed the World Bank Group Corporate Scorecard, strategic planning, the Policy and Procedure Framework, diversity and inclusion, the budget and expenditure review, among others. It also deliberated on important operational instruments such as the new country engagement model, Program-for-Results, regional updates, Doing Business, South-South Knowledge exchange, extractive industries, and the impact of the oil price fluctuations. The Board reviewed the results and operational implications of the *World Development Report 2015* on Mind, Society, and Behavior, while deliberating the proposed concept for the WDR 2016 on the Internet for Development.

Furthermore, the Executive Directors approved several crisis or emergency responses for a wide range of clients, including Burkina Faso, India, Liberia, Nepal, Pakistan, the Solomon Islands, Ukraine, and West Bank and Gaza. The Board also welcomed the Independent Evaluation Group's review of the results and performance of the World Bank Group, and the Inspection Panel's reports concerning Ethiopia, India, Kenya, Nigeria, Paraguay, and Uzbekistan.

The Board discussed several papers that were considered by the Board of Governors during the Annual and Spring Meetings, including "From Billions to Trillions: Transforming Development Finance—Post-2015 Financing for Development: Multilateral Development Finance," "Update on Implementation of the Gender Equality Agenda at the World Bank Group," "Promoting Shared Prosperity in an Unequal World: Key Challenges and the Role of the World Bank Group," and the "Global Monitoring Report 2014/2015: Ending Poverty and Sharing Prosperity—Overview."

Overall, the Board approved approximately \$42.5 billion in financial assistance in fiscal 2015, comprising about \$23.5 billion in IBRD lending and about \$19.0 billion in IDA support. The Directors also reviewed 39 Country Partnership Framework products. The Board approved an administrative budget for the World Bank of \$2.5 billion for fiscal 2016.

IBRD and IDA: Our people

Composed of some 11,933 full-time staff members (table 1) of 172 nationalities who work across 136 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. In terms of diversity, nationals of developing countries account for 61 percent of all staff and 42 percent of managers. Women currently account for 52 percent of all staff and 38 percent of managers, and Sub-Saharan African and Caribbean nationals represent 15 percent of all staff and 12 percent of managers.

Human Resources (HR) staff support the Bank in employing the right people in the right place with the right skills at the right time. The core content of the HR strategy is organized around the following five objectives:

- Building a culture of performance and accountability
- Driving a more effective organization
- Fostering a more diverse and inclusive workforce
- Creating career opportunities
- Ensuring HR excellence and business-driven delivery.

The past year has seen significant progress in the areas of performance and talent management, strategic staff planning, career development, the global mobility framework, and compensation—all of which strengthen the employment value proposition for Bank staff. Looking ahead, the institutional contract architecture is adapting to the Bank's business needs to ensure that it has the organizational capabilities to deliver on the goals of ending extreme poverty and promoting shared prosperity.

As the Bank continues to retool to increase its delivery and responsiveness to clients, HR has played a pivotal role in the transition of staff from the earlier structure to the new Global Practices.

TABLE 1 WORLD BANK STAFF*

Total full-time staff	11,933
Managerial	503
Technical	8,462
Administrative	2,968
Short-term consultants (full-time equivalent)	4,262
Country offices	127
Headquarter satellite offices	8
Staff based outside the United States	40%
Country Directors/Managers	96%

** As of June 30, 2015*

NIGERIA © Arne Hoel/World Bank

Working to End Extreme Poverty and Promote Shared Prosperity

All of the work at the World Bank Group is anchored in two goals: ending extreme poverty—reducing the share of the global population living in extreme poverty to 3 percent by the year 2030—and promoting shared prosperity—increasing the income of the bottom 40 percent of the population in each country—in a sustainable manner.

These goals must be pursued in parallel if we want to see real and continual progress. It is not enough to lift people just above the extreme poverty line. We need to ensure that they continue on an upward path and have the opportunities they need to move toward better lives and to escape poverty and marginalization for good.

With nearly 1 billion people still living on less than $1.25 a day, some say it's impossible to end extreme poverty—especially in just 15 years. But past success and the lessons from years of experience about what has worked in a particular context—and what has not—suggest that it is possible. The task will be challenging, and business as usual will not be enough to reach that target. It will be important to promote growth that is sustained and inclusive; to invest in more and better jobs, quality education, good health care, modern infrastructure, and more-equal opportunities for all; and to develop effective social protection and labor systems to ensure that the most vulnerable can persevere in the face of economic shocks or natural disasters.

The World Bank Group remains a committed partner in global efforts to bring sustainable growth, inclusive opportunity, and greater prosperity to the world's poorest, and to realize this historic opportunity to end poverty within a generation.

Managing Operations, Risks, and Resources to Meet the Goals

Reaching the ambitious goals will require the World Bank Group's commitment to the world's best ideas, knowledge, and experience in development. The Bank Group's new operating model, launched on July 1, 2014, stems directly from this commitment. Country-based teams remain the chief interface with clients in this model and are responsible for developing country and regional strategies. They foster selectivity in country programs, ensure that these programs account for country context and political economy, and integrate public and private sector solutions. To support the country-based programs and marshal the best development knowledge available, the Bank Group created Global Practices and Cross-Cutting Solutions Areas. Global Practices provide world-class, integrated, evidence-based solutions to help clients address their most complex challenges. Cross-Cutting Solutions Areas focus the Bank Group's resources on corporate priorities.

These new efforts allow the Bank Group to identify and deliver solutions that are based on country demand and to integrate the best global technical expertise with country knowledge in order to develop multisectoral solutions. They help to deliver solutions that integrate the public and private sectors, capture and leverage knowledge, and build global leadership. Because solutions to development challenges rarely involve just a single issue, a hallmark of the new structure is cross-practice collaboration. Additionally, the fact that technical teams are truly global means that staff can work more easily across regions. Adjustments are under way to clarify accountability and simplify processes.

In its first year of implementation, the new model facilitated important improvements in the Bank Group's work. Of course, the ultimate measure of success is whether clients achieve the development results that the solutions are designed to deliver. To determine if this is the case, management is monitoring effectiveness through internal accountability mechanisms, real-time client feedback, midcourse evaluation of country programs, and the World Bank Group Corporate Scorecard, which tracks performance toward achieving the institution's goals. (See **worldbank.org/corporatescorecard**.)

Also critical to clients' achievement of results is the Bank Group's new approach to country engagement. The new model is more systematic, evidence based, selective, and tightly focused on helping member countries to achieve the goals of ending extreme poverty and promoting shared prosperity in a sustainable manner.

Starting from countries' own visions of their development goals—determined through country-led strategies and processes that include citizen engagement and stakeholder consultations—the Bank, IFC, and MIGA jointly develop Country Partnership Frameworks. The framework lays out a program of interventions and solutions to assist a country in achieving its development goals. Underpinning and informing the framework is a Systematic Country Diagnostic (SCD), which identifies areas where progress will have the greatest impact on achieving the goals. As of the end of the fiscal year, 37 SCDs had been planned or completed, across all regions. (See **worldbank.org/en/projects-operations/country-strategies#3**.)

A country's development goals, the priorities identified in the SCD, and the Bank Group's comparative advantage determine the development program in each country. This country engagement approach is supported by Performance and Learning Reviews, which identify lessons learned and steer midcourse corrections, and Completion and Learning Reviews, which capture end-of-cycle learning. Both reviews contribute to the Bank Group's knowledge base and enhance the development effectiveness of future programs.

Pursuing the goals while managing the risks

Improved client services—that will ultimately help the World Bank Group deliver on its goals—can only happen within a strong risk management culture and framework that preserves the Bank Group's reputation and financial sustainability in an increasingly uncertain and challenging environment. The Bank Group's approach involves actively taking, while carefully managing, risks in pursuing its objectives. It seeks to ensure that risks are adequately assessed, measured, monitored, and reported so that corrective action, if necessary, can be taken in a timely manner and impacts mitigated. As the environment changes and as new risks emerge, this process will evolve.

The Bank Group faces a variety of risks related to development impacts, environmental and social safeguards, integrity, and financial management. It manages them through a customized risk rating and regular monitoring system as well as through engagement with clients. It manages other risks, including financial and operational risks, using leading industry practices and standards adapted to the Bank Group's purposes.

The external challenges are many. They include a low interest rate environment, which affects income; the impact of low oil prices on some country clients; geopolitical tensions, which affect some of the Bank Group's areas of operation; the risks of economic slowdown, which are facing some developing countries; and policy normalization in developed markets, which can heighten volatility in currencies and capital flows to some emerging market economies. Finally, the Bank Group continues to face operational risks, including the growing threat of data and information security breaches and external events that can impact business continuity and the physical security of its staff.

As both a development and a financial institution, the World Bank Group faces special challenges in the current environment. Initiatives in 2015 on financing for development, the Sustainable Development Goals, and climate change will affect the development agenda for years to come. The emergence of new multilateral development institutions creates both opportunities and challenges for creative partnerships and requires fresh thinking about the financial structure of the World Bank Group.

These changes are occurring against a backdrop of major internal organizational reform and an uncertain external environment. Internal reform is being stabilized, although the impact on staff and program delivery still needs to be carefully managed. Budgeting effectively and securing resources for financial sustainability will also be key components of building stability.

Budgeting effectively across the World Bank Group

During the fiscal 2016–18 planning period, the World Bank Group will grow and improve client services based on the business models and drivers of financial sustainability for each of its institutions and the needs of their different client bases. Selectivity in operations and efficiency through enhanced service coordination will guide this growth. And growth will continue to be affected by a global context that is challenging but still presents opportunities, and by a Bank Group financial situation that is improving but remains constrained. In addition, a strong business model, partnerships, and management of resources will be key for the Bank Group's financial sustainability.

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

W1: Senior management sets strategic planning priorities for the World Bank Group.

W2: Management at the vice presidential unit (VPU) level reviews and responds to corporate priorities.

W3: Senior management refines the guidance on priorities and determines the programs and three-year, unit-level budget envelopes for each institution within the World Bank Group.

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

W5: Final funding decisions conclude the planning for the subsequent three fiscal years. The Board confirms and formally approves the VPU budget envelopes and work programs.

Increasing resources by identifying potential savings

This fiscal year the World Bank Group concluded an expenditure review, which was intended to strengthen its financial base, create space to grow, and fulfill the commitment to shareholders to ensure the institution's financial sustainability. The review identified savings of $404 million over three years—8 percent of the World Bank Group's total expenditures (table 2). Because almost three-quarters of the savings comes from reductions in general service and administrative costs—including increasing the efficiency of real estate, country management units, front offices, and management and administrative support—the impact on client services will be minimal.

TABLE 2 RESULTS OF THE WORLD BANK GROUP EXPENDITURE REVIEW
MILLIONS OF DOLLARS

DATE	MEASURE	ESTIMATED SAVINGS
January 2014	Immediate (including travel, compensation, and benefits)	$110
May 2014	Bank Group–wide (including corporate procurement, short-term consultant rates, and renegotiation of IT contracts)	$54
September 2014	Finance, technology, and corporate (including upgrading IT services and other savings in institutional, governance, and administrative units)	$84
October 2014	Board-managed budgets (including Independent Evaluation Group)	$8
January 2015	Operations (including consolidation of country management units, real estate savings, and efficiencies in analytical and advisory services)	$100
January 2015	Additional Group-wide (including global airline contracts and sales tax exemptions)	$48
TOTAL ESTIMATED SAVINGS		$404

Note: IT = information technology.

BANGLADESH © Ismail Ferdous/World Bank

Addressing the Toughest Development Challenges

There is no single blueprint for countries in their efforts to end extreme poverty and to promote shared prosperity in a sustainable manner. Strategies to reach the least well-off must be tailored to each country's context, based on solid evidence provided by the latest data and analysis and on the needs of the people.

The World Bank Group partners with countries to take on these challenges in a number of ways. These include funding projects that can have transformational impacts on communities, collecting and analyzing the critical data and evidence needed to ensure these programs reach the poorest and most vulnerable, and helping governments to create more-inclusive and more-effective policies that can benefit entire populations.

As you will read in the pages that follow, the World Bank works across intersecting and complex sectors. Examples include increasing agricultural productivity and building infrastructure that provides access to energy, irrigation, and markets; promoting freer trade that provides greater access to markets for the poor and enabling entrepreneurs in low- and middle-income countries to grow their businesses and create new jobs; investing in both health care and education, especially for women and children; and implementing social safety nets and providing social insurance, including initiatives that protect against the impacts of natural disasters and pandemics.

In working across these diverse topics, the World Bank aims to help developing countries find solutions to the toughest global and local development challenges.

In the texts that follow, the term *World Bank* and the abbreviated *Bank* refer only to IBRD and IDA. The term *World Bank Group* and the abbreviated *Bank Group* refer to the collective work of IBRD, IDA, IFC, and MIGA.

Promoting Growth, Jobs, and the Private Sector

Governments and the private sector around the world are seeking more effective ways of enhancing the investment climate, improving competitiveness, boosting the volume and value of trade, and fostering innovation and entrepreneurship—all elements of successful growth strategies. The World Bank serves as a trusted partner for countries that seek to develop dynamic and resilient economies, expand market opportunities, and enable private initiative. Combined with the work of IFC and MIGA, the World Bank can offer comprehensive solutions to this pursuit of sustainable growth.

While economic growth does not automatically include comparable employment growth, jobs are nonetheless central to the goals of sustainably ending poverty and boosting shared prosperity. For the poor and the vulnerable, jobs are the main route out of poverty. Yet more than 1 billion people of working age are not participating at all in the formal labor force. Most of these are women, who even when they do work, are often streamed into informal, less-secure, and lower-paid sectors while also performing unpaid care work. Another 200 million people are unemployed, including 75 million youth. At least an additional 600 million jobs are needed globally by 2030 to keep employment rates stable and to keep up with population growth.

In fiscal 2015, the Bank began implementing a new “whole-of-government approach” to jobs while also working closely with the private sector. The goals are to help design and deliver comprehensive, integrated, and high-impact jobs strategies that involve all relevant sectors in client countries, and to advance global knowledge about the most effective policies and actions for creating good, sustainable jobs. As a first step, the Bank developed, and piloted in 15 countries, a multisectoral jobs diagnostic tool that identifies constraints and opportunities for employment. The aim is to provide the knowledge that policy makers, civil society, and the private sector need to identify opportunities for creating more, better, and more-inclusive jobs. Together with other partners, the Bank also set up the Solutions for Youth Employment Coalition late in 2014 to help address youth unemployment.

Governments can also reduce bureaucratic and legal constraints on inclusive private sector–led growth. Equipping policy makers to help establish the proper environment for job creation is imperative. The World Bank Group does this by collaborating with donors, partners, and international organizations to invest in three areas: adequate and timely data collection, cross-sectoral diagnostic tools, and a smooth flow of practical knowledge based on country experience.

Bank Group–supported projects to strengthen the business environment in client countries include the $9.5 million East African Community Investment Climate Program, which facilitates regional trade and investment by improving legal and regulatory frameworks for doing business and by strengthening capacity to implement the East African Common Market Protocol. In India, the Ease of Doing Business Program is a $4.3 million engagement over fiscal 2015–18, supporting the government’s ambitious program to reduce excessive bureaucracy and rent-seeking opportunities, increase the transparency and predictability of government interactions with the private sector, and strengthen regulations such as insolvency proceedings to preserve greater economic value. A World Bank guarantee is also helping the Croatian Bank for Reconstruction and Development to raise from the private sector an initial €50 million of a €250 million funding program to support lending to small and medium-size exporters and foreign exchange earners facing limited financing options since the global financial crisis.

The World Bank, MIGA, and IFC work hand-in-hand with governments and the private sector to build resilient and inclusive financial systems and to develop local capital markets. An essential step for job creation is providing access to finance for small and medium-size enterprises, which create four out of five new jobs. The Bank Group works with countries to find innovative ways to unlock sources of capital for local businesses. For example, Liberia, with the help of IFC, started a collateral registry in 2014 to securitize movable assets, enabling farmers and entrepreneurs to use such assets as collateral to borrow money. In less than a year since its launch—most of which was during the Ebola crisis—$227 million in loans was registered.

The recent financial crisis demonstrated the need for strengthened international standards for financial resilience. The World Bank contributes to such standards and helps clients to comply with them. In fiscal 2015, the Bank, jointly with the International Monetary Fund, conducted 10 Financial Sector Assessment Program reviews to help countries identify and correct vulnerabilities in their financial systems. Combating money laundering and terrorism financing, including the recovery of stolen assets, are also critical to the Bank's work. In fiscal 2015, the Bank worked with more than 20 countries to undertake national risk assessments in these areas and to design strategies to mitigate potential vulnerabilities.

Agriculture is a critical component of growth. Global demand for food is projected to grow over the next 15 years—including increases around 60 percent in Sub-Saharan Africa and 30 percent in South Asia. Poor farmers need to be better linked to markets to benefit from such growth. Increasing productivity among female agricultural workers, for instance, will be an important focus. They account for half of the agricultural labor force in Sub-Saharan Africa, but they farm plots that are 20–30 percent less productive as a result of less access to productive inputs. And because most of the world's poor still live in rural areas, boosting agriculture-based incomes is essential and can be a main driver of poverty reduction. For example, led by agricultural growth, the percentage of Ethiopians living in poverty fell by nearly one-third, from 44 percent in 2000 to 30 percent in 2011.

In fiscal 2015, the World Bank's new commitments to agriculture, including fishing and forestry projects, totaled $3.0 billion. The Bank helps poor farmers to grow more food that is safe and nutritious, to both feed themselves and sell to markets, thus raising farmer incomes and reducing hunger. These efforts help to link farmers to markets, create jobs through agroprocessing, and support innovation to improve yields in the face of a changing climate.

YEMEN © Foad Al Harazi/World Bank

Investing in Critical Infrastructure

Infrastructure development—in the energy, water, transport, and information and communication technology sectors—is critical to create growth opportunities and to reduce poverty. Providing affordable, reliable, and sustainable energy, for example, to the 1.1 billion people who live without it—and modern cooking solutions to the 2.9 billion people who use wood or other biomass as household fuel—is vital to ending poverty and boosting shared prosperity in a sustainable manner.

Energy poverty has been stubbornly persistent, especially in the "high energy deficit" regions of Sub-Saharan Africa and South Asia, where two-thirds of the World Bank Group's energy financing is targeted. The whole of Sub-Saharan Africa, with a population of around 1 billion, consumes only 145 terawatt hours of electricity a year, which is equivalent to about one incandescent light bulb per person for three hours a day. The Bank Group's energy direction emphasizes expanding access to modern energy services, and accelerating energy efficiency gains and renewable energy expansion.

Fiscal 2015 energy investments emphasized clean, renewable energy generation and distribution. For example, $400 million in financing for the second phase of Morocco's concentrated solar power plant supports the government's strategy to reduce dependence on imported fossil fuels. A $200 million IDA credit supports construction of a regional transmission network to enable electricity trade among the western African countries of The Gambia, Guinea, Guinea-Bissau, and Senegal. The network will enable these countries to connect to more-sustainable and cost-effective energy resources such as hydropower and natural gas. A new World Bank initiative to end routine gas flaring at oil production sites seeks to harness this wasted resource for energy while protecting the environment.

Bank Group energy investments also work to make electricity affordable for all. In Kenya, an electricity modernization project will improve the financial viability of the national power utility and expand energy infrastructure so that 630,000 Kenyans obtain access to electricity and existing consumers have better-quality services.

A rapidly growing share of disadvantaged people live in cities, and although the majority of the world's poor still live in rural areas, the urban population is expected to increase globally by 2 billion in the next 15 years. These new urban residents will need access to affordable housing, transport, and sanitation in a livable, resilient environment protected from disasters and the impacts of climate change—with jobs and opportunities for all.

KYRGYZ REPUBLIC © Dmitry Motinov/World Bank

A notable achievement during fiscal 2015 is the conclusion of the 10-year Vietnam Urban Upgrading Project, which improved the lives of 7.5 million residents, including 2 million living in 200 low-income neighborhoods of Can Tho, Hai Phong, Ho Chi Minh City, and Nam Dinh. The project provided better water and sewerage connections, as well as improved roads, sewers, lakes, canals, and bridges. The affected communities helped to design and implement their local projects.

Today 2.4 billion people lack access to sanitation, at least 663 million people lack access to safe drinking water, and by 2025, about 1.8 billion people will be living in places with absolute water scarcity. In fiscal 2015, the Bank committed $3.4 billion to increase access to improved water, sanitation, and agricultural water services and to help manage increasingly scarce water resources. For example, in Myanmar, a $100 million project integrated across agriculture, water, transport, and disaster risk management stands to benefit millions of poor people whose lives depend on sustainable management of the Ayeyarwady River. Further, an increased understanding of the multisectoral nature of water management is reflected in such initiatives as Thirsty Energy, which helps countries to better integrate their planning for water and energy resources.

Like energy and water, transport and information and communication technology (ICT) are at the center of economic and social development, connecting people to jobs, markets, and social services. Transport and ICT are also at the core of global discussions on road safety, climate change, Sustainable Development Goals, and financing for development. Yet critical challenges of accessibility, affordability, and sustainability remain. Today 1 billion people still lack access to an all-weather road, and 3 billion, to the Internet. High costs exclude the bottom 40 percent from the full benefits of physical and virtual connectivity. And transport accounts for 23 percent of total greenhouse gas emissions; road crashes kill 1.3 million and injure some 50 million people every year—90 percent of whom are in low- and middle-income countries; and urban congestion reduces global GDP by more than 8 percent.

Transport lending accounts for 21 percent of the Bank's total active portfolio, and three-quarters of World Bank projects include an ICT component. Efforts to build safer, cleaner, and more-affordable transportation include implementing suburban rail and metro projects in Brazil; expanding bus ridership by 40 percent in Wuhan, China; and helping to improve road safety along road networks in India. In the São Paulo Metropolitan Region of Brazil, for example, 150,000 low-income families now have access to an additional 2.5 million jobs thanks to projects that expanded urban mobility.

ICT and data management are helping to better map travel patterns and users' needs, engaging citizens and improving the quality of transport. Expanding access to broadband service is also essential; for example, the Bank has helped Mozambique double the share of people with Internet coverage, from 35 percent in 2011 to 75 percent in 2014.

Increasingly over the past two decades, the Bank Group has provided financing and advice to clients on public-private partnerships (PPPs) and their impact on infrastructure and service delivery—particularly in emerging markets. As long-term contractual arrangements between public and private entities for providing public assets or services, PPPs can help to promote development by pairing the expertise and capacity of the private sector with the public policy objectives of the government.

The Bank Group's support spans the PPP project cycle, but there is a special focus on collaboration to improve global knowledge about PPPs, to support project selection and prioritization, and to convene expertise. Working jointly with other multilateral development banks in fiscal 2015, the Bank Group helped to launch the PPP Knowledge Lab, a website containing quantitative and qualitative information about PPPs and private infrastructure. The Bank Group also launched a MOOC (massive open online course) to introduce real-world PPP cases to a diverse audience, as well as a webinar series on PPPs in South Asia and on transparency and accountability in PPPs. Engagements in Ghana, Jordan, Kenya, Kosovo, Tanzania, Vietnam, and Zambia have developed appropriate legal, regulatory, and institutional frameworks, as well as a major regional power transmission line project between Central Asia and South Asia.

Confronting Climate Change and Sustaining Natural Resources

From forests to dry lands, coastal mangroves to the ocean depths, and aquifers to the ozone layer, the natural capital required for continued economic growth and improved human welfare faces unprecedented levels of threat. At the same time, healthy and productive ecosystems are the backbone of development. They support hundreds of millions of rural families; provide the air, water, and soil on which we all depend; generate significant tax revenue; and form a precious buffer against extreme events and climate change. Conversely, degraded areas perpetuate poverty and increase exposure to risks, while pollution from all sources claims an estimated 9 million lives each year.

In all of its work, the World Bank Group tries to strengthen the management of natural resources, reduce the burden of pollution, ensure food security, and help countries to make well-informed and sustainable development choices. Yet one challenge—climate change—transcends all others. It is a fundamental threat to people and the planet, and must be addressed if the goal of ending extreme poverty is to be achieved. The Bank Group's work on climate change supports clean development pathways and focuses on five key areas: building low-carbon, climate-resilient cities; promoting climate-smart agriculture and nurturing forest landscapes; accelerating energy efficiency and investment in renewable energy; supporting work to end fossil fuel subsidies; and developing carbon pricing to get prices right for reducing emissions.

The Bank Group has been a strong advocate for an ambitious agreement at the UN Framework Convention on Climate Change Conference of the Parties conference in Paris in December 2015. Given the disproportionate impact of climate change on the poor and the most vulnerable, all IDA operations are now screened for short- and long-term climate and disaster risks.

Recent Bank-supported projects have included the more than 1,000 microhydropower plants built in Nepal since 2007 that deliver clean, renewable power to communities in 52 districts across the country. A project in Rwanda has distributed 800,000 compact fluorescent lamps, which are up to 75 percent more efficient than incandescent bulbs, to more than 200,000 households—representing nearly 1.5 million people. Lending in the amount of $400 million to China for the China Energy Efficiency Financing Program aims to encourage Chinese commercial banks to finance energy efficiency projects. Such projects are expected to reduce energy consumption by 2.1 million tons of coal equivalent and CO_2 emissions by 5.1 million tons per year.

The World Bank's Treasury also engages climate issues through such initiatives as its green bonds program, which supports climate-related projects like increasing energy efficiency and developing renewable energy. From 2008 up to June 30, 2015, IBRD—among the world's largest issuers of green bonds—has issued more than $8.4 billion in bonds in 18 currencies, which support 80 projects in 26 member countries. In fiscal 2015, this included 36 new transactions and six increases to previous transactions. Among the highlights were $600 million in its largest U.S. dollar benchmark transaction, the longest-dated green bond in a 30-year euro-denominated transaction, and more than $535 million through ethical equity index–linked bonds for retail investors in Asia, Europe, and the United States.

Climate change is projected to reduce crop yields by 15–20 percent in the poorest regions if temperatures rise above 2 degrees Celsius. These are also the areas where food demand is expected to increase the most. More climate-smart agriculture is needed to ensure higher productivity, greater climate resilience, and reduced carbon emissions. In Mali, a project is helping 175,000 farmers to revitalize productivity by adopting new technologies, livestock feeding practices, and crop varieties. In India's Karnataka state, new technologies and approaches to managing scarce water resources and making better planting decisions are benefiting 167,000 farm households, including 80,000 women.

In Côte d'Ivoire, a Bank project is financing equipment, research centers, and training to boost rice production. More than 50,000 rice farmers—25 percent of whom are women—have benefited from larger harvests. Seed productivity has improved in 36 percent of irrigated rice areas and is expected to yield 219,000 tons of rice. World Bank support also comes in the form of global knowledge applied to individual country challenges. Technical assistance has helped Tanzania, for example, to consider the likely impacts of climate change in its agricultural and urban planning, assess the vulnerability of its coastal resources and communities to warming and rising seas, and understand the economic costs of mismanaging water for the next generation of hydropower.

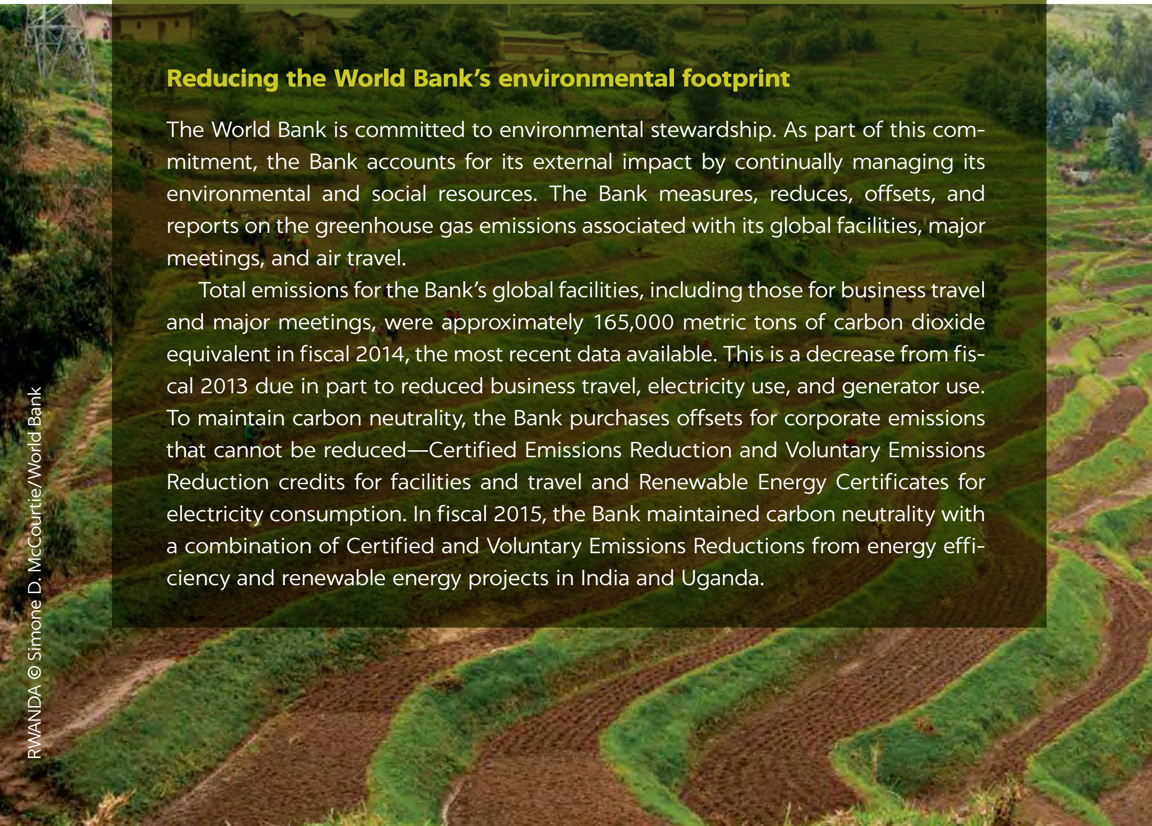
This year, the World Bank launched a new program on Pollution Management and Environmental Health to help client countries in reducing air-, land- and water-based pollution and its impacts on health. The program will initially help such fast-urbanizing countries as China, the Arab Republic of Egypt, India, Nigeria, and South Africa to improve air-quality management in order to reduce deadly pollution. Many of the policies, tools, and technologies for addressing pollution already exist and could, if implemented at scale, save millions of lives while boosting quality of life and productivity in both urban and rural areas.

Improved governance is also expected to create more opportunity for socially and environmentally responsible investment from the private sector. For example, the World Bank is working in Pacific Island countries to strengthen tuna fisheries management, create conservation incentives for distant-water fishing nations, and attract private investment. And in West Africa, the Bank is helping countries to reap increased benefits from their fisheries by improving governance. Comprehensive fisheries regulation and the creation of the country's first monitoring center has helped Liberia to cut illegal fishing in half, collect almost $6 million in fines, and preserve an important source of livelihood and food security right through the Ebola crisis.

Reducing the World Bank's environmental footprint

The World Bank is committed to environmental stewardship. As part of this commitment, the Bank accounts for its external impact by continually managing its environmental and social resources. 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 Bank's global facilities, including those for business travel and major meetings, were approximately 165,000 metric tons of carbon dioxide equivalent in fiscal 2014, the most recent data available. This is a decrease from fiscal 2013 due in part to reduced business travel, electricity use, and generator use. To maintain carbon neutrality, the Bank purchases offsets for corporate emissions that cannot be reduced—Certified Emissions Reduction and Voluntary Emissions Reduction credits for facilities and travel and Renewable Energy Certificates for electricity consumption. In fiscal 2015, the Bank maintained carbon neutrality with a combination of Certified and Voluntary Emissions Reductions from energy efficiency and renewable energy projects in India and Uganda.



RWANDA © Simone D. McCourtie/World Bank

Advancing Inclusive Development and Opportunities for All

No society can achieve its potential or meet the vast challenges of the 21st century without the full and equal participation of all its people—whether in education or the labor force, financial access or health care. For the World Bank Group, helping countries to build healthier, more-equitable, and inclusive societies, with opportunities for everyone to achieve his or her potential, is central to achieving the goals of sustainably ending extreme poverty and boosting shared prosperity.

With its aim of universal health coverage, the Bank Group is working with developing countries to provide quality, affordable health care to everyone—regardless of ability to pay—thereby reducing the financial risks associated with ill health and increasing equity. The Bank Group provides financing, state-of-the-art analysis, and policy advice to help countries to expand access to quality, affordable health care; to protect people from falling into poverty or becoming poorer because of illness; and to promote investments in all sectors that form the foundation of healthy societies.

A key component of the Bank Group's overall health care strategy is results-based financing, an innovative approach to expanding the quality and reach of health care services in the poorest countries by linking financing to results. This approach pays for outputs and outcomes rather than simply for inputs or processes—for example, increasing the percentage of women receiving antenatal care or having trained health care workers deliver their babies.

In line with its commitment to achieving the Millennium Development Goals by 2015, the Bank Group also focuses on preventing HIV/AIDS and other communicable diseases and scaling up support for early childhood nutrition. The Bank Group, along with the Children's Investment Fund Foundation, UBS (United Bank of Switzerland) Optimus Foundation, the U.K. Department for International Development, and UNICEF, announced the Power of Nutrition fund, which aims to unlock $1 billion to tackle child undernutrition in some of the world's poorest countries.

In September 2014, the Bank Group and the governments of Canada, Norway, and the United States announced the creation of an innovative Global Financing Facility for reproductive, maternal, newborn, child, and adolescent health. The facility mobilizes support for developing countries' plans to advance women's and children's health care. With a formal launch date in July 2015, this breakthrough partnership aims to help countries to scale up financing for evidence-based health interventions, including family planning and nutrition. The facility also supports the transition to long-term, sustainable domestic financing as countries grow from low- to middle-income economies, and helps countries to expand civil registration and vital statistics efforts to register every pregnancy, every birth, and every death by 2030.

Education is one of the surest ways of ending extreme poverty, yet today 121 million children remain out of primary and lower secondary school—and 250 million have not learned to read or write, despite many having been to school. Reaching these children requires smart, evidence-based solutions. The World Bank's total education investment is now more than $14 billion. The Bank also provides cutting-edge research and impact evaluations to guide policy making. In Angola, for example, the Bank's analysis of the education system helped to pave the way for large-scale reform of student assessment. In addition, evidence shows that linking education financing to results works. Over the past five years, the World Bank Group's results-based financing grew to about $2.5 billion. The Bank Group has pledged to double results-based financing to $5 billion over the next five years.

Women play a vital role in driving the robust, shared growth needed to build resilient societies, but in many parts of the world, their potential, participation, and productive capacity are undervalued and untapped. Further, many women and girls lack or cannot exercise basic rights, freedoms, and opportunities, and face discriminatory laws and norms that constrain their time and choices. More than one in three women worldwide face gender-based violence.

Through its lending, knowledge, and convening power, the Bank Group is working to lift constraints and empower women and girls globally. In Brazil, for example, a $500 million loan to update and interconnect Rio de Janeiro's urban transport system has been designed to also deliver a range of economic and legal resources to women: centers in five major stations that offer legal, medical, child care, and counseling support to those affected by domestic violence; onboard domestic violence counseling units on six train lines; and broad anti–domestic-violence awareness campaigns periodically undertaken by the SuperVia system.

The Bank Group is also committed to collecting more and better data about women and girls, such as information on their paid and unpaid work, access to bank accounts, and ownership or control over productive assets. It is partnering with others to scale up the collection of vital statistics: marriage and divorce registrations expand the ability of women and girls to own and inherit property, while birth and marriage registrations can help to prevent early and forced marriage.

More than 2 billion adults—men and women—still lack access to formal financial services. The Bank Group has set an ambitious goal of achieving universal financial access by 2020. This goal envisions that adults worldwide will have access to a transaction account to store money and to send and receive payments, enabling all people to manage risks, increase income, and move out of poverty. In April 2015, the Bank Group and a broad coalition of development and private sector partners made concrete commitments to reach financially excluded adults by 2020. The Bank Group itself committed to enabling 1 billion adults to gain access to a transaction account. The Bank, together with the BIS (Bank for International Settlements) Committee on Payments and Market Infrastructures, launched a task force on the payment aspects of financial inclusion. The task force is charged with developing guidance for financial authorities, policy makers, and the private sector on how to shape their efforts to advance access to transaction accounts. Its work will be the foundation for the achievement of universal financial access.

Islamic finance can also expand the number of adults with financial access and enhance overall financial sector development. It promotes risk sharing, connects the financial sector with the real economy, and emphasizes financial inclusion and social welfare. The Bank's involvement in Islamic finance is linked to its work on reducing poverty, expanding access to finance, and building financial sector stability and resilience. In fiscal 2015, the Bank helped Egypt and Turkey to design Sharia-compliant frameworks to expand financing for small and medium-size enterprises.

Increasing citizen engagement and committing to 100 percent beneficiary feedback

Long-term development and prosperity require effective, trustworthy, and transparent public sector institutions that sustain citizen confidence. Citizen engagement is indispensable to the honest give-and-take that shapes effective project planning. The World Bank Group has pursued a number of programs to enhance the effectiveness of development projects through citizen engagement. In Kenya and Pakistan, projects to improve service delivery and accountability use technology that provides direct links for real-time customer feedback. This year, the Bank Group also developed and implemented a Strategic Framework for Mainstreaming Citizen Engagement in World Bank Group Operations, with the goal of achieving 100 percent beneficiary feedback by 2018 in World Bank–supported projects with clearly definable beneficiaries.

Building Resilience and Managing Risks

In the effort to reach the Bank Group's goals, it is important to recognize that it is not enough to address the causes of extreme poverty. There must also be systems in place that buffer individuals from the effects of shocks and disasters that can reverse the progress made in lifting people out of poverty. Building societies' resilience requires addressing the challenges of fragility, conflict, and violence where they occur, mitigating and managing the effects of natural disasters, and ensuring that adequate social safety nets are in place.

It is estimated that by 2030, half of the world's extreme poor will live in countries affected by fragility, conflict, and violence. This challenge is widespread, not confined to low-income countries. The past few years have seen a spike in conflicts, with an increase in casualties and 50 million people displaced globally, the highest level since the end of World War II. Violence and conflict also threaten shared prosperity: Homicide rates in countries with a Gini (inequality) index greater than 0.45 are four times higher than the homicide rates in more-equal societies.

Building the knowledge base to address these challenges is critical. At the World Bank Fragility, Conflict, and Violence Forum in February 2015, more than 200 speakers shared their expertise on topics ranging from Ebola, the private sector, youth voices, and resilience to redefining fragility. Among the Bank's analytical works this year, *The Challenge of Stability and Security in West Africa* identified key lessons in the dynamics of resilience against political violence and civil war.

To ensure that programs, implementation arrangements, and risk and results frameworks are responsive to fragility, conflict, and violence, the Bank is preparing fragility analyses for 18 Systematic Country Diagnostics in low-income, fragile and conflict-affected–situation countries as well as in middle-income countries facing fragility, which will inform Country Partnership Frameworks.

The Bank is also working with partners, including the United Nations, to promote a more effective and sustainable international response to fragility. UN Secretary-General Ban Ki-moon and President Kim's joint visit to the Horn of Africa in October 2014 contributed to strengthening collaboration on regional and country strategies.

The World Bank Group continues to support development of the private sector and job opportunities in fragile and conflict-affected situations. A new employment diagnostic tool has been created and is being used in South Sudan and Afghanistan. An analysis of the dynamics of labor markets in countries with refugees from the Syrian crisis was conducted to mitigate the impact on host communities and to identify policy options.

PHILIPPINES © Danilo Victoriano/World Bank

Natural disasters hurt the poor and vulnerable the most, and the impacts of disasters will continue to rise with the exacerbating trend of climate change. Helping countries to mitigate the risks of disasters is a key global challenge to ensure development gains. In collaboration with the Global Facility for Disaster Reduction and Recovery, the Bank is working to advance risk identification, risk reduction, preparedness, and resilient recovery, as well as financial protection through disaster risk financing and insurance.

The World Bank started supporting countries on risk financing in the early 2000s. Today the Bank is active in more than 40 countries. In fiscal 2015, the Bank leveraged $3.4 billion in risk financing solutions to vulnerable countries, and expanded disaster risk financing to additional countries and regions, such as Central America and 10 countries in Africa. The Bank's goal is to improve a society's—including governments, businesses, and households—financial resilience against natural disasters. The Bank also helps countries to develop financial protection strategies to plan for when disaster strikes. With the Bank's support, Panama in 2014 became the first country to implement a comprehensive framework for disaster risk financing and insurance.

Social protection programs and social safety nets can have direct, positive impacts on poor families by helping them to improve productivity, cope with shocks, invest in the health care and education of their children, and protect the aging population. Helping governments to move from fragmented and inefficient programs to better-targeted, social protection systems is central to the effort. Well-designed social protection and labor programs are cost-effective, costing countries only about 1.0–1.5 percent of GDP.

Annual lending for social safety nets in the world's poorest countries averaged $648 million from fiscal 2009 to fiscal 2014—twice the volume of its lending in this sector to middle-income countries over the same period. These resources support social safety net programs, including cash transfers, labor-intensive public works, and school feeding programs. Cash transfers increasingly are an important safety net tool, particularly in postconflict and fragile societies. These programs cushion the impact of income shocks and aid the drive to end extreme poverty and achieve shared prosperity in a sustainable manner. The Bank is also scaling up social safety nets, with $32 million of financing for the Ebola-affected countries of Guinea, Liberia, and Sierra Leone.

The World Bank Group's emergency response to the West Africa Ebola crisis

The World Bank Group's response to the Ebola crisis encompasses stopping the spread of infections, improving public health systems throughout West Africa, and helping countries to cope with the economic impact. The Bank Group is working closely with affected countries to get to zero Ebola cases and plan for recovery. The plan for recovery includes getting children back to school, farmers back to their fields, businesses back up and running, and investors back to the countries. The Bank's work with affected countries also includes building stronger health care systems.

The Bank Group mobilized more than $1.6 billion to date in financing for Ebola response and recovery efforts. This includes nearly $1.2 billion from IDA and $450 million from IFC to enable trade, investment, and employment in the affected countries of Guinea, Liberia, and Sierra Leone. To revive agriculture and avert hunger in the Ebola-hit countries of West Africa, the Bank Group helped to deliver fertilizer and a record 10,500 tons of maize, cowpea, and rice seed for up to 200,000 farmers in Guinea, Liberia, and Sierra Leone. The seeds were delivered in time for the April 2015 planting season.

With the lessons of Ebola in mind, the Bank Group is currently developing a plan for a new pandemic emergency facility that would enable resources to flow quickly when and where outbreaks occur. (See **worldbank.org/ebolaresponse**.)

The diversity of development: World Bank global engagement

As the world reflects on the Millennium Development Goals and refines a new sustainable development agenda, it is evident now more than ever that development is no longer the work of traditional actors and donors alone. Achieving positive development outcomes will increasingly rely on engagement with a diversity of stakeholders.

The World Bank Group's global outreach over the past year has reflected this reality. Fiscal 2015 was an important year for strengthening existing partnerships and finding innovative ways to build new ones.

World Bank collaboration with the United Nations continues to grow stronger. The UN called on the Bank to play a leadership role in shaping the way the post-2015 agenda will be financed. The Bank has already made important strides toward unlocking nontraditional sources of development finance and moving beyond official development assistance alone.

The Bank forged an alliance this year with Action/2015, a global coalition of 1,200 civil society organizations in 125 countries. At the Spring Meetings, leaders of the Action/2015 coalition joined President Kim and UN Secretary-General Ban Ki-moon onstage at a high-energy advocacy event, urging participants to mobilize support for people and the planet.

When more than 200 parliamentarians from 80 countries convened for the Bank's largest-ever Global Parliamentary Conference, their focus was the post-2015 agenda. They discussed the key role that legislators play in translating global development goals into actionable policies. (See **worldbank.org/parliamentarians**.) A group of 35 leaders from the world's major faiths and faith-based organizations gathered at the Bank in February to discuss ways to strengthen partnerships to combat poverty. In April, religious leaders launched a moral imperative to end extreme poverty by 2030, which outlines their commitment to this goal and will galvanize global efforts around it.

World Bank advocacy efforts have extended beyond the walls of the institution, recognizing the need to stimulate greater citizen engagement in the development process to achieve the 2030 goal. This spring, the Bank partnered with the Global Poverty Project and Earth Day 2015 on a public advocacy–driven music festival to raise awareness and inspire action to end extreme poverty and protect our planet. A crowd of more than 250,000 gathered on the National Mall in Washington, DC, and millions more

watched online as global leaders delivered major development commitments that can improve the lives of nearly 100 million people.

The World Bank Group's convening power and its leadership around resource mobilization proved to be critical in its support of the global community's response to the Ebola epidemic in West Africa. This work depended on forging successful partnerships with governments, UN agencies, the private sector, civil society, and beyond. The Bank also helped to stimulate engagement and collaboration on the topic of jobs. The 2014 Foundations Advisory Council meeting sparked an ongoing conversation with prominent foundation leaders on jobs; and it has resulted in jobs-focused partnerships and initiatives around youth, technology, and gender-based violence. (See **worldbank.org/foundations**.)

Collaboration with civil society to refine Bank Group operational policies has been scaled up. In the most extensive consultation exercise ever conducted by the World Bank, civil society representatives and other stakeholders from 65 countries participated in a review of the Bank's environmental and social safeguards. Civil society organizations have provided important contributions to this ongoing process, which will result in an evolution of policies and ensure alignment with international best practice on environmental and social protections. Civil society also continues to engage in other key policy dialogues and strategic collaboration initiatives. (See **worldbank.org/civilsociety**.)

Results from the Bank's Country Opinion Survey, which surveys stakeholders from 40 client countries every year, reveal the effects of its increasing efforts to engage with clients, partners, and other stakeholders. In the most recent survey, stakeholders who said they collaborate with the World Bank were significantly more positive than those who did not about nearly every area of our work, including how the Bank operates and engages on the ground and its overall effectiveness, relevance, openness, and responsiveness. (See **countrysurveys.worldbank.org**.)

Conducting business in a sustainable manner

Sustainability is an overarching theme that frames the goals of the World Bank Group. A sustainable path to end extreme poverty and promote shared prosperity would manage the resources of the planet for future generations, ensure social inclusion, and adopt fiscally responsible policies that limit future debt burden.

The World Bank is equally committed to sustainability in its daily activities. This means engaging in business practices that enhance the well-being of staff while protecting the ecosystems, communities, and economies in which the Bank operates. Reducing the environmental impact from internal activities, for example, is intrinsically linked to sustainable development because environmental degradation impacts the world's poor the most. The Bank is also committed to ensuring the diversity, health, and safety of staff, consultants, and contractors to safeguard its most valuable business resource—its talented employees. This year's Sustainability Review explores these and other themes of corporate responsibility.

The Bank's Sustainability Review 2015 complements the financial and operational data presented in the Annual Report. The review uses the international standard for sustainability reporting—the Global Reporting Initiative (GRI)—and is available in XBRL format. Employing GRI guidelines and stakeholder perspectives, the Bank discloses the most material aspects of its environmental, social, and financial activities. This transparency supports the Bank's business model, and enables it to better promote and deliver on its mission. (See **worldbank.org/corporateresponsibility**.)

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Ensuring accountability and improving operations at the World Bank

To ensure that it holds itself accountable to its clients and shareholders and maintains the highest performance standards in development, the World Bank works with the Inspection Panel and the Independent Evaluation Group, both of which operate independently from Bank management.

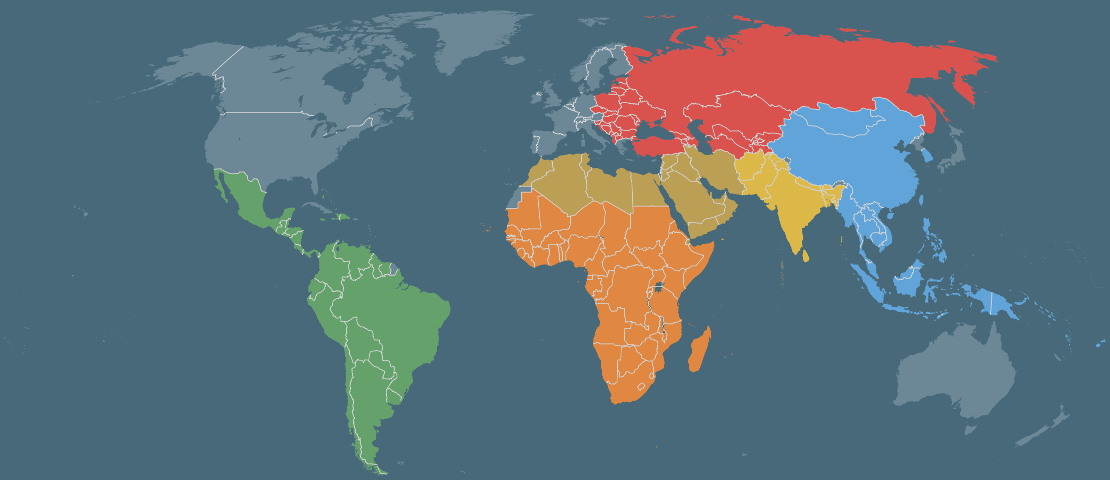
The **Inspection Panel,** established to ensure greater accountability at the World Bank, is an independent complaints mechanism for people who believe their livelihoods or the environment have been, or are likely to be, harmed by an IBRD- or IDA-financed project. It also promotes institutional learning and helps to improve the development effectiveness of Bank operations. The panel is composed of three members from different countries, selected for their international development expertise, and a small secretariat. During fiscal 2015, the panel received nine complaints and carried out investigations or sought expedited problem solving in Bank-financed projects in Ethiopia, India, Kenya, Nepal, Nigeria, and Paraguay. (See **worldbank.org/inspectionpanel**.)

Evaluation enhances accountability and informs the formulation of new directions, policies, and procedures, as well as country and sector strategies, for the World Bank Group's work. **The Independent Evaluation Group** (IEG) assesses the results of work from across the entire Bank Group and offers recommendations for improvement. These efforts translate findings into results, thus enhancing the Bank Group's contributions to development results by ensuring both accountability and learning. IEG's most recent annual review discusses how the Bank Group integrated the Millennium Development Goals into its strategies while also pursuing a broader approach to poverty reduction. (See **ieg.worldbank.org**.)

The World Bank ensures the integrity of Bank-financed projects and the efficacy of internal operations through the work of two of its units—the Integrity Vice Presidency and the Internal Audit Vice Presidency—both of which report directly to the World Bank Group President.

The **Integrity Vice Presidency** (INT) is mandated to prevent, deter, investigate, and manage litigation relating to fraud and corruption in Bank-financed projects. As a result of INT's investigations, during fiscal 2015, the Bank sanctioned 74 entities and agreed on 11 settlements with companies involved in sanctionable practices. The Bank, together with other participating multilateral development banks, recognized 76 cross-debarments. Increasingly multijurisdictional and complex, investigations are helping the Bank to tackle risks associated with certain sectors and high-value contracts. INT also advises on the design and implementation of risk mitigation and monitoring tools. This year, INT hosted the third Biennial Meeting of the International Corruption Hunters Alliance. More than 300 senior officials of anticorruption agencies attended the meeting, which focused on illicit financial flows, transnational bribery, new financial investigative techniques, collective action with the private sector, and wildlife crime. (See **worldbank.org/integrity**.)

The **Internal Audit Vice Presidency** (IAD) has an independent and objective assurance advisory function designed to add value by improving World Bank Group operations. IAD primarily focuses on assessing whether governance, risk management, and control processes of the Bank Group are effective in achieving the organization's goals. IAD also provides advice to management in developing control solutions, and monitors the implementation of management actions to mitigate risks and strengthen controls. In fiscal 2015, IAD focused on key areas in the Bank Group strategy and the institutional change agenda. This included auditing the Bank's monitoring the delivery of analytical and advisory services; auditing the implementation of the new human resources information system; advising management on the staffing approach for country management units, in the context of the broader expenditure review; and advising on the Bank Group's adoption of cloud computing.



The Regions

The World Bank today operates out of 135 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-six percent of Country Directors/Country Managers and 40 percent of staff are based in countries within each of the six geographical regions. The following section highlights the major goals achieved, projects undertaken, strategies revised, and publications produced in fiscal 2015. For more information, visit **worldbank.org/countries**.

TABLE 3
FISCAL 2015 COMMITMENTS

REGION	IBRD ($ MILLIONS)	IDA ($ MILLIONS)	TOTAL IBRD/IDA ($ MILLIONS)	TOTAL IBRD/IDA SHARE (PERCENT)
Africa	1,209	10,360	11,569	27
East Asia and Pacific	4,539	1,803	6,342	15
Europe and Central Asia	6,679	527	7,207	17
Latin America and the Caribbean	5,709	315	6,024	14
Middle East and North Africa	3,294	198	3,492	8
South Asia	2,098	5,762	7,860	18
Total	23,528	18,966	42,495	100

TABLE 4
FISCAL 2015 DISBURSEMENTS

REGION	IBRD ($ MILLIONS)	IDA ($ MILLIONS)	TOTAL IBRD/IDA ($ MILLIONS)	TOTAL IBRD/IDA SHARE (PERCENT)
Africa	816	6,595	7,411	23
East Asia and Pacific	3,596	1,499	5,094	16
Europe and Central Asia	5,829	314	6,144	19
Latin America and the Caribbean	5,726	383	6,110	19
Middle East and North Africa	1,779	194	1,974	6
South Asia	1,266	3,919	5,185	16
Total	19,012	12,905	31,918	100

Portfolio of projects under implementation as of June 30, 2015: $191.9 billion.

Africa

Growth in Sub-Saharan Africa will slow to 4.1 percent in 2015, down from 4.5 percent in 2014. The downturn largely reflects the decline in the prices of oil and other commodities. Growth will remain strong in most low-income countries, however, thanks to infrastructure investment and agriculture expansion, although lower commodity prices will dampen activity in countries that export metals and other key commodities. Continued expansion of nonoil sectors, particularly services, is expected to lift growth in 2016 and beyond. Growth is expected to increase in lower-middle- and upper-middle-income countries, propelled by higher public investment and the recovery of tourism.

World Bank assistance

The Bank approved $11.6 billion for the region for 103 projects this fiscal year. Support included $1.2 billion in IBRD loans and $10.4 billion in IDA commitments. The leading sectors were Public Administration, Law, and Justice ($3.0 billion); Health and Other Social Services ($2.8 billion); and Transportation ($1.2 billion).

World Bank activity in Africa included supporting regional integration, addressing development-related drivers of fragility and conflict, increasing access to power, supporting small farmers and boosting agricultural productivity, as well as designing and implementing economic recovery plans in the countries affected by the Ebola epidemic.

Fostering regional integration

Regional integration in Africa remains a critical piece of the Bank's work to improve connectivity, leverage economies of scale, and enhance productivity. This fiscal year regional integration continued to move forward, with subregional initiatives to address the drivers of fragility and conflict in the Great Lakes, the Sahel, and the Horn of Africa. This year, Sub-Saharan Africa's regional integration–related lending was about $2.3 billion.

IDA assistance finances regional infrastructure (energy, transport, irrigation, information and communication technology); sexual and gender-based antiviolence and women's health initiatives; trade and economic integration; and regional public goods, such as disease surveillance laboratories. Approved projects include support to improve access to essential productive assets, services, and markets for pastoralists and agropastoralists across six Sahel countries; and support to power pools, such as the South Africa Power Pool, which create regional markets for electricity to boost generation, lower costs, and improve competitiveness.

Increasing access to power

Inadequate power remains the greatest infrastructure obstacle in Africa. Increasing access to affordable, reliable, and sustainable energy is therefore a primary objective

UGANDA © Sarah Farhat/World Bank

of the Bank's work in the region. Projects focus on developing hydropower and other forms of sustainable power to increase energy production and benefit millions of Africans.

IBRD is partnering with IFC and MIGA to support a joint energy business plan for Nigeria by leveraging the full range of the World Bank Group's products and expertise to attract private investment. The plan will support the country's energy reform program and help it to increase installed generation capacity by about 1,000 megawatts. The Bank is also supporting the 80-megawatt Regional Rusumo Falls Hydroelectric Project in Burundi, Rwanda, and Tanzania. The Bank approved support for an interconnector project to facilitate electricity trade between The Gambia, Guinea, Guinea-Bissau, and Senegal.

Adapting to climate change and managing disaster risk

Climate change is taking a toll on Africa—and it is hitting the region's poor the hardest. Rainfall volatility has increased in the Sahel and other dry lands, where water resources are continuously depleted. Natural disasters, such as droughts in East Africa and floods and cyclones in southern Africa, are increasing in frequency and intensity. Investing in climate change adaptation techniques and disaster risk management remains a top priority. In fiscal 2015, the World Bank's Board of Executive Directors approved a $300 million IDA credit for the Dar es Salaam Metropolitan Development Project in Tanzania, which will improve key services to address flooding, urban mobility, and basic infrastructure in low-income communities for 1.5 million residents.

Raising agricultural productivity and output

There is a continuing need to accelerate progress in boosting agricultural productivity and output in Africa. The Bank is assisting smallholders—through programs that finance investment in improved technologies, rural financial services, and better access to markets. It is spurring increased agribusiness investments and efforts to improve land and water management by adopting modern irrigation practices, preventing conflicts over water resources, and implementing climate-smart agriculture solutions. It is supporting country-led efforts by linking farmers to markets and reducing risk and vulnerability, increasing rural employment, and making agriculture more environmentally sustainable. Projects approved this fiscal year include joint Bank-IFC support to develop commercially oriented and competitive value chains in Cameroon, and support to increase and intensify the productivity of the Rwandan agricultural and livestock sectors.

Responding to and recovering from the Ebola epidemic

The Bank Group mobilized more than $1.6 billion in assistance to Guinea, Liberia, and Sierra Leone following the outbreak of Ebola in 2014. The initial emergency response from IDA, most of it in the form of grants, is helping the three countries to provide treatment and care, contain and prevent the spread of infections, allow communities to cope with the economic impact of the crisis, and improve public health systems.

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, 2015*

TABLE 5 AFRICA

REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2013–15

	COMMITMENTS ($ MILLIONS)			DISBURSEMENTS ($ MILLIONS)		
	FY13	FY14	FY15	FY13	FY14	FY15
IBRD	42	420	1,209	429	335[a]	816
IDA	8,203	10,193	10,360	5,799	6,604	6,595

Portfolio of projects under implementation as of June 30, 2015: $52.0 billion.
a. Figure revised from Annual Report 2014 because of rounding.

FIGURE 1 AFRICA

IBRD AND IDA LENDING BY SECTOR • FISCAL 2015

SHARE OF TOTAL OF $11.6 BILLION

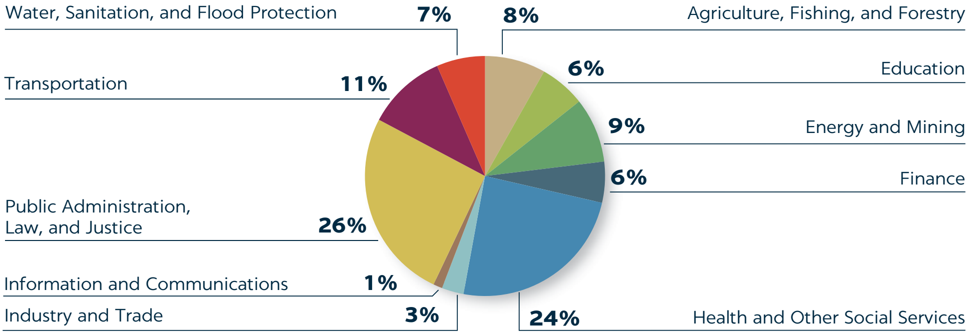
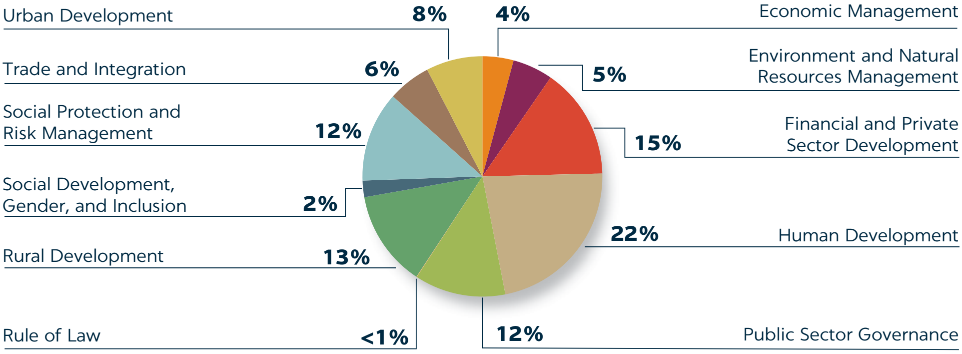


FIGURE 2 AFRICA

IBRD AND IDA LENDING BY THEME • FISCAL 2015

SHARE OF TOTAL OF $11.6 BILLION



Nigeria State Health Investment Project

Better health care for women and children in low-income households is a formidable challenge in Nigeria. Annually, around 900,000 children under age five and women die from easily preventable causes, accounting for 13 percent of all under-five deaths and 14 percent of all maternal deaths worldwide. Although Nigeria has numerous primary health centers and a relatively high level of investment in health care, good-quality basic health services are not easily available to poor people.

To improve the situation, the government launched the Nigeria State Health Investment Project in 2012. It is a five-year, $171 million program funded by IDA and the Health Results Innovation Trust Fund, and strengthens the health care system using performance-based financing. The result of pilots in three states—Adamawa, Ondo, and Nasarawa—has been a threefold increase in the performance of health care facilities. Now more women go for antenatal care, more skilled birth attendants are available during delivery, and more children are being immunized. In the past year, immunization coverage increased from 24 percent to 50 percent in Adamawa, 49 percent to 59 percent in Ondo, and 41 percent to 46 percent in Nasarawa. Similarly, institutional deliveries increased from 29 percent to 40 percent in Adamawa, 20 percent to 26 percent in Ondo, and 27 percent to 46 percent in Nasarawa.

Following the three successful pilots, the World Bank continued its long-term commitment by approving additional financing in June 2014 to expand the reach of the project to 937 facilities in 52 local areas.

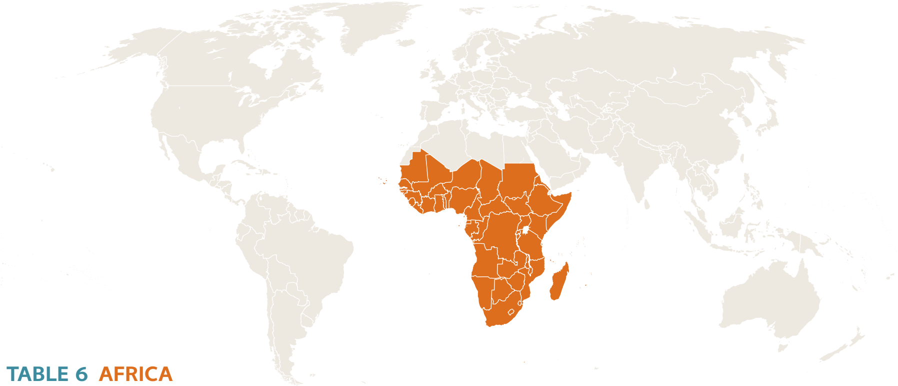


TABLE 6 AFRICA

REGIONAL SNAPSHOT

INDICATOR	2000	2008	CURRENT DATA[a]	TREND
Total population (millions)	664	819	961	
Population growth (annual %)	2.7	2.7	2.7	
GNI per capita (Atlas method, current US$)	501	1,131	1,720	
GDP per capita growth (annual %)	0.7	2.2	1.6	
Population living on less than $1.25 a day (millions)	386[b]	403	416	
Life expectancy at birth, females (years)	51	55	58	
Life expectancy at birth, males (years)	49	53	56	
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	64	
Labor participation rate, males (% population ages 15+)	77	76	77	
Proportion of seats held by women in national parliaments (% total)	12	18	22	
Carbon dioxide emissions (megatons)	550	712	739	
Carbon dioxide emissions, per capita (metric tons)	0.8	0.9	0.8	

PROGRESS TOWARD THE MILLENNIUM DEVELOPMENT GOALS (MDGs)

MDG	1990 BASELINE	CURRENT DATA[a]	2015 GOAL	TREND + 2015 TARGET
MDG 1.a Extreme poverty (% population below $1.25 a day, 2005 PPP)	56.8	46.9	28.0	
MDG 2.a Primary completion rate (% relevant age group)	54	69	100	
MDG 3.a Ratio of girls to boys in primary and secondary education (%)	81	91	100	
MDG 4.a Infant mortality rate (per 1,000 live births)	107	61	36	
MDG 4.a Under-5 mortality rate (per 1,000)	179	92	60	
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 2014; visit http://data.worldbank.org for data updates.
b. = 1999 data.
● = 2015 MDG target.

East Asia and Pacific

East Asia and Pacific accounted for one-third of global economic growth in 2014—twice the combined contribution of all other developing regions. Economic growth eased slightly in the region's developing countries even as the region benefited from a continued economic recovery in developed economies and from lower oil prices.

The developing economies of East Asia and Pacific are projected to grow by 6.7 percent a year in 2015 and 2016, down from 6.9 percent in 2014. The slight slowdown largely reflects the expected moderation in China's growth to about 7 percent during the next two years, down from 7.4 percent in 2014. Growth in the rest of developing East Asia is expected to reach 4.9 percent in 2015 and 5.4 percent in 2016, driven primarily by the large Southeast Asian economies.

Extreme poverty has fallen faster in this region than in any other. The proportion of people living on $1.25 a day declined from 26.5 percent in 2002 to 5.1 percent in 2014, leaving slightly more than 100 million people in extreme poverty. Another 260 million people live on $1.25–$2.00 a day and are vulnerable to falling back into extreme poverty.

World Bank assistance

The Bank approved $6.3 billion for the region for 57 projects this fiscal year. Support included $4.5 billion in IBRD loans and $1.8 billion in IDA commitments. The leading sectors were Water, Sanitation, and Flood Protection ($1.2 billion); Public Administration, Law, and Justice ($1.2 billion); and Transportation ($1.2 billion).

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. 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 142 million people have no access to power, and 600 million lack access to adequate sanitation. The rapid migration to cities is putting pressure on service delivery and leading to large urban slums, pollution, and environmental degradation. The region also includes 13 of the 30 countries most vulnerable to climate change, and experiences 70 percent of the world's natural disasters.

Restoring full engagement with Myanmar

Myanmar and the World Bank Group launched a new Country Partnership Framework for 2015–17, the first full country strategy since 1984. Under the strategy, IDA provides up to $1.6 billion in concessional credits, technical assistance, and knowledge; IFC provides up to $1 billion in investments and $20 million in technical assistance; and

VIETNAM © Vietnam Urban Upgrading Project/World Bank

MIGA provides political risk insurance to private lenders and investors in Myanmar.

The Country Partnership Framework focuses Bank Group support on reducing rural poverty; investing in people and effective, inclusive institutions that empower people; and creating private sector jobs. It builds on findings from the recent Systematic Country Diagnostic, extensive consultations with a wide range of stakeholders, and lessons learned since reengagement in 2012.

COUNTRIES ELIGIBLE FOR WORLD BANK BORROWING*

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

**as of June 30, 2015*

Confronting vulnerability in the Pacific

The Bank Group has significantly scaled up its engagement with the Pacific Island nations over the past several years to help strengthen their resilience to economic and natural shocks. These shocks result from the islands' high vulnerability to natural disasters and their small size and geographical isolation.

In March 2015, Tropical Cyclone Pam tore through the South Pacific, causing significant damage to Vanuatu and Tuvalu. The Bank participated in the postdisaster needs assessment for Vanuatu, which estimated damage and losses at $447 million, equivalent to 64 percent of Vanuatu's GDP. To help finance the substantial reconstruction needs, an IDA credit of $59.5 million approved in May 2015 for Vanuatu's Aviation Investment Project also contributes to emergency repairs to Vanuatu's international airports. In addition, the Bank is to draw on $18 million of unallocated IDA17 resources and $50 million from IDA's Crisis Response Window. Cyclone Pam triggered a $1.9 million payout to Vanuatu through the Pacific Catastrophe Risk Insurance Pilot project, a joint effort of the government of Japan, the World Bank, and the Secretariat of the Pacific Community.

Tuvalu also sustained heavy damage to critical infrastructure, particularly to its protective seawalls. Financing of $3 million from the Crisis Response Window is to help the government manage the unanticipated costs of postcyclone reconstruction while maintaining the country's fiscal reforms.

Strengthening knowledge partnerships to deliver solutions

Knowledge continues to be a strategic priority in the Bank Group's partnerships. This fiscal year the government of Vietnam and the World Bank initiated a report that helps policy makers to define a long-term development strategy for transforming Vietnam into a modern industrial country by 2035. The government of China, the Bank Group, and the World Health Organization initiated a joint study of China's health care system. The study, which will be published in 2016, offers options to help China strengthen health service delivery and performance, maximize value for the money, and improve the health of all its citizens. In addition, the Bank Group is working with Pacific Island stakeholders on a strategic study looking at long-term development opportunities and challenges for the subregion.

The government of Malaysia signed a formal agreement with the Bank to open an office in Kuala Lumpur. The agreement will help to share Malaysia's successful development experience with other developing countries, and enable it to better leverage global knowledge and expertise to become a high-income economy.

TABLE 7 EAST ASIA AND PACIFIC

REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2013–15

	COMMITMENTS ($ MILLIONS)			DISBURSEMENTS ($ MILLIONS)		
	FY13	FY14	FY15	FY13	FY14	FY15
IBRD	3,661	4,181	4,539	3,621	3,397	3,596
IDA	2,586	2,131	1,803	1,764	1,459	1,499

Portfolio of projects under implementation as of June 30, 2015: $31.6 billion.

The Bank Group continues to build partnerships with the Association of Southeast Asian Nations, the Asia-Pacific Economic Cooperation, the Pacific Island Forum, the Asian Development Bank, the Australian Department of Foreign Affairs and Trade, the Japan International Cooperation Agency, and others to maximize development impact.

FIGURE 3 EAST ASIA AND PACIFIC

IBRD AND IDA LENDING BY SECTOR • FISCAL 2015

SHARE OF TOTAL OF $6.3 BILLION

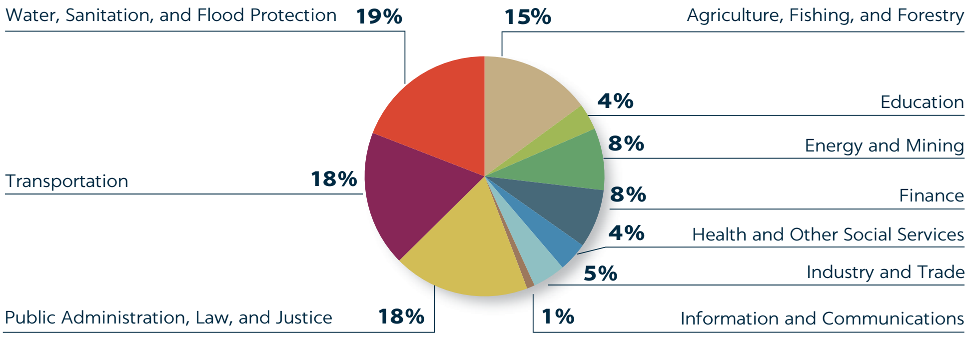
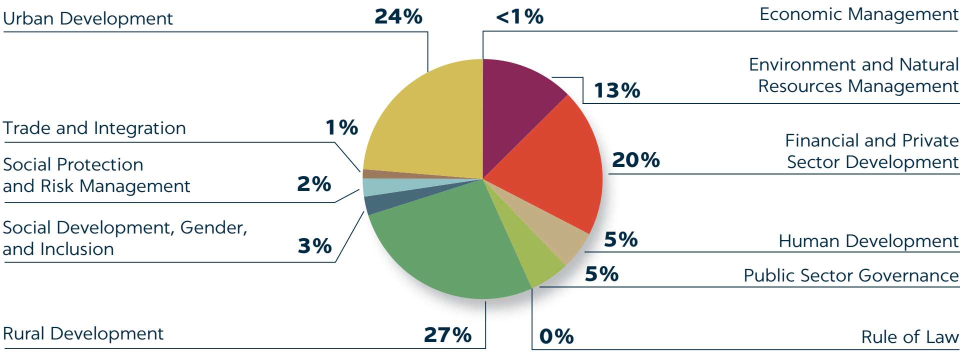


FIGURE 4 EAST ASIA AND PACIFIC

IBRD AND IDA LENDING BY THEME • FISCAL 2015

SHARE OF TOTAL OF $6.3 BILLION



Improving rural health care in China

The World Bank's Rural Health Project for China, which concluded in December 2014, supported the government's efforts to address the high cost and poor quality of care, particularly in rural areas. The project—implemented in 40 counties across eight provinces over six years—included a series of comprehensive reform pilot projects that tested solutions that can be applied more broadly to help China provide equal access to affordable, high-quality health care services for the rural population.

Under the project, hospitals like the People's Hospital of Yiyang County adopted a new system of standardized clinical protocols to treat patients. These protocols serve as a road map for caregivers and patients throughout their treatment, listing everything from what tests a patient can expect before surgery to how soon a patient should be discharged from the hospital and how much each treatment costs. Other reform measures include a performance-based payment system to motivate medical staff to provide better patient care.

These reforms reduced hospital stays at the People's Hospital by more than a full day, cut medical expenses by 5–8 percent, and increased the patient satisfaction rate to 99 percent. "Before, we had to pay a deposit before hospitalization and had no idea how big a bill we'd get when we were about to leave hospital. Now we know exactly how much we'll need to pay even before being hospitalized and can make payment later," said Xinglian Yao, a villager in Yiyang County.

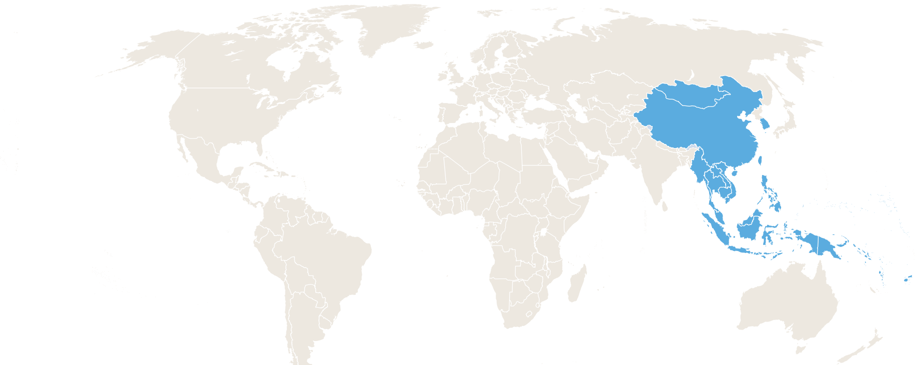


TABLE 8 EAST ASIA AND PACIFIC

REGIONAL SNAPSHOT

INDICATOR	2000	2008	CURRENT DATA[a]	TREND
Total population (millions)	1,812	1,935	2,020	
Population growth (annual %)	1.0	0.7	0.7	
GNI per capita (Atlas method, current US$)	912	2,763	6,122	
GDP per capita growth (annual %)	6.5	7.7	6.1	
Population living on less than $1.25 a day (millions)	661[b]	272	161	
Life expectancy at birth, females (years)	73	75	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	63	63	
Labor participation rate, males (% population ages 15+)	83	79	79	
Proportion of seats held by women in national parliaments (% total)	17	18	19	
Carbon dioxide emissions (megatons)	4,213	8,235	10,486	
Carbon dioxide emissions, per capita (metric tons)	2.3	4.3	5.3	

PROGRESS TOWARD THE MILLENNIUM DEVELOPMENT GOALS (MDGs)

MDG	1990 BASELINE	CURRENT DATA[a]	2015 GOAL	TREND + 2015 TARGET
MDG 1.a Extreme poverty (% population below $1.25 a day, 2005 PPP)	57.0	7.9	28.5	
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	16	15	
MDG 4.a Under-5 mortality rate (per 1,000)	59	20	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 2014; visit http://data.worldbank.org for data updates.
b. = 1999 data.
● = 2015 MDG target.

Europe and Central Asia

Economic growth in Europe and Central Asia is stagnating this year, after growing just 1.8 percent in 2014. The direct and indirect impacts of lower oil prices are dampening growth in the economies of Eurasia, while countries in the Euro Area are seeing a modest recovery. Overall, economic growth in the region is expected to be a marginal 0.4 percent in 2015. Excluding the Russian Federation and Ukraine, the rest of the region is expected to grow by 2.6 percent.

About 14 percent of the region's population—more than 61 million people—live in poverty. Among them, about 14 million are extremely poor, as measured at the regional poverty line of $2.50 a day (actual and projected numbers as of September 2014). The regional extreme poverty line is higher than the global extreme poverty line of $1.25 a day because the harsh climatic conditions and higher cost of subsistence in the region—including costs for heating, clothing, and shelter—make it almost impossible to survive on $1.25 a day.

World Bank assistance

The Bank approved $7.2 billion in lending to the region for 54 projects this fiscal year. Support included $6.7 billion in IBRD loans and $527 million in IDA commitments. The leading sectors were Energy and Mining ($1.4 billion); Transportation ($1.1 billion); and Public Administration, Law, and Justice ($1.1 billion).

The Bank also signed 19 Reimbursable Advisory Services agreements with nine countries in the region for a total amount of $16 million. The agreements provide technical advice to health care and education systems reform, public sector governance and institutional capacity building, investment climate reform, planning and management of infrastructure investments, and other issues.

The Bank's strategy for the region focuses on two main areas of intervention: competitiveness and shared prosperity through jobs, and environmental, social, and fiscal sustainability, including climate action. Governance and gender are thematic priorities under both areas.

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-size enterprises in Kazakhstan and Turkey; invested in information technology, roads, and other infrastructure in Albania, Azerbaijan, Belarus, Croatia, Georgia, Kosovo, the former Yugoslav Republic of Macedonia, Moldova, and Uzbekistan; strengthened financial sector regulations, the business environment, and policies conducive to growth, private

FYR MACEDONIA © Tomislav Georgiev/World Bank

sector competitiveness, and innovation in Armenia, Georgia, Kazakhstan, Moldova, Poland, Serbia, Tajikistan, Turkey, and Ukraine; and offered advice on trade and exports in Armenia and Turkey. The Bank is improving the reliability of the power supply in Albania, Armenia, the Kyrgyz Republic, and Ukraine, and supporting gas sector development in Turkey. In the Kyrgyz Republic, Romania, Tajikistan, and Uzbekistan, it is supporting job creation and diversification of the agriculture sector.

The Bank published several important reports on the region this fiscal year. One of them—*Turkey's Transitions: Integration, Inclusion, Institutions*—reveals how steady growth has brought broadly shared prosperity and doubled the size of the middle class. It identifies what has worked well and what needs to change.

Improving environmental, social, and fiscal sustainability

The Bank works with client countries in designing and implementing reforms to improve the efficiency and fiscal sustainability of their pension, social protection, and health care systems. In Croatia and Ukraine, it is supporting efforts to improve the efficiency and fiscal sustainability of the safety net and pension systems. It is helping to improve health care systems in Albania, Bulgaria, Tajikistan, and Ukraine and education systems in Romania. The Bank is supporting community-driven development and social accountability in Armenia, Georgia, and the Kyrgyz Republic. In Azerbaijan, Romania, and Tajikistan, it is helping governments to improve economic opportunities and public services for disadvantaged communities, including the Roma and unemployed youth.

Aging is a critical issue in the region and was the focus of two reports this fiscal year—*Golden Aging: Prospects for Healthy, Active, and Prosperous Aging in Europe and Central Asia* and *What's Next in Aging Europe: Aging with Growth in Central Europe and the Baltics.*

Climate adaptation and energy efficiency remain strategic priorities for Europe and Central Asia, the world's most energy-intensive developing region. In Kosovo, FYR Macedonia, and Ukraine, the Bank is working on policy reforms (such as energy pricing) and investments in both public infrastructure and private industry, including renewable energy and energy efficiency. In Bosnia and Herzegovina and in Serbia, it is continuing to support recovery and protection following the catastrophic floods of May 2014. In Belarus, the Bank is improving forest protection; and in Central Asia, it is helping countries to rehabilitate irrigation systems and build capacity for improved water management, embrace climate-smart agriculture, and promote more-sustainable land and forest resource management.

The Bank's analytical and advisory assistance also focused on climate change. This year's *Turn Down the Heat: Confronting the New Climate Normal* is the third in this annual series and includes Central Asia, Russia, and the Western Balkans. The report warns that without action, the planet will continue to warm, and extreme weather events could become the new climate normal, increasing risks and instability.

COUNTRIES ELIGIBLE FOR WORLD BANK BORROWING*

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

**as of June 30, 2015*

TABLE 9 EUROPE AND CENTRAL ASIA

REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2013–15

	COMMITMENTS ($ MILLIONS)			DISBURSEMENTS ($ MILLIONS)		
	FY13	FY14	FY15	FY13	FY14	FY15
IBRD	4,591	4,729	6,679	3,583	6,536[a]	5,829
IDA	729	798	527	468	519	314

Portfolio of projects under implementation as of June 30, 2015: $26.2 billion.

a. Figure revised from Annual Report 2014 because of rounding.

FIGURE 5 EUROPE AND CENTRAL ASIA

IBRD AND IDA LENDING BY SECTOR • FISCAL 2015

SHARE OF TOTAL OF $7.2 BILLION

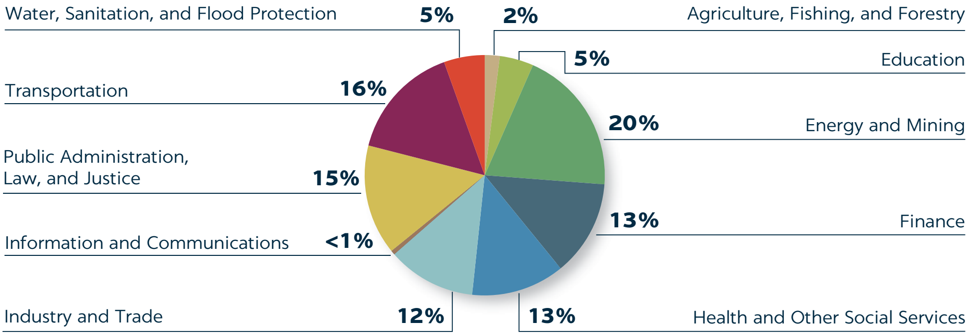
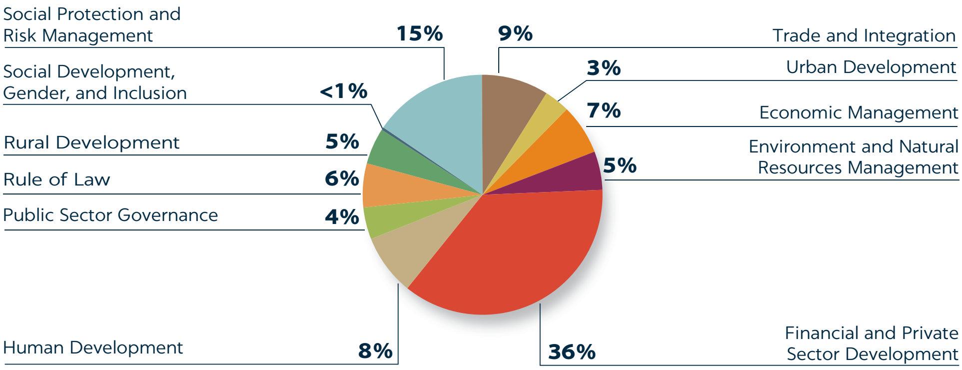


FIGURE 6 EUROPE AND CENTRAL ASIA

IBRD AND IDA LENDING BY THEME • FISCAL 2015

SHARE OF TOTAL OF $7.2 BILLION



Increasing access to secondary school through conditional cash transfers

Like their schoolmates at the Boro Petrusevski Secondary Vocational School in FYR Macedonia, Kristina Donevska and Zulejla Abdulova work hard to get good grades. They come to school every day filled with hopes and dreams for the future. Unlike most of their schoolmates, just being able to attend school is difficult for them because money at home is tight. Coming up with the means to pay for textbooks and notebooks, clothes, and transportation has been challenging for their families.

But their families are not alone. An estimated 24 percent of FYR Macedonia's population lives below the absolute poverty line, unable to buy enough food or meet other basic needs. Despite economic growth, the rate of poverty has not decreased since 2002.

Thanks to a conditional cash transfer program supported by the World Bank since 2009, attending school is now easier for poor people in FYR Macedonia. Under the program, the families of about 7,500 students throughout the country receive €200 a year as long as they keep their children in secondary school. This relatively small stipend is allowing thousands of young Macedonians to stay in school.

The Bank-supported program is critical because research shows that poverty in FYR Macedonia is driven by unemployment. The national employment strategy diagnosed the lack of skills as a key determinant of individual unemployment, noting that almost 70 percent of adults with no more than a primary education are poor. The government acted quickly, recognizing that breaking the cycle of poverty required increasing access to education.

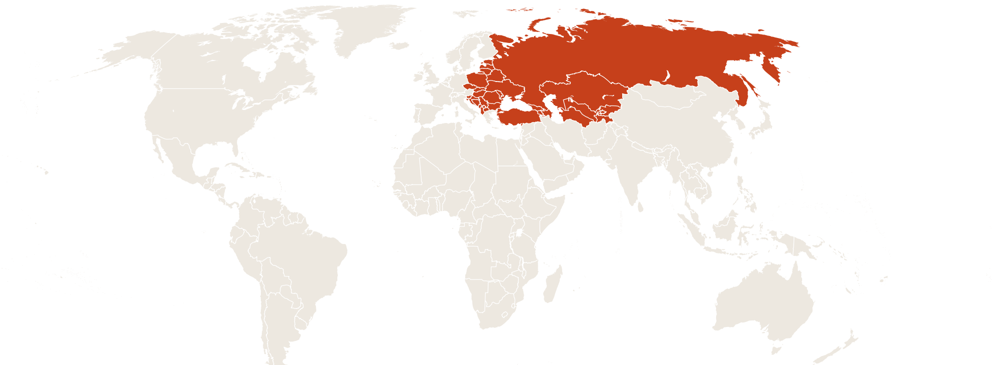


TABLE 10 EUROPE AND CENTRAL ASIA

REGIONAL SNAPSHOT

INDICATOR	2000	2008	CURRENT DATA[a]	TREND
Total population (millions)	246	253	264	
Population growth (annual %)	0.3	0.5	0.7	
GNI per capita (Atlas method, current US$)	1,803	5,425	6,864	
GDP per capita growth (annual %)	5.8	2.7	1.4	
Population living on less than $1.25 a day (millions)	18[b]	2	2	
Life expectancy at birth, females (years)	73	75	76	
Life expectancy at birth, males (years)	65	67	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+)	47	44	46	
Labor participation rate, males (% population ages 15+)	69	68	69	
Proportion of seats held by women in national parliaments (% total)	7	14	19	
Carbon dioxide emissions (megatons)	1,128	1,370	1,401	
Carbon dioxide emissions, per capita (metric tons)	4.6	5.4	5.4	

PROGRESS TOWARD THE MILLENNIUM DEVELOPMENT GOALS (MDGs)

MDG	1990 BASELINE	CURRENT DATA[a]	2015 GOAL	TREND + 2015 TARGET
MDG 1.a Extreme poverty (% population below $1.25 a day, 2005 PPP)	1.5	0.5	0.8	
MDG 2.a Primary completion rate (% relevant age group)	96	100	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	20	15	
MDG 4.a Under-5 mortality rate (per 1,000)	56	23	19	
MDG 5.a Maternal mortality ratio (modeled estimate, per 100,000 live births)	62	28	16	
MDG 7.c Access to safe drinking water (% population with access)	87	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 2014; visit http://data.worldbank.org for data updates.
b. = 1999 data.
● = 2015 MDG target.

Latin America and the Caribbean

Thanks to high commodity prices and pro-growth structural reforms, Latin America enjoyed a decade of strong economic growth and significant social progress. Over the past decade, annual economic growth among the bottom 40 percent of the population averaged 5.2 percent, eclipsing the performance of that group in every other region in the world. In 2011, for the first time ever, the region had a larger number of Latin Americans in the middle class than in poverty.

Economic and social progress in the Caribbean has been more limited. The subregion, highly dependent on external demand from rich nations and significantly vulnerable to natural disasters, has been growing at a much slower pace, and social gains in some countries have been flat. In an effort to bolster economic activity, the World Bank in June sponsored the third regional Caribbean Growth Forum, an initiative that engages government, private sector, and civil society in support of pro-growth reforms.

As the global economic tailwinds die down, growth in Latin America and the Caribbean is expected to fall to about 0.4 percent in 2015. That average hides significant differences within the region because Bolivia, the Dominican Republic, Panama, and Peru are expected to grow around 4 percent or higher. To protect the social gains accrued over the past decade, new strategies will have to be adopted to boost growth. Higher productivity will be needed to push average growth above 3 percent, which would enable the region to continue the path of prosperity experienced during the commodities boom.

World Bank assistance

The Bank approved $6.0 billion for 33 projects in the region this fiscal year. Support included $5.7 billion in IBRD loans and $315 million in IDA commitments. The leading sectors were Health and Other Social Services ($1.6 billion); Public Administration, Law, and Justice ($1.3 billion); and Education ($1.0 billion).

The Bank tailors its diverse financial, knowledge, and convening services to the region's pressing needs, which include raising productivity, increasing trade integration, better managing disaster risk, and creating good-quality education and jobs. It addresses these needs through project financing; innovative mechanisms, such as the Climate Investment Funds; and in-depth reports, such as *Great Teachers: How to Raise Student Learning in Latin America and the Caribbean* and *Latin America and the Rising South: Changing World, Changing Priorities.*

In the lead-up to the Annual Meetings of the World Bank Group and the International Monetary Fund in Lima, Peru, in October 2015, the Bank Group conducted a series of events under the "Road to Lima" rubric. These events promoted discussion of development challenges and solutions. They highlighted the contribution of Latin America and the Caribbean to the global development debate, in particular the

HAITI © Haiti Reconstruction Fund/World Bank

importance of middle-income countries for eliminating extreme poverty by 2030 and promoting shared prosperity in a sustainable manner.

Promoting shared prosperity

Latin America and the Caribbean scored impressive gains in recent years, increasing the size of the middle class and reducing the ranks of the poor. But inequality remains high, and poverty reduction may be stagnating. Some 75 million people still live on less than $2.50 a day, and nearly two-thirds of the region's people are poor or vulnerable to falling into poverty—a situation that slow growth could exacerbate.

Assisting countries in continuing to address the inequality gap by creating opportunities for all is at the top of the Bank's regional agenda. In Ecuador, a Bank project that seeks to increase access to improved sanitation services and reduce wastewater pollution among vulnerable sectors in the city of Guayaquil will benefit nearly 1 million residents. In Brazil, a Bank-supported program will benefit 1 million Afro-descendants or indigenous people through public service improvements.

Increasing productivity

The region's extraordinary recent growth and ability to weather the 2008–09 global recession contrast with its lagging productivity. Bottlenecks include high-cost logistics, which are two to four times higher than those of the world's leaders; inadequate infrastructure; and low-quality education. Better education and health care are essential to increase human capital and boost productivity.

In the Dominican Republic, the Bank seeks to assist nearly 1.3 million people by improving access to a subsidized health care system and by increasing the employability of some of the most vulnerable people, with a focus on young women and men. The Bank this year also supported reforms in Jamaica aimed at improving the investment climate, competitiveness, and public financial management.

Making the state more efficient

Lack of access to quality public services provided by the state, including education and security, are frustrating the dreams and aspirations of the poor and the middle class. Among the many projects that seek to help governments build inclusive public services, the Bank is supporting Mexico's new social protection program, which aims to go beyond providing basic welfare to opening productive options to beneficiaries.

Increasing disaster resilience and protecting the environment

Latin America and the Caribbean is home to 9 of the world's top-20 countries most susceptible to natural disasters, which cost regional governments about $2 billion a year. As a response, countries have become more disaster savvy and are sharpening their focus on prevention. The Bank provides tools and mechanisms to increase resilience, including cutting-edge instruments such as catastrophe risk insurance. This year, it approved its largest-ever financing for Bolivia, to assist the country with disaster risk management.

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, 2015

TABLE 11 LATIN AMERICA AND THE CARIBBEAN
REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2013–15

	COMMITMENTS ($ MILLIONS)			DISBURSEMENTS ($ MILLIONS)		
	FY13	FY14	FY15	FY13	FY14	FY15
IBRD	4,769	4,609	5,709	5,308	5,662	5,726
IDA	435	460	315	273	306	383

Portfolio of projects under implementation as of June 30, 2015: $27.0 billion.

FIGURE 7 LATIN AMERICA AND THE CARIBBEAN

IBRD AND IDA LENDING BY SECTOR • FISCAL 2015

SHARE OF TOTAL OF $6.0 BILLION

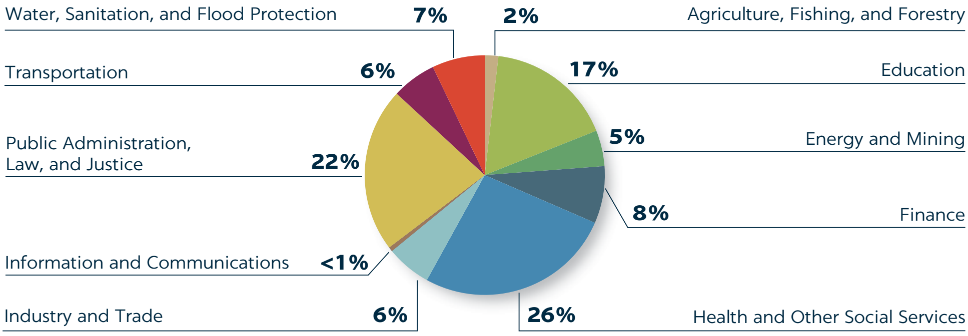
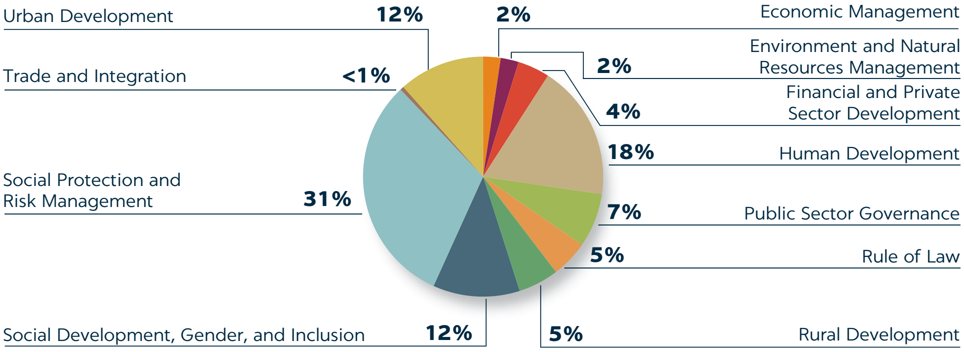


FIGURE 8 LATIN AMERICA AND THE CARIBBEAN

IBRD AND IDA LENDING BY THEME • FISCAL 2015

SHARE OF TOTAL OF $6.0 BILLION



Insuring against natural disaster risk in Central America and the Caribbean

Nine countries in Central America and the Caribbean experienced natural disasters with economic impact that exceeded 50 percent of annual GDP in the past three decades. The earthquake that hit Haiti in 2010 is estimated to have cost that country 120 percent of GDP. Tropical Cyclone Agatha, which hit Guatemala the same year, increased poverty rates by 5.5 percent and reduced primary school enrollments in rural areas by 4 percent.

To address the problem, the Caribbean Community and Common Market (CARICOM) requested assistance from the World Bank to create the world's first pooling mechanism to help countries access affordable insurance coverage against hurricanes, earthquakes, and excessive rainfall in order to reduce their financial vulnerability. The initiative resulted in the creation of the Caribbean Catastrophe Risk Insurance Facility (CCRIF), funded by donors including Canada and the United States. In 2015, Nicaragua became the first Central American country to join the 16 original Caribbean member countries. Other Central American countries are expected to join later this year and in 2016. This partnership between Caribbean and Central American countries could strengthen economic engagement throughout the Caribbean Basin.

Since its inception in 2007, CCRIF has been able to provide insurance coverage at about half of the cost of policies purchased individually. To date, CCRIF has made 12 payouts totaling $35.6 million to eight member governments.

TABLE 12 LATIN AMERICA AND THE CARIBBEAN

REGIONAL SNAPSHOT

INDICATOR	2000	2008	CURRENT DATA[a]	TREND
Total population (millions)	439	487	522	
Population growth (annual %)	1.5	1.2	1.1	
GNI per capita (Atlas method, current US$)	3,606	6,507	9,051	
GDP per capita growth (annual %)	3.0	2.4	0.6	
Population living on less than $1.25 a day (millions)	55[b]	31	28	
Life expectancy at birth, females (years)	74	77	78	
Life expectancy at birth, males (years)	68	70	72	
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	53	55	
Labor participation rate, males (% population ages 15+)	82	81	80	
Proportion of seats held by women in national parliaments (% total)	15	22	29	
Carbon dioxide emissions (megatons)	932	1,135	1,210	
Carbon dioxide emissions, per capita (metric tons)	2.1	2.3	2.4	

PROGRESS TOWARD THE MILLENNIUM DEVELOPMENT GOALS (MDGs)

MDG	1990 BASELINE	CURRENT DATA[a]	2015 GOAL	TREND + 2015 TARGET
MDG 1.a Extreme poverty (% population below $1.25 a day, 2005 PPP)	12.6	4.6	6.3	
MDG 2.a Primary completion rate (% relevant age group)	89	101	100	
MDG 3.a Ratio of girls to boys in primary and secondary education (%)	102	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	18	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)	84	93	92	
MDG 7.c Access to basic sanitation facilities (% population with access)	64	80	82	

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 2014; visit http://data.worldbank.org for data updates.
b. = 1999 data.
● = 2015 MDG target.

Middle East and North Africa

The Middle East and North Africa remains a region in transition. Tunisia and the Arab Republic of Egypt appear to be consolidating more-stable political environments, but the situation in the Republic of Yemen has deteriorated sharply. Violence continues in Iraq, Libya, the Syrian Arab Republic, and Yemen; and Iraq, Jordan, and Lebanon are grappling with large numbers of refugees. The Gulf Cooperation Council (GCC) countries, Jordan, and Morocco remain stable.

As a result of conflict and instability, low oil prices, and the slow pace of reforms, growth in the region is expected to slow to 3.1–3.3 percent in 2015 and 2016. Rates will vary markedly across the region, however. The GCC countries are projected to grow 3.2–3.8 percent in 2015, while growth in the region's developing countries will be just 2 percent. In Algeria and Iraq, output is expected to rise by only 0.9 percent, and in the Islamic Republic of Iran, by just 0.6 percent.

Extreme poverty in the region remains low at 2.6 percent. Vulnerability to poverty is very high, however, with 53 percent of the population living on $4.00 or less a day.

World Bank assistance

The Bank approved $3.5 billion for the region for 17 projects this fiscal year, including $3.3 billion in IBRD loans and $198 million in IDA commitments. It also committed $75 million in special financing for six projects in the West Bank and Gaza. The top-three sectors were Energy and Mining ($1.0 billion); Water, Sanitation, and Flood Protection ($611 million); and Health and Other Social Services ($600 million).

The Bank delivered 122 economic and sector work products and nonlending technical assistance in fiscal 2015. A path-breaking report examined how the region's lack of a level playing field and state capture impedes job creation. Another study identified the structural weaknesses of exporting firms and proposed suggestions for policy reforms that would boost growth and employment. The region's Reimbursable Advisory Services program provided more than $30 million of analytical and advisory services to governments. The Bank proposed ways of enhancing the efficiency and effectiveness of health care and educational systems; improving governance, including the recommendation of stronger public financial management; creating jobs; diversifying the economy, including the development of small and medium-size enterprises; and increasing energy efficiency.

The Bank's framework for engagement continues to be based on governance, inclusion, jobs, and sustainable growth, as well as on the cross-cutting issues of regional and global integration, gender, and private sector development. To maximize its impact, the Bank is rethinking its strategy, with a focus on securing peace

MOROCCO © Arne Hoel/World Bank

and stability. The new strategy will step up the Bank's engagement in order to achieve shared growth and prosperity. The Bank will work with partners to pave the way for lasting economic and social development in the region—a global public good given the international implications of disarray and continued violence.

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, 2015*

Strengthening governance

The Bank continued to build on the emphasis on governance that began in the wake of the Arab Spring. It approved a $300 million loan to Tunisia for urban development and local governance and a $1 million project in Tunisia on social accountability.

Increasing social and economic inclusion

Increasing social and economic inclusion in the region is key to securing stability and peace. To improve inclusion, the Bank approved two large loans to Egypt, a $500 million loan to build inclusive housing and a $400 million loan to strengthen social safety nets. A $100 million project in Morocco will strengthen health care delivery. A $50 million labor-intensive public works project in Yemen focuses on temporary jobs for the most vulnerable. Other interventions included $90 million in emergency support to social protection in Yemen and $5 million in additional financing for social safety nets in Djibouti.

Creating jobs

The Bank lent $200 million to Morocco to increase competitiveness and growth and $100 million to help ensure more and better jobs for university graduates by aligning their skills with market needs. It lent $50 million to Jordan to help spur the growth of micro, small, and medium-size enterprises, the largest segment of the private sector there.

Accelerating sustainable growth

To spur sustainable growth, the Bank lent Egypt $500 million to increase access to reliable, lower-cost, grid-connected natural gas. In Lebanon, a $474 million water supply augmentation project will increase the volume of water available to the Greater Beirut and Mount Lebanon areas. A $400 million loan for the Noor Ouarzazate Concentrated Solar Power Project will increase Morocco's capacity and output from renewables and provide sustainable energy exports to Europe. A $130 million loan will support the Moroccan government's efforts to improve the economic, environmental, and social performance of the municipal solid waste sector, and a $125 million clean and efficient energy project will promote private sector participation and efficient solar energy.

TABLE 13 MIDDLE EAST AND NORTH AFRICA
REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2013–15

	COMMITMENTS ($ MILLIONS)			DISBURSEMENTS ($ MILLIONS)		
	FY13	FY14	FY15	FY13	FY14	FY15
IBRD	1,809	2,588	3,294	1,786	1,666	1,779
IDA	249	199	198	200	273	194

Portfolio of projects under implementation as of June 30, 2015: $11.7 billion.

FIGURE 9 MIDDLE EAST AND NORTH AFRICA

IBRD AND IDA LENDING BY SECTOR • FISCAL 2015

SHARE OF TOTAL OF $3.5 BILLION

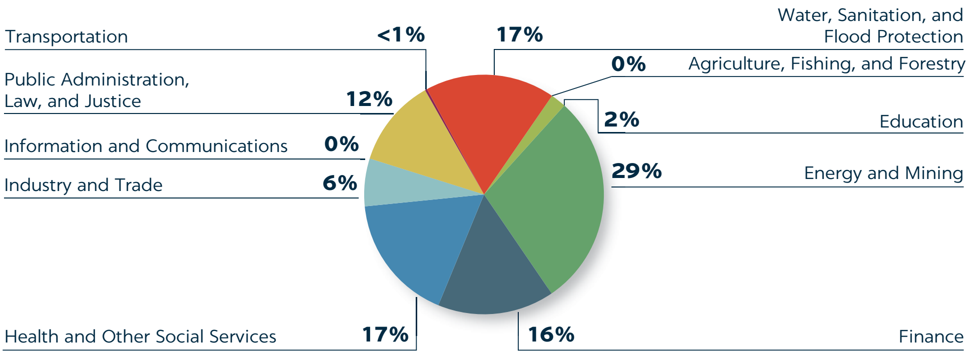
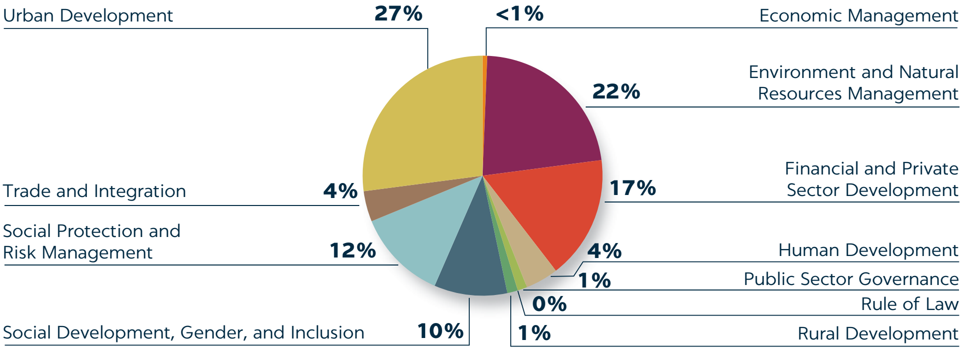


FIGURE 10 MIDDLE EAST AND NORTH AFRICA

IBRD AND IDA LENDING BY THEME • FISCAL 2015

SHARE OF TOTAL OF $3.5 BILLION



Rapidly responding to the crisis in Gaza

The July and August 2014 armed conflict in Gaza had devastating impacts on the population and infrastructure. More than 2,000 people died, more than 11,000 people were wounded, and about half a million people—almost a third of Gaza's total population—were displaced. The conflict also caused an estimated $2.8 billion in damages, devastating much of the area's infrastructure and economy, which during 2014, shrank by 15 percent in real terms. The total cost of recovery and reconstruction activities in Gaza has been estimated at $3.9 billion.

Following the crisis, the Palestinian Authority asked the World Bank to conduct damage assessments in the water and sanitation, energy, and municipal development sectors. By late August, almost immediately after hostilities ceased, the Bank had teams in place and redirected its planned pipeline of grants toward Gaza's reconstruction. By October, the Board of Executive Directors had approved four grants, involving the restructuring of existing projects, in record time; in January 2015, it approved a fifth grant.

Support included $41 million in emergency budget support; $15 million in emergency support for rehabilitating the electricity network; $3 million in emergency additional financing for the rehabilitation and reconstruction of damaged water and wastewater systems; $3 million in emergency support for the restoration of priority municipal services; and $8.5 million for strengthening health care system resiliency.

The Bank's quick response galvanized other donors, with five new donors coming on board to channel their funds using the Bank program.

TABLE 14 MIDDLE EAST AND NORTH AFRICA

REGIONAL SNAPSHOT

INDICATOR	2000	2008	CURRENT DATA[a]	TREND
Total population (millions)	277	317	351	
Population growth (annual %)	1.8	1.8	1.7	
GNI per capita (Atlas method, current US$)	1,494	3,197	4,460	
GDP per capita growth (annual %)	1.7	2.0	−1.7	
Population living on less than $1.25 a day (millions)	13[b]	7	6	
Life expectancy at birth, females (years)	71	73	74	
Life expectancy at birth, males (years)	67	69	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	19	20	
Labor participation rate, males (% population ages 15+)	74	72	73	
Proportion of seats held by women in national parliaments (% total)	4	9	17	
Carbon dioxide emissions (megatons)	873	1,212	131	
Carbon dioxide emissions, per capita (metric tons)	3.2	3.8	3.9	

PROGRESS TOWARD THE MILLENNIUM DEVELOPMENT GOALS (MDGs)

MDG	1990 BASELINE	CURRENT DATA[a]	2015 GOAL	TREND + 2015 TARGET
MDG 1.a Extreme poverty (% population below $1.25 a day, 2005 PPP)	5.8	1.7	2.9	
MDG 2.a Primary completion rate (% relevant age group)	76	93	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)	67	26	22	
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 2014; visit http://data.worldbank.org for data updates.
b. = 1999 data.
● = 2015 MDG target.

South Asia

Economic growth in South Asia is the fastest in the world. Already-rapid growth of 6.9 percent in 2014 is projected to accelerate to 7.1 percent in 2015, driven by strong expansion in India and low oil prices.

Poverty in the region remains very high. About 399 million people—40 percent of the world's poor—live on less than $1.25 a day. More than 200 million people live in slums, and half a billion people go without electricity. Many countries in the region suffer from extreme forms of social exclusion and huge infrastructure gaps, and the larger countries are experiencing increases in inequality. Development in the region will be key to meeting global poverty and prosperity goals.

World Bank assistance

The Bank approved $7.9 billion for the region for 38 projects this fiscal year. Support included $2.1 billion in IBRD loans and $5.8 billion in IDA commitments. The leading sectors were Water, Sanitation, and Flood Protection ($1.4 billion); Transportation ($1.3 billion); and Public Administration, Law, and Justice ($1.2 billion).

To unleash the region's development potential, the Bank's strategy for South Asia focuses on regional integration, growth, social inclusion, and climate and environmental management, along with the cross-cutting themes of improved governance and gender equality.

Enhancing regional integration

South Asia is one of the most dynamic regions in the world, but it is also one of the least economically integrated. Intraregional trade accounts for just 5 percent of total trade, compared to 25 percent in the Association of Southeast Asian Nations (ASEAN). Given the shared history and culture of many of the region's countries, the potential for economic integration is great.

The Bank's South Asia regional integration program manages a portfolio of $910 million in energy, trade and transport, and wildlife conservation. Its signature project is the Central Asia–South Asia Electricity Transmission and Trade Project, which plans to bring surplus hydroelectric energy from the Kyrgyz Republic and Tajikistan to energy-starved Afghanistan and Pakistan. Also advancing the regional integration agenda is the Mizoram State Roads II–Regional Transport Connectivity Project, which will improve road links between the state of Mizoram, India, and Bangladesh and Myanmar.

Spurring growth and reducing poverty

Infrastructure gaps in South Asia stymy growth and entrench poverty. To help the region bridge these gaps, the government of India and the Bank signed a $1.1 bil-

INDIA © Michael Foley/World Bank

lion agreement this fiscal year on a second loan for the Eastern Dedicated Freight Corridor, a freight-only rail line. The project will increase the speed and efficiency with which raw materials and finished goods move between northern and eastern India.

A $500 million second single-tranche credit was approved to support the government of Pakistan's growth-oriented reform program. This development policy credit will be structured around two main pillars: to foster private and financial sector development and to mobilize revenue and expand priority social spending. The Bank also approved $50 million to improve skills training programs in priority growth sectors in Pakistan's Punjab. The project aims to improve the quality and labor market relevance of training programs, as well as access to training, with a focus on employability. An estimated 70,000 trainees will directly benefit from the project, of which at least 15 percent will be women.

COUNTRIES ELIGIBLE FOR WORLD BANK BORROWING*

Afghanistan
Bangladesh
Bhutan
India
Maldives
Nepal
Pakistan
Sri Lanka

**as of June 30, 2015*

This fiscal year, Bank support to Bangladesh included the approval of $1.1 billion for three projects: $400 million in additional financing for the Third Primary Education Development Program, $375 million for the Multipurpose Disaster Shelter Project, and $300 million for the Income Support Program for the Poorest Project. The projects will benefit almost 36 million people by improving the quality of primary education, building coastal communities' resilience to natural disasters, and increasing the nutrition and cognitive development of children from the poorest households.

Coping with natural disasters

The World Bank responded swiftly to the earthquakes in Nepal in April and May this year, which killed and injured thousands of people and destroyed and caused massive damage to homes, government buildings, and cultural sites. The Bank's support included participation in a loss-and-damage assessment and the approval of $100 million in budget support and to strengthen the financial sector. Further, additional assistance for housing reconstruction is being processed, and reconstruction efforts in other sectors are being provided through the mobilization of projects already on the ground.

Sharing knowledge, delivering solutions

The Bank published two important reports this fiscal year, *Addressing Inequality in South Asia,* which shows that monetary inequality is increasing across most of the region; and *Violence against Women and Girls: Lessons from South Asia,* which documents violence throughout the life cycle, from early childhood to old age. This year's *South Asia Economic Focus, Spring 2015: Making the Most of Cheap Oil,* a biannual economic update, looks at export opportunities and the opportunities created by low oil prices. The Bank also prepared policy notes for the government of Nepal that lay out a strategic vision for development based on the three "I"s for growth (investment, infrastructure, and inclusion).

TABLE 15 SOUTH ASIA

REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2013–15

	COMMITMENTS ($ MILLIONS)			DISBURSEMENTS ($ MILLIONS)		
	FY13	FY14	FY15	FY13	FY14	FY15
IBRD	378	2,077	2,098	1,103	1,165	1,266
IDA	4,096	8,458	5,762	2,724	4,271	3,919

Portfolio of projects under implementation as of June 30, 2015: $43.5 billion.

FIGURE 11 SOUTH ASIA

IBRD AND IDA LENDING BY SECTOR • FISCAL 2015

SHARE OF TOTAL OF $7.9 BILLION

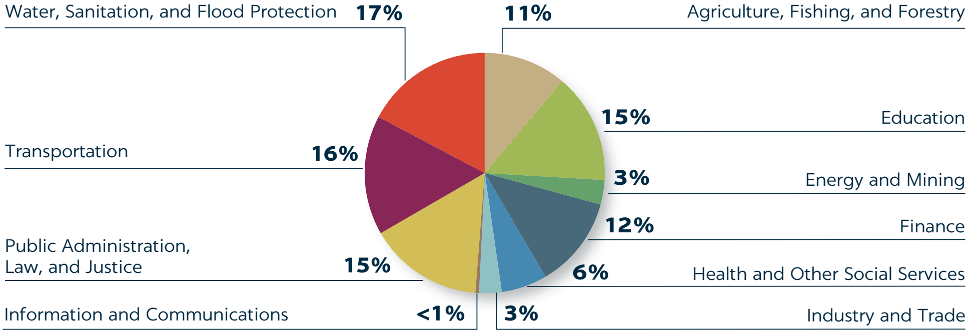
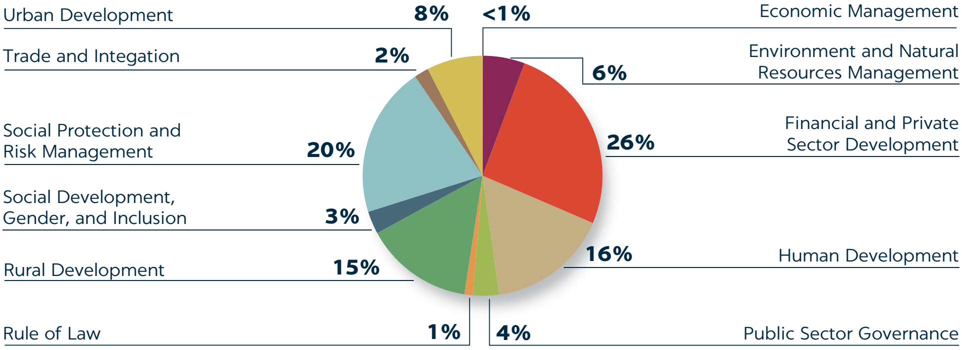


FIGURE 12 SOUTH ASIA

IBRD AND IDA LENDING BY THEME • FISCAL 2015

SHARE OF TOTAL OF $7.9 BILLION



Making the World Bank Group's activities in India more transparent

India is poised to lift millions of people out of poverty in the coming years. The magnitude of the challenge requires ambitious efforts from both the government and the World Bank Group, as reflected in the Country Partnership Strategy for India for 2013–17. The Open India app is a digital and live manifestation of this strategy that lets citizens explore the Bank Group's work in India, track its progress, and provide their feedback through an intuitive interface.

This first-of-its-kind app connects the dots between every World Bank and IFC activity in India, within the context of the development challenges that the country faces. It tracks the results achieved against the strategy's targets, and reports the progress against the development objectives of the ongoing Bank projects in the country. It also provides easy access to the Bank's knowledge and research across various sectors in India, and offers 100+ development indicators for states in which the Bank works.

A part of the Bank's Open Data initiative, the app leverages and shares data to make the Bank Group's work in India more transparent and accountable. Open India 2.0, released in May 2015, enables citizens to engage with the World Bank Group in India, send their questions or comments for any Bank Group activity, and easily access associated grievance mechanisms. It represents the next step toward greater citizen engagement and enhances the transparency of results on the ground through open data.

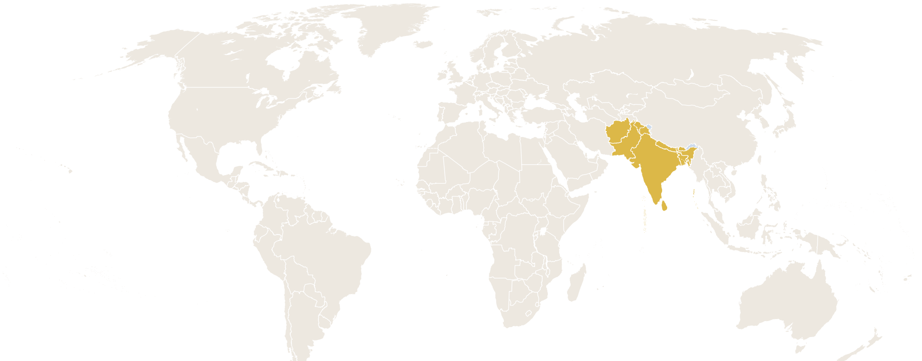


TABLE 16 SOUTH ASIA

REGIONAL SNAPSHOT

INDICATOR	2000	2008	CURRENT DATA[a]	TREND
Total population (millions)	1,382	1,564	1,692	
Population growth (annual %)	1.8	1.4	1.3	
GNI per capita (Atlas method, current US$)	452	991	1,527	
GDP per capita growth (annual %)	2.3	2.5	5.8	
Population living on less than $1.25 a day (millions)	617[b]	540	399	
Life expectancy at birth, females (years)	64	67	69	
Life expectancy at birth, males (years)	62	64	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	34	31	
Labor participation rate, males (% population ages 15+)	83	82	81	
Proportion of seats held by women in national parliaments (% total)	8	18	19	
Carbon dioxide emissions (megatons)	1,336	2,023	2,328	
Carbon dioxide emissions, per capita (metric tons)	1.0	1.3	1.4	

PROGRESS TOWARD THE MILLENNIUM DEVELOPMENT GOALS (MDGs)

MDG	1990 BASELINE	CURRENT DATA[a]	2015 GOAL	TREND + 2015 TARGET
MDG 1.a Extreme poverty (% population below $1.25 a day, 2005 PPP)	54.1	24.5	27.0	
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	45	31	
MDG 4.a Under-5 mortality rate (per 1,000)	129	57	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 2014; visit http://data.worldbank.org for data updates.
b. = 1999 data.
● = 2015 MDG target.

The Roles and Resources 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. As the largest development bank in the world and part of the World Bank Group, IBRD has two main goals: to end extreme poverty by 2030 and to promote shared prosperity in a sustainable manner. 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 $23.5 billion in fiscal 2015 for 112 operations. This volume was higher than the precrisis historical average ($13.5 billion a year in fiscal 2005–08) and the $18.6 billion in fiscal 2014. Europe and Central Asia ($6.7 billion) and Latin America and the Caribbean ($5.7 billion) received the largest shares of new lending, followed by East Asia and Pacific ($4.5 billion). Commitments to the Middle East and North Africa ($3.3 billion), South Asia ($2.1 billion), and Africa ($1.2 billion) followed. Public Administration, Law, and Justice received the largest sector commitments ($4.3 billion), followed by Finance ($3.4 billion) and Energy and Mining ($3.2 billion). By theme, Financial and Private Sector Development received the largest share of commitments (26 percent), followed by Urban Development (15 percent) and Social Protection and Risk Management (14 percent).

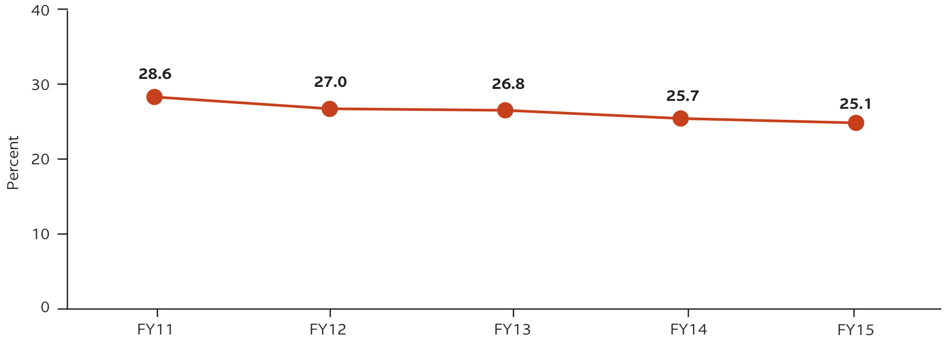
IBRD also offers financial products that allow clients to efficiently fund their development programs and manage risks related to currency, interest rates, commodity prices, and disasters. In fiscal 2015, the Bank's Treasury executed U.S. dollar equivalent (USDeq) 3.3 billion in hedging transactions, including USDeq 2.0 billion in interest rate conversions and USDeq 1.2 billion in currency conversions, to assist borrowers in managing interest rate and currency risks over the life of their IBRD loans. Disaster risk management transactions included a $43 million transaction to renew coverage of the Pacific Disaster Insurance Program, which provides protection against earthquakes, tsunamis, and tropical cyclones to the Cook Islands, the Marshall Islands, Samoa, Tonga, and Vanuatu on behalf of the International Development Association (IDA). In addition, the Bank's Treasury executed swap transactions totaling USDeq 24 billion to manage the risks of IBRD's balance sheet and USDeq 727 million to manage the risks of IDA's balance sheet. (See **treasury.worldbank.org/bdm/htm/risk_financing.html**.)

IBRD resources

IBRD issues bonds in international capital markets to support sustainable development. It uses its resources to reduce poverty and make growth inclusive by providing loans, guarantees, risk management products, and advisory services to middle-income countries and creditworthy low-income countries. In fiscal 2015, IBRD raised USDeq 57.7 billion by issuing bonds in 21 currencies. Its standing in the capital markets and its financial strength allowed IBRD to borrow these large volumes on very favorable terms despite volatile market conditions.

IBRD's financial strength is based on its robust capital position and shareholder support, as well as on its prudent financial policies and practices, which help to

FIGURE 13 IBRD RATIO OF EQUITY TO LOANS



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 six-year period. The payment period was extended by a year following the approval of extension requests by shareholders for the selective capital increase payment period by the Board of Executive Directors. As of June 30, 2015, the cumulative increase in subscribed capital totaled $62.7 billion. Related paid-in amounts in connection with the capital increase were $3.7 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 2015 allocable net income, the Board of Executive Directors recommended to the Board of Governors the transfer of $650 million to IDA and the allocation of $36 million to General Reserve.

Consistent with IBRD's development mandate, the principal financial 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 25.1 percent as of June 30, 2015.

As one of the pioneers of the green bond market and one of the largest issuers of green bonds, IBRD has raised, as of June 30, 2015, USDeq more than 8.4 billion in 100 green bond transactions denominated in 18 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

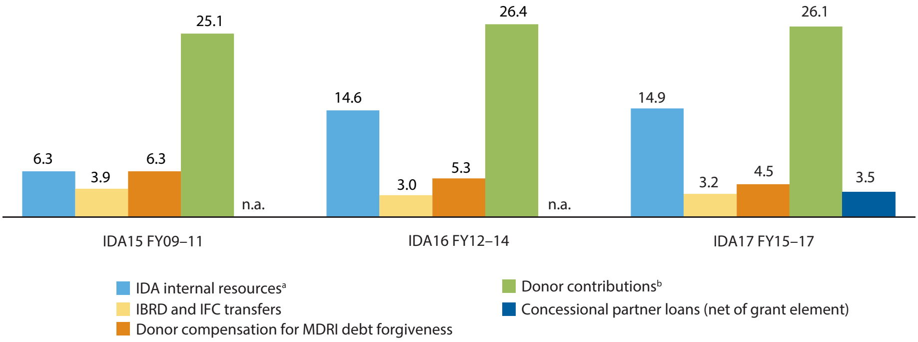
The International Development Association (IDA) is the largest multilateral source of concessional financing and the main instrument for pursuing the World Bank Group's goals of ending extreme poverty and boosting shared prosperity in a sustainable manner in the world's poorest countries. IDA's funding supports countries' efforts to increase economic growth, reduce poverty, and improve the living conditions of the poor. In fiscal 2015, 77 countries were eligible to receive IDA assistance. (This number excludes India, which graduated from IDA at the end of fiscal 2014 but will receive transitional support on an exceptional basis through the IDA17 period.) (See **worldbank.org/ida**.)

IDA financial commitments

IDA commitments amounted to $19.0 billion in fiscal 2015, including $15.9 billion in credits, $2.4 billion in grants, and $600 million in guarantees. The largest share of resources was committed to Africa, which received $10.4 billion. South Asia ($5.8 billion) and East Asia and Pacific ($1.8 billion) also received large shares of commit-

FIGURE 14 IDA REPLENISHMENTS

BILLIONS OF DOLLARS



Note: n.a. = not applicable. Data reflect 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.

ted funding, followed by Europe and Central Asia ($527 million), Latin America and the Caribbean ($315 million), and the Middle East and North Africa ($198 million). Bangladesh ($1.9 billion) and India ($1.7 billion) were the largest country recipients.

Commitments for infrastructure—including Energy and Mining; Transportation; Water, Sanitation, and Flood Protection; and Information and Communications—reached $5.8 billion. Significant support was also committed to the sectors of Public Administration, Law, and Justice ($3.9 billion) and Health and Other Social Services ($3.7 billion). The themes receiving the highest share of commitments were Human Development ($4.1 billion), Rural Development ($3.3 billion), and Social Protection and Risk Management ($3.2 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, contributing partners and representatives of borrower countries meet to agree on IDA's strategic direction, priorities, and financing for the subsequent three-year implementation period.

Under the IDA17 Replenishment, which covers fiscal 2015–17, total resources amount to 33.7 billion in Special Drawing Rights (SDR) (equivalent to $50.8 billion). This figure reflects updates made after the replenishment discussions, the transfers from IDA17 internal resources to bridge the IDA16 funding gap, and foreign currency hedging program. (IDA's commitment authority is denominated in SDRs. The U.S. dollar equivalents are based on the reference exchange rate for IDA17. The amounts are provided for illustrative purposes only.) Fifty partners, four of which are new contributing partners, are providing SDR 17.2 billion (equivalent to $26.0 billion) in grants, of which SDR 0.7 billion (equivalent to $1.1 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 or SDR 2.2 billion (equivalent to $3.3 billion) excluding the grant element of the loans. Contributing partners are also expected to provide SDR 3.0 billion (equivalent to $4.5 billion) in compensation for debt relief under the Multilateral Debt Relief Initiative. Credit reflows from IDA recipients are providing SDR 9.2 billion (equivalent to $13.9 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, SDR 1.9 billion (equivalent to $2.8 billion) from contractual accelerated repayments of outstanding credits from IDA graduates and voluntary prepayments, and SDR 0.9 billion (equivalent to $1.4 billion) of balances carried forward from prior replenishments. Contributions from World Bank Group resources, through transfers from IBRD and IFC, including associated investment income, amount to SDR 2.1 billion (equivalent to $3.1 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.

IDA17 effectiveness was achieved on November 5, 2014, when 60 percent of the partner Instruments of Commitment (IoCs) and concessional loan agreements were received. As of June 30, 2015, 41 partners had submitted IDA17 IoCs and concessional loan agreements. Partner contributions in the amount of SDR 5.4 billion (equivalent to $8.2 billion) were released and made available for commitments.

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

IBRD and IDA: Fiscal 2015 facts and figures

TABLE 17 TOP-10 COUNTRY BORROWERS

MILLIONS OF DOLLARS

IBRD		IDA	
COUNTRY	COMMITMENT	COUNTRY	COMMITMENT
India	2,098	Bangladesh	1,924
China	1,822	India	1,687
Colombia	1,400	Ethiopia	1,395
Egypt, Arab Rep.	1,400	Pakistan	1,351
Ukraine	1,345	Kenya	1,305
Argentina	1,337	Nigeria	975
Turkey	1,150	Tanzania	883
Morocco	1,055	Vietnam	784
Indonesia	1,000	Myanmar	700
Poland	966	Ghana	680

Note: Amounts for multicountry operations are allocated across borrowers.

TABLE 18 ACTIVE PORTFOLIO NET COMMITMENTS

BILLIONS OF DOLLARS, AS OF JUNE 30, 2015

REGION	IBRD	IDA	TOTAL
Africa	5.1	46.9	52.0
East Asia and Pacific	22.6	9.0	31.6
Europe and Central Asia	23.8	2.4	26.2
Latin America and the Caribbean	25.0	2.0	27.0
Middle East and North Africa	10.6	1.1	11.7
South Asia	15.4	28.0	43.5
Total	**102.5**	**89.5**	**191.9**

Operational Summary

TABLE 19 OPERATIONAL SUMMARY: FISCAL 2011–15
MILLIONS OF DOLLARS

IBRD	FY11	FY12	FY13	FY14	FY15
Commitments	26,737	20,582	15,249	18,604	23,528
Of which development policy lending	9,524	10,333	7,080	7,997	7,207
Gross disbursements	21,879	19,777	16,030[a]	18,761	19,012
Of which development policy lending	10,582	9,052	5,972	9,786	8,935
Principal repayment (including prepayment)	13,885	11,970	9,470	9,805	9,005
Net disbursements	7,994	7,806	6,361	8,956	10,007
Loans outstanding	132,459	136,325	143,776	154,021	157,012
Undisbursed loans	64,435	62,916	61,306	58,449	60,211
Allocable income	996	998	968	769	686
Usable equity	38,689	37,636	39,711	40,467	40,195
Equity-to-loans ratio	28.6%	27.0%	26.8%	25.7%	25.1%

IDA	FY11	FY12	FY13	FY14	FY15
Commitments	16,269	14,753	16,298	22,239	18,966
Of which development policy lending	2,032	1,827	1,954	2,489	2,597
Gross disbursements	10,282	11,061	11,228	13,432	12,905
Of which development policy lending	1,944	2,092	1,662	2,644	2,005
Principal repayment (including prepayment)	2,501	4,023	3,845	3,636	4,085
Net disbursements	7,781	7,037	7,371	9,878	8,820
Credits outstanding	125,287	123,576	125,135	136,011	130,878
Undisbursed credits	38,059	37,144	39,765	46,844	47,288
Undisbursed grants	6,830	6,161	6,436	6,983	6,637
Development grant expenses	2,793	2,062	2,380	2,645	2,319

a. Figure revised from past Annual Reports.

World Bank Lending by Theme and Sector

TABLE 20 WORLD BANK LENDING BY THEME AND SECTOR: FISCAL 2011–15
MILLIONS OF DOLLARS

THEME	FY11	FY12	FY13	FY14	FY15
Economic Management	655	1,293	484	955	1,145
Environment and Natural Resources Management	6,102	3,997	2,470	3,883	3,164
Financial and Private Sector Development	7,981	4,743	4,380	8,028	8,479
Human Development	4,228	4,961	4,348	5,192	6,043
Public Sector Governance	4,518	4,035	3,790	5,252	2,833
Rule of Law	169	126	590	291	825
Rural Development	5,636	5,443	4,651	6,437	5,082
Social Development, Gender, and Inclusion	908	1,247	1,310	1,064	1,736
Social Protection and Risk Management	5,691	3,502	3,956	3,585	6,577
Trade and Integration	2,604	1,872	2,707	1,643	1,727
Urban Development	4,514	4,118	2,861	4,511	4,865
Theme Total	**43,006**	**35,335**	**31,547**	**40,843**	**42,495**

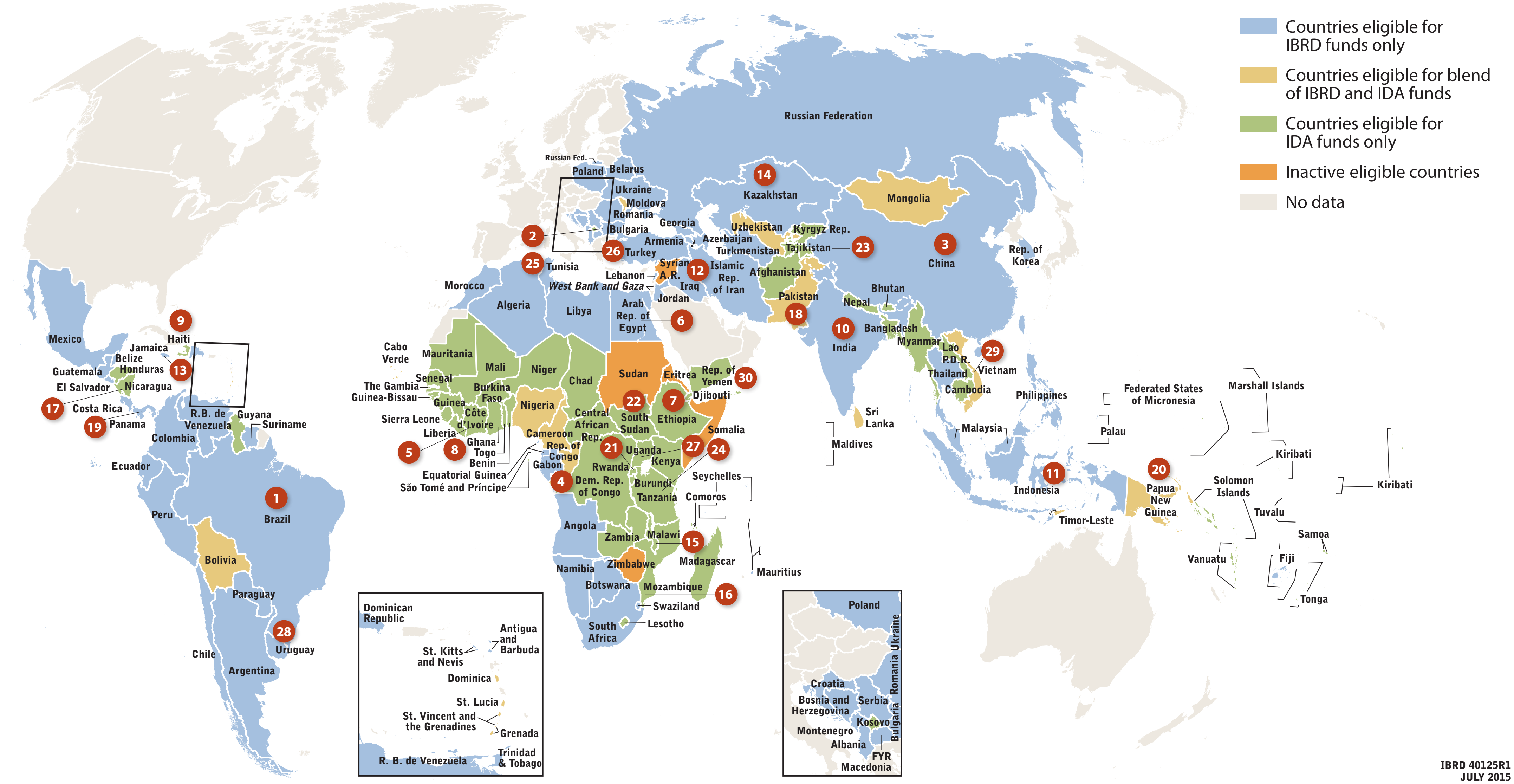
SECTOR	FY11	FY12	FY13	FY14	FY15
Agriculture, Fishing, and Forestry	2,128	3,134	2,112	3,059	3,027
Education	1,733	2,959	2,731	3,457	3,534
Energy and Mining	5,807	5,000	3,280	6,689	4,510
Finance	897	1,764	2,055	1,984	4,054
Health and Other Social Services	6,707	4,190	4,363	3,353	6,647
Industry and Trade	2,167	1,352	1,432	1,807	2,311
Information and Communications	640	158	228	381	322
Public Administration, Law, and Justice	9,673	8,728	7,991	8,837	8,180
Transportation	8,683	4,445	5,135	6,946	5,151
Water, Sanitation, and Flood Protection	4,617	3,605	2,220	4,332	4,760
Sector Total	**43,006**	**35,335**	**31,547**	**40,843**	**42,495**
Of which IBRD	**26,737**	**20,582**	**15,249**	**18,604**	**23,528**
Of which IDA	**16,269**	**14,753**	**16,298**	**22,239**	**18,966**

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. **Brazil:** In Minas Geris, the execution rates of priority projects improved to more than 88 percent in 2013, compared to 61 percent in 2012, due to public sector efficiency improvements.
2. **Bulgaria:** Average exit time for freight transport at the Bulgarian–Turkish border was reduced from 105 minutes in 2008 to 13 minutes in 2014.
3. **China:** About 2,300 village clinics were built, expanded, or rehabilitated, with improved medical equipment and office supplies; and over 180,000 health care workers were trained between 2008 and 2014.
4. **Republic of Congo:** Almost 94 percent of births were attended by skilled health care personnel in 2014, compared to 86 percent in 2008.
5. **Côte d'Ivoire:** Between 2008 and 2014, 4 million people in Abidjan gained access to regular, solid-waste collection services, including 1.5 million people who previously had no collection service.
6. **Arab Republic of Egypt:** 330,000 households were connected to natural gas infrastructure, reducing the consumption of liquefied petroleum gas by 132,000 tons per year.
7. **Ethiopia:** Between 2006 and 2013, over 700 community groups were formed and trained on group organization, institutional capacity, and on savings mobilization and lending.
8. **Ghana:** The percentage of the population in the lowest socioeconomic quintile that had registered for a valid National Health Insurance Scheme card increased from 14 percent in 2008 to 48 percent in 2013.
9. **Haiti:** Between 2010 and 2014, approximately 340,000 children received tuition waivers to access primary education, contributing to increased enrollment rates from 78 percent to 90 percent over the past 5 years.
10. **India:** Over 7 million people in the rural areas of Karnataka were provided with access to improved water sources from 2001 to 2014.
11. **Indonesia:** Between 2011 and 2013, a program for community empowerment generated temporary employment for around 1.5 million–2 million people annually, of which more than 80 percent were classified as poor.
12. **Iraq:** To reduce classroom overcrowding, 59,000 additional seats were made available; and more than 56,000 students benefited from improved learning conditions in newly built schools from 2009 to 2014.
13. **Jamaica:** Almost 10,500 men, women, and children with advanced HIV received antiretroviral combination therapy according to national guidelines in 2012, compared to 3,000 in 2007.



14 Kazakhstan: More than 40,000 hectares of forestland were planted under the Forest Protection and Reforestation Project between 2005 and 2014.

15 Malawi: An average of 434,000 mainly food-insecure households benefited from public works programs annually from 2008 to 2014.

16 Mozambique: The number of bed-nights in tourism facilities in targeted districts increased from 15,000 in 2006 to more than 196,000 in 2014.

17 Nicaragua: The share of the rural population with access to an all-season road increased from 28 percent in 2010 to 38 percent in 2014.

18 Pakistan: Of about 4.6 million social safety net beneficiaries in 2014, 93 percent received payment through technology-based means, offering some access to branchless banking accounts for the first time ever.

19 Panama: Over 234,500 people in indigenous areas previously excluded from health care services received immunization and nutrition interventions between 2008 and 2014.

20 Papua New Guinea: Telecommunications services were provided to nearly 500,000 unserved people in rural areas between 2009 and 2014, boosting total population coverage from 20 percent to about 93 percent.

21 Rwanda: Investment climate reforms between 2008 and 2013 helped the country to improve its ranking on the Doing Business Index from 160 to 32.

22 South Sudan: Nearly 375,000 people received critical health care services in Jonglei and Upper Nile between 2012 and 2014, despite ongoing internal conflicts.

23 Tajikistan: 41 percent of students enrolled in higher education in 2014 were girls, compared to 34 percent in 2013.

24 Tanzania: An additional 2.3 million tons of maize production were derived from better access for smallholder farmers to improved seed and fertilizer between 2010 and 2014.

25 Tunisia: Between 2006 and 2014, the construction of four new, higher education institutions increased access to higher education by about 6,500 places.

26 Turkey: In Istanbul, over 1,000 public buildings were retrofitted or reconstructed to reduce seismic risk between 2005 and 2012, including schools that serve more than 1.1 million students and teachers, and hospitals and clinics that serve about 8.7 million patients annually.

27 Uganda: More than 5.5 million people were provided with HIV and AIDS prevention counseling and testing services in 2013 and 2014.

28 Uruguay: Over 3 million people benefited from improved service by the national water utility, which improved its compliance rate with internationally recognized best practices from 23 percent to 74 percent between 2006 and 2013.

29 Vietnam: In northern and central Vietnam, over 3,200 km of rural roads were rehabilitated between 2006 and 2014, and the share of people living within 2 km of an all-weather road increased from 76 percent to 87 percent.

30 Republic of Yemen: Over 390,000 poor households received cash transfers through an emergency crisis recovery project from 2011 to 2014.

Annual Report 2015

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

Complete IBRD and IDA financial, lending, and organizational information is available on the World Bank Annual Report 2015 website: **worldbank.org/annualreport.**

- The World Bank Annual Report 2015 (eBook), in 8 languages
- The World Bank Group and World Bank Corporate Scorecards
- Global Reporting Initiative (GRI) Fiscal 2015 Index
- World Bank Fiscal 2015 Annexes:
  - Lending Data
  - New Operations Approved
  - Income by Region
  - IBRD and IDA Organizational Information
- World Bank Fiscal 2015 Lending Presentation (PowerPoint)

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