

ANNUAL REPORT 2019

Ending Poverty, Investing in Opportunity



THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP

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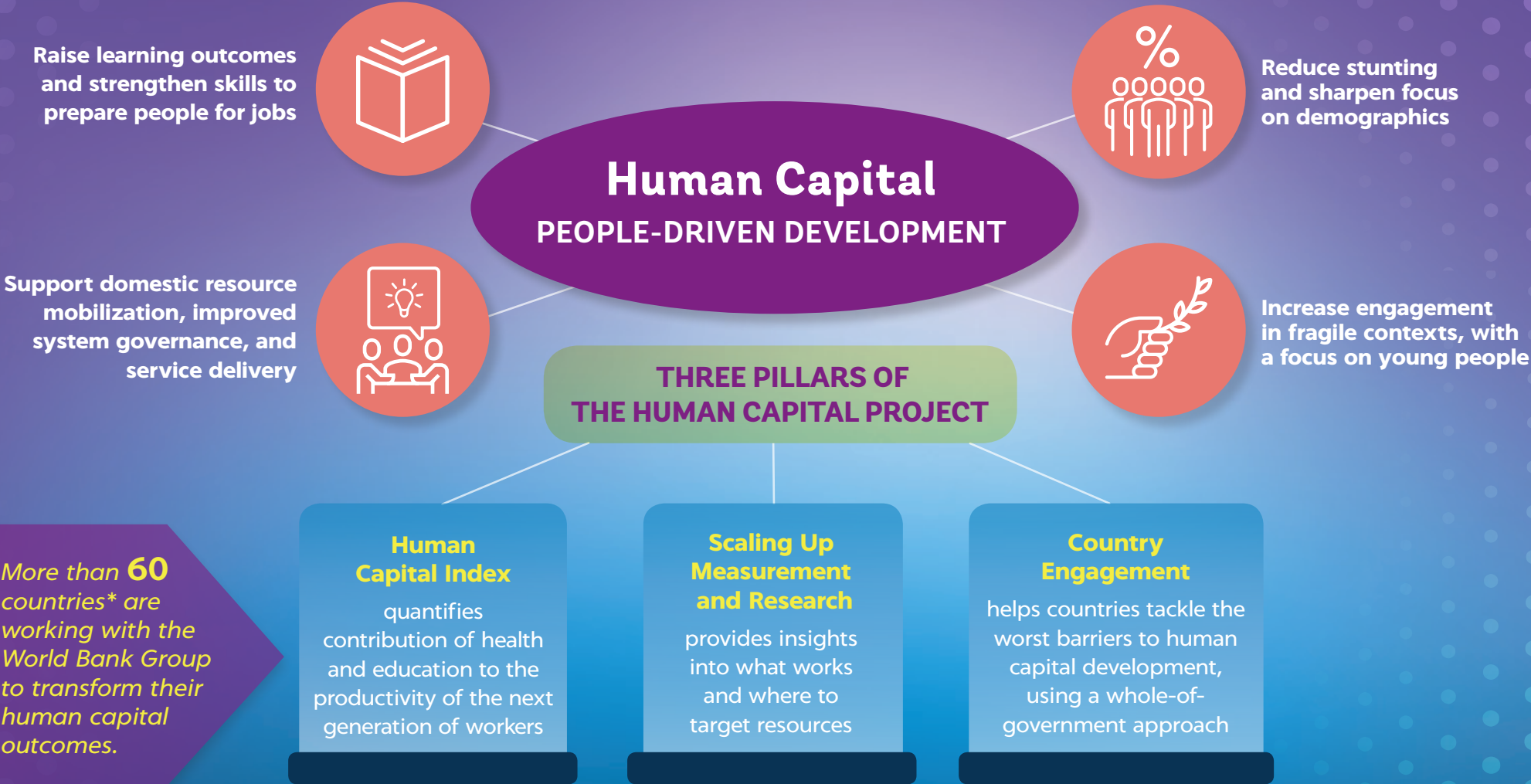
This Annual Report, which covers the period from July 1, 2018, to June 30, 2019, has been prepared by the Executive Directors of both the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA)—collectively known as the World Bank—in accordance with the respective bylaws of the two institutions. David Malpass, President of the World Bank Group and Chairman of the Board of Executive Directors, has submitted this report, together with the accompanying administrative budgets and audited financial statements, to the Board of Governors.

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

Throughout the report, the term *World Bank* and the abbreviated *Bank* refer only to IBRD and IDA; the term *World Bank Group* and the abbreviated *Bank Group* refer to the collective work of IBRD, IDA, IFC, and MIGA. All dollar amounts used in this Annual Report are current U.S. dollars unless otherwise specified. Funds allocated to multiregional projects are accounted for at the country level in tables and text. Fiscal year commitments and disbursements data is in accordance with the audited figures reported in the IBRD and IDA Financial Statements and Management’s Discussion and Analysis documents for fiscal 2019. As a result of rounding, numbers in tables may not add to totals and percentages in figures may not add to 100.

Human capital consists of the knowledge, skills, and health that people accumulate throughout their lives. It is a central driver of sustainable growth and poverty reduction.

In 2018, the World Bank Group launched the **Human Capital Project**, a global effort to accelerate more and better investments in people for greater equity and economic growth.



*As of July 2019

HUMAN CAPITAL INVESTMENTS

#InvestInPeople

Bangladesh:
Providing basic education and training for **350,000 Rohingya children** through the IDA18 Refugee Sub-Window

Yemen:
Ensuring essential health services to **14 million people** through the Emergency Health and Nutrition Project

Zambia:
Supporting **89,000 girls and women** through GEWEL, a girl's education and women's empowerment project

RESPECT

The mission of the World Bank Group centers on
two overarching goals:

IMPACT

End extreme poverty by 2030 . . .

INTEGRITY

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

TEAMWORK

Promote shared prosperity . . .

INNOVATION

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

As development challenges become increasingly complex, the World Bank remains uniquely positioned to help countries find the solutions they need to achieve sustainable and inclusive development.

Vital resources: With a diversified portfolio and the support of shareholders, we can effectively leverage and mobilize capital to finance development efforts. Combined with our engagement with the private sector, these resources help ensure that our clients have access to the financing they need to achieve their development aims.

Global experience: The World Bank's experience at the local, national, and global levels provides us with the depth and knowledge to apply best practices and implement innovative and sustainable solutions for our client countries.

Multisectoral expertise: Few other institutions can cover the full breadth of sectors and disciplines in development. Our expertise in areas as diverse as energy, education, climate, and governance makes us a valuable partner for countries who seek multilayered solutions to their development challenges.

Convening power: With our global reach and experience, the World Bank is able to collaborate with and bring together diverse partners from around the world to catalyze action on shared goals for greater development impact.

As a global development leader, the World Bank will continue to promote innovative, effective, and sustainable ways to work toward our goals of ending extreme poverty and promoting shared prosperity.



Message from the President

Our development mission is clear: to advance shared prosperity and end extreme poverty. The challenges remain urgent. For many countries, poverty reduction has slowed or even reversed, while investment and growth will not be enough to raise living standards. Poorer countries face many challenges in achieving basic development gains, including severe deficits in clean water, electricity, health, education, jobs and private sector competitiveness; barriers to the full inclusion of women in economies and societies, alongside policies that too often favor elites rather than creating work opportunities and support for those most in need; the urgency of environmental and climate challenges; and the surge in debt that is not bringing true benefits.

Economic growth has been the key engine of poverty reduction around the world. However, in many countries, especially resource-based economies, the benefits of growth weren't allowed to spread—growth helped increase average incomes, yet it did not increase median incomes or lift the poorest 40 percent of the population. With global growth slowing, median income growth is sluggish in much of the world and declining in many poorer countries. In middle-income countries slower growth erodes the living standards of the middle class, with many joining the ranks of the poor. This adds to the challenges facing the 2030 Sustainable Development Goals, and the key poverty reduction goal is at risk of not being met.

World Bank Group commitments to help countries achieve better development outcomes were nearly \$60 billion in the fiscal year that ended on June 30, 2019. With weak investment prospects in many developing countries and recession risk in Europe, it has become even more urgent for the Bank Group—IBRD, IDA, IFC, and MIGA—to step up our effectiveness and impact.

Working together, these institutions have the tools to help address the challenges emerging around the world. The IBRD-IFC capital package, approved by the Board of Governors in October 2018, will provide additional lending capacity along with institutional and financial reforms designed to ensure IBRD's long-term financial sustainability. IBRD has further strengthened its financial management by introducing a Financial Sustainability Framework, including a sustainable annual lending limit. A strong IDA19 replenishment in December 2019 will extend our ability to support good development outcomes and better lives for the poorest people around the world.

We are sharpening our focus on selective and impactful country programs to improve growth and development outcomes. IBRD commitments exceeded \$23 billion this year. Commitments by IDA, which provides grants and low-interest loans to the world's 75 poorest countries, were \$22 billion, of which nearly \$8 billion were grants. Together, these Bank programs helped more countries come closer to achieving their development priorities.

Demand for human capital investments continued to grow over the fiscal year—reflecting the significant role this financing can play in promoting long-term inclusive growth and alleviating poverty. Over 60 percent of Bank operations helped address gender gaps and encouraged full incorporation of women in economies and



societies. Several once-closed societies are allowing welcome improvements in the legal, economic, and social conditions for girls and women. Much more progress is absolutely necessary.

The need for the rule of law and greater transparency is an increasingly accepted development priority. In development finance, transparency in sovereign debt and debt-like contracts is vital to improve the quality and profitable allocation of capital and new investment.

For fiscal 2019, 31 percent of IBRD/IDA commitments contained climate co-benefits, exceeding the Bank's target of 28 percent by 2020. In December 2018, the Bank announced a \$200 billion five-year mobilization target to help countries address climate challenges and put adaptation finance on a par with mitigation.

Our goal is for countries to achieve economic success and broad improvements in living conditions. As they advance, our relationship with them should evolve so that a growing share of our IBRD lending is available to countries in lower-income thresholds. For example, China achieved major increases in GDP, median income, and prosperity, so our interactions are becoming more technical as lending declines. China's policies are changing rapidly to improve global public goods, address environmental and climate change problems, and reduce plastic and micro-plastic in its rivers. China has evolved from a large-scale borrower to an important voice in the development dialogue and a key contributor to IDA.

We are working in fragile areas, such as the Sahel and the Horn of Africa, to help countries build stronger foundations so that young people are more able to stay rather than seeking to migrate. IDA commitments to countries affected by fragility, conflict, and violence reached \$8 billion in fiscal 2019.

Many countries will need a much bolder agenda for boosting private sector growth to generate more and better jobs. This entails major changes in the business climate so that the private sector can compete with the state on a level playing field—critical for generating jobs, profit, and innovation.

The World Bank Group is increasing financing for economic and institutional reforms to enhance private investment and job creation in developing countries. As the largest global development institution focused on the private sector, IFC creates markets and opportunities for sustainable private investment where they are needed most. IFC is shifting its focus to working upstream to create a pipeline of bankable projects that will increase private investment in the world's poorest countries. MIGA is the largest multilateral political risk insurance provider, with a mandate of creating development impact by helping attract foreign direct investment to developing countries. Nearly 30 percent of MIGA's guarantee program over the fiscal year supported projects in IDA countries and fragile settings, and almost two-thirds contributed to climate change adaptation or mitigation.

Across IBRD/IDA, IFC, and MIGA, we are working to increase our commitments to lower-income countries as they improve their development outlook and to shift resources toward countries suffering from fragility, conflict, and violence. We will be improving our effectiveness and budget discipline throughout the year to make more resources available to meet client needs and challenges.

I am deeply optimistic that courageous, enlightened leadership and strong policies can work to improve living conditions for those most in need. I saw first-hand the scope and urgency of the development challenges during my trip to Sub-Saharan Africa in April. I am hopeful there is a path forward, having seen Prime Minister Abiy and his team launching ambitious reforms in Ethiopia, the potential of the world's largest solar energy plant in Egypt, the resilience of the people of Mozambique after the devastation of twin cyclones, and the inspiration for the people of Madagascar after its first peaceful leadership transition.

The people in developing countries are facing immense challenges. The World Bank Group and all our personnel and resources are committed to working with our partners around the world toward policies and solutions that improve their lives.



DAVID MALPASS

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

75 Years of Innovation for Progress and Prosperity

ON JULY 1, 1944, DELEGATES FROM 44 COUNTRIES gathered in Bretton Woods, New Hampshire, to build a new global financial system that wouldn't just prevent war, but promote lasting peace.

The aim at the United Nations Monetary and Financial Conference was to design a system that would stabilize exchange rates, bridge imbalances of payments, rebuild countries scarred by war, and promote development in poorer parts of the world. Three weeks of discussions resulted in two new institutions: the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD)—soon known as the World Bank.

The new system reflected a conviction that there are no fixed limits to prosperity—that all nations could benefit from growth and development. It was designed to address challenges that individual countries could not tackle on their own. And underpinning the entire effort was the idea that all people deserve opportunity. As U.S. Treasury Secretary Henry Morgenthau, the chair of the conference, said on the first night, “Freedom of opportunity is the foundation for all other freedoms.”

As the Bank set up operations, an outline began to emerge for its role, not only in reconstruction and development, but in shaping the new financial system. In 1947, we signed our first loan—\$250 million for reconstruction in France—and issued our first bond, raising \$250 million for reconstruction and development projects. Our earliest loans invested in equipment and raw materials, but more importantly, in the collective will of war-scarred people to rebuild their lives.

By 1952, the Bank's focus had shifted from rebuilding Europe to advancing opportunities for people in developing countries. Over the decades, as needs in these countries grew larger and more complex, we developed new ways to use capital and expertise to address them. Our organizational structure grew into the modern World Bank Group with the creation of IFC, IDA, ICSID, and MIGA.

In 1973, our fifth president, Robert McNamara, interjected into our mission a word not found in our articles of agreement: poverty. Speaking to shareholders at that year's Annual Meetings in Kenya, he argued that the Bank's mission should be to alleviate “absolute poverty,” which he described as “a condition of life so degrading as to insult human dignity,” yet, “so common as to be the lot of some 40 percent of the peoples of the developing countries.”

Our commitment to ending extreme poverty remains at the core of our mission. Today's Bank Group brings together diverse and talented staff from around the world. In 1944, only two of the more than 700 delegates at Bretton Woods were women; today women are nearly 53 percent of our staff and 42 percent of managers. As the scope of our work continues to expand, we have become more decentralized, with 141 field offices and staff increasingly based in areas affected by fragility, conflict, and violence.

Over 75 years, the World Bank Group's mission has evolved, from rebuilding after conflict to fostering prosperity and alleviating poverty. In the years to come, we will continue to pursue breakthroughs that help developing countries raise median incomes; create jobs; integrate women and young people into economies; and build a stronger, more stable, and resilient economy for everyone. These goals—and the cooperation to achieve them—are what Bretton Woods delegates had in mind from the very beginning. They created strong institutions in which countries could work together to address urgent global challenges and improve the lives of people all over the world.

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. It consists of five institutions with a common commitment to reducing poverty, increasing shared prosperity, and promoting sustainable growth and development.

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

International Development Association (IDA) provides financing on highly concessional terms 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

TABLE 1

WORLD BANK GROUP COMMITMENTS, DISBURSEMENTS, AND GROSS ISSUANCE

BY FISCAL YEAR, MILLIONS OF DOLLARS

	2015	2016	2017	2018	2019
WORLD BANK GROUP					
Commitments ^a	59,776	64,185	61,783	66,868	62,341
Disbursements ^b	44,582	49,039	43,853	45,724	49,395
IBRD					
Commitments	23,528	29,729	22,611	23,002	23,191
Disbursements	19,012	22,532	17,861	17,389	20,182
IDA					
Commitments	18,966	16,171	19,513 ^c	24,010 ^d	21,932 ^e
Disbursements	12,905	13,191	12,718 ^c	14,383	17,549
IFC					
Commitments ^f	10,539	11,117	11,854	11,629	8,920
Disbursements	9,264	9,953	10,355	11,149	9,074
MIGA					
Gross issuance	2,828	4,258	4,842	5,251	5,548
RECIPIENT-EXECUTED TRUST FUNDS					
Commitments	3,914	2,910	2,962	2,976	2,749
Disbursements	3,401	3,363	2,919	2,803	2,590

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

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

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

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

e. Figure does not include \$393 million in approved IDA18 IFC-MIGA Private Sector Window instruments, of which IDA has exposure of \$106 million in guarantees, \$25 million in derivatives, and \$1 million through funding of IFC-PSW related equity investment.

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

Global Commitments

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



TOTAL
\$62.3
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.

EUROPE AND CENTRAL ASIA

\$5.8
BILLION

EAST ASIA AND PACIFIC

\$7.5
BILLION

\$8.2
BILLION

MIDDLE EAST AND NORTH AFRICA

\$11.7
BILLION

SOUTH ASIA

\$18.4
BILLION

SUB-SAHARAN AFRICA



Message from the Executive Directors

Fiscal 2019 saw a change in leadership and notable achievements for the World Bank Group. The Board unanimously selected David Malpass as President for a five-year term, which began on April 9, 2019. We actively engaged with management, and with the President upon his joining, in strategic areas, including implementing the *Forward Look* vision for the Bank Group and capital package, adjusting the lending toolkit to expand Program for Results financing, strengthening the Inspection Panel's accountability framework, making operational adjustments under the IDA18 program, and scaling up transformational projects.

We discussed policy measures and internal reforms to help carry out key deliverables in the *Forward Look* vision for the Bank Group and the capital package commitments, such as private sector mobilization, organizational and workforce realignments, a new financial sustainability framework and crisis buffer, and the IBRD Fund for Innovative Global Public Goods Solutions.

Recognizing the significant progress in mainstreaming climate change into the Bank Group's operations and policy dialogue, we reviewed management's ambitious new set of targets and actions in this area and endorsed the *Action Plan on Climate Change Adaptation and Resilience*. We also welcomed progress on gender and development, and the Bank Group's approach to closing the gaps between men and women and between boys and girls. We recognized advances in diversity and inclusion among staff and management and urged continued work internally and with client countries.



Standing (Left to Right): Erik Bethel, *United States (Bank/IFC Alternate Director and MIGA Director)*; Masanori Yoshida, *Japan*; Werner Gruber, *Switzerland*; Adrián Fernández, *Uruguay*; Nathalie Francken, *Belgium (Bank/IFC Alternate Director and MIGA Director)*; Kunil Hwang, *Korea*; Jean-Claude Tchatchouang, *Cameroon*; Richard Hugh Montgomery, *United Kingdom*; Jorge Alejandro Chávez Presa, *Mexico*; Koen Davidse, *The Netherlands*; Susan Ulbaek, *Denmark*; Guenther Schoenleitner, *Austria (Bank/IFC Director and MIGA Alternate Director)*; Yingming Yang, *China*; Roman Marshavin, *Russian Federation*; Armando Manuel, *Angola (Alternate)*

Seated (Left to Right): Juergen Karl Zattler, *Germany*; Shahid Ashraf Tarar, *Pakistan*; Aparna Subramani, *India*; Hesham Alogeel, *Saudi Arabia*; Anne Kabagambe, *Uganda*; Merza Hussain Hasan, *Kuwait (Dean)*; Kulaya Tantitemit, *Thailand*; Patrizio Pagano, *Italy*; Christine Hogan, *Canada*; Hervé de Villeroché, *France (Co-Dean)*; Fabio Kanczuk, *Brazil*

We noted the increasingly challenging external environment for developing economies amid weak global growth, with greater impediments for countries in situations affected by fragility, conflict, and violence. We discussed additional efforts to address debt vulnerabilities, increase resilience to shocks, and boost long-term growth prospects, and noted that the Bank has a significant role to play in debt sustainability.

We discussed the Bank Group’s leadership role on issues such as disruptive and transformative technology, human capital development, the future of work, regional integration and trade promotion, and gender equality. We stressed the importance of collaboration in mobilizing finance for development across the Bank Group. We also encouraged advancing partnerships with the private sector, financial institutions, governments, and others on reforms to improve productivity and invest in human capital and infrastructure, which are key to delivering on our twin goals and the Sustainable Development Goals by 2030.

To observe the impacts of the Bank Group’s operational engagement in client countries, we visited project sites to discuss the effectiveness of its delivery model with government officials, civil society, private sector representatives, and other stakeholders. This year, Board members traveled to Angola, Cambodia, Mauritius, Mongolia, Singapore, and Uganda.



Message from the Chief Executive Officer of IBRD and IDA

During my visit to Rwanda in November 2018, I was asked if the country could achieve its target of high-income status by 2050. Many countries share such ambitious goals, and I am often asked these questions during my travels. While the future is hard to predict, we know that rapid progress can be achieved with the right policies.

The World Bank supports countries in making the smart policy choices that can lead to development breakthroughs and better opportunities for their citizens. That means bold reforms, innovative ideas, and investments in people, institutions, and connectivity. However, while more than a billion people have risen from poverty over the last 25 years, progress is slowing in some countries; there are even some where poverty is on the rise. With the global economy slowing down, growth has become harder to deliver.

For many countries, the risk of debt distress has risen. Over the last 12 months, we have scaled up our work on debt management, which has become critical in many countries. We continue to work closely with the international community on this agenda, notably in the G-7 and G-20, where we also make valuable contributions on issues such as jobs, taxation, blended finance, gender, and health.

I am pleased to report that we had strong performance in many areas this year. In fiscal 2019, IBRD and IDA committed a total of \$45.1 billion across 351 important and transformative projects, of which three were IBRD and IDA blended operations, covering about 100 countries. The geographic spread of our work underlines the Bank's role as a truly global development institution that can act as a transmission line of development best practices between countries. More than ever, we are helping our clients tackle shared issues and common challenges.

First, we see that war and instability are increasingly disrupting development progress. By 2030, 46 percent of the world's extreme poor will live in countries affected by fragility, conflict, and violence. On this agenda, we have increased our financing to \$8 billion this year from IDA alone, we have moved more staff into fragile locations, and we have stepped up cooperation with humanitarian partners. Such collaboration enables us to bring greater impact during prolonged conflicts and to anticipate and prevent crises.

Second, many clients seek our support to meet climate change targets, and we are helping countries reduce emissions and adapt to warmer conditions. In fiscal 2019, 31 percent of IBRD and IDA commitments included climate co-benefits. This once again exceeded our 2020 target of 28 percent, and we are now setting the bar even higher. And in December 2018, we announced a \$200 billion five-year target for climate action across the Bank Group—half of which will be made up of direct finance from IBRD and IDA—and we are leading the world in putting adaptation finance on par with action to reduce emissions.

Third, as countries have sought new drivers of growth in tough conditions, the Bank's leadership on the economics of gender equality has become more prominent. This was reflected in the 10th edition of our flagship report, *Women, Business and the Law*. Like so many of our knowledge products, it provides a key reference point for policy makers and advocacy groups and helps strengthen the case for

reforms. And I am proud that we are walking the talk inside the Bank: today, women make up over half of our staff, and last December, we achieved gender parity in our senior team.

We are constantly striving to bring innovation to our development work. As a knowledge bank, we drive cutting-edge research and analysis to help countries identify opportunities as new priorities emerge. The Human Capital Project, which launched at the 2018 Annual Meetings in Bali, now has 63 early adopter countries and 24 global champions working to strengthen countries' investments in their people. This work also reflects our 2019 *World Development Report*, which explores how innovation and advances in technology are changing jobs, skills, and livelihoods.

Technology offers new paths for the poorest countries to catch up with the rest of the world, but also a risk that they might fall farther behind. In Africa, where population growth could outpace job creation over the next few decades, the digital economy presents an exciting opportunity. Through innovations in digital infrastructure, digital identity, and fintech, technology enables breakthroughs in a wide range of sectors, creating opportunities for people, governments, and businesses. This is why we have announced investments of \$25 billion through 2030 to support digital transformation across North and Sub-Saharan Africa and aim to mobilize another \$25 billion from the private sector.

As a learning institution, we always seek new ways to serve our clients better and improve our delivery model. To this end, we have implemented key reforms to improve our operational effectiveness and provide better value for our shareholders. We are shifting more of our staff closer to clients and empowering our managers on the ground to better serve low-income and FCV countries. We have realigned senior responsibilities within our global practice groups to strengthen links and cooperation between our sectoral and regional teams, while maintaining the flexibility of our operational model.

Through our ongoing Agile program, we continue to pilot and evaluate new ideas to improve how we work and make our operations more efficient. We have found that this approach reduces project preparation time by up to 10 percent and frees up more than \$8 million worth of staff time annually that we can transfer into value-added and client-focused activities. And that means more work like the Resilient Homes Design Challenge, which crowd-sourced over 300 designs for disaster-resilient and sustainable houses that could be constructed for under \$10,000 for people living in areas vulnerable to natural hazards or disasters.

None of this would be possible without the dedication of our staff, who continue to deliver results, often in difficult and complex environments. Everywhere I travel, I see their efforts making a difference. When I reflect on their passion, the confidence of our shareholders and the values that anchor our work, I know that our shared goals—as bold as they may seem—can be achieved.



KRISTALINA GEORGIEVA

Chief Executive Officer of IBRD and IDA

Partnering with Mozambique to Promote Resilience and Inclusive Growth

Mozambique made headlines this year, as two major cyclones had a catastrophic impact on millions of people. The second-largest port city, Beira, took a direct hit from Cyclone Idai. Soon after, Cyclone Kenneth made landfall in the country, causing further damage.

For the world's poorest countries, this kind of setback has all too often reversed years of development progress. But devastating as these storms were, they also showed that Mozambique has made important progress in dealing with climate risks—an effort in which the World Bank is a key partner.

As part of his first official overseas trip in May 2019, World Bank Group President David Malpass visited Beira, where he announced \$350 million in emergency financing for Mozambique from the IDA Crisis Response Window. This is helping to reestablish the water supply, rebuild damaged infrastructure and crops, and support disease prevention, food security, social protection, and early warning systems in communities. The funds complement other efforts to boost long-term resilience, such as the Disaster Risk Management and Resilience Program for Results, which seeks to improve financial protection against natural disasters, strengthen preparedness and response, and build climate-resilient schools.

We have also supported the government's response, a massive effort through its National Disaster Management Institute that has brought together more than 14 countries, 1,000 aid workers, and 188 organizations. Within a month of Idai, over a million people received food assistance, some 900,000 had clean water, and nearly 750,000 were vaccinated against cholera. The port was also back in operation as the city cleaned up. This was partly thanks to a World Bank co-investment with Germany's KfW for a stormwater drainage system that reduced the severity of flooding in the city. The project also provides solar-powered street lighting, which withstood the storm and for a time was the only source of light in the city.

A strong recovery can help the government get back to supporting long-term economic growth, where progress has been encouraging in recent years. Central to this, and to ensuring that growth includes everyone, is human capital. Mozambique has struggled with systemic inefficiencies and a lack of coordination that undermine the quality of education and health care. In 2014, the government launched the Public Financial Management Program for Results to eliminate bottlenecks and enhance cooperation across ministries.

This approach is bringing improvements, for example by targeting factors that had lowered learning outcomes: weak school governance, little community participation, high absenteeism, and delays in school funding. By 2017, all 1,300 participating primary schools received grants by the start of the school year, letting them purchase learning materials and support the most vulnerable students. "This is a major improvement, as it allows us to plan better at the beginning of the year," explained Matilde Xilume, director of the 3 de Fevereiro primary school in southern Mozambique.



Similarly, the health system is improving service delivery and treatment by ensuring that public facilities keep medicines stocked and avoid using any expired and damaged supply. As João Grachane, a senior officer at Mozambique's health ministry, put it, "Medicines only have value when they reach the right patient at the right time." In 2013, prior to the program's launch, the availability of medicine for maternal health at public facilities stood at 79 percent; by 2018, this increased to 83 percent. Meanwhile, the percentage of treatment sites running out of antiretroviral drugs had dropped from 27 to 5.

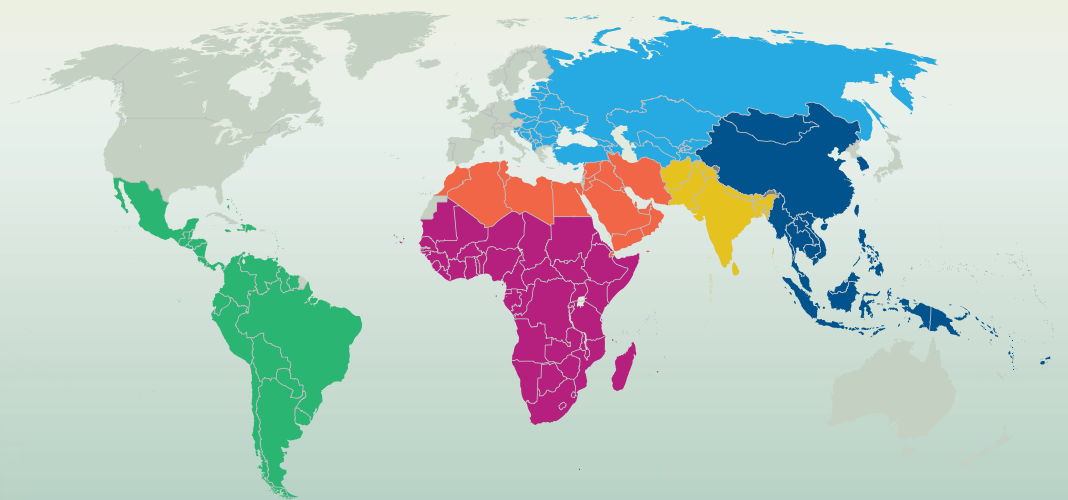
Building on this progress, Mozambique launched a further Program for Results in 2017, with a focus on primary health care in more remote areas of the country. This program has achieved encouraging results in its first year, including more births occurring in health facilities, improved family planning coverage, more staff allocated to primary health centers and rural areas, and community health workers reaching more families in remote locations. The program also provided funding for the reconstruction of health facilities in districts most affected by the recent cyclones in central and northern regions of the country.

Despite considerable gains, Mozambique remains very poor and faces big development challenges. Our 2018 Human Capital Index found it to be below average for its income group and Africa as a whole, based on indicators such as expected years of schooling, harmonized test scores, survival rates, and childhood stunting. While growth has been steady in recent years, the benefits have not been shared broadly enough. High levels of public debt require continued progress in restructuring and rebuilding trust with investors. And despite the strong start in cyclone recovery, natural disasters are expected to become a bigger and more frequent risk to livelihoods and infrastructure.

The Bank remains committed to helping the country address these challenges. By promoting inclusive growth and long-term sustainability and resilience, we can help the government alleviate poverty and ensure a better quality of life for everyone in Mozambique.



Regional Perspectives



The World Bank operates today out of more than 140 countries worldwide. An increased presence in client countries is helping the Bank to better understand, work more effectively with, and provide more timely services to our partners in those countries. Ninety-six percent of Country Directors/Country Managers and 45 percent of staff are based in countries within each of the six geographical regions. The following section highlights the major goals achieved, projects undertaken, strategies implemented, and publications produced in fiscal 2019.



Africa

Growth in Sub-Saharan Africa is estimated at 2.5 percent for 2018, down from 2.6 percent in 2017. Although expected to rebound to 2.9 percent in 2019, growth remains insufficient to reduce poverty significantly. Although the poverty rate declined from 54 percent in 1990 to 41 percent in 2015, population growth at 2.6 percent per year has offset these gains, resulting in 130 million more poor people.

Volatility in the global environment—trade tensions, protectionism, and recovering but uncertain commodity prices—continues to have a negative impact on African economies. Holding back growth within the region are macroeconomic instability, including poorly managed debt, inflation, and deficits; political and regulatory uncertainty; and conflict and fragility. For example, fragility in a few countries is costing the region nearly a half a percentage point of growth per year, or 2.6 percentage points over five years.

World Bank assistance

The World Bank approved \$15.0 billion in lending to the region for 152 operations in fiscal 2019, (of which two were IBRD and IDA blended operations), including \$820 million in IBRD loans and \$14.2 billion in IDA commitments. Revenue from Reimbursable Advisory Services agreements with six middle- and high-income countries was \$7 million.

Our regional strategy weaves together five core focus areas for stronger development: boosting human capital and empowering women; expanding the digital economy; promoting regional integration; addressing fragility and building resilience to climate change; and mobilizing finance for development.

Strengthening human capital: a focus on women

Building human capital in Africa depends on women’s empowerment, and our Africa Human Capital Plan, launched in April 2019, seeks to help countries accelerate progress. We will increase our human capital investments by 50 percent, including \$15 billion in new grants and concessional financing during fiscal 2021–23 to help drastically reduce child mortality to save 4 million lives, avert stunting among 11 million children, and increase children’s learning outcomes by 20 percent.

In Madagascar, we provided \$165 million to help expand the safety net to alleviate poverty, build human capital, and strengthen resilience, with an emphasis on vulnerable women and children. To date, it has reached more than 140,000 families across 17 districts. In the Democratic Republic of Congo, \$492 million in IDA financing will help 2.5 million children under the age of 2 and 1.5 million pregnant and lactating women—the country’s largest investment in child nutrition to date.

Accelerating digital transformation

The Bank Group and partners are committed to ensuring that every person, business, and government in Africa is digitally enabled by 2030. A digital transformation

TABLE 2 AFRICA

REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2017–19

	COMMITMENTS (\$ MILLIONS)			DISBURSEMENTS (\$ MILLIONS)		
	FY17	FY18	FY19	FY17	FY18	FY19
IBRD	1,163	1,120	820	427	734	690
IDA	10,679	15,411	14,187	6,623	8,206	10,190

Portfolio of operations under implementation as of June 30, 2019: \$77.7 billion.

in the region can increase growth in Africa by nearly 2 percentage points per year and reduce poverty by nearly 1 percentage point per year—and when paired with investments in human capital, these impacts can be doubled.

This is not just about building infrastructure. It includes investments in skills, digital identification, e-commerce, and digital business. We will invest \$25 billion in Africa’s digital transformation between now and 2030, and we aim to mobilize at least \$25 billion more from the private sector. Through our current portfolio, we are supporting digital integration by financing infrastructure for high-speed internet, such as the fiber optic backbone between the Republic of Congo and Gabon, and helping young African entrepreneurs harness technology to tackle challenges, including access to education, transport, and health services. In Ghana, Bank-financed tech hubs are training more than 650 people to help them break into cutting-edge jobs and new industries.

Addressing the drivers of fragility and climate risks

With climate shocks straining communities and threatening food security, it is critical to invest in climate adaptation and resilience as well as disaster risk management. Under our Africa Climate Business Plan, launched in 2016, the Bank has approved 176 projects for a total of \$17 billion. These are delivering results ahead of schedule, particularly in climate-smart agriculture and ocean economies, coastal resilience, integrated watershed management, and renewable energy.

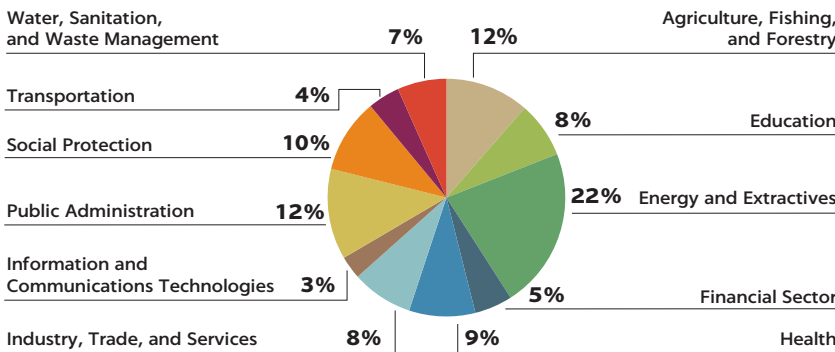
In conflict hotspots, we are helping rehabilitate infrastructure, develop economic opportunities, provide basic services, and build the capacity of governments and civil society. The Bank Group supports the Sahel Alliance, a coalition of partners helping rebuild the social contract and state presence in recently stabilized areas of Burkina Faso, Chad, Mali, Mauritania, Niger, and Somalia. In Mali, we are helping restore a fishing port that was destroyed by bombardment in 2013. In the Central African Republic, a successful cash-for-work program is helping create jobs and boost self-employment.

Promoting private sector-led growth

While private participation in Africa’s development is rising, with infrastructure investment totaling \$7.7 billion according to the *2018 Private Participation in Infrastructure* report, there is scope for much more. The Bank Group is working to leverage all sources of finance, expertise, and solutions and working with governments to create an enabling environment for investors.

With our help, Africa is generating most of its energy cleanly and in partnership with the private sector. To date, we have mobilized over \$2 billion in private investment in Kenya and nearly \$1 billion in Cameroon. Our support has also helped Kenya improve the operational and financial performance of its utilities—with two major utility companies now publicly listed—and develop renewable sources such as geothermal and solar.

FIGURE 1 AFRICA
IBRD AND IDA LENDING BY SECTOR • FISCAL 2019
SHARE OF TOTAL OF \$15.0 BILLION



Working across countries for better impact

We have strengthened our support for regional integration following adoption of the Africa Continental Free Trade Area in March 2017 and are working closely with Regional Economic Communities to expand our work. At the same time, we have introduced a spatial approach to address common challenges in the Horn of Africa, the Lake Chad region, and the Sahel. Our regional integration portfolio amounts to over \$10 billion in more than 70 operations.

SPOTLIGHT

EMPOWERING WOMEN AND GIRLS TO TRANSFORM THE SAHEL

The \$295 million Sahel Women Empowerment and Demographic Dividend Project (SWEDD) was initiated in 2015 to help Benin, Burkina Faso, Chad, Côte d'Ivoire, Mali, Mauritania, and Niger empower women and adolescent girls; increase their access to quality reproductive, child, and maternal health services; and help countries develop policy agendas that make demography and gender central to growth.

Religious leaders are conducting community dialogue to support girls' secondary education, delayed childbearing, birth spacing, family planning, and combating gender-based violence. Men are enrolled in learning programs to encourage participation in household tasks, healthy sexual and reproductive health behaviors, and reduced violence against women and children. Established safe spaces are teaching girls life skills, including problem solving, negotiation, refusal techniques, reproductive health knowledge, and nutrition. Adolescent girls and young women are being trained for professions with higher income opportunities. In Chad, for instance, over 13,000 vulnerable girls have received support through the provision of school kits, payment of school fees, housing, and academic support, resulting in a halving of the dropout rate. Nearly 400 safe spaces have been created in schools, and 280 women have received training in renewable energies and the operation and maintenance of heavy agricultural machinery.

SWEDD also helps parliamentarians, judges, and lawyers improve legislation, expand knowledge and application of existing laws, and extend their services to rarely served victims. Ministries are building capacity to collect data and conduct analysis that can inform population policy and investments.



Bank support to African Centers of Excellence has increased from \$165 million to \$465 million, to improve postgraduate education in 45 universities in 19 countries, focusing on science, engineering, economics, and mathematics. We are also strengthening partnerships, including with the African Union Commission, the African Development Bank, the EU, and the UN, to drive stronger outcomes on joint priorities such as trade, access to electricity, conflict and violence prevention, and economic integration.

TABLE 3 AFRICA
REGIONAL SNAPSHOT

INDICATOR	2000	2010	CURRENT DATA ^a	TREND
Total population (millions)	665	869	1,078	
Population growth (annual %)	2.7	2.8	2.7	
GNI per capita (Atlas method, current US\$)	551	1,430	1,506	
GDP per capita growth (annual %)	0.8	2.7	-0.3	
Population living below \$1.90 a day (millions)	391 ^b	409	413	
Life expectancy at birth, females (years)	52	58	63	
Life expectancy at birth, males (years)	49	55	59	
Youth literacy rate, females (% ages 15–24)	61	64	72	
Youth literacy rate, males (% ages 15–24)	72	75	79	
Carbon dioxide emissions (megatons)	564	746	822	
MONITORING THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)				
SDG 1.1 Extreme poverty (% population below \$1.90 a day, 2011 PPP)	55.3 ^b	46.5	41.0	
SDG 2.2 Prevalence of stunting, height for age (% children under 5) ^c	43	38	34	
SDG 3.1 Maternal mortality ratio (modeled estimate, per 100,000 live births)	846	625	547	
SDG 3.2 Under-5 mortality rate (per 1,000 live births)	154	101	75	
SDG 4.1 Primary completion rate (% relevant age group)	54	67	69	
SDG 5 Ratio of female to male labor force participation rate (modeled ILO estimate, %)	83	84	85	
SDG 5.5 Proportion of seats held by women in national parliaments (% total)	12	19	24	
SDG 6.1 Access to at least basic drinking water (% population)	44	53	58	
SDG 6.2 Access to at least basic sanitation facilities (% population)	24	27	28	
SDG 7.1 Access to electricity (% population)	26	33	43	
SDG 7.2 Renewable energy consumption (% total final energy consumption)	73	71	70	
SDG 17.8 Individuals using the internet (% population)	<1	7	22	

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

a. The most current data available between 2013 and 2018; visit data.worldbank.org for data updates.

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

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

For more information, visit www.worldbank.org/afr and data.worldbank.org/country.



East Asia and Pacific

Growth in developing East Asia and Pacific remained resilient at 6.3 percent in 2018. Domestic demand has remained resilient in much of the region, partly offsetting the impact of slowing exports. Despite the recent slowdown, the region remains a key driver of the global economy, accounting for around one-third of global growth, mainly due to China.

China's growth slowed moderately to 6.5 percent in 2018, after growing faster than anticipated in 2017. In Thailand and Vietnam, growth was robust at 4.1 percent and 7.1 percent, respectively. Indonesia's growth picked up slightly at 5.2 percent, credited to improved prospects for investment and private consumption. Growth in the Philippines slowed to 6.2 percent, but the planned expansion of public investment is expected to boost it over the medium term. In Malaysia, growth eased at 4.7 percent, with the slowing of export growth and public investments.

In the region's smaller economies, growth prospects remained robust in 2018, averaging over 6.5 percent annually in Cambodia, Lao People's Democratic Republic, Mongolia, and Myanmar. In Timor-Leste, growth is expected to resume in 2019 following the resolution of a political impasse, while prospects in Papua New Guinea were affected by a large earthquake in 2018. Growth in the Pacific Island countries is expected to remain relatively stable, although highly vulnerable to shocks from natural disasters.

The region has made significant strides in eliminating extreme poverty. The percentage of people living on less than \$1.90 a day is now estimated at less than 1.5 percent (3.8 percent excluding China). This number is expected to reach 1 percent by 2021 (2.7 percent excluding China). Nonetheless, an aging population, rapid urbanization, slowing growth in global trade, and rapidly advancing technologies present new challenges to sustainable progress in the region.

World Bank assistance

The World Bank approved \$5.3 billion for 49 operations in the region in fiscal 2019, including \$4.0 billion in IBRD loans and \$1.3 billion in IDA commitments. We also signed Reimbursable Advisory Services agreements with four countries for a total of about \$5 million. Our regional strategy focuses on three main areas: private sector-led growth, resilience and sustainability, and human capital and inclusion.

Promoting private sector-led growth

Expanding private sector opportunities and creating an enabling environment for investment and innovation are crucial to ensuring sustainable growth in the region. In Malaysia, where new technologies play a large role in ongoing development, the Bank conducted a diagnostic study to unlock the potential of the digital economy. The report has guided government action in the sector, leading to expanded, cheaper, and faster internet access.

TABLE 4 EAST ASIA AND PACIFIC

REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2017–19

	COMMITMENTS (\$ MILLIONS)			DISBURSEMENTS (\$ MILLIONS)		
	FY17	FY18	FY19	FY17	FY18	FY19
IBRD	4,404	3,981	4,030	3,961	3,476	5,048
IDA	2,703	631	1,272	1,145	1,252	1,282

Portfolio of operations under implementation as of June 30, 2019: \$36.2 billion.

In Fiji, we supported the issuance of the first sovereign green bond by a developing country, which raised \$50 million to support climate change mitigation and adaptation. For investors, green bonds are an attractive investment proposition, as well as an opportunity to support environmentally sound projects. At the request of Fiji’s Reserve Bank, the World Bank and IFC provided technical assistance throughout the bond development process.

Enhancing resilience and sustainability

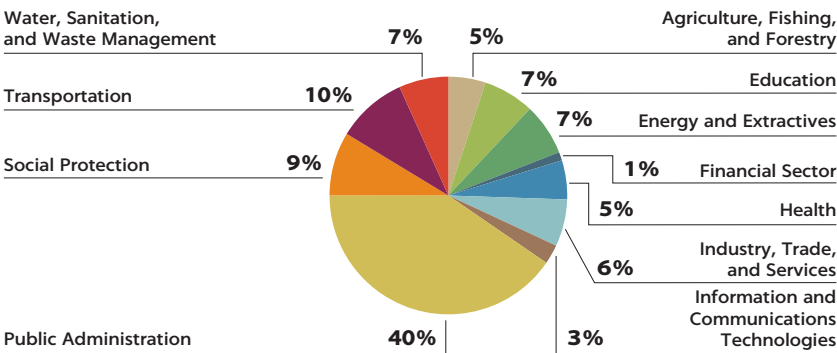
In a region highly vulnerable to the effects of climate change, the Bank works with countries and partners to enhance resilience, reduce greenhouse gas emissions, and support clean energy. In China, a Bank-supported program is helping Hua Xia Bank provide businesses with over \$900 million in financing to increase energy efficiency, invest in clean energy, and tighten air pollution control. The project focuses on the Beijing-Tianjin-Hebei (Jing-Jin-Ji) region and the surrounding provinces of Shandong, Shanxi, Inner Mongolia, and Henan. The funding is also helping combat climate change by so far reducing carbon emissions by 1.8 million tons per year.

In Lao PDR, the Bank is supporting reconstruction and improving resilience to natural disasters. The Lao PDR Southeast Asia Disaster Risk Management Project is helping reduce the impact of flooding in Oudomxay province, while enhancing monitoring, forecasting, and early warning of natural disasters. The project is also improving financial resilience to natural hazards through insurance mechanisms and a national disaster risk financing strategy. Additionally, a roads sector project in Lao PDR incorporates climate resilience into road maintenance. The IDA Crisis Response Window is expected to provide funding to both projects to boost the country’s recovery from costly floods and build resilient infrastructure against future disasters.

Building human capital and inclusion

Investing in human capital is key to ensuring long-term sustainable growth and reducing poverty in the region. In Indonesia, we are strengthening social protection systems to address gaps in safety nets and build human capital. The conditional cash transfer (CCT) project Program Keluarga Harapan (PKH) has contributed to a reduction in childhood stunting rates, school dropouts, and child labor among participants. Building on its strong results, additional funding from a 2017 Program for Results expanded PKH to cover 10 million households or 17 percent of the population, making it the second-largest CCT program in the world and further helping it expand coverage, strengthen delivery systems, and improve coordination.

FIGURE 2 EAST ASIA AND PACIFIC
IBRD AND IDA LENDING BY SECTOR • FISCAL 2019
 SHARE OF TOTAL OF \$5.3 BILLION



A similar CCT program in the Philippines, locally known as the Pantawid Pamilya Pilipino Program, covers over 4 million households with children under 18, providing incentives for parents to invest in their health and education. The program has increased school attendance and reduced the gender gap in enrollment. The program's success accounted for a quarter of the country's total poverty reduction over the past seven years.

SPOTLIGHT

PROVIDING ON-THE-JOB SKILLS FOR URBAN YOUTH IN PAPUA NEW GUINEA

Since 2010, Papua New Guinea's Urban Youth Employment Project has helped the country respond to an increasingly pressing socioeconomic situation, where more than half the population under age 24 had limited job prospects. In Port Moresby, it engaged 18,500 youth in training and work placement activities, established about 18,000 new bank accounts, and created about 815,000 days of work.

Before the program, 70 percent of participants reported they never had a waged job, 33 percent never attended high school, 35 percent were involved in crime, and 74 percent never had a bank account. Six months after their on-the-job training, nearly half (41 percent) of the participants reported that they had secured full-time or part-time work, while employers reported that 97 percent of project participants were qualified for full-time work.

Co-financed by Australia's Department of Foreign Affairs and Trade, the project is now the country's most significant public program addressing youth unemployment. Its full-service approach—taking long-term unemployed youth through vocational training, job matching, and fully subsidized work placements—will now be expanded to include Lae City, Papua New Guinea's industrial hub.



TABLE 5 EAST ASIA AND PACIFIC
REGIONAL SNAPSHOT

INDICATOR	2000	2010	CURRENT DATA ^a	TREND
Total population (millions)	1,816	1,966	2,082	
Population growth (annual %)	1.0	0.7	0.7	
GNI per capita (Atlas method, current US\$)	914	3,763	7,601	
GDP per capita growth (annual %)	6.5	9.0	5.6	
Population living below \$ 1.90 a day (millions)	549 ^b	221	47	
Life expectancy at birth, females (years)	73	75	77	
Life expectancy at birth, males (years)	69	72	73	
Youth literacy rate, females (% ages 15–24)	97	99	99	
Youth literacy rate, males (% ages 15–24)	98	99	99	
Carbon dioxide emissions (megatons)	4,197	10,040	11,689	
MONITORING THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)				
SDG 1.1 Extreme poverty (% population below \$ 1.90 a day, 2011 PPP)	29.7 ^b	11.2	2.3	
SDG 2.2 Prevalence of stunting, height for age (% children under 5) ^c	25	16	12	
SDG 3.1 Maternal mortality ratio (modeled estimate, per 100,000 live births)	120	79	63	
SDG 3.2 Under-5 mortality rate (per 1,000 live births)	42	23	17	
SDG 4.1 Primary completion rate (% relevant age group)	92	102	97	
SDG 5 Ratio of female to male labor force participation rate (modeled ILO estimate, %)	82	79	78	
SDG 5.5 Proportion of seats held by women in national parliaments (% total)	17	18	21	
SDG 6.1 Access to at least basic drinking water (% population)	78	89	93	
SDG 6.2 Access to at least basic sanitation facilities (% population)	60	70	75	
SDG 7.1 Access to electricity (% population)	90	95	97	
SDG 7.2 Renewable energy consumption (% total final energy consumption)	32	16	16	
SDG 17.8 Individuals using the internet (% population)	2	29	51	

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

a. The most current data available between 2013 and 2018; visit data.worldbank.org for data updates.

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

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

For more information, visit www.worldbank.org/eap and data.worldbank.org/country.



Europe and Central Asia

Economic growth in Europe and Central Asia slowed to 3.1 percent in 2018. It is projected to decline further to 2.1 percent in 2019, amid a global downturn and uncertain prospects.

Growth in countries across the region varied, with Russia, the largest economy, contributing robustly to regional growth, alongside Albania, Hungary, Poland, and Serbia. Regional growth is expected to pick up modestly in 2020–21, as anticipated gradual recovery in Turkey offsets moderating activity in Central Europe. The region’s long-term challenges, however, remain formidable.

The share of the working-age population in the region has fallen dramatically, largely due to declining fertility rates in the 1990s. Productivity slowed to 0.8 percent per year between 2013 and 2017. Investment growth has slowed sharply, from an average of above 15 percent in the five years prior to the global financial crisis to an average of just 1.6 percent in 2014–18. Parts of the region—particularly Central Asia and the Western Balkans—are highly vulnerable to climate change impacts, including droughts, flooding, and frequent natural disasters.

World Bank assistance

The World Bank approved \$4.3 billion in lending to the region for 40 operations in fiscal 2019, including \$3.7 billion in IBRD loans and \$583 million in IDA commitments. We also signed 22 Reimbursable Advisory Services agreements with eight countries for a total of \$39 million. These agreements provided technical advice on issues such as public finance and fiscal reforms, urban planning and development, and strengthening education and skills for employment.

Our strategy aims to raise productivity and build resilience throughout the region. To raise productivity, we focus on human capital development, inclusion of the marginalized, facilitating access for all to new markets and technology, supporting competition in markets, and investing in safety nets. Building resilience means deepening the foundations for inclusive markets by strengthening macroeconomic and financial stability, developing effective governance to support growth while addressing climate change challenges, establishing an enabling regulatory system for the private sector, and fostering regional integration.

Boosting human capital to raise productivity

The Bank continued to advance projects in the region aimed at investing in health care systems, improving skills, supporting the transition to new technologies, and investing in safety nets to protect poor households.

TABLE 6 EUROPE AND CENTRAL ASIA
REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2017–19

	COMMITMENTS (\$ MILLIONS)			DISBURSEMENTS (\$ MILLIONS)		
	FY17	FY18	FY19	FY17	FY18	FY19
IBRD	4,569	3,550	3,749	2,799	4,134	2,209
IDA	739	957	583	310	298	931

Portfolio of operations under implementation as of June 30, 2019: \$27.1 billion.

In fiscal 2019, we provided \$33 million for a project in North Macedonia that aims to expand access and improve the quality of social services. In Tajikistan, additional financing of \$2 million to the ongoing Social Safety Net Strengthening Project continued to help the most vulnerable citizens gain access to important social assistance benefits. In Belarus, additional financing of \$102 million to the Education Modernization Project helped the country improve student learning and modernize the school system. A \$103 million loan for the Innovation, Inclusion, and Quality Project in Georgia will help enhance human capital development by expanding access to preschool education and improving education quality.

Building solid foundations and resilience for growth

Our key priorities in the region continue to include deepening macroeconomic and financial stability, developing effective governance and institutions, and building capacity to adapt to evolving threats, such as climate change.

In fiscal 2019, we supported a \$52 million Tax Administration Modernization Project in Serbia that aims to improve the effectiveness of tax collection and lower the compliance burden for taxpayers. In Moldova, a \$45 million Competitiveness Enhancement Project continued to increase the export competitiveness of Moldovan enterprises and decrease regulatory burdens. We also supported the Kyrgyz Republic through a \$20 million loan to strengthen the country's capacity to respond to natural disasters and reduce their adverse financial impacts.

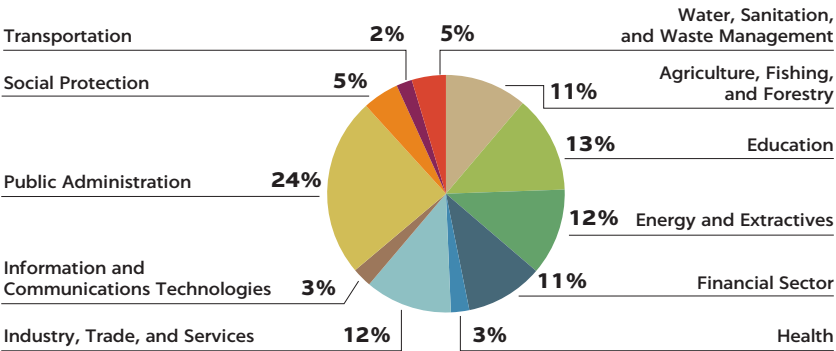
Enabling markets to achieve high productivity in the private sector

This year's projects aimed at promoting entrepreneurship, competition, and innovation; facilitating access to new markets and technology; fostering regional economic integration; and participating in global value chains.

A \$15 million project in Kosovo helped improve the competitiveness and capacity of export-oriented firms. In Uzbekistan, we approved a \$200 million loan to help rural micro-, small, and medium enterprises across the Ferghana Valley gain greater access to financial resources, advisory assistance, and markets in urban areas. A \$400 million project in Turkey will help improve access to longer-term finance for women-inclusive enterprises and firms in regions affected by the influx of Syrians Under Temporary Protection.

The Bank also produced important thought leadership pieces and analyses on key policy issues. The report, *Toward a New Social Contract: Taking on Distributional Tensions in Europe and Central Asia*, looks at labor, taxation, and social welfare policies and calls for a fundamental rethinking of these policies to ease the growing divide in societies across the region.

FIGURE 3 EUROPE AND CENTRAL ASIA
IBRD AND IDA LENDING BY SECTOR • FISCAL 2019
 SHARE OF TOTAL OF \$4.3 BILLION



A flagship report, *Critical Connections: Promoting Economic Growth and Resilience in Europe and Central Asia*, analyzes the impact on growth of various types of connectivity—trade, investment, migration, communications, and transport—to help policymakers maximize the economic benefits of these connections across the region.

SPOTLIGHT

BOOSTING REGIONAL ECONOMIC INTEGRATION IN THE WESTERN BALKANS

Delays at crossings in the Western Balkans are five times longer than in many EU countries. If logistics costs can be brought in line with average EU levels, annual savings could exceed \$1.1 billion, or 1 percent of the region's combined GDP. Although exports from the Western Balkans can enter the EU without tariffs, only 10 to 20 percent of firms here are exporters. Compliance with procedures—including inspections and customs—and time spent at crossing points dampens efficiency, increases costs, and hinders trade. Breaking down these barriers to economic integration and improving connectivity and trade are critical to sustainable growth.

The Bank's multiphase Western Balkans Trade and Transport Facilitation Project will provide a total of \$140 million to six participating countries, with a focus on regional integration to facilitate cross-border movements of goods, improve the efficiency of transport systems, and enhance market access and investment.

The first phase was approved this year, providing financing for Serbia (\$40 million), North Macedonia (\$30 million), and Albania (\$20 million). It is projected to reduce annual export and import costs by more than 10 percent. By improving infrastructure, introducing new technologies, and increasing coordination among agencies in the region, the project will promote trade and growth. Modernizing transport infrastructure and services, as well as improving traffic flows, will also help lower greenhouse gas emissions and support countries' efforts to achieve their climate change mitigation targets.

TABLE 7 EUROPE AND CENTRAL ASIA

REGIONAL SNAPSHOT

INDICATOR	2000	2010	CURRENT DATA ^a	TREND
Total population (millions)	392	399	418	
Population growth (annual %)	0.0	0.5	0.5	
GNI per capita (Atlas method, current US\$)	1,784	7,440	7,781	
GDP per capita growth (annual %)	8.0	4.5	2.3	
Population living below \$ 1.90 a day (millions)	28 ^b	11	7	
Life expectancy at birth, females (years)	73	75	77	
Life expectancy at birth, males (years)	63	66	69	
Youth literacy rate, females (% ages 15–24)	98	99	100	
Youth literacy rate, males (% ages 15–24)	99	100	100	
Carbon dioxide emissions (megatons)	2,693	3,014	3,030	

MONITORING THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

SDG 1.1 Extreme poverty (% population below \$ 1.90 a day, 2011 PPP)	6.0 ^b	2.4	1.5	
SDG 2.2 Prevalence of stunting, height for age (% children under 5) ^c	—	—	—	
SDG 3.1 Maternal mortality ratio (modeled estimate, per 100,000 live births)	56	29	25	
SDG 3.2 Under-5 mortality rate (per 1,000 live births)	36	19	13	
SDG 4.1 Primary completion rate (% relevant age group)	94	97	98	
SDG 5 Ratio of female to male labor force participation rate (modeled ILO estimate, %)	73	72	71	
SDG 5.5 Proportion of seats held by women in national parliaments (% total)	7	15	21	
SDG 6.1 Access to at least basic drinking water (% population)	93	95	96	
SDG 6.2 Access to at least basic sanitation facilities (% population)	87	91	93	
SDG 7.1 Access to electricity (% population)	99	99	100	
SDG 7.2 Renewable energy consumption (% total final energy consumption)	6	6	6	
SDG 17.8 Individuals using the internet (% population)	2	36	66	

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

a. The most current data available between 2013 and 2018; visit data.worldbank.org for data updates.

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

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

For more information, visit www.worldbank.org/eca and data.worldbank.org/country.



Latin America and the Caribbean

Growth in Latin America and Caribbean was 1.6 percent in 2018 and is forecast to rise to 1.7 percent in 2019. Our aim is to expand upon the profound social transformation during the first decade of the 21st century, when the commodity boom and widespread growth cut the region’s poverty rates in half. Between 2003 and 2016, the share of the population living in extreme poverty in the region fell from 24.5 percent to 9.9 percent. Since then, however, economic prospects have dimmed, and many people are at risk of slipping back into poverty.

The semiannual report, *Effects of the Business Cycle on Social Indicators: When Dreams Meet Reality*, highlighted that much of this poverty reduction was due to a favorable phase of the economic cycle rather than an improvement in the underlying, long-term economic structure of the region. It remains a challenge for countries to address these limitations to support stronger, inclusive growth.

World Bank assistance

The World Bank approved \$6.1 billion in lending to the region for 37 operations in fiscal 2019 (of which one was an IBRD and IDA blended operation), including \$5.7 billion in IBRD loans and \$430 million in IDA commitments. We signed 18 Reimbursable Advisory Services agreements with eight countries for a total of \$6 million.

Our strategy for the region centers on three pillars. The first pillar focuses on inclusive growth by promoting greater productivity, competitiveness, transparency, and accountability; inclusion of traditionally excluded groups, including Indigenous Peoples, Afro-descendants, and rural communities; and attracting private investment. The second pillar emphasizes investing in human capital to prepare people for the challenges and opportunities that come with digitalization and the changing nature of work. The third seeks to build resilience so that countries can better manage and withstand shocks such as natural disasters, economic upheaval, migration, and crime and violence.

Promoting inclusive growth

The Bank is committed to promoting inclusive economic and social growth, with a focus on higher productivity, greater accountability, and expanding opportunity. The \$300 million Metropolitan Buenos Aires Urban Transformation Project is supporting the physical and social integration of Barrio 31, an informal poor neighborhood, with the rest of Argentina’s capital, creating economic opportunities for residents. The Bank’s Expanding Rural Finance Project in Mexico helped the financial system reach areas where traditional banking was weak or had no presence, delivering more than 150,000 loans and expanding credit for smaller-scale rural enterprises, with a focus on women and marginalized areas.

TABLE 8 LATIN AMERICA AND THE CARIBBEAN

REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2017–19

	COMMITMENTS (\$ MILLIONS)			DISBURSEMENTS (\$ MILLIONS)		
	FY17	FY18	FY19	FY17	FY18	FY19
IBRD	5,373	3,898	5,709	3,885	4,066	4,847
IDA	503	428	430	229	223	340

Portfolio of operations under implementation as of June 30, 2019: \$30.0 billion.

The Community Investment in Rural Areas Project in Bolivia brought basic services infrastructure to the poorest and most isolated rural communities in Chuquisaca, Cochabamba, La Paz, and Oruro, with improvements in irrigation, rural roads, drinking water, sanitation, and electrification that have benefited nearly 282,000 people. The Quito Metro Line One Project in Ecuador brought effective collaboration between IBRD and several other multilateral development banks, including Banco de Desarrollo de America Latina, the Inter-American Development Bank, and the European Investment Bank. The \$1.7 billion project is almost 80 percent complete, with no expected delays or cost overruns.

Investing in human capital for growth and prosperity

Increasing human capital through education, health, and opportunities is fundamental to growth and prosperity. Following Brazil’s \$200 million Bolsa Família Program, which provides cash transfers to poor households conditioned on school attendance and use of maternal and child health services, a similar conditional cash transfer program is being supported by our Global Partnership for Social Accountability Social Audit Project in Paraguay. Informed by local feedback on how to reduce absenteeism in schools, enhance the quality of medical care, and ensure the supply of basic medicines, the project is benefiting more than 13,000 children in the poorest areas of the country.

In Peru, a technical assistance project improved the performance, coverage, and monitoring of social inclusion programs administered by the Ministry of Development and Social Inclusion, such as conditional cash transfers, pensions for the extremely poor, and a school meal program for children in pre- and primary schools.

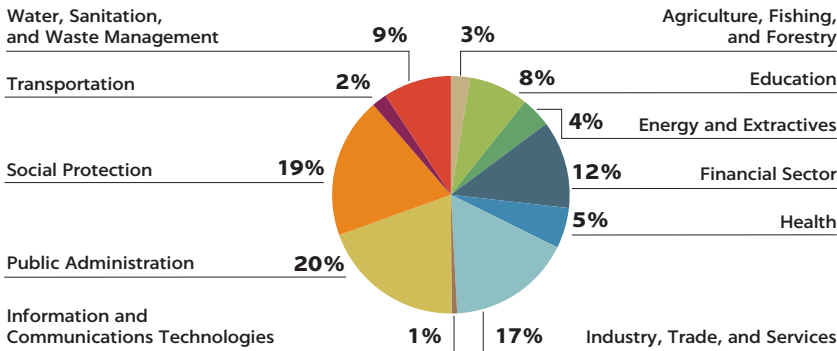
Building resilience

Latin America and the Caribbean is heavily exposed to natural disasters and is also facing high levels of migration from Venezuela and Central America. Colombia received a \$32 million grant from the Bank-administered Global Concessional Financing Facility in support of policies to manage the flow of migrants and refugees from Venezuela and improve their access to jobs and basic social services, as well as for host communities.

To help Dominica recover from Hurricane Maria, which damaged 75 percent of its power network, the Bank supported the government’s National Resilient Development Strategy to diversify the energy matrix. This includes \$27 million to build a seven-megawatt geothermal power plant, which will support Dominica’s goal of becoming the “the first climate-resilient country in the world.” It will also increase the share of renewables and offer a clear road map for private sector investment in cost-effective and climate-resilient geothermal alternatives.

FIGURE 4 LATIN AMERICA AND THE CARIBBEAN
IBRD AND IDA LENDING BY SECTOR • FISCAL 2019

SHARE OF TOTAL OF \$6.1 BILLION



Employing advisory services, technical assistance, and convening power

The Bank provided Reimbursable Advisory Services, technical assistance, and in-depth analyses to support the development goals of countries in the region. In the Dominican Republic, our services supported policy reforms for addressing insolvency issues and improving the investment climate. In response to the Venezuelan migrant crisis, the Bank conducted a migration impact assessment to help Colombia formulate a national response policy and strategy; similar studies are underway in Peru and Ecuador. The report, *Afro-descendants in Latin America: Toward a Framework of Inclusion*, highlighted the progress made by the Afro-descendant community in reducing poverty and gaining a voice for its concerns, along with overcoming structural barriers that prevent their full social and economic inclusion. The October 2018 semiannual report, *From Known Unknowns to Black Swans: How to Manage Risk in Latin America and the Caribbean*, highlighted the importance of understanding the different types of insurance mechanisms available to manage risk.

The Bank also convened key policymakers and multilateral partners on shared goals. These included a high-level conference on Building Resilience to Disasters and Climate Change in the Caribbean; an Investor Forum, co-hosted with the Argentine government on the eve of the G-20 Summit in Buenos Aires, to identify steps for boosting long-term and sustainable private sector investment; and the Panama Accord, co-sponsored with the Organization of American States and the government of Panama, to fight corruption and mobilize greater private financing for development.



SPOTLIGHT

INDIGENOUS PEOPLES DEFINING THEIR OWN DEVELOPMENT

To help design inclusive and successful development models, the Bank engages in strategic dialogue with Indigenous Peoples organizations and communities throughout Latin America. We recognize their distinct development vision and aspirations, as well as the disproportionate levels of poverty and inequalities they face. Through an \$80 million project, we are supporting the implementation of Panama's Indigenous Peoples Development Plan, putting these communities at the forefront of defining the development agenda. The project benefits over 200,000 people, with a focus on women and youth. It supports investments proposed and prioritized by the Indigenous Authorities, with an emphasis on culturally pertinent, accessible, and high quality services in the health, education, water, and sanitation sectors.

To overcome longer-term structural barriers and long-standing ethnic inequalities, the project includes investments to improve governance capacity, planning, and coordination between Indigenous Authorities and the government. The project has already achieved two of its results indicators—an Executive Decree to legally formalize the National Indigenous Peoples Development Council, which serves as a permanent consultation platform with the government and Indigenous Peoples, and inclusion of a woman advisor in each delegation that participates in the council.



TABLE 9 LATIN AMERICA AND THE CARIBBEAN
REGIONAL SNAPSHOT

INDICATOR	2000	2010	CURRENT DATA ^a	TREND
Total population (millions)	456	519	565	
Population growth (annual %)	1.5	1.2	0.9	
GNI per capita (Atlas method, current US\$)	3,741	7,719	7,968	
GDP per capita growth (annual %)	2.7	4.4	0.9	
Population living below \$1.90 a day (millions)	63 ^b	36	24	
Life expectancy at birth, females (years)	74	77	79	
Life expectancy at birth, males (years)	68	71	72	
Youth literacy rate, females (% ages 15–24)	95	98	99	
Youth literacy rate, males (% ages 15–24)	94	97	98	
Carbon dioxide emissions (megatons)	1,095	1,376	1,530	

MONITORING THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

SDG 1.1 Extreme poverty (% population below \$1.90 a day, 2011 PPP)	11.8 ^b	6.1	3.9	
SDG 2.2 Prevalence of stunting, height for age (% children under 5) ^c	17	12	10	
SDG 3.1 Maternal mortality ratio (modeled estimate, per 100,000 live births)	104	84	70	
SDG 3.2 Under-5 mortality rate (per 1,000 live births)	35	25	19	
SDG 4.1 Primary completion rate (% relevant age group)	98	99	98	
SDG 5 Ratio of female to male labor force participation rate (modeled ILO estimate, %)	60	66	67	
SDG 5.5 Proportion of seats held by women in national parliaments (% total)	15	23	31	
SDG 6.1 Access to at least basic drinking water (% population)	90	94	96	
SDG 6.2 Access to at least basic sanitation facilities (% population)	73	81	84	
SDG 7.1 Access to electricity (% population)	91	96	98	
SDG 7.2 Renewable energy consumption (% total final energy consumption)	31	31	30	
SDG 17.8 Individuals using the internet (% population)	3	33	60	

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

a. The most current data available between 2013 and 2018; visit data.worldbank.org for data updates.

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

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

For more information, visit www.worldbank.org/lac and data.worldbank.org/country.



Middle East and North Africa

Growth in the Middle East and North Africa is expected to be a modest 1.5 percent in 2019, down from 1.6 percent in 2018, largely due to weaker global growth and global financial market volatility. Real per capita growth across the region will be –0.1 percent, improving slightly on 2018’s decline of –0.2 percent.

Conflict continues in the Republic of Yemen and Libya and, though diminished, in Syria as well. This has contributed to an increase in the region’s extreme poverty rate, which nearly doubled from 2.7 percent in 2011 to 5 percent in 2015. Iraq’s recovery and reconstruction efforts are moving forward, if slowly. The Arab Republic of Egypt, with strong reforms on the fiscal and energy fronts, will post a growth rate of 5.5 percent in 2019. Jordan and Lebanon, still bearing the cost of millions of refugees, are preparing to embark on significant economic reforms, while in Tunisia, upcoming parliamentary and presidential elections have slowed the reform agenda. Morocco remains stable, though with slow growth. Djibouti’s 7 percent growth rate for 2019 is the region’s fastest, though it has had little impact on the country’s high level of poverty. Growth in the Gulf Cooperation Council (GCC) remains around 2 percent, with reforms in many countries, most notably Saudi Arabia.

World Bank assistance

The World Bank approved \$5.5 billion in lending to the region for 19 operations in fiscal 2019, including \$4.9 billion in IBRD loans and \$611 million in IDA commitments. Revenue from Reimbursable Advisory Services agreements, including with countries from the GCC, was around \$56 million. The expanded advisory program continues to provide ongoing support to the reform process in the GCC.

Our regional strategy has the promotion of peace and social stability at its core. It has expanded since 2018, with added focus on mobilizing finance for development, human capital, and digital development. It retains the four pillars of forging a new social contract; increasing regional cooperation; building resilience, including addressing the challenges of forcibly displaced people; and supporting recovery and reconstruction. The expanded strategy incorporates the Bank’s three priorities of sustainable and inclusive growth, investment in human capital, and strengthening resilience. Many of our activities include more than one of these pillars, as well as the new areas of focus.

Renewing the social contract

Our key regional priorities continue to include promoting more accountable and inclusive structures to support the private sector; generating more and better jobs; and focusing on education, health, and opportunities presented by digital technologies. For example, the \$700 million Financial Inclusion and Digital Economy Program in Morocco supports entrepreneurship and the expansion of digital opportunities. Tunisia’s \$75 million Innovative Start-Ups and Small and Medium Enterprises Project

TABLE 10 MIDDLE EAST AND NORTH AFRICA

REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2017–19

	COMMITMENTS (\$ MILLIONS)			DISBURSEMENTS (\$ MILLIONS)		
	FY17	FY18	FY19	FY17	FY18	FY19
IBRD	4,869	5,945	4,872	5,335	3,281	4,790
IDA	1,011	430	611	391	569	647

Portfolio of operations under implementation as of June 30, 2019: \$19.3 billion.

supports the start-up ecosystem, including entrepreneurs focused on digital technologies. The \$1.0 billion Private Sector Development for Inclusive Growth Program in Egypt supports mobile services for microentrepreneurs, strengthens capital markets and the environment for start-ups, and modernizes tax systems.

Increasing regional cooperation

The Middle East and North Africa is the world’s least economically integrated region. Hence the Bank supports greater cooperation, efficiency, and interdependence, particularly in the energy and private sectors, to enhance cross-border investments and reinforce moves toward a regional market. Jordan’s \$1.5 billion Second Equitable Growth and Job Creation Program emphasizes opening up markets to foreign investment, particularly from the GCC and elsewhere in the region, while introducing greater efficiency and private sector participation. New electricity reform programs in Jordan and Lebanon will allow better regional interconnectivity, also to attract investors from the region. Egypt’s \$200 million Entrepreneurship for Job Creation Project seeks to improve the environment for start-ups, catalyzing opportunities for investors to invest in innovative local firms.

Building resilience to forced displacement

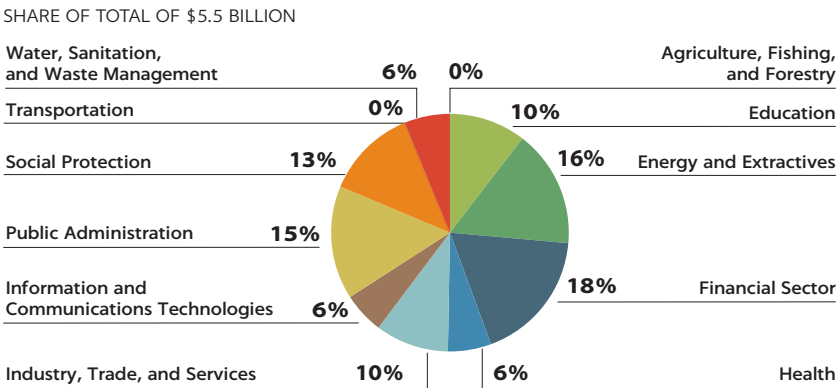
In countries across the region, especially Djibouti, Iraq, Jordan, and Lebanon, the forcibly displaced, including refugees and internally displaced persons, continue to pose challenges for local services. In Djibouti, where many displaced people and refugees have settled in cities, a \$20 million project partly supported by the IDA18 Refugee Sub-Window is improving access to urban and social services and better job opportunities for more than 120,000 residents. In Jordan, \$141 million in additional financing for the Emergency Health Project will focus on health services for Syrian refugees and their host communities.

The latter project will also receive concessional funding from the Global Concessional Financing Facility (GCFF), which is supported by funds from nine supporting countries and the EU for middle-income countries affected by refugee crises. To date, the GCFF has approved \$452 million for nine Bank-funded operations in the Middle East and North Africa, which in turn has leveraged \$2.1 billion.

Supporting economic recovery and reconstruction

Recovery and reconstruction—including assisting populations in the midst of conflict where the authorizing environment allows—is an important part of our regional strategy, particularly as conflicts abate or end. Iraq’s \$200 million Electricity Services Reconstruction and Enhancement Project will support repairs and service expansion,

FIGURE 5 MIDDLE EAST AND NORTH AFRICA
IBRD AND IDA LENDING BY SECTOR • FISCAL 2019



while encouraging private investment. In Gaza, which is still recovering from conflict and subject to bouts of violence, the \$17 million Gaza Emergency Cash for Work and Self-Employment Support Project supports small entrepreneurs, as well as the poor through cash transfers, while \$10 million in additional financing for the Emergency Labor-Intensive Gaza Project provides temporary employment opportunities for vulnerable populations. In fiscal 2019, the Republic of Yemen received three grants totaling \$540 million for health and nutrition, urban services, temporary employment, and emergency provision of electricity.



SPOTLIGHT

SUPPORTING FINANCIAL INCLUSION AND THE DIGITAL ECONOMY IN MOROCCO

Morocco has made significant social and economic progress over the past 15 years, due to large public investments and wide-ranging reforms, while successfully ensuring macro-economic stability. Yet substantial development challenges remain. Job creation is down; unemployment is high, particularly among youth and women; service delivery is inadequate; and social and territorial disparities persist. Private sector development, which is key for new jobs, is hampered by lack of inclusion, with poor access to finance for entrepreneurs and small and medium enterprises (SMEs). The education system is not delivering the skills required for jobs.

This has led to a comprehensive response from the Bank in support of the government's 2017–21 program, which is reinforced by national strategies for digital development and financial inclusion. The jointly developed Financial Inclusion and Digital Economy Program not only aims to unlock Morocco's entrepreneurial potential, especially among youth and women, but also use digital technologies to expand financial inclusion and support start-ups and SMEs. This made the project an ideal regional launch platform for our efforts to create, within a short time-bound period, modern broadband coverage for all and a nationwide digital payment system. The expected time for completion is 2021.

The program includes three interlinked components. The first pillar aims to enhance financial inclusion by diversifying traditional and alternative financing instruments with institutional and regulatory changes targeting microfinance, agro-finance, and insurance, with a special focus on women. The second pillar supports development of digital platforms and infrastructure, with a focus on expanding connectivity and mobile payments, while the third pillar provides support to digital entrepreneurs. With strong ownership from the government and the Moroccan private sector, the project will showcase its achievement during the 2021 IMF-World Bank Annual Meetings in Marrakech.



TABLE 11 MIDDLE EAST AND NORTH AFRICA
REGIONAL SNAPSHOT

INDICATOR	2000	2010	CURRENT DATA ^a	TREND
Total population (millions)	279	333	383	
Population growth (annual %)	1.8	1.8	1.7	
GNI per capita (Atlas method, current US\$)	1,576	3,983	3,868	
GDP per capita growth (annual %)	2.6	3.4	1.3	
Population living below \$1.90 a day (millions) ^c	10 ^b	8	16 ^c	
Life expectancy at birth, females (years)	71	74	75	
Life expectancy at birth, males (years)	68	70	71	
Youth literacy rate, females (% ages 15–24)	80	84	87	
Youth literacy rate, males (% ages 15–24)	89	91	92	
Carbon dioxide emissions (megatons)	872	1,282	1,418	

MONITORING THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

SDG 1.1 Extreme poverty (% population below \$1.90 a day, 2011 PPP)	3.4 ^b	2.3	4.2 ^c	
SDG 2.2 Prevalence of stunting, height for age (% children under 5) ^d	23	18	15	
SDG 3.1 Maternal mortality ratio (modeled estimate, per 100,000 live births)	125	99	90	
SDG 3.2 Under-5 mortality rate (per 1,000 live births)	46	30	25	
SDG 4.1 Primary completion rate (% relevant age group)	81	91	89	
SDG 5 Ratio of female to male labor force participation rate (modeled ILO estimate, %)	24	25	25	
SDG 5.5 Proportion of seats held by women in national parliaments (% total)	4	11	17	
SDG 6.1 Access to at least basic drinking water (% population)	87	90	92	
SDG 6.2 Access to at least basic sanitation facilities (% population)	83	86	88	
SDG 7.1 Access to electricity (% population)	91	95	98	
SDG 7.2 Renewable energy consumption (% total final energy consumption)	3	3	3	
SDG 17.8 Individuals using the internet (% population)	<1	21	50	

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

a. The most current data available between 2013 and 2018; visit data.worldbank.org for data updates.

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

c. Poverty data for the region is from 2015 and may have changed as a result of conflict or fragility in the region.

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

For more information, visit www.worldbank.org/mena and data.worldbank.org/country.



South Asia

South Asia remains the fastest-growing region in the world, with growth projected at 6.9 percent in 2019, 7.0 in 2020, and 7.1 percent in 2021, driven by strong private consumption, recovering exports, and investments due to policy reforms and infrastructure upgrades. The region has also experienced political stability, with democratic and peaceful transition of governments in most countries. Risks to the outlook mainly stem from domestic factors, including weak exports, slow progress on fiscal consolidation, high deficits, and disruptions due to natural disasters.

Robust growth has translated into declining poverty and impressive improvements in health and education. But as of 2015, the proportion of people living on less than \$1.90 a day was still an estimated 12.4 percent, or about 216 million people¹—a third of the global poor—and multidimensional poverty is higher than the global average. Many countries in the region also suffer from extreme forms of social exclusion and significant infrastructure gaps. The region has also seen one of the largest refugee inflows in modern times, with more than 740,000 Rohingya refugees fleeing to Bangladesh since August 2017, according to UN estimates.

World Bank assistance

The World Bank approved \$8.9 billion in lending to the region for 54 operations in fiscal 2019, including \$4.0 billion in IBRD loans and \$4.9 billion in IDA commitments. We also delivered 178 advisory services and analytical products to eight countries, totaling \$79 million, providing technical advice on issues such as energy sector reform, female labor force participation, and climate change.

Our regional strategy emphasizes promoting sustainable and inclusive growth, investing in people, and strengthening resilience. It focuses on supporting policy reforms for private sector-led job creation; addressing stunting with multisectoral solutions; increasing female labor force participation; supporting refugees, returnees, and internally displaced persons; and addressing climate risks, including through disaster preparedness and management.

Supporting sustainable growth and creating jobs

The region can sustain high growth only if both investments and exports grow stronger. With an estimated 1.5 million people entering the job market every month over the next two decades, job creation is essential. To address these challenges, the Bank supports efforts such as the \$250 million Jobs Programmatic Development Policy Project in Bangladesh to address jobs challenges and strengthen systems that protect workers and build resilience. In Afghanistan, the \$100 million Women's

¹ This estimate is based on a regional population coverage of less than 40 percent. The criterion for estimating survey population coverage is whether at least one survey used in the reference year estimate was conducted within two years of the reference year.

TABLE 12 SOUTH ASIA

REGIONAL COMMITMENTS AND DISBURSEMENTS FOR FISCAL 2017–19

	COMMITMENTS (\$ MILLIONS)			DISBURSEMENTS (\$ MILLIONS)		
	FY17	FY18	FY19	FY17	FY18	FY19
IBRD	2,233	4,508	4,011	1,454	1,698	2,598
IDA	3,828	6,153	4,849	3,970	3,835	4,159

Portfolio of operations under implementation as of June 30, 2019: \$53.4 billion.

Economic Empowerment Rural Development Project aims to increase the social and economic empowerment of poor rural women.

The Bank Group is also helping countries maximize their development resources by drawing on sustainable private sector solutions. In Nepal, a \$100 million project—the first in a series of two—is supporting the financial viability and governance of the electricity sector, while the IDA18 IFC-MIGA Private Sector Window will provide \$103 million in financing and guarantees for the Upper Trishuli-1 Hydropower Plant, lowering risk and encouraging the private sector to invest. In India, the \$400 million Innovation in Solar Power and Hybrid Technologies Project supports renewable energy and battery energy storage solutions.

Investing in people and supporting inclusive growth

To strengthen human capital as a driver of growth, the Bank is helping the region improve access to and quality of education, address childhood stunting and malnutrition, strengthen health systems and services, and expand safety nets to protect the poorest. Alongside development partners, we organized human capital summits in Bhutan, Nepal, and Pakistan. The new *Pakistan@100: Shaping the Future* report emphasized the country’s urgent need to invest more and better in its people, if they are to be richer, better educated, and healthier by 2047. Meanwhile, initiatives such as the \$400 million Program toward Elimination of Tuberculosis in India build on earlier efforts to improve the quality and accessibility of health and nutrition services.

Fostering resilience to conflict and climate change

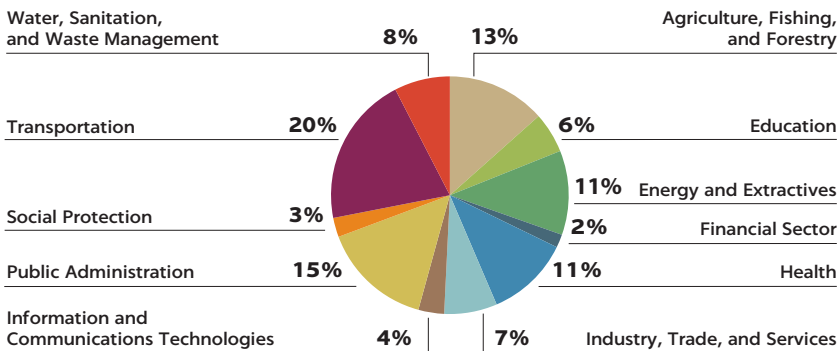
Conflict and fragility risks are increasing in South Asia, resulting in greater displacement and growing border tensions. We are working with partners to provide basic services to the displaced and hosting communities, such as the \$200 million grant for the Afghanistan Eshteghal Zaiee–Karmondena Project, which aims to strengthen jobs and economic opportunities in cities with a high influx of displaced people.

South Asia is also highly vulnerable to the impacts of climate change, including climate-induced natural disasters and rising sea levels. The *South Asia’s Hotspots: Impacts of Temperature and Precipitation Changes on Living Standards* report suggests that 800 million people in the region live in areas where livelihoods are vulnerable to climate change impacts. Progress depends on reducing carbon emissions, changing the energy mix, mitigating the effects of climate change, and building resilience. For example, the \$125 million Climate-Smart Irrigated Agriculture Project in Sri Lanka will improve agricultural productivity and diversification through the adoption of climate-smart practices and better water management. The \$246 million Andhra Pradesh Integrated Irrigation and Agriculture Transformation Project in India aims to enhance productivity, profitability, and climate resilience

FIGURE 6 SOUTH ASIA

IBRD AND IDA LENDING BY SECTOR • FISCAL 2019

SHARE OF TOTAL OF \$8.9 BILLION



for smallholder farmers. The \$175 million Bangladesh Sustainable Forests and Livelihoods Project will improve forest management and increase benefits for forest-dependent communities, with emphasis on women and adolescent girls.

Promoting regional integration

South Asia remains one of the least economically integrated regions in the world. Hence we support cross-border trade, transport and energy connectivity, and long-term water security and environmental sustainability in the region. The \$460 million Khyber Pass Economic Corridor Project aims to expand economic activity between Pakistan and Afghanistan by improving regional connectivity and promoting private sector development along this key corridor. The *Exports to Jobs: Boosting the Gains from Trade in South Asia* report analyzes how labor market policies can help various groups of workers acquire the right skills and ensure that the gains of increased exports are shared more broadly across societies. Our report, *A Glass Half Full: The Promise of Regional Trade in South Asia*, unpacks critical barriers to trade integration and offers precise, actionable policy recommendations that could help achieve measurable progress in key areas of trade and integration, benefiting all countries in the region.



SPOTLIGHT

MAKING NEPAL AN ATTRACTIVE DESTINATION FOR INVESTMENT

Four years ago, Nepal was reeling from a devastating earthquake that claimed thousands of lives. Today, its future looks considerably brighter. Extreme poverty is steadily falling, and growth has remained relatively strong for the last two years. For the first time in decades, Nepal also has a stable, majority government to carry out a long-term development vision. New laws aim to encourage foreign direct investment, improve the business climate, and protect intellectual property.

This combination of factors helped attract more than 700 foreign investors from over 300 companies representing 40 countries at the Nepal Investment Summit, organized by the government in March 2019. When the summit concluded, some 15 deals had been signed to develop hydro and solar power, 5G network services, a high-end resort, grain storage warehouses, and public-private partnerships. Investors' applications were also received for 11 other projects in response to the 77 that were showcased by the government.

The Bank Group hosted a pre-summit roadshow in Malaysia and Singapore to help raise interest among investors in those countries. The Bank Group's financial and technical support for the summit reaffirms the 50-plus year engagement with Nepal and supports our commitment to the country's ambitious goal of becoming a middle-income country by 2030.



TABLE 13 SOUTH ASIA
REGIONAL SNAPSHOT

INDICATOR	2000	2010	CURRENT DATA ^a	TREND
Total population (millions)	1,391	1,639	1,814	
Population growth (annual %)	1.9	1.4	1.2	
GNI per capita (Atlas method, current US\$)	444	1,153	1,925	
GDP per capita growth (annual %)	2.1	6.2	5.5	
Population living below \$1.90 a day (millions)	555 ^b	401	274	
Life expectancy at birth, females (years)	64	68	71	
Life expectancy at birth, males (years)	62	66	67	
Youth literacy rate, females (% ages 15–24)	63	77	86	
Youth literacy rate, males (% ages 15–24)	80	87	90	
Carbon dioxide emissions (megatons)	1,181	1,969	2,516	
MONITORING THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)				
SDG 1.1 Extreme poverty (% population below \$1.90 a day, 2011 PPP)	38.6 ^b	24.6	16.1	
SDG 2.2 Prevalence of stunting, height for age (% children under 5) ^c	51	42	35	
SDG 3.1 Maternal mortality ratio (modeled estimate, per 100,000 live births)	388	228	182	
SDG 3.2 Under-5 mortality rate (per 1,000 live births)	94	63	45	
SDG 4.1 Primary completion rate (% relevant age group)	70	88	95	
SDG 5 Ratio of female to male labor force participation rate (modeled ILO estimate, %)	36	34	34	
SDG 5.5 Proportion of seats held by women in national parliaments (% total)	8	20	18	
SDG 6.1 Access to at least basic drinking water (% population)	82	86	88	
SDG 6.2 Access to at least basic sanitation facilities (% population)	24	39	46	
SDG 7.1 Access to electricity (% population)	57	75	86	
SDG 7.2 Renewable energy consumption (% total final energy consumption)	53	42	38	
SDG 17.8 Individuals using the internet (% population)	<1	7	30	

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

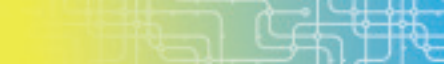
a. The most current data available between 2013 and 2018; visit data.worldbank.org for data updates.

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

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

For more information, visit www.worldbank.org/sar and data.worldbank.org/country.





Providing Sustainable Development Solutions for Our Clients

TODAY, THE GLOBAL POVERTY RATE IS AT ITS LOWEST POINT EVER—a testament to the success of development efforts by the international community to end extreme poverty and promote shared prosperity. But progress is slowing, with poverty remaining high or even increasing in some places, particularly in Sub-Saharan Africa. The impressive gains are also threatened by global challenges: tightening macroeconomic prospects, fiscal strains on governments, natural disasters, slow income growth for the poorest, record levels of displacement, and ongoing conflict and fragility. These challenges are further compounded by softening global growth and downside risks, including trade barriers, renewed financial stress, and slowdowns in major economies.

To protect countries' hard-earned gains and accelerate progress, the World Bank works closely with partners to support inclusive and sustainable economic growth, promote more and better investments in people, and build resilience. We do this by serving all clients, creating markets, mobilizing finance for development, and leading on global issues. These pillars are outlined in the Bank Group's overarching strategic framework and vision, the *Forward Look*, which lays out the pathway for supporting the 2030 development agenda and achieving the Sustainable Development Goals (SDGs).

Our unique strength in the development sphere comes from our global experience, our extensive knowledge in a broad range of sectors, and our ability to convene key stakeholders. We take a multisectoral view, helping maximize impact and provide more holistic solutions, whether in ensuring that women and girls have access to safe and reliable transport, building resilient infrastructure that can withstand climate impacts, or improving health systems in areas affected by fragility, conflict, and violence. Through work that spans regions and sectors, we are helping countries find sustainable solutions to their development challenges in an increasingly complex and interconnected world.

Promoting debt transparency

Debt financing is critical for development. Used wisely, it can help countries finance investments and achieve sustained and inclusive growth. But indebtedness is resurfacing as a risk across emerging and developing economies, underscoring the need for prudent management of public debt through sound institutions, processes, and capacity.

Our work on public debt management is aimed at enhancing three main aspects. By promoting debt transparency, sovereign borrowers will be able to make informed borrowing decisions, while creditors and rating agencies will be able to assess sovereign creditworthiness and price debt instruments properly. Through effective debt and fiscal risk management, countries can reduce their financial vulnerabilities, contribute to macroeconomic stability, preserve debt sustainability, and protect their reputation among investors. By better monitoring and managing the fiscal risks from contingent liabilities, countries can ensure that their debt levels do not reach unsustainable levels.

In 2018, the Bank and the IMF announced a new collaborative work program, the Bank-Fund Multipronged Approach for Addressing Emerging Debt Vulnerabilities. This work is taking place in the context of the global development agenda—including the SDGs—and supports better monitoring of debt vulnerabilities, structural reforms to help reduce debt vulnerabilities, greater debt transparency, and scaled-up capacity building on debt management. Key elements of this effort and other aspects of sustainable financing were laid out in recent IMF-Bank notes for the G-20.

Working with the IMF, we also implemented the revised Debt Sustainability Framework for low-income countries. It allows creditors to tailor their financing terms in anticipation of future risks and helps countries balance the need for funds with the ability to repay their debts. The framework guides countries in supporting the SDGs when their ability to service debt is limited.

The Bank Group's signature Debt Management Facility provides advisory support, training, analytical tools, and peer-to-peer learning that strengthen countries' ability to manage debt. Since its inception in 2008, it has supported capacity building and reforms in over 75 countries and implemented more than 290 technical assistance missions. In 2019, the Bank launched the third phase of the facility to scale up support on debt management and transparency.

Promoting a vision of global trade that benefits all

Trade is an important engine of growth that creates jobs, reduces poverty, and increases economic opportunity. Since 1990, growth underpinned by open trade has helped over 1 billion people escape poverty. Trade can also improve women's economic inclusion. Exporters in developing countries employ more women than non-exporters, with women comprising up to 90 percent of the workforce in export processing zones.

To ensure that every member of society can reap the benefits of trade, the Bank Group promotes a broad range of reforms and investments, including more resilient economies with strong safety nets; education that prepares students for the jobs of the future; and retraining, job search assistance, and relocation benefits that help workers transition to new jobs.

Global value chains are an integral part of open trade and a key contributor to job creation. They help less diversified and smaller economies find niches in the global economy. Many countries have managed to see substantial growth gains through this



Helping countries gather data on poverty trends

Despite tremendous global progress in reducing extreme poverty, rates remain stubbornly high in low-income countries and those affected by conflict and political upheaval. The total number of poor people has been increasing in Sub-Saharan Africa, where more of the world's extreme poor lived in 2015 than in the rest of the world combined. By 2030, under all but the most optimistic scenarios, poverty in the region will remain in double digits.

Tackling this challenge starts with more and better data. In 2015, the Bank committed to helping the world's poorest countries conduct household surveys every three years, an increase in frequency that is crucial to understanding progress against poverty. With our support, 41 countries in Sub-Saharan Africa conducted household surveys between 2015 and 2018, versus just 18 between 2012 and 2015. Between 2018 and 2020, an estimated 34 countries—with 76 percent of the region's population—will conduct a survey. We will keep up this momentum in Africa and elsewhere.

approach, including Bangladesh, Costa Rica, Lesotho, Vietnam, and, most recently, Ethiopia. Value chains are the focus of the 2020 *World Development Report*.

Leveraging economic transformation to create more, better, and inclusive jobs

Economic growth has the power to transform societies, boost incomes, and help citizens thrive, but growth alone is not enough. To reduce poverty and ensure shared prosperity, growth needs to create more, better, and inclusive jobs. Improving financial access, strengthening skills training, supporting a strong private sector, and building sustainable infrastructure all connect people to job opportunities that can help end extreme poverty in the poorest countries.

Close to 600 million people will be looking for jobs over the next decade, mostly in the world's poorest countries. South Asia alone will need to create more than 13 million jobs a year to keep pace with its expanding population. In Sub-Saharan Africa, despite a smaller population, the challenge will be even greater—15 million new jobs will be needed annually. And with 60 percent of its population under the age of 24, the Middle East and North Africa will need to create 10 million jobs each year. Most developing countries face three challenges: creating more jobs in the

formal sector, increasing the quality of informal jobs, and connecting vulnerable groups to jobs or to better jobs.

The Bank helps developing countries design and implement integrated, multi-sectoral job strategies. First, Jobs Diagnostics help client countries identify key jobs challenges at the macro, firm, and household levels; the diagnostics are an integral part of our Systematic Country Diagnostics and Country Partnership Frameworks. Second, we help mobilize global knowledge to identify solutions to common jobs challenges. Third, we help countries implement job strategies through lending and investment operations and policy reforms. In addition, we design monitoring and evaluation tools to standardize how jobs outcomes are measured in projects.

IDA has been at the forefront in supporting countries' efforts to create jobs, with jobs and economic transformation identified as one of the special themes under our current three-year funding cycle for IDA, known as IDA18. We are funding innovative projects, using financial instruments and enhanced analytics and applying new tools to evaluate and measure jobs impact. As of June 2019, the Bank has 579 active jobs-related projects, representing investments of about \$78 billion.

In Jordan, a Program for Results provides a holistic approach to the influx of Syrian refugees, helping both host communities and refugees. It seeks to attract new investments and facilitate easier access to the EU market with simplified rules of origin, helping create jobs for Jordanians and Syrian refugees while supporting the post-conflict Syrian economy. The project has issued almost 43,000 work permits for refugees, with a target of 130,000 by December 2019.

Building effective and accountable institutions that serve all citizens

The Bank's country opinion surveys consistently show that corruption and governance issues are among the top concerns of our client countries. We help them tackle corruption to improve institutional quality and capacity and strengthen the social contract. In Indonesia, we carried out three phases of a Public Expenditure Review. The result was greater budget allocation to pro-growth and pro-poor programs, as well as more effective program design and implementation in sectors as diverse as social protection, education, health, and water.

In Liberia, we supported improvements in pay and performance through the strengthening of payroll management in the public sector. The project helped improve the transparency and predictability of salaries and human resources issues such as career tracks, grade, recruitment, and promotion. It also helped improve management of the wage bill.

Revenue shortfalls pose challenges for the ability of poorer and fragile countries to fund development priorities and ensure macroeconomic stability. In addition to offering diagnostic assessments, the Bank works with governments to raise additional resources through policy reforms to broaden tax bases, as well as to improve compliance, enforcement, and collection through technology.

Ensuring that markets can spur private sector growth

The Bank Group is helping countries mobilize more resources for development, with a focus on deeper involvement from private investors. Our approach combines upstream help in implementing market enabling reforms with downstream financial and technical support to projects. Through our lending and advisory services, we help lower public sector risks and barriers to entry for the private sector. The focus includes supporting sound fiscal policy and macroeconomic management, promoting micro-reforms, and improving the ease of doing business in a country.

The Country Private Sector Diagnostic is a new Bank Group product that aims to assess a country's economy-wide and sector-specific constraints to private sector investment and identify policy recommendations to address them. We now have diagnostics underway in more than 25 countries. In Nepal, for example, a development policy operation is addressing the cross-cutting recommendations made by the diagnostic. The country has set up a Better Regulation Unit in the Prime Minister's office, and the Bank Group is advising on a transport master plan. We will also help increase financial access, improve skills, and aid the energy, tourism, and agribusiness sectors.

The Joint Capital Markets Program is a Bank Group approach focusing on eight countries and one subregion to develop markets through joint diagnostics and sector initiatives that are reinforced by transformative demonstration transactions. It aims to strengthen government efforts to crowd in private sector investments for development and support our G-20 commitment on local capital markets and financial resilience. It mobilizes experts from across the Bank Group and client countries to create markets, unlock synergies, and encourage systemic impact.

Establishing and maintaining financial stability is also a key driver of growth. The Financial Sector Assessment Program, a joint initiative with the IMF, has promoted policy dialogue and financial sector reforms for 20 years. Eight assessments have been completed, with another 10 ongoing or initiated this year. The program is evolving to cover topics such as fintech, cybersecurity, and climate risk, reflecting its flexibility and changes in the financial policy landscape.

Providing financing and solutions for infrastructure

Helping countries meet the basic service and infrastructure needs articulated in the SDGs—while meeting the rising aspirations of billions around the globe—is an enduring challenge. We take an integrated approach to improving and financing infrastructure in developing countries, focusing on broader access, higher quality services, greater affordability, and sustainability.

Underpinning this work is the Bank Group's commitment to crowding in all sources of finance, innovation, and expertise to deliver infrastructure. The aim is to preserve scarce public resources for areas where private sector financing is not optimal or available. This also means intensified collaboration among the World Bank, IFC, and MIGA. At the project level, Bank Group staff determine whether there is a sustainable and affordable private solution for an infrastructure challenge. If not, we look at how reforming policy and addressing risks—including solutions to lower risks that are made possible by the IDA18 IFC-MIGA Private Sector Window—could advance this result. We ground our project work in a shared vision with client countries on sectoral transformation to improve financial viability and service delivery.

At the country level, the Bank Group has developed a standardized approach for assessing a country's potential to leverage private sector finance and expertise to deliver on priority infrastructure investments and performance improvements. This approach, called an infrastructure sector assessment program (InfraSAP), provides a coordinated package of policy reforms, advisory services, and investment to find the right mix of public and private solutions.

Several partnerships and funding mechanisms support this work. The Global Infrastructure Facility (GIF) supports project preparation, structuring, and advisory to clients in developing countries. As of June 30, 2019, GIF's portfolio of 70 projects is expected to mobilize over \$66 billion in total investments. In 2019, the Public-Private Infrastructure Advisory Facility celebrated 20 years of supporting stronger developing-country investment climates. The Quality Infrastructure Investment Partnership, established by the Bank and the Japanese government, scales up the design of projects with a focus on efficiency, sustainability, and resilience against natural disasters.

Expanding access to electricity and scaling up clean energy

The Bank is one of the largest providers of finance for renewable energy and energy efficiency projects in developing countries. We are also helping countries transition to clean energy through financing, risk mitigation measures, and guarantees, as well as technical and policy advice.

Globally, 840 million people have no access to electricity, with over 570 million of them living in Sub-Saharan Africa. Between fiscal 2014 and 2018, the Bank helped provide new electricity connections for more than 52 million people and significantly expanded support to energy access. During IDA18, we will contribute more than \$1 billion to grid and off-grid solutions for electricity access in countries with the highest deficits, including Cameroon, Ethiopia, Kenya, Lesotho, Madagascar, Mozambique, and Zambia. We also manage a clean cooking and heating portfolio of more than \$350 million; our programs in 37 countries have reached nearly 20 million people.

In 2018, the Bank announced a \$1 billion program to accelerate investments in battery storage for energy systems in developing countries, with the aim of attracting another \$4 billion in public and private financing. In South Africa, we are working to develop 1,440 megawatt hours of battery storage capacity to enable the integration of current and future variable renewable energy capacity. In India, the Innovation in Solar Power and Hybrid Technologies Project will help strengthen institutional capacity to facilitate scale-up of innovative renewable energy technologies, including battery storage solutions.

Coupled with our support for an enabling policy environment and sector reforms, our energy financing is designed to advance public-private partnerships and mobilize private investments. In Armenia, for example, we supported the country's first competitively tendered solar project, which attracted a competitive tariff. In Cameroon, the Nachtigal Hydropower Project benefited from Bank guarantees and will allow the country to increase installed generation capacity by 30 percent.

In May 2019, we launched a Climate-Smart Mining Facility dedicated to improving the sustainability of mining for minerals and metals that are essential to the clean energy transition. It helps emerging economies benefit from the increasing demand for these strategic minerals and metals.

Connecting people to services and opportunities

Transport is critical to social and economic development and ending extreme poverty. Mobility solutions connect billions of people to jobs, education, and health services; help make cities and countries competitive and inclusive; and promote global trade and growth. In rural Morocco, better access to roads tripled girls' school enrollment. In Thailand, reducing traffic fatalities by 50 percent could add 22 percent to the country's GDP over two decades.

To be sustainable, transport must meet four essential goals. It should be accessible for all, including the poor, women, and vulnerable populations. It should be green; transport generates 23 percent of energy-related greenhouse gas emissions. It should be safe; road crashes claim the lives of 1.3 million people annually. And it should be efficient; traffic congestion costs cities millions of dollars every day, which technology could help reduce.

In fiscal 2019, the World Bank-led Sustainable Mobility for All Initiative developed the Global Roadmap of Action toward Sustainable Mobility, the first-ever look across the four goals for policy measures that could help countries address transport challenges holistically. We also launched a ground-breaking report that lays out principles for electric mobility programs around the world. In addition, we pushed for partnerships between African academic institutions and those in developed economies to boost capacity building for transport professionals. Promoting connectivity and climate resilience in small island countries, a vital development priority,



was also a focus in fiscal 2019, with eight approved projects totaling almost \$240 million in Africa and the Pacific.

Managing natural resources at the tipping point

The world's natural resources are under intense strain, with polluted oceans, unhealthy air, degraded landscapes, and dwindling fish stocks. We are helping countries value their natural capital so that they can make policy and investment choices that support sustainable development. Our Blue Economy Program and the new PROBLUE Trust Fund help address the threat posed by marine pollution, supporting better management of fisheries and aquaculture and more sustainable coastal development. Another new initiative, the Global Program on Sustainability, is working with 18 countries to value and measure the economic contribution of natural assets like forests, land, and water.

Tackling air pollution is also a priority: in 2016, it cost the global economy \$5.7 trillion—4.8 percent of global GDP. We are helping the countries hit hardest, including the Arab Republic of Egypt, India, and Nigeria. In China's Hebei province, we are supporting efforts to control emissions from industry, agriculture, mobile sources, area pollution and dust, and energy generation. From 2013 to 2017, China's three regions with the worst air quality averaged a 36 percent decrease in concentrations of particle pollution, partly through interventions supported by the Bank.

We are bringing innovative approaches to forest conservation, including payments for reducing carbon emissions from deforestation. The Democratic Republic of Congo and Mozambique, for example, signed landmark Emission Reductions Payment Agreements with the Bank in 2018, unlocking results-based payments and rewarding communities that are working to protect forests.

Transforming food systems for farmers, consumers, and the planet

Some 79 percent of the extreme poor live in rural areas, with about 500 million smallholder farmers among the world's poorest groups. About one in three people is not eating enough or eating unhealthy food, contributing to food insecurity, anemia, obesity, and non-communicable diseases. Food systems currently account

for a quarter of greenhouse gas emissions, 70 percent of freshwater withdrawal, and many forms of pollution.

The Bank is working to help realign incentives and reward farmers for sustainably producing safe, healthy, and affordable food; partners include the World Resources Institute, EAT, and the Food and Land Use Coalition. We are also helping countries transform food systems through a range of tools and programs. These include diagnostic work to understand what drives food loss and waste; new technology such as the Ag Observatory, which provides real-time analysis of weather anomalies affecting agriculture; inputs and technical assistance that support a shift to climate-smart practices; and public-private partnerships to revitalize valuable food supply chains and create jobs. For example, in Uruguay, we are supporting government efforts to help farmers adopt more climate-smart practices by deploying new technologies. By 2021, around 25 percent of the country's arable land will be under sustainable land management, strengthening resilience and productivity while reducing emissions.

Achieving a water-secure world for all

Water touches every aspect of development. But a host of challenges—gaps in access to water supply and sanitation, rapid urbanization and population growth, pollution, climate impacts, and more water-intensive patterns of growth—are making water insecurity one of the greatest threats to economic progress, poverty alleviation, and sustainable development.

To achieve a water-secure world for all, we are working with countries and partners to improve resource management, facilitate universal access to water and sanitation, and optimize water use in agriculture. This also helps build resilience through systems that can better withstand climate extremes while addressing fragility in water-stressed countries.

In Angola, we helped create and strengthen six water supply utilities that are providing household services to over 800,000 new customers; the project also helped establish a new regulator and a water resources management institution. In Vietnam's Mekong Delta, we supported investments in water infrastructure to mitigate the impacts of flooding and saline intrusion exacerbated by climate change; helping protect and enhance the use of water resources bolsters gains in agricultural productivity, benefiting 215,000 farmers' households.

By bringing innovation, new knowledge and evidence, and flexibility to Bank lending operations, the Global Water Security and Sanitation Partnership, a multi-donor trust fund launched in 2017, helps client countries build capacity and strengthen the institutions, infrastructure, and inventiveness needed to adequately supply current and future generations with water, food, and energy. The 2030 Water Resources Group—a public-private-civil society partnership—supports government-accelerated reforms with the aim of ensuring sustainable water resources management for the long-term development and economic growth of their countries.

Harnessing digital innovation for greater access and opportunity

Digital technologies can help address some of the toughest development challenges by connecting people to services and opportunities. But technology trends also pose risks that include disruption of labor markets and livelihoods. Many developing countries lack the skills, firms, and legal and regulatory frameworks to harness technology's potential. The Bank helps countries create the economic framework for digital transformation, identify new determinants of competitiveness and growth, and enable new business models brought about by technological change. We also work with governments to identify constraints to technology-led development. The

Public Expenditure Review for Science, Technology, and Innovation, for example, is a new diagnostic tool that helps governments formulate policies, adopt good practices, and improve coordination. It has been piloted in Chile, Colombia, and Ukraine.

Today, about 4 billion people are still not connected to broadband internet, and in the least developed countries, only one in seven people has access. This digital divide can worsen existing inequalities and leave parts of the world behind. To help bridge this gap, the Bank has enabled 20 African countries to connect to broadband submarine cables and is committed to doubling broadband connectivity across Africa by 2021. This is a key milestone of our support to the ambitious Digital Transformation Agenda launched by the African Union in 2019, which aims to digitally enable all people, businesses, and governments across the continent by 2030. This will help turn the opportunities provided by the digital economy into new pathways for growth, economic mobility, innovation, job creation, and access to affordable services. The focus includes promoting digital infrastructure, platforms, financial services, entrepreneurship, and skills.

Digital technology is also driving growth in the so-called “gig economy,” where organizations and individuals contract with independent workers for short-term engagements. These new forms of work blur the line between formal and casual employment, challenging social protection models that assume most people are in stable employer-employee contracts. The digital era is also shifting the demand for skills. Adaptability is increasingly valued by the labor market, while the changing nature of work means that skills acquisition must be a matter of lifelong learning. For societies to benefit from the potential that technology offers, they need a new social contract centered on larger investments to protect those at risk.

Despite decades of efforts to broaden the formal economy, informality still averages 65 percent globally. The changing nature of work intensifies the need to focus on human capital and rethink social protection. To fund these critical investments, the *World Development Report 2019: The Changing Nature of Work* offers suggestions on how governments can mobilize more revenues. Property taxes in large cities, excise taxes on sugar or tobacco, and carbon taxes are among the ways to increase a government’s revenue, along with elimination of tax avoidance strategies that many firms use to increase their profits.

Digital technology also presents opportunities to improve access to public services and promote more inclusive development. About 1 billion people worldwide have no way of proving their identity and are thus excluded from crucial services and opportunities. In 2019, our Identification for Development (ID4D) initiative launched the “Mission Billion” global challenge to help find innovative ways to provide digital identification that is secure and protects privacy.

Meanwhile, fintech continues to have global impact on financial services. Mobile payment services have been among the key early developers, with broad implications for inclusion. New entrants to the market are challenging incumbents, who are responding. This evolution could boost competition and efficiency, while raising new risks to financial stability and integrity. Balancing competing policy priorities is also a key challenge. In response to calls from countries for greater cooperation and guidance to address these issues, the Bank Group and the IMF published the *Bali Fintech Agenda* in October 2018. The agenda is comprised of 12 high-level considerations for policymakers and the international community to harness the opportunities and manage the potential risks posed by fintech.

To promote the use of technology in making public services more efficient, transparent, and accountable, the Bank launched the GovTech Global Initiative in 2019. This partnership convenes key stakeholders in digital governance, including governments, technology companies, IT experts, development partners, and civil society organizations. It aims to ensure that developing countries are not left behind by digital innovation.

Unleashing the real wealth of nations by investing in human capital

Investing in people—through nutrition, quality health care, education, social protection, jobs, and skills—helps develop human capital, a key driver of economic growth, and is critical to ending extreme poverty and creating more inclusive societies. To drive more and better investments in people, the Bank's Human Capital Project is mobilizing countries and partners for a world in which all girls and boys grow up well-nourished and ready to learn; attain real learning in school; and enter the job market as healthy, skilled, and productive adults. To date, more than 60 countries have joined the project. Our work with countries emphasizes building the efficiency and quality of services, policy reforms, and domestic resource mobilization, so that countries aren't just spending more—but spending better.

Countries are already taking concrete actions to improve outcomes in the areas of social protection and jobs, financing and accountability, education, health, and gender—as well as essential services like water, sanitation, and electricity—all of which are critical to building human capital.

As part of the project, the Bank launched the Human Capital Index at our Annual Meetings in October 2018 in Indonesia. It links outcomes in health and education to productivity and economic growth and shows that nearly 60 percent of children born today in the 157 countries covered will be, at best, half as productive as they could be with good health and quality education. The index is based on measurement of child survival and nutrition, expected years of schooling and quality of learning, and health status.

In April 2019, we unveiled the Africa Human Capital Plan to help the region strengthen its investments in people and enable its young people to grow up with optimal health and the skills to compete in the digitizing global economy. The plan sets ambitious targets to be achieved by 2023, including a drastic reduction in child mortality to save 4 million lives, averting stunting for more than 11 million children, and increasing schools' learning outcomes by 20 percent. It also aims to empower women and girls through programs that prevent early marriage and pregnancy for adolescent girls. The Bank will increase investments in human capital in Africa by 50 percent in the next funding cycle.

Delivering systemic change in education

Education is fundamental to building the human capital that allows people and countries to thrive. While developing countries have made tremendous strides in getting children into the classroom, more than 260 million children worldwide are still not in school. And for those in school, learning is not guaranteed; in Sub-Saharan Africa, almost 90 percent of students lack minimum proficiency in reading and math.

Education systems in developing countries need to be strengthened and aligned to ensure that all children learn. The Bank helps countries develop and improve their systems as well as identify the interventions needed to deliver learning. We are moving away from financing inputs to financing systemic reforms, where all inputs—textbooks, hardware, teachers' support, and curriculums—are part of a holistic effort that leads to better learning.

The Bank is the largest financier of education in the developing world, with programs in over 80 countries. In fiscal 2019, we provided \$3.0 billion for education programs, technical assistance, and other projects designed to improve learning outcomes and provide everyone with the opportunity to succeed. Our current portfolio totals \$16.0 billion, highlighting the importance of education for accelerating progress in building human capital. Our focus is five key drivers

Increasing living standards for women to achieve human capital potential

In many countries, girls and women face barriers that prevent them from translating human capital investments into the same economic opportunities as boys and men. Globally, countries are losing \$160 trillion in wealth due to differences in lifetime earnings between men and women.

Priorities to close gender gaps include reducing maternal mortality, ensuring better coverage of reproductive health services, and expanding access to early childhood education. In the Democratic Republic of Congo, our Health Systems Strengthening Project supports adolescent sexual and reproductive health, addresses risks of early pregnancy and maternal death, and helps parents plan families and improve child nutrition.

To reduce barriers to women's employment opportunities, we focus on access to care services from early childhood to old age and are working with governments and the private sector to develop parental leave policies that enable women and men to balance care responsibilities. Our Burkina Faso Youth Employment and Skills Development Project, for example, provides mobile child care for workers in labor-intensive public works. In Turkey, where the female labor force participation rate is 35 percent, a Bank project is advising on new tax incentives for private nursery schools to increase child care supply as well as labor market regulations to introduce more flexible work. Other priorities include tackling occupational sex segregation, ensuring safe and affordable transportation, and helping women access digital economy opportunities.

We are also helping countries remove barriers to women's ownership and control of assets such as land and housing, as well as improve access to finance, technology, and insurance services. In the utilities sector, an increasing number of operations support women's participation in decision making.

Unleashing the potential of women entrepreneurs supports more inclusive global growth, job creation, and poverty reduction. The Women Entrepreneurs Finance Initiative (We-Fi), launched in 2017, is a partnership of 14 governments, six multilateral development banks, and numerous other stakeholders in the public and private sectors that aims to unlock financing for women-led and -owned businesses in developing countries. During two calls for proposals in 2018 and 2019, We-Fi allocated \$249 million to multilateral development bank programs that will benefit over 114,000 such businesses and aim to mobilize \$2.6 billion from the public and private sectors. Projects will be implemented in dozens of countries, with over half of the funds going to IDA countries, including many facing fragile and conflict-affected situations.

As one of the implementing partners under We-Fi, the Bank Group received \$75 million for activities targeting women's businesses, improving their access to credit and markets, and boosting entrepreneurial ecosystems. Implemented jointly by the Bank (\$26 million) and IFC (\$49 million) in partnership with public and private partners, projects in 25 countries include e-commerce platforms in the Middle East and North Africa, fintech in Nigeria and Zambia, performance-based incentives in Vietnam, and supplier diversity projects in Bangladesh, Côte d'Ivoire, Mozambique, and Senegal.

The Bank also contributes data and knowledge to boost women's economic and social empowerment. A new report, *Profiting from Parity: Unlocking the Potential of Women's Businesses in Africa*, draws attention to challenges facing Africa's women entrepreneurs, uses household and firm-level data to pinpoint barriers to growth and profitability, and identifies solutions. Meanwhile, our Gender Data Portal helps countries access sex-disaggregated data, especially on jobs and assets, and regional Gender Innovation Labs generate evidence on what works to close gender gaps, with more than 100 impact evaluations underway during fiscal 2019.

of learning: equipping learners of all ages for success, helping teachers at all levels become more effective, leveraging technology for learning, building safe and inclusive learning environments, and strengthening management of schools and systems.

Achieving universal health coverage

Today, half the world's population lacks access to quality health services, and 100 million people are driven into extreme poverty by health expenses every year. Achieving universal health coverage (UHC) by 2030, in line with SDG 3 to “ensure healthy lives and promote well-being for all at all ages,” is at the core of our engagements with country governments, development partners, and other stakeholders. We prioritize sustainable financing of country health systems to meet their specific challenges, including ending preventable maternal and child mortality, ensuring that women and children can access comprehensive health services, reducing childhood stunting, promoting pandemic preparedness and country capacity for rapid response to disease outbreaks, and preventing and treating non-communicable diseases.

The Bank is increasing focus on critical health challenges in fragile and conflict-affected areas. For example, a project in South Sudan, in partnership with the International Committee of the Red Cross and UNICEF, will help internally displaced populations, particularly in high-risk communities; train and deploy community health workers for preventive and basic curative services; and train health professionals in areas such as counseling and treatment for victims of sexual and gender-based violence.

We invest in reproductive, maternal, newborn, child, and adolescent health, especially in high-fertility and fragile contexts, which have seen the slowest progress. Between fiscal 2015 and 2019, our portfolio consisted of 60 projects that included reproductive and maternal health, totaling \$7.7 billion in multisectoral IBRD and IDA commitments. One example is the Sahel Women's Economic Empowerment and the Demographic Dividend Project in six countries of the Sahel region (see *spotlight on page 20*).

The Global Financing Facility (GFF), an innovative country-driven financing platform hosted by the World Bank Group, maximizes countries' human capital investments, especially for women, children, and adolescents. It catalyzes \$7 in IDA investments for every \$1 of GFF grant funding, with promising early results in countries like Cameroon, the Democratic Republic of Congo, Nigeria, and Tanzania. A successful \$1 billion replenishment in November 2018, with support from key donors including Norway, Canada, Japan, and the Bill & Melinda Gates Foundation, will enable the GFF to expand from 27 countries to as many as 50.

In 2019, an estimated 149 million children under 5 suffered from stunting, which compromises brain development, education attainment, and later earnings as adults. Our investments in nutrition, which help end stunting, are approaching \$2 billion globally. They prioritize long-term approaches in countries like Madagascar and have catalyzed private sector financing partnerships with The Power of Nutrition in IDA projects in Côte d'Ivoire, Ethiopia, Madagascar, Nigeria, Rwanda, and Tanzania. The Bank Group is also a founding member of Scaling Up Nutrition, a partnership with over 60 member countries and nearly 3,000 civil society partners, donors, and foundations.

In late 2018, we co-signed a Global Action Plan with 11 other global agencies, aiming to help countries accelerate progress toward SDG 3 by mobilizing more resources for health, investing them better, and strengthening health system capacity. With the World Health Organization (WHO), the Bank Group also co-convenes UHC2030, a multi-stakeholder platform focused on strengthening health systems. In addition, the G-20 Finance Ministers and Leaders' Summits in Japan in June 2019 focused for the first time on sustainable financing for UHC-based health systems as a critical component of inclusive economic growth.



Ensuring preparedness for health emergencies

Strong health systems that reach all people—especially the most vulnerable—with effective services are the only way to ensure protection from major disease outbreaks for the whole population. Under IDA18, we committed to help at least 25 IDA countries develop pandemic preparedness plans and strengthen their governance and institutional arrangements for multisectoral health emergency preparedness, response, and recovery. To date, 37 IDA countries have already developed, costed, and prioritized these plans, with work underway in at least 14 more.

To enhance regional preparedness following the devastation caused by Ebola in West Africa in 2014 and 2015, we expanded IDA financing in 2018 for the third Regional Disease Surveillance Systems Enhancement Program. This is strengthening national, regional, and cross-sectoral capacity for integrated disease surveillance and response in select countries of Sub-Saharan Africa.

In fiscal 2019, in response to the 10th Ebola outbreak in the Democratic Republic of Congo (DRC) announced in August 2018, the World Bank Group provided \$80 million in grants and credits through IDA to finance the response efforts led by the government with international partners. The Bank has also provided technical support to strengthen DRC's health system and invested in pandemic preparedness in the nine countries bordering the DRC in case the outbreak crosses borders.

At the global level, we work with the WHO in convening the Global Preparedness Monitoring Board annually to assess and publicize the state of global and country-level preparedness against pandemic threats.

Promoting universal social protection in a changing world of work

Social protection plays a critical role in driving human capital gains, from the early years through adulthood into old age. It can also directly improve labor and livelihood outcomes. Well-designed and implemented programs enhance human capital and productivity, reduce inequalities, build resilience, and help break cycles of poverty across generations. However, the Bank's *Atlas of Social Protection Indicators of Resilience and Equity* shows that only 45 percent of people around the world are covered by some form of social protection; in the poorest countries, only one in five poor people have access to it. We are committed to helping countries develop national systems to substantially increase coverage by 2030, working with partners to achieve the results in line with the SDGs.

Our annual lending for social protection and jobs, as of June 30, 2019, reached \$17.2 billion, including \$11.1 billion to IDA countries. This supports safety net programs, including cash transfers, public works, and school feeding programs. In Indonesia, the national conditional cash transfer program has expanded coverage from 1 percent of the population in 2008 to 10 percent (28 million people) in 2018, while social protection programs overall reach 90 percent of the poorest quintile. In Tanzania, the Productive Safety Nets Program has also expanded rapidly—from 0.5 percent of the population in 2013 to 10 percent in 2018.

Adapting to climate change risks

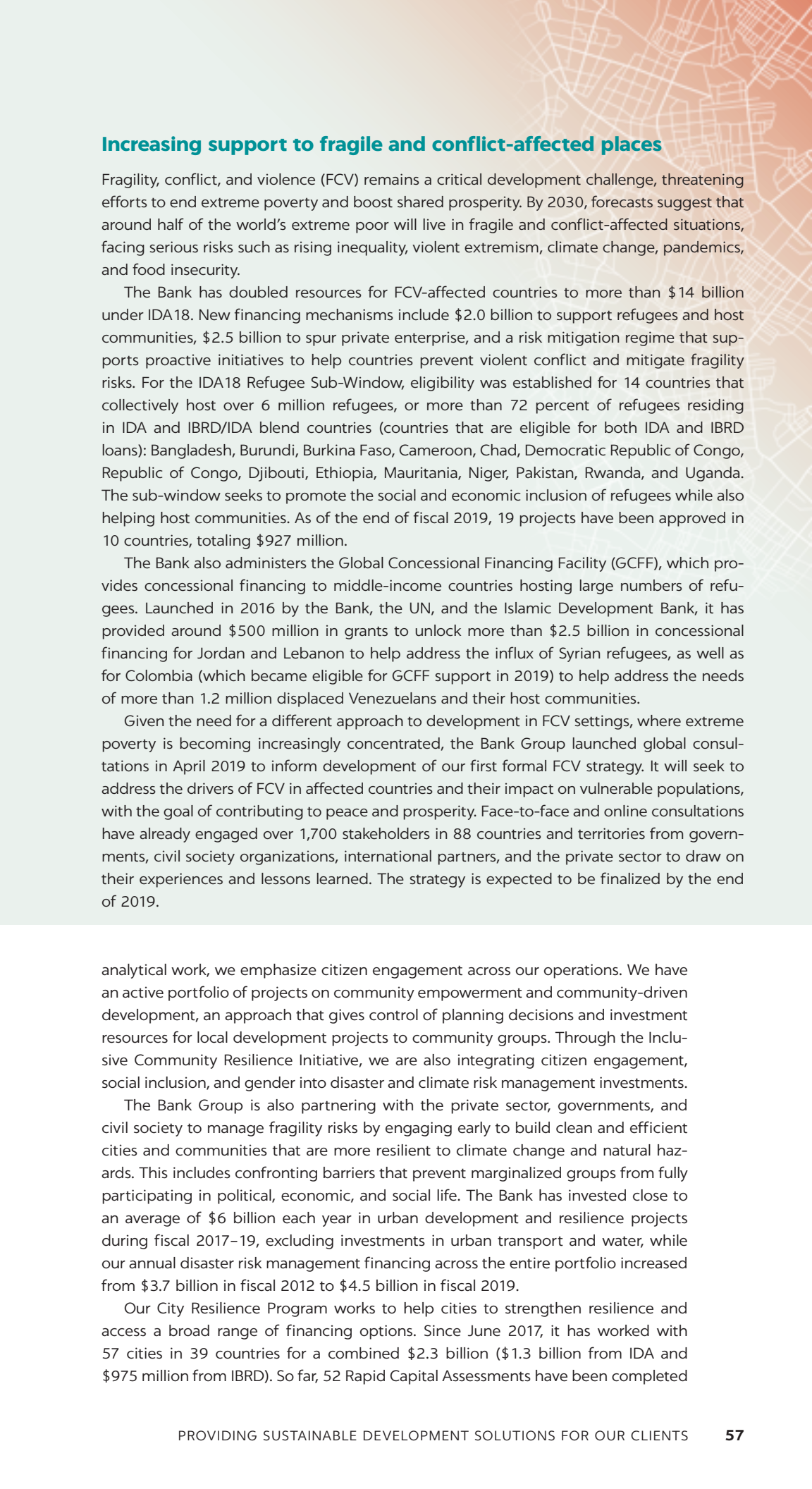
Climate change is an acute threat to global development and efforts to end poverty, particularly affecting the poorest and most vulnerable. Its impacts could push an additional 100 million people into poverty by 2030 and drive migration, with families and whole communities forced to seek more viable and less vulnerable places to live. As reflected in the *Action Plan on Climate Change Adaptation and Resilience*, the Bank Group is making adaptation and resilience a key priority, placing it on an equal footing with climate mitigation.

Climate action also offers a major opportunity to ensure sustainable development and boost inclusive growth. Through 2030, a shift to low-carbon, resilient economies could bring \$26 trillion in economic benefits and create over 65 million jobs. In December 2018, the Bank Group announced major new climate targets doubling current five-year investments to around \$200 billion from 2021 to 2025, comprising about \$100 billion in financing from IBRD and IDA and another \$100 billion in combined financing from IFC, MIGA, and private capital mobilized by the Bank Group. The targets include a doubling of support for adaptation and resilience to address mounting climate impacts on lives and livelihoods, especially in the poorest countries.

The targets will also help governments mainstream climate action into their policies, planning, and budgeting. In April 2019, finance ministers from over 25 countries launched a new coalition, supported by the Bank, aimed at driving stronger collective action. Led by the finance ministers of Chile and Finland, the coalition endorsed six Helsinki Principles that promote national climate action, especially through fiscal policy and the use of public finance.

Building inclusive and sustainable cities and communities

Our social development programs span all sectors, promoting inclusion of the poor and vulnerable by empowering people, building cohesive and resilient societies, and making institutions accessible and accountable to citizens. Supported by our



Increasing support to fragile and conflict-affected places

Fragility, conflict, and violence (FCV) remains a critical development challenge, threatening efforts to end extreme poverty and boost shared prosperity. By 2030, forecasts suggest that around half of the world's extreme poor will live in fragile and conflict-affected situations, facing serious risks such as rising inequality, violent extremism, climate change, pandemics, and food insecurity.

The Bank has doubled resources for FCV-affected countries to more than \$14 billion under IDA18. New financing mechanisms include \$2.0 billion to support refugees and host communities, \$2.5 billion to spur private enterprise, and a risk mitigation regime that supports proactive initiatives to help countries prevent violent conflict and mitigate fragility risks. For the IDA18 Refugee Sub-Window, eligibility was established for 14 countries that collectively host over 6 million refugees, or more than 72 percent of refugees residing in IDA and IBRD/IDA blend countries (countries that are eligible for both IDA and IBRD loans): Bangladesh, Burundi, Burkina Faso, Cameroon, Chad, Democratic Republic of Congo, Republic of Congo, Djibouti, Ethiopia, Mauritania, Niger, Pakistan, Rwanda, and Uganda. The sub-window seeks to promote the social and economic inclusion of refugees while also helping host communities. As of the end of fiscal 2019, 19 projects have been approved in 10 countries, totaling \$927 million.

The Bank also administers the Global Concessional Financing Facility (GCFF), which provides concessional financing to middle-income countries hosting large numbers of refugees. Launched in 2016 by the Bank, the UN, and the Islamic Development Bank, it has provided around \$500 million in grants to unlock more than \$2.5 billion in concessional financing for Jordan and Lebanon to help address the influx of Syrian refugees, as well as for Colombia (which became eligible for GCFF support in 2019) to help address the needs of more than 1.2 million displaced Venezuelans and their host communities.

Given the need for a different approach to development in FCV settings, where extreme poverty is becoming increasingly concentrated, the Bank Group launched global consultations in April 2019 to inform development of our first formal FCV strategy. It will seek to address the drivers of FCV in affected countries and their impact on vulnerable populations, with the goal of contributing to peace and prosperity. Face-to-face and online consultations have already engaged over 1,700 stakeholders in 88 countries and territories from governments, civil society organizations, international partners, and the private sector to draw on their experiences and lessons learned. The strategy is expected to be finalized by the end of 2019.

analytical work, we emphasize citizen engagement across our operations. We have an active portfolio of projects on community empowerment and community-driven development, an approach that gives control of planning decisions and investment resources for local development projects to community groups. Through the Inclusive Community Resilience Initiative, we are also integrating citizen engagement, social inclusion, and gender into disaster and climate risk management investments.

The Bank Group is also partnering with the private sector, governments, and civil society to manage fragility risks by engaging early to build clean and efficient cities and communities that are more resilient to climate change and natural hazards. This includes confronting barriers that prevent marginalized groups from fully participating in political, economic, and social life. The Bank has invested close to an average of \$6 billion each year in urban development and resilience projects during fiscal 2017–19, excluding investments in urban transport and water, while our annual disaster risk management financing across the entire portfolio increased from \$3.7 billion in fiscal 2012 to \$4.5 billion in fiscal 2019.

Our City Resilience Program works to help cities to strengthen resilience and access a broad range of financing options. Since June 2017, it has worked with 57 cities in 39 countries for a combined \$2.3 billion (\$1.3 billion from IDA and \$975 million from IBRD). So far, 52 Rapid Capital Assessments have been completed

Supporting resilience through financial instruments

The Bank Group promotes green growth in several ways: strengthening client countries' capacity to assess the macroeconomic and fiscal impacts of mitigation and adaptation policies; providing green finance; improving capacity for environmental fiscal reforms; and integrating climate issues into medium-term fiscal frameworks, development policy, and other operations. We are also supporting finance ministries through the Climate Action Peer Exchange, where we work with central banks and supervisors to share best practices and mobilize finance for the transition toward a sustainable economy. The Global Risk Financing Facility is a \$145 million multidonor trust fund that responds to the call from developing countries to scale up technical and financial assistance to help manage the financial impact of exogenous shocks.

The Bank Group works with client countries to increase resilience to climate risks and disaster shocks through sustainable and cost-effective financial protection and instruments, such as catastrophe bonds and insurance solutions.

We provide risk insurance for countries. By intermediating between client countries and capital markets and through direct Bank bond and over-the-counter derivative transactions, we help countries build resilience to risks from natural disasters and other destabilizing events. Risk transfer coverage provides protection to governments without increasing public debt; it complements other sources of funding, including emergency funds, budget reserves, credit lines, and international aid.

The Development Policy Loan with a Catastrophe Deferred Drawdown Option (Cat DDO) is a contingent financing line that provides liquidity to help countries address shocks related to natural disasters or health-related events. It serves as immediate financing while funds from other sources, such as bilateral aid or reconstruction loans, are being mobilized. Cat DDOs are accompanied by programs to strengthen disaster mitigation and response, build country capacity, and reduce the impact of disasters before they strike. In 2018, the Bank also pioneered the issuance of the first regional catastrophe bond. Creating a shared risk instrument, the \$1.4 billion bond provided coverage for earthquakes to the four countries of the Pacific Alliance: Chile, Colombia, Mexico, and Peru.

Our Global Index Insurance Facility provides catastrophe risk transfer solutions and agriculture insurance to smallholder farmers, microentrepreneurs, and microfinance institutions in Sub-Saharan Africa, Asia, and Latin America and the Caribbean.

We also help countries design green bonds and Shariah-compliant green *sukuk* to mobilize sustainable financing. In conflict scenarios, the Bank Group helps ensure that solutions are available to those negatively affected, such as through the GCFF.

to help cities build their capacity for attracting private capital to infrastructure projects. The program has also delivered 13 City Resilience Scans, which lay out cities' risk profiles and built environments.

Ensuring secure rights to land is important to sustainable growth, as this allows people to invest in and better manage their resources, engage with the private sector, and improve their livelihoods. Achieving the SDG 5 target of "all men and women having equal rights to ownership and control over land by 2030" will require a systematic effort and more investment by the global community to help poor households secure property rights. The Bank is a founding member of "Stand for Her Land," a multi-stakeholder effort that aims to close the gap between law and practice on women's land rights, in collaboration with global and regional partners and local communities.

For more information, visit www.worldbank.org/topics.

Developing Financial Tools for Global Impact

Through global capital markets, IBRD has been mobilizing finance for our client countries for over 70 years, raising nearly \$900 billion since its first bond in 1947. During fiscal 2019, IBRD leveraged \$16 billion in paid-in capital from its shareholders to fund around \$120 billion in projects and programs that help countries address development priorities around the world. We leverage IBRD's triple-A rating to cost effectively raise \$50–60 billion annually to support the Bank's sustainable development mandate, develop financial tools and instruments that advance global development priorities, and help clients manage risk and build resilience. In fiscal 2018, IDA entered the capital markets for the first time with an inaugural \$1.5 billion benchmark bond. Total orders for the IDA bond reached \$4.6 billion from around the world. This has enabled IDA to significantly scale up its support toward the Sustainable Development Goals (SDGs), while offering investors an efficient way to contribute to global development.

Promoting capital market instruments for global development

The Bank's capital market instruments give the private sector the opportunity to engage in global development priorities. In fiscal 2019, these included an Indonesian rupiah-denominated five-year bond to promote women's empowerment in rural areas and a Swedish krona (SKr) 2.5 billion five-year bond to raise awareness for sustainable cities and communities. In December 2018, the Bank priced new SDG index-linked bonds for retail investors in Hong Kong SAR, China, and Singapore, with returns linked to an equity index that tracks the performance of companies advancing the goals, including on climate, gender, and health. We are also seeking to harness emerging technologies for development. In August 2018, for example, we issued the world's first global blockchain bond, bond-i, in partnership with the Commonwealth Bank of Australia and Microsoft.

We also issue green bonds, which tap capital markets to support climate-related projects and shift investor focus to the environmental, social, and governance commitments of issuers. We issued the world's first labeled green bond in 2008, and our green bonds have raised the equivalent of \$13 billion through more than 150 transactions in 20 currencies. In November 2018, we marked the 10-year anniversary of the first green bond with three major benchmark issuances in euros, Australian dollars, and U.S. dollars, raising \$1.3 billion equivalent.

The Bank also helps countries build green bond markets. This work helps clients demonstrate leadership on sustainability and climate action, while offering investors an opportunity to support development solutions that address climate change. In 2009, California became the sole investor in our first U.S. dollar-denominated green bond. We celebrated the long-standing partnership with a new issuance in October 2018, for a total of \$1.5 billion over 10 years. In September 2018, the Bank also issued the first green bond guide for issuers—the *Green Bond Proceeds Management and Reporting Guide*—providing guidance to public sector issuers and furthering global thought leadership.

In August 2018, we launched an initiative to highlight the critical role of water and ocean resources. A range of institutional and retail investors globally have

supported the effort by buying World Bank Sustainable Development Bonds, totaling 23 bonds in 10 currencies to date. In November 2018, IBRD raised \$660 million in bonds to raise awareness for the SDGs for clean water and sanitation (SDG 6) and life below water (SDG 14). In May 2019, we issued a 13-year SKr 500 million sustainable development bond that highlights the urgency of addressing water and ocean pollution, particularly plastic waste in oceans.

We also helped the Seychelles develop the world's first sovereign blue bond to support sustainable marine and fisheries projects; this launched in October 2018. Proceeds will support expansion of marine protected areas, better governance of key fisheries, and development of the country's blue economy. As one of the world's biodiversity hotspots, the Seychelles is balancing its needs to develop economically and protect its natural environment.

We are furthering the transition to sustainable capital markets by deepening our partnership with Japan's Government Pension Investment Fund. As part of this, the Bank's Treasury convened the first-ever roundtable on environmental, social, and governance issues to promote open and productive dialogue between institutional investors and sovereign bond issuers.

Helping clients manage public debt

Effective, strategic, and efficient public debt management is important for financial stability and sustainable fiscal policy. It requires sound practices, including to ensure that public debt does not undermine development objectives.

In fiscal 2019, the Bank worked with over 50 sovereign and subnational debt management offices to help governments build institutional capacity for public debt management. These advisory services reached more than 1,000 practitioners through webinars, workshops and forums, online communication and virtual peer groups, and in-person meetings to build and manage long-term relationships among counterparts.

We are increasingly adapting our services and offerings as developing countries' debt portfolios become more complex. We provide technical assistance to countries designing and implementing debt management strategies, assessing debt sustainability, and developing their local currency markets (*see also "Promoting debt transparency," on page 44*).

To meet countries' growing needs, this year the World Bank Treasury developed the first-ever workshop on sovereign balance sheet risk management, published working papers on sovereign assets and liabilities, and designed and deployed the first analytical tool specifically for countries to manage cash and cashflow projections.

The Reserves Advisory and Management Program is our rapidly growing platform for delivering demand-driven capacity building and asset management services to official sector asset managers in developing countries and international institutions. It helps central banks, pension funds, and sovereign wealth funds build human capital, strengthen governance and operations, and deliver returns on financial resources consistent with their mandates and risk parameters. Demand for the program continues to grow; it now serves 70 institutions, including many in low-income countries and fragile and conflict-affected situations.

For more information, visit treasury.worldbank.org.

Putting Knowledge to Work in Promoting Development

Knowledge is central to the World Bank's ability to influence the global development agenda. Combining global and country knowledge, our research programs generate wide-ranging insights for solving development challenges in client countries.

We share our research through reports and publications, in-depth analytic services, and freely available development data. In fiscal 2019, the Bank published reports on pressing topics, including:

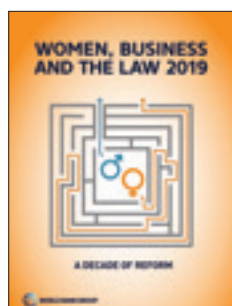
- **World Development Report 2019: The Changing Nature of Work.**

This flagship report investigates how the nature of work is changing due to advances in technology. The report points out that technological progress is constantly reshaping work and the demand for skills. It suggests that governments need to prioritize investments in human capital to ensure that workers can build the right skills. In addition, governments need to enhance social protection and extend it to all people in society, regardless of the terms on which they work.



- **Women, Business and the Law 2019: A Decade of Reform.**

This report examines laws and regulations affecting women's prospects as entrepreneurs and employees across 187 economies. It seeks to inform policy discussions on how to remove legal restrictions on women and to promote research on ways of improving women's economic inclusion. The 2019 edition introduces a new index measuring legal rights for women at milestones throughout their working lives. The data cover a 10-year period to shed light on the current situation, as well as how laws affecting women's equality of opportunity have evolved over time.



- **Doing Business 2019: Training for Reform.**

Using quantitative indicators, Doing Business compares business regulation and the protection of property rights across 190 economies and over time. Each year, the report identifies 10 economies that made the most notable improvements over the previous year in the areas measured. The 2019 edition gives this distinction to Afghanistan, Djibouti, China, Azerbaijan, India, Togo, Kenya, Côte d'Ivoire, Turkey, and Rwanda. It also finds that a third of all business regulation reforms recorded for the year were in Sub-Saharan Africa.



- **Global Economic Prospects.** This semiannual flagship report, published in January and June, examines global economic developments, prospects, and policies, with a focus on emerging market and developing economies. The June 2019 edition, *Heightened Tensions, Subdued Investment*, found that global growth has continued to soften in 2019. A modest recovery in developing economies continued to be constrained by subdued investment, which was dampening prospects and impeding progress toward achieving critical development goals. Downside risks to the outlook remained elevated, as policymakers continued to face major challenges to boosting resilience and fostering long-term growth. This edition also included analysis on the benefits and risks of government borrowing, recent investment weakness in developing economies, the pass-through of currency depreciations to inflation, and the evolution of growth in low-income countries.



- **Poverty and Shared Prosperity: Piecing Together the Poverty Puzzle.** This report finds that the percentage of people living in extreme poverty fell to a record low of 10 percent in 2015, reflecting continued but slowing progress. In 70 of the 91 countries for which shared prosperity data were available, incomes of the bottom 40 percent improved between 2010 and 2015; in 54 percent of the 91 countries, their income grew faster than the average. The report also broadens the ways we define poverty, introducing a new societal poverty measure that reflects differences across countries, as well as a multidimensional poverty measure that encompasses access to education and basic infrastructure. The report also investigates differences in poverty within households.



- **Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict.** This study, conducted jointly with the UN, highlights the urgency of preventing and addressing the core drivers of fragility. It aims to improve how development efforts interact with security, diplomacy, peacebuilding, and other areas to prevent conflicts from becoming violent. It stresses the importance of proactively addressing grievances related to exclusion—from access to power, natural resources, security, and justice, for example—that are at the root of many violent conflicts.



For more information, visit www.worldbank.org/publications.

Addressing development challenges through technical advice and analysis

Advisory Services and Analytics (ASA) are a vital part of how the Bank contributes to development. Member countries use our technical advice and analysis to sustain development over the long term by designing or implementing better policies and development strategies and by strengthening their institutions. At the country level, these activities underpin partnership frameworks, government programs, and projects supported by Bank lending and guarantees. At the global and regional level, they contribute to public goods and inform important policy debates.

In fiscal 2019, we produced 1,625 ASA products in over 140 countries. The outputs ranged from reports on key economic and social issues to knowledge-sharing workshops, training, policy notes, and implementation action plans. Reimbursable Advisory Services (RAS) are customized ASA products requested and paid for by country clients. In fiscal 2019, the Bank delivered 120 RAS products in 35 countries; through RAS, we serve all our member states, including nonborrowing countries.

For more information, visit www.worldbank.org/asa.

Providing data and tools to strengthen development knowledge

The Bank is a leader in generating and disseminating development data. By sharing data and analytic tools, we provide a platform for high-quality, policy-oriented analytic work in developing countries, strengthening the foundation for development knowledge and informed policymaking.

As a knowledge institution, the Bank is proud to share its knowledge freely and openly. Statistics and data are a key part of this knowledge. The following sources are easily accessible through the Bank's Open Data website for all users:

International Comparison Program. This worldwide statistical initiative is led by the Bank under the auspices of the UN Statistical Commission. Its main objective is to provide comparable price and volume measures of GDP and its expenditure aggregates among countries within and across regions. Through a partnership with international, regional, subregional, and national agencies, the program collects and compares price data and GDP expenditures to estimate and publish purchasing power parities of the world's economies.

World Development Indicators. This database is a compilation of internationally comparable statistics on global development and the fight against poverty. It supports our mission of ensuring that all client countries have data as evidence for their decision making. The database contains 1,600 time-series indicators for 217 economies and more than 40 country groups, with some indicators' data going back more than 50 years.

PovcalNet. An online analysis tool for global poverty monitoring, PovcalNet allows users to replicate the Bank's official poverty estimates through calculations from its database. PovcalNet also allows users to calculate poverty measures under different assumptions and to assemble the estimates for different groups of economies or sets of individual economies. In March 2019, we released revised estimates of global poverty from 1981 to 2015. The new estimates combine PPP exchange rates for household consumption from the 2011 International Comparison Program, with data from more than 1,500 household surveys across 164 economies.

For more information, visit data.worldbank.org.

Strengthening Our Impact through Partnerships

The World Bank Group works with a vast array of partners, both traditional and nontraditional, formal and informal, from around the world to help meet our goals of ending extreme poverty and promoting shared prosperity.

Partnering on today's most pressing challenges

Addressing global challenges requires collective action. Below are major examples of our partnerships in fiscal 2019.

Fragility. Fragility, conflict, and violence (FCV) threaten efforts to end extreme poverty, with risks affecting both low- and middle-income countries. We are emphasizing prevention and early action, remaining engaged during active conflict, and mitigating the spillover impacts of FCV on the most vulnerable groups.

We are scaling up collaboration with humanitarian, development, peacebuilding, and security actors through country-level cooperation with the UN in over 40 crisis-affected situations. In addition, with G-5 countries and the Sahel Alliance, we are working to deliver \$6.7 billion in development support to insecure areas across the Sahel region.

Human capital. We are working with a wide range of global leaders to build support for the Human Capital Project. At the Annual and Spring Meetings, the Bank hosted discussions with representatives across philanthropy, civil society, the private sector, and bilateral and multilateral institutions, along with Bank Group experts, to promote better investments in people.

Gender. We continue to deepen engagements to address gender inequality through various initiatives. For instance, with the governments of Canada and Norway, client countries, and IFC, we forged the Mashreq Gender Facility, which supports governments in addressing constraints to women's labor force participation in the Mashreq region of the Middle East and North Africa.

In addition, the Umbrella Facility for Gender Equality, a multidonor trust fund with 14 governments and international foundations, continued to catalyze knowledge, innovative project design, and impact evaluation evidence on the most effective approaches to closing gender gaps.

Climate change. We work with a wide range of partners to tackle climate challenges. The Global Commission on Adaptation seeks to accelerate action on climate change adaptation, elevate the political visibility of adaptation, and highlight tangible solutions. It aims to demonstrate that adaptation is a cornerstone of better development and helps improve lives, reduce poverty, protect the environment, and enhance resilience around the world. Together with Kristalina Georgieva, the Commission is jointly chaired by Ban Ki-moon, the eighth Secretary-General of the UN, and Bill Gates, co-chair of the Bill & Melinda Gates Foundation. It is convened by 19 countries, guided by 33 commissioners, and supported by a global network of research partners and advisors, including the World Bank, who provide scientific, economic, and policy analysis.



Deepening engagement with essential partners

The Bank Group emphasizes engagement with other multilateral institutions, philanthropy and the private sector, civil society, parliamentarians, faith-based organizations, and local communities.

Multilateral engagement. At the request of participating governments, we contribute expertise and policy recommendations for inclusive and sustainable growth and poverty reduction. At the end of Argentina's G-20 Presidency in November 2018, we co-hosted an Investor Forum with the Argentine government to increase long-term sustainable financing in client countries. The Bank also supported the priorities of Japan's G-20 Presidency, including quality infrastructure, resilience, debt sustainability and transparency, stronger health financing, and development of country platforms. Within the G-7, we are supporting France's priorities on gender equality, human capital, biodiversity, trade, domestic resource mobilization, and digital transformation and inclusion.

Civil society. The Bank Group interacts with civil society organizations (CSOs) worldwide through partnerships and outreach, advocacy and campaigns, policy dialogue and consultations, operational collaboration, and information sharing, as well as grant mechanisms such as the Global Partnership for Social Accountability. Our CSO partners help extend our reach and improve our development impact, accountability, and transparency. The Civil Society Policy Forum, held during our Spring and Annual Meetings, enables CSOs to exchange views with the Bank Group, IMF staff, and other stakeholders on a range of topics. The 2019 Spring Meetings in Washington had a record attendance of over 1,000 delegates from 109 countries, with 46 sessions mostly organized and led by CSOs.

Faith-based organizations (FBOs). Our Global Faith Initiative helps faith actors to engage with the Bank Group on issues across regions and sectors, with a focus on human capital outcomes, gender, fragility, and climate change. This year,

engagement centered on strengthening dialogue and outreach to advance the Bank Group's goals, contributing to a more rigorous evidence base on the role and impact of FBOs in development, and fostering operational collaboration between the Bank and FBOs to invest more in people.

Philanthropy and the private sector. The 2030 SDGs have increased recognition that nontraditional actors can play a bigger role in mobilizing financing and harnessing innovation and expertise to achieve the goals. We have redoubled our focus on partnering with the private sector, including foundations, new philanthropists, impact investors, and social entrepreneurs.

For example, this year our strategic dialogue with the Bill & Melinda Gates Foundation focused on taking innovations to scale and resulted in collaborations on urban sanitation, agriculture and data, and use of technology to support small-holder farmers.

Parliamentarians. Our primary channel for engagement with legislators is the Parliamentary Network—an independent platform for more than 1,000 influential parliamentarians to deliberate and advocate for accountability and political support for development.

The 2019 Spring Meetings served as a platform for the fifth annual Global Parliamentary Conference, the network's flagship event, gathering more than 100 MPs from 48 countries to engage with Bank Group experts and senior management on today's most pressing issues. During the same period, the inaugural meeting of the Global Young Member of Parliament Initiative brought together legislators aged 45 and younger from 26 countries to share best practices and policy solutions to challenges that disproportionately affect younger generations.

Also this year, parliamentarians from 10 countries and CSO representatives from 13 organizations visited IDA projects in Senegal and The Gambia to see their impact on the ground.

Community Connections. The Bank Group's Community Connections program helps staff live our values in our communities through corporate philanthropy, volunteerism, in-kind donations, and an internship program for local high school students. These efforts leverage our motivated, caring workforce for betterment of the Washington metropolitan area and other communities around the world where we work. This year, we contributed over \$9 million to nongovernmental organizations in our communities, with over \$4 million of it donated by staff. The institutional focus on human capital and gender was evident as our philanthropy helped fund the building of a workforce development facility and early childhood education centers in the Washington area.

For more information, visit www.worldbank.org/en/about/partners.

Improving Our Operations for Development Impact

To better serve our clients and partners, we continuously work to improve our operations, policies, and processes to become a more effective and efficient institution and maximize our development impact.

The World Bank's Environmental and Social Framework

The World Bank's new Environmental and Social Framework (ESF) became effective on October 1, 2018. It is replacing our Safeguard Policies for investment project finance operations, with the two systems operating in parallel for five to seven years as projects under the older policies come to closure. The new framework offers broader, more systematic coverage of environmental and social risks, including issues such as labor, climate change, and occupational health and safety. It also makes important advances in stakeholder engagement, transparency, accountability, non-discrimination, and public participation.

To prepare for the launch, the Bank staff held workshops in 105 countries for government officials, project implementation staff, and other key stakeholders—including civil society, the private sector, universities and training centers, in-country bilateral agencies, and international financing institutions. Similar trainings have been held with development partners in Europe and Asia, reaching over 40 separate agencies. A strategy has been developed to strengthen borrowers' frameworks and capacity to manage environmental and social risks. More than 2,500 Bank staff have also been trained, with our environmental and social specialists proceeding through a professional accreditation program to ensure knowledge capture and identify skills gaps. An Environmental and Social Management System launched in October 2018 to track and manage environmental and social risks on Bank-financed projects. Guidance notes for borrowers on each of the 10 Environmental and Social Standards are available online in all UN languages. Good practice notes, templates, and other resources have also been issued on topics such as third-party monitoring, non-discrimination and disability, gender-based violence (GBV), and use of security personnel. Stakeholder outreach has included events at the Spring Meetings and Annual Meetings, presentations to professional associations, and leadership roles in working groups of international financing institutions.

For more information, visit www.worldbank.org/esf.

Addressing gender-based violence

The Bank is committed to reducing GBV through investment, research and learning, and collaboration with stakeholders around the world. Addressing GBV in operations is a key priority, with notable commitments articulated under both IDA17 and IDA18, as well as within the Bank Group's Gender Strategy. We currently support over \$300 million in operations aimed at addressing GBV, both through stand-alone projects and through the integration of GBV components in areas such as transport, education, social protection, and forced displacement. Through the "Development Marketplace: Innovations to Address GBV," now in its fourth year,

the Bank partnered with the Sexual Violence Research Initiative and awarded over \$4 million to more than 40 research projects in 28 low- and middle-income countries to advance understanding of effective strategies to prevent and respond to GBV. In response to recommendations from the GBV Task Force, we developed a risk assessment tool to ensure that Bank-financed operations avoid increasing the risk of sexual exploitation and abuse. The tool is accompanied by a rigorous methodology to assess contextual and project-related risks and is meant to be used as projects containing civil works are developed. We also developed a good practice note to assist staff in addressing identified risks of sexual exploitation, abuse, and harassment that can emerge in investment projects with major civil works contracts. The note was launched in the context of the ESF and is being adapted for key sectors in human development.

For more information, visit www.worldbank.org/en/topic/socialdevelopment/brief/violence-against-women-and-girls.

The World Bank Procurement Framework

The Bank's Procurement Framework, in effect since 2016, plays a strategic role in helping countries achieve better development outcomes in implementing our investment project finance operations. It allows countries to develop procurement strategies tailored to their specific needs, unique characteristics, diverse markets, and project development objectives. The framework is used for all new projects, with specific procurement strategies set for each project. These strategy documents assess a project's operating context, implementation capacity, the potential impact on procurement, and market conditions to inform procurement arrangements. To date, 437 projects valued at \$43.0 billion are applying the framework.

Two features of the framework—Alternative Procurement Arrangements (APA) and Hands-On Expanded Implementation Support (HEIS)—aim to make projects easier and more efficient to implement, usually in low-capacity or fragile situations. APA allow arrangements to be made with other organizations such as UN agencies and the International Committee of the Red Cross to lead procurement activities and implementation, improving efficiency on the ground. HEIS allows Bank staff to support clients in applying the Bank's procurement rules to expedite project implementation; it has been used in projects in Afghanistan, Iraq, Kosovo, Myanmar, and Papua New Guinea.

To ensure smooth implementation, the framework includes guidance notes for operational teams, borrowers, and the private sector. For example, the Bank's Standard Bidding Documents for Works were updated following implementation of the ESF to reflect the new standards. We have also conducted global outreach to disseminate the framework's new features, and participating companies confirm that it has helped to create a stronger enabling environment for businesses.

For more information, visit www.worldbank.org/procurement.

Improving the design and use of trust funds for greater impact

Trust funds complement IDA and IBRD financing and provide vital support to the Bank's capacity to deliver on our top priorities. There are more than 500 trust funds, accounting for about 10 percent of the Bank's disbursements to clients. They are critical to the knowledge agenda, financing about two-thirds of all our advisory services and analytics activities.

One of the key challenges identified by the ongoing trust fund reform process is the long tail of smaller, highly customized trust funds, which account for 70 percent of trust funds but only 7 percent of the total value of this portfolio. Their varied

planning and allocation cycles make alignment with the Bank's strategy and planning cycle and broader priorities more difficult. These funds also have high transaction costs for their establishment, fundraising, governance, and reporting requirements.

To build stronger links between funding and strategic priorities as well as reduce fragmentation, the Bank is organizing the trust fund portfolio around fewer, larger programs with a strong focus on results, known as Umbrella 2.0. This reform aims to strengthen alignment and efficiency through greater scale, reduce transaction costs through coordinated governance and reporting, and improve dialogue with partners around shared priorities. The pilot phase was rolled out in fiscal 2019, with lessons from it being used to prepare the final design and roll out the reform Bank-wide in 2020. Measures to simplify trust funds that fall outside the scope of Umbrella 2.0, such as co-financing or new innovations that require "proof of concept" before being scaled up, are also being developed.

The Bank is also currently preparing a management framework that seeks to strengthen selectivity and risk management for both new and established financial intermediary funds. These provide the global development community with independently governed multilateral platforms that support multiple implementing agencies, typically in the areas of global public goods. The Bank plays a limited trustee role in these funds; we may host the secretariat and act as one of the implementing entities.

For more information, visit www.worldbank.org/dfi.

Grievance Redress Service

The Grievance Redress Service (GRS) is an avenue for people and communities to submit complaints directly to the World Bank if they believe a Bank-funded project has or is likely to adversely affect them.

The GRS ensures that complaints received at the corporate level are promptly and proactively addressed by fostering dialogue and problem solving as well as applying relevant dispute resolution tools. Building on its growing experience, the GRS is being strengthened to enhance its efficiency and effectiveness by distinguishing the types of redress services it provides and updating its systems and operating procedures.

For more information, visit www.worldbank.org/grs.

Our Values and Our People

The World Bank's core tenets of our approach to our work are respect for our people, our clients, our partners, and our planet. In fiscal 2019, the Bank remained committed to environmental sustainability in its internal operations and worked to safeguard staff voices. Our Global Reporting Initiative (GRI) Index, updated every fiscal year, presents further details on the sustainability considerations of our operations and corporate practices. The Index can be accessed online as part of the World Bank Annual Report appendixes: www.worldbank.org/annualreport.

Our Values

Respect, impact, integrity, teamwork, and innovation were defined as our Core Values in fiscal 2018. A new Code of Ethics and Conduct is being prepared to integrate these values into the Bank Group's culture and work. The new code will help staff better understand the attitudes and behaviors expected of them, while the Staff Rules will define the situations that could lead to misconduct.

Our People

The Bank's nearly 12,300 full-time staff work for solutions to the world's most pressing development challenges. Our People Strategy aims to build a workforce with the right skills, in the right place, and at the right time. It seeks to offer the best value to clients and strengthen the employment value proposition to make our organization the best place to work in development.

Working in challenging environments. The Bank is committed to working where its services are most needed. We have been increasing our footprint in fragile, conflict, and violence-affected (FCV) countries to be closer to our clients. Guided by IDA18 and decentralization efforts, the Bank is well on track with our commitment to increase our presence in FCV countries by 150 staff by the end of fiscal 2020. The Bank offers enhanced incentives, as well as targeted programs for onboarding, leadership development, learning, and career development.

Ensuring staff health and safety. The Bank provides an array of programs and services to promote and protect the health and security of staff. The Bank Group's Occupational Health and Safety Management System identifies and systematically controls health and safety hazards in our workplaces, with an approach guided by international health and safety standards. Corporate Security has continued to expand the Bank Group's security capabilities in areas such as staff training, travel security, armored vehicles and equipment, facilities, and staff tools, such as the new Travel Advisory mobile application. As part of our commitment to expanding operations in FCV countries, Corporate Security is focusing on higher-threat locations and working closely with operational colleagues to support staff in these environments.

Increasing diversity and inclusion. In fiscal 2019, we continued to focus on inclusion, with the introduction of a new gender indicator that tracks progress toward parity at all grade levels. We also launched a new learning program that leverages virtual reality to address unconscious bias and raise awareness on sexual orientation and gender identity. As part of the Bank Group's commitment to

increase the number and enhance the experience of staff with disabilities, the Office of Diversity and Inclusion partnered with the Disabilities Advocacy and Resource Employee Group to launch the first-ever survey that will inform institutional efforts to create a more disability-conscious workplace.

Implementing the Knowledge Management Action Plan. This year, we initiated several projects to enhance operational efficiencies and effectiveness in our knowledge management. These efforts (i) enable teams to better address their knowledge gaps by identifying in-house expertise, accessing the most relevant project work, and better managing internal content at unit levels; (ii) ensure progressive professionalization and learning among knowledge management staff across the Bank by introducing new technical competencies, developing a training curriculum, and providing them with tools for their onward use; and (iii) address wider knowledge culture initiatives by developing Bank-wide knowledge-sharing efforts and reinvigorating the broader knowledge management agenda through outreach and engagement.

Engaging in continuous learning. A new staff learning menu, which aligns with the Bank's corporate priorities, was launched to help staff find trainings easily and engage in continuous learning. New learning paths linked to defined job competencies for global practices and vice-presidential units were launched to support more targeted career development. Additionally, a results-based evaluation and learning analytics system is in place to assess staff learning and provide data, benchmarks, and evidence for timely decision making and course correction.

Safe place for staff to voice their concerns and conflicts. As of June 30, 2019, EBC's advisory services received 1,053 advisory requests from staff—two-thirds of which were answered the same day and 90 percent within 48 hours. Staff have multiple channels through Internal Justice Services to seek advice, guidance, and resources to resolve conflicts, including ombuds, Respectful Workplace Advisors, mediation, peer review services, and performance management review. These services form a key element in facilitating a respectful, values-driven workplace culture. Through March 31, 2019, 1,142 staff had approached these services for advice.

Action plan for preventing and addressing sexual harassment. The Bank Group is proactively creating a culture that systematically addresses sexual harassment and misconduct. In fiscal 2019, we launched an action plan to shift the focus from processes to people. It includes more than 50 specific initiatives in line with best practices and incorporates recommendations from three independent external

TABLE 14 WORLD BANK (IBRD/IDA) STAFF DATA, FISCAL 2017–19

INDICATOR	FY17	FY18	FY19	Related Indicators
Total full-time staff	11,897	12,216	12,283	GRI 401; SDG 8
Non-US based (%)	42.0	42.6	43.2	
Short-term consultants/temporaries (FTEs)	4,948	4,810	5,097	
Employee engagement (%)	80	—	79	GRI 405; SDG 8
Diversity index	0.91	0.92	0.93	
Female managers (%)	39.0	41.5	44.1%	
Managers from developing countries (%)	43.3	43.1	42.3%	
Female technical staff (grade GF+, %)	44.2	44.5	45.3%	
Sub-Saharan/Caribbean technical staff (grade GF+, %)	12.9	13.3	13.6%	GRI 404; SDG 8
Average days of training per staff, at headquarters	4.7	5.1	5.1	
Average days of training per staff, in country offices	4.6	4.4	4.7	

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

experts. Key features include creating a new anti-harassment coordinator position, empowering managers to address inappropriate behaviors, providing new confidential and people-centered avenues for reporting, streamlining investigations, and increasing transparency by publishing the anonymized outcomes of cases substantiated by EBC.

Representing staff voice. Staff rights and interests are represented by the Staff Association, which has about 11,800 staff and consultants as members across the Bank Group. In fiscal 2019, the association continued dialogue with human resources and senior management, expressing staff concerns about organizational changes, challenges posed by the amended compensation methodology, health coverage policies, and occupational health matters, as well as assisting staff. Through increased participation in our working groups, as well as the introduction of a new onboarding session for all staff on their general rights, the association continued to advocate for Bank Group employees.

Strengthening environmental commitment. The Bank seeks to systematically address the environmental impacts from our operations, using a set of Sustainability Principles as our guide. An executive-level committee overseeing the Bank Group's corporate responsibility efforts has renewed efforts on key impact areas of the institution's environmental footprint, including energy, water, greenhouse gas emissions, solid waste, and supply chain. For more information, see the *2019 Sustainability Review*.

For more information, visit www.worldbank.org/corporateresponsibility.

Guiding the Institution

All the powers of the World Bank are vested in the Board of Governors, the Bank’s senior decision-making body, according to the Articles of Agreement for IBRD and IDA. Each member of the Bank is represented by one governor and one alternate.

The Board of Governors delegates most powers to 25 resident executive directors who comprise the Board of Directors for IBRD and IDA. The Executive Directors represent the World Bank’s 189 member countries and are responsible for the conduct of the general operations of the Bank. The Executive Directors select a President, who serves as Chair of the Board. The current Board term is from November 2018 to October 2020.

The Executive Directors guide the general operations and strategic direction of the Bank and 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. The Executive Directors are also responsible for presenting to the Board of Governors an audit of accounts, an administrative budget, and the Bank’s Annual Report on fiscal year results. The Dean, the longest serving full-time Executive Director, plays a role within the Board related to the contract of the President, selection of members to the Board Ethics Committee, and coordination of the Board’s external engagements, among others.

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

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

FIGURE 7 COMMITTEES OF THE BOARD OF EXECUTIVE DIRECTORS



Ensuring Accountability and Transparency in Our Operations

We hold ourselves accountable to our clients, shareholders, and the broader public through institutional mechanisms that monitor operational performance, manage institutional risks, address concerns and grievances, and ensure transparency in our work. These include units both within and independent of the Bank that provide guidance and recommendations to ensure maximum development effectiveness and adherence to the highest standards of accountability.

Independent Evaluation Group

The Independent Evaluation Group (IEG) aims to strengthen the Bank Group's development effectiveness through evaluations that assess results and performance and provide recommendations for improvements. IEG's evaluations contribute to accountability and learning, helping inform the Bank Group's directions, policies and procedures, and country partnership frameworks.

According to IEG's 2018 *Results and Performance of the World Bank Group*, outcome ratings for Bank lending continue to improve. The share of closed projects rated moderately satisfactory or above rose from 69 percent during fiscal 2012–14 to 76 percent during fiscal 2015–17. Outcome ratings now exceed the levels for projects closed in fiscal 2006–08, before the financial crisis, by both number and volume.

In fiscal 2019, IEG completed major evaluations on creating markets, fostering regional integration, and facilitating knowledge flow and collaboration, among other topics. Each evaluation assessed the Bank Group's performance and identified lessons for improving operations regarding a theme, sector, or corporate process.

For more information and IEG's annual report, visit ieg.worldbankgroup.org.

Inspection Panel

The Inspection Panel was established by the Bank's Board of Directors as the first independent accountability mechanism at an international financial institution. The panel provides people and communities who believe that they have been or are likely to be harmed by a project funded by IBRD or IDA access to an independent body, where they can express their concerns and seek recourse. It is composed of three international development experts, chosen from different countries, as well as a small secretariat. Panel members serve one five-year, non-renewable term and are prohibited from ever working for the Bank after their terms end. In fiscal 2019, the panel marked its 25th anniversary.

During fiscal 2019, the panel received eight new complaints. It delivered to the Board one investigation report related to two projects in Uganda concerning a biodiversity offset. The panel also initiated a rural water supply project investigation in India. A Board review during the year led to the panel's advisory function being formalized and the panel being authorized to provide complainants with an opportunity to read its investigation reports on a confidential basis prior to Board meetings.

For more information and the Inspection Panel's annual report, visit www.inspectionpanel.org.

The World Bank Policy on Access to Information

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

For information that is proactively disclosed, the Bank received more than 3 million visits to and 30 million downloads from the Documents and Reports database. Overall in fiscal 2019, the Bank handled 696 public access requests for information.

For requests that are denied, the public can appeal by alleging a violation of policy and/or public interest. The internal Access to Information Committee serves as the first level of appeals, and its decisions are final for appeals alleging a public interest ground. A second and final recourse for appeals alleging a violation of policy is available through the external and independent Appeals Board, consisting of three international experts. In fiscal 2019, the Committee considered four cases and no new appeals were filed before the Board.

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

Integrity Vice Presidency and Sanctions System

Reflecting the Bank Group's commitment to fight and prevent corruption, the Integrity Vice Presidency (INT) investigates allegations of fraud, corruption, collusion, coercion, and obstruction in Bank Group-financed projects, including those involving Bank Group staff and corporate vendors. INT plays a fundamental role in the Bank Group's robust two-tiered adjudicative system, bringing cases for review by the system's adjudicators—the Bank's Office of Suspension and Debarment and IFC's and MIGA's counterparts at the first tier, and the Sanctions Board at the second tier. These adjudicators provide due process to parties suspected of wrongdoing and suspend and sanction those found to have engaged in misconduct. INT's Integrity Compliance Office engages with sanctioned companies that are working toward release from sanction. INT also identifies integrity risks and draws lessons for future operations, working closely with Bank Group task team leaders to mitigate fraud and corruption risks in projects.

In fiscal 2019, the Bank Group sanctioned 53 firms and individuals, including Odebrecht's construction and engineering subsidiary, which was debarred for three years. INT released 23 firms from sanction after they met agreed-upon conditions. The Bank Group recognized 33 cross-debarments from other multilateral development banks (MDBs). Thirty-nine Bank Group debarments were eligible for recognition by other MDBs.

For more information and the World Bank Group Sanctions System's annual report, visit www.worldbank.org/integrity.

Group Internal Audit Vice Presidency

The Group Internal Audit Vice Presidency (GIA) provides independent, objective, and insightful risk-based assurance and advice to protect and enhance the value of the World Bank Group. GIA provides senior management and the Board with an independent view and reasonable assurance that processes for managing and controlling risks—as well as their overall governance—are adequately designed and functioning effectively. GIA delivers audits, as well as assurance and advisory reviews, which cover operational and corporate functions and information technology systems and processes. GIA's work is carried out in accordance with the Institute of Internal Auditors' International Professional Practices Framework.

GIA focuses on institutional and stakeholder priorities and significant risks and delivers around 25 engagements a year covering both advisory and assurance work. Key topics covered in fiscal 2019 included environment and social risk management of projects, efficiency measures adopted by the Bank Group, the IDA18 IFC-MIGA Private Sector Window, IDA's financial risk management, asset liability management, operational risk management, coverage of disaster risk in operations, information technology, and cybersecurity.

For more information and GIA's annual and quarterly reports, visit www.worldbank.org/internalaudit.

Deploying Resources Strategically

Prioritizing strategic interventions across the World Bank Group

The World Bank—IBRD and IDA—works in close coordination with IFC and MIGA to leverage the collective strength of the Bank Group. Our comparative advantage comes from the powerful combination of country depth and global breadth, public and private sector instruments and relationships, multisectoral knowledge, and the ability to mobilize and leverage financing to support countries' development priorities. Collaboration across the Bank Group has grown over time and spans activities at the country, regional, sector, thematic, and global levels.

Through our financing, we help countries build stronger systems and institutions and extend the impact of policy and institutional reforms beyond the boundary of a single project. Our convening power and partnerships help shape and amplify global development priorities. The Bank leads in operational innovation, learns from experience, and uses evidence and high standards to deliver country results. Long-term relationships, deep country understanding, and a growing presence on the ground make us a trusted advisor and honest broker. We are increasingly working in the world's most difficult settings—in fragile and conflict-affected states and where poverty is most entrenched—while maintaining the quality of our portfolio. We continue to innovate in financing, standards, and approaches, most recently with the introduction of the Bank's Environmental and Social Framework (ESF), which came into effect in October 2018.

Sustaining and accelerating progress toward global goals requires a strong Bank Group, so that we can provide innovative solutions and advice along with financial firepower commensurate to the size of the challenge. Our Board of Directors and management have supported creating a better Bank Group with their approval in October 2018 of a capital package consisting of a \$13.0 billion capital increase—our largest ever—and a series of financial and policy reforms. This will enable the Bank to support borrowers with an average annual financing capacity of about \$100 billion during fiscal 2019–30, up from \$65 billion during fiscal 2014–16. The capital package will allow the Bank Group to serve all clients, enhance our leadership on global issues, mobilize finance for development, and continue to improve our business model.

Defining our engagement with countries

The Bank Group has a country-based model for providing financial, analytics, and advisory services to our borrowers. These services—both the existing portfolio and planned new activities—are outlined in the Country Partnership Framework (CPF), prepared jointly by the Bank, IFC, and MIGA. The CPF frames our engagement with the country for a period of four to six years and is informed by analysis, in particular the Systematic Country Diagnostic (SCD); the country's own development goals; and our comparative advantage relative to other sources of financing and development services.

The CPF sets out objectives for the Bank Group's program and provides an indicative mix of financing and analytical and advisory instruments to support it effectively. It includes a results framework of agreed outputs and outcomes for activities under implementation and indicative ones for planned activities. These are used to establish the program's strategic direction and enable assessment of its effectiveness at the CPF's conclusion.

Each CPF is discussed with the Board of Directors and benefits from their guidance and inputs before it is made publicly available.

The SCD is the analytic underpinning of our engagement in a country. It is prepared in consultation with national authorities, the private sector, and other stakeholders, but reflects the views of the Bank Group. It also serves as the reference point for consultations with the country and collective efforts on goals and measures that will have the most development impact.

The SCD and CPF are key elements of our country-based model and can provide an analytical foundation for country platforms. As of the end of fiscal 2019, the Bank Group has prepared SCDs in 104 countries and new CPFs in 79 countries.

The Multiphase Programmatic Approach, introduced in fiscal 2018, allows countries to structure a long, large, or complex engagement as a set of smaller, linked phases under one program. The approach centers on adaptable design and learning from implementation to ensure that operations are more responsive to evolving country and project circumstances. It supports faster integration of experience within and between phases to maximize results. Madagascar's Improving Nutrition Outcomes Program is the first to use this approach.

The Bank Group supports small states in addressing their unique development challenges through the Small States Forum, which comprises 50 members, including 42 countries classified as small states according to the Bank definition and eight countries with larger populations that face similar challenges. The forum meets semi-annually at the Spring and Annual Meetings. The Spring 2019 Ministerial Roundtable focused on the blue economy and marine pollution, adaptation and resilience, and economic and financial sustainability.

Setting global standards

The Bank plays an important role in setting and promoting global standards in the areas of sustainability, transparency, accountability, inclusiveness, integrity, and value for money. We pursue this role by: (i) continually evolving and updating our policy framework to reflect and promote international standards and best practices, (ii) collaborating and harmonizing efforts with other multilateral development banks and bilateral development agencies, (iii) participating in global forums to help shape their agenda, and (iv) providing hands-on support and technical assistance to help client countries adopt and implement the evolving standards.

The 2016 reform of our Procurement Framework embeds and promotes key principles in all Bank-financed procurement: integrity, value for money, economy, fitness for purpose, efficiency, transparency, and fairness. We have also brought our environmental and social requirements into closer harmony with emerging international standards through the new ESF, with an emphasis on transparency, anti-discrimination, public participation, and accountability.

The Bank is also a standard-setter in bringing value not only to what we finance, but how we finance by ensuring transparency in our funding.

As Independent Evaluation Group reports indicate, outcome ratings for Bank lending have continued to improve. Its most recent *Results and Performance of the World Bank Group* report found that the share of projects rated moderately satisfactory or above rose from 69 percent of projects closed in fiscal 2012–14 to 76 percent in fiscal 2015–17. Bank performance ratings rose in tandem, from 70 percent for projects closed in fiscal 2012–14 to 76 percent in fiscal 2015–17.

Maintaining budget discipline to maximize the use of financial resources

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

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

Over the past five years, the Bank Group has implemented measures to increase efficiencies that have contributed to its financial sustainability. As part of the capital package, the Bank and IFC have committed to additional efficiencies and economies of scale to help maintain budget sustainability and strengthen the Bank Group's financial position.

During the fiscal 2020–22 planning period, the Bank Group will focus on delivering on the priorities arising from the organization's goals of ending extreme poverty and boosting shared prosperity, as set out in its *Forward Look*. Specific priorities include: (i) support for client-facing work, particularly for the scale-up agreed to as part of the 18th replenishment of IDA (IDA18) and for areas affected by fragility, conflict, and violence; (ii) the IBRD scale-up and implementation of the capital package commitments; (iii) harnessing private sector solutions and markets to mobilize financing for development; (iv) a renewed focus on human capital and on enhancing the Bank Group's leadership on global issues; and (v) improvement of the business model for greater effectiveness and efficiency.

IBRD financial commitments and services

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

In fiscal 2019, new IBRD lending commitments amounted to \$23.2 billion for 100 operations, of which three were IBRD and IDA blended operations.

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

TABLE 15 IBRD COMMITMENTS, BY REGION, FISCAL 2015–19
MILLIONS OF DOLLARS

REGION	FY15	FY16	FY17	FY18	FY19
Africa	1,209	669	1,163	1,120	820
East Asia and Pacific	4,539	5,176	4,404	3,981	4,030
Europe and Central Asia	6,679	7,039	4,569	3,550	3,749
Latin America and the Caribbean	5,709	8,035	5,373	3,898	5,709
Middle East and North Africa	3,294	5,170	4,869	5,945	4,872
South Asia	2,098	3,640	2,233	4,508	4,011
Total	23,528	29,729	22,611	23,002	23,191

TABLE 16 IBRD DISBURSEMENTS, BY REGION, FISCAL 2015–19

MILLIONS OF DOLLARS

REGION	FY15	FY16	FY17	FY18	FY19
Africa	816	874	427	734	690
East Asia and Pacific	3,596	5,205	3,961	3,476	5,048
Europe and Central Asia	5,829	5,167	2,799	4,134	2,209
Latin America and the Caribbean	5,726	5,236	3,885	4,066	4,847
Middle East and North Africa	1,779	4,427	5,335	3,281	4,790
South Asia	1,266	1,623	1,454	1,698	2,598
Total	19,012	22,532	17,861	17,389	20,182

TABLE 17 IBRD COMMITMENTS BY SECTOR, FISCAL 2015–19

MILLIONS OF DOLLARS

SECTOR	FY15	FY16	FY17	FY18	FY19
Agriculture, Fishing, and Forestry	843	561	754	2,561	1,025
Education	1,496	1,788	1,074	1,685	1,875
Energy and Extractives	3,361	4,599	4,434	3,084	2,847
Financial Sector	3,433	2,657	1,879	764	2,299
Health	893	1,181	1,189	2,204	1,674
Industry, Trade, and Services	1,684	3,348	2,694	3,416	2,361
Information and Communications Technologies	90	194	503	324	611
Public Administration	3,175	5,111	4,754	2,189	5,327
Social Protection	2,687	1,393	778	2,091	2,115
Transportation	3,202	4,569	2,551	2,074	1,485
Water, Sanitation, and Waste Management	2,664	4,192	2,000	2,610	1,571
Total	23,528	29,729	22,611	23,002	23,191

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

TABLE 18 IBRD COMMITMENTS BY THEME, FISCAL 2018–19

MILLIONS OF DOLLARS

THEME	FY18	FY19
Economic Policy	1,124	1,363
Environment and Natural Resources Management	10,409	8,514
Finance	2,501	3,546
Human Development and Gender	6,641	7,227
Private Sector Development	4,945	4,438
Public Sector Management	1,353	2,912
Social Development and Protection	2,844	2,453
Urban and Rural Development	8,593	6,511

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

TABLE 19 IBRD TOP COUNTRY BORROWERS, FISCAL 2019
MILLIONS OF DOLLARS

COUNTRY	COMMITMENTS	COUNTRY	COMMITMENTS
India	3,024	China	1,330
Indonesia	1,950	Morocco	1,255
Jordan	1,591	Turkey	1,113
Egypt, Arab Republic of	1,500	Ukraine	950
Argentina	1,391	Colombia	930

IBRD financial resources and financial model

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

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

IBRD’s strategy has enabled it to borrow at favorable market terms and pass the savings on to its borrowing members. Funds not immediately deployed for lending are held in IBRD’s investment portfolio to provide liquidity for its operations. In fiscal 2019, IBRD raised U.S. dollar equivalent \$54.0 billion by issuing bonds in 27 currencies.

As a cooperative institution, IBRD seeks not to maximize profit but to earn enough income to ensure its financial strength and sustain its development activities. Of fiscal 2019 allocable net income, the Executive Directors recommended to the Board of Governors the transfer of \$259 million to IDA, the transfer of \$100 million to the Surplus, and the allocation of \$831 million to the General Reserve. As part of its lending, borrowing, and investment activities, IBRD is exposed to market, counterparty, country credit, and operational risks.

FIGURE 8 IBRD BUSINESS MODEL

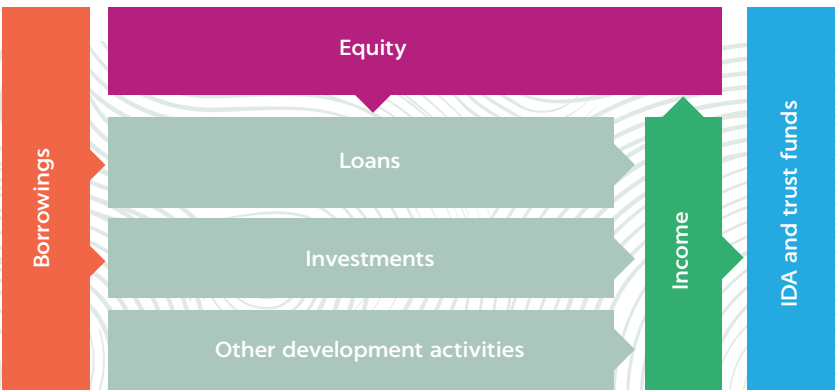


TABLE 20 IBRD KEY FINANCIAL INDICATORS, FISCAL 2015–19
MILLIONS OF DOLLARS, EXCEPT RATIOS, WHICH ARE IN PERCENTAGES

INDICATOR	FY15	FY16	FY17	FY18	FY19
Lending highlights					
Commitments ^a	23,528	29,729	22,611	23,002	23,191
Gross disbursements ^b	19,012	22,532	17,861	17,389	20,182
Net disbursements ^b	9,999	13,197	8,731	5,638	10,091
Reported basis					
<i><u>Income statements</u></i>					
Board of Governors-approved and other transfers	(715)	(705)	(497)	(178)	(338)
Net income/(loss)	(786)	495	(237)	698	505
<i><u>Balance sheet</u></i>					
Total assets ^c	212,931	231,408	258,648	263,800	283,031
Net investment portfolio	45,105	51,760	71,667	73,492	81,127
Net loans outstanding	155,040	167,643	177,422	183,588	192,752
Borrowing portfolio	158,853	178,231	207,144	213,652	228,763
Allocable income					
Allocable income	686	593	795	1,161	1,190
Allocated as follows:					
General Reserve ^d	36	96	672	913	831
International Development Association	650	497	123	248	259
Surplus	0	0	0	0	100
Usable equity^{e,f}	40,195	39,424	41,720	43,518	45,360
Capital adequacy					
Equity-to-loans ratio (%)	25.1	22.7	22.8	22.9	22.8

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

- a. Commitments include guarantee commitments and guarantee facilities that have been approved by the Executive Directors of the World Bank.
- b. Amounts include transactions with IFC and loan origination fees.
- c. Effective June 30, 2019, derivatives are presented net by counterparty, after cash collateral received and the presentation of the prior periods has been aligned for comparability.
- d. The June 30, 2019, amount represents the proposed transfer to the General Reserve from fiscal 2019 net income, which was approved on August 8, 2019, by the Board.
- e. Excluding amounts associated with unrealized mark-to-market gains/losses on non-trading portfolios, net and related cumulative translation adjustments.
- f. Usable equity includes the proposed transfer to the General Reserve.

The Bank Group's Chief Risk Officer leads the risk oversight function and supports the institutional decision-making process via dedicated risk committees. In addition, IBRD has put in place a strong risk management framework, which supports management in its oversight functions. The framework is designed to enable and support IBRD in achieving its goals in a financially sustainable manner. One summary measure of IBRD's risk profile is the ratio of equity to loans, which is closely managed in line with its financial and risk outlook. As of June 30, 2019, this ratio stood at 22.8 percent, and the cumulative subscribed capital of IBRD totaled \$279.9 billion, including \$17.1 billion paid-in capital.

For more information, visit www.worldbank.org/ibrd.

IDA financial commitments and services

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

In fiscal 2019, 75 countries were eligible for IDA assistance. In addition, three countries—Bolivia, Sri Lanka, and Vietnam, which graduated at the end of the IDA17 cycle—are receiving exceptional transitional support from IDA. New IDA lending commitments amounted to \$21.9 billion for 254 operations, of which three were IBRD and IDA blended operations. These commitments included \$13.8 billion in credits, \$7.8 billion in grants, and \$358 million of IDA resources to back guarantees. In addition, in fiscal 2019, 14 projects for a total of \$393 million were approved for support from the IDA18 IFC-MIGA Private Sector Window (PSW).

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

TABLE 21 IDA COMMITMENTS, BY REGION, FISCAL 2015–19
MILLIONS OF DOLLARS

REGION	FY15	FY16	FY17	FY18	FY19
Africa	10,360	8,677	10,679	15,411	14,187
East Asia and Pacific	1,803	2,324	2,703	631	1,272
Europe and Central Asia	527	233	739	957	583
Latin America and the Caribbean	315	183	503	428	430
Middle East and North Africa	198	31	1,011	430	611
South Asia	5,762	4,723	3,828	6,153	4,849
Total	18,966	16,171	19,463^a	24,010^b	21,932^c

- Figure does not include the commitment of a \$50 million grant for the Pandemic Emergency Financing Facility.
- Figure does not include \$185 million in approved IDA18 IFC-MIGA PSW instruments, of which IDA has exposure of \$36 million in guarantees and \$9 million in derivatives.
- Figure does not include \$393 million in approved IDA18 IFC-MIGA PSW instruments, of which IDA has exposure of \$106 million in guarantees, \$25 million in derivatives, and \$1 million through funding of IFC-PSW related equity investment.

TABLE 22 IDA DISBURSEMENTS, BY REGION, FISCAL 2015–19
MILLIONS OF DOLLARS

REGION	FY15	FY16	FY17	FY18	FY19
Africa	6,595	6,813	6,623	8,206	10,190
East Asia and Pacific	1,499	1,204	1,145	1,252	1,282
Europe and Central Asia	314	365	310	298	931
Latin America and the Caribbean	383	303	229	223	340
Middle East and North Africa	194	44	391	569	647
South Asia	3,919	4,462	3,970	3,835	4,159
Total	12,905	13,191	12,668^a	14,383	17,549

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

TABLE 23 IDA COMMITMENTS BY SECTOR, FISCAL 2015–19

MILLIONS OF DOLLARS

SECTOR	FY15	FY16	FY17 ^a	FY18	FY19
Agriculture, Fishing, and Forestry	2,525	1,849	2,025	1,442	2,796
Education	2,124	1,431	1,773	2,836	1,767
Energy and Extractives	1,461	2,814	1,891	4,028	3,468
Financial Sector	661	443	1,227	546	870
Health	2,197	1,191	1,246	2,062	1,736
Industry, Trade, and Services	687	841	1,541	1,991	1,963
Information and Communications Technologies	265	78	519	419	779
Public Administration	2,744	1,500	1,954	5,013	3,109
Social Protection	1,928	2,475	1,913	2,112	2,163
Transportation	2,191	2,277	3,271	1,455	1,709
Water, Sanitation, and Waste Management	2,183	1,271	2,102	2,105	1,572
Total	18,966	16,171	19,463	24,010^b	21,932^c

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

- a. Fiscal 2017 IDA sector breakdown excludes a \$50 million grant for the Pandemic Emergency Financing Facility.
- b. Figure does not include \$185 million in approved IDA18 IFC-MIGA PSW instruments, of which IDA currently has exposure of \$36 million in guarantees and \$9 million in derivatives.
- c. Figure does not include \$393 million in approved IDA18 IFC-MIGA PSW instruments, of which IDA has exposure of \$106 million in guarantees, \$25 million in derivatives, and \$1 million through funding of IFC-PSW related equity investment.

TABLE 24 IDA COMMITMENTS BY THEME: FISCAL 2017–19

MILLIONS OF DOLLARS

THEME	FY17 ^a	FY18	FY19
Economic Policy	1,791	468	1,073
Environment and Natural Resources Management	5,766	9,491	9,680
Finance	1,507	1,642	2,418
Human Development and Gender	6,471	7,509	7,860
Private Sector Development	4,837	4,240 ^b	5,145 ^c
Public Sector Management	1,936	3,827	2,513
Social Development and Protection	2,544	2,980	2,722
Urban and Rural Development	8,352	8,654	7,866

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

- a. Fiscal 2017 IDA theme breakdown excludes a \$50 million grant for the Pandemic Emergency Financing Facility.
- b. Figure does not include \$185 million in approved IDA18 IFC-MIGA PSW instruments, of which IDA currently has exposure of \$36 million in guarantees and \$9 million in derivatives.
- c. Figure does not include \$393 million in approved IDA18 IFC-MIGA PSW instruments, of which IDA has exposure of \$106 million in guarantees, \$25 million in derivatives, and \$1 million through funding of IFC-PSW related equity investment.

TABLE 25 IDA TOP COUNTRY BORROWERS, FISCAL 2019

MILLIONS OF DOLLARS

COUNTRY	COMMITMENTS	COUNTRY	COMMITMENTS
Ethiopia	2,610	Mozambique	980
Bangladesh	2,237	Congo, Democratic Republic of	812
Pakistan	1,224	Burkina Faso	797
Kenya	1,060	Niger	733
Côte d'Ivoire	1,050	Mali	599

IDA financial resources and financial model

Traditionally, IDA has been funded largely by contributions from high- and middle-income partner countries. Additional financing comes from Bank Group transfers and borrowers’ repayments of earlier IDA credits. As part of the groundbreaking IDA18 package, which covers fiscal 2018–20, IDA shareholders agreed to transform IDA’s financing model, leveraging its strong capital base to pioneer a new model for development finance that combines donor funding with funding raised in the capital markets to support an ambitious policy package with focus on five special themes: jobs and economic transformation; climate change; gender and development; fragility, conflict and violence; and governance and institutions. IDA received its first-ever public credit rating—triple-A—in 2016. IDA’s financial strength is based on its robust capital position and shareholder support, as well as on its prudent financial policies and practices, which help to maintain its triple-A credit rating.

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

IDA18’s effectiveness was achieved in November 2017, when 60 percent of the partner Instruments of Commitment (IoCs) and concessional partner loan agreements were received. As of June 30, 2019, 49 partners had submitted IDA18 IoCs and concessional partner loan agreements totaling SDR 19.1 billion (\$26.8 billion).

On April 17, 2018, for the first time, IDA issued \$1.5 billion of debt in the international capital markets. This inaugural IDA bond received strong reception in the market, with total orders reaching \$4.6 billion from around the world. Since then, IDA has also launched an IDA Bills Program (beginning March 2019) that has raised over \$1.5 billion thus far, via 16 transactions and across one- to eight-month maturities. The program has been successful in raising liquidity in both euros and U.S. dollars, and IDA will continue to seek opportunities to diversify the currency composition. The program has also attracted new investors to IDA in both Asia and Europe, further benefiting the continued development of IDA’s capital markets presence.

IDA’s borrowing program enables it to significantly scale up support for achieving the SDGs, while offering investors an efficient way to contribute to global development. This optimization of IDA’s capital enables IDA to mobilize about three

* The Financing Framework for the IDA18 Replenishment is managed predominantly in Special Drawing Rights (SDRs). U.S. dollar equivalent figures given here are calculated using IDA18 reference exchange rates.

FIGURE 9 IDA BUSINESS MODEL

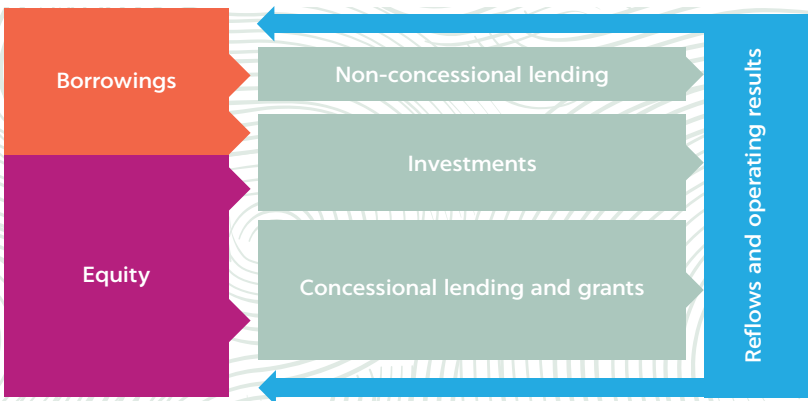


TABLE 26 IDA KEY FINANCIAL INDICATORS, FISCAL 2015–19
MILLIONS OF DOLLARS, EXCEPT RATIOS, WHICH ARE IN PERCENTAGES

INDICATOR	FY15	FY16	FY17	FY18	FY19
Loans, grants, and guarantees					
Commitments	18,966	16,171	19,513 ^a	24,010 ^b	21,932 ^c
Gross disbursements	12,905	13,191	12,718 ^a	14,383	17,549
Net disbursements	8,820	8,806	8,154	9,290	12,221
Balance sheet					
Total assets ^d	163,234	167,985	173,357	184,666	188,553
Net investment portfolio	28,418	29,908	29,673	33,735	32,443
Net loans outstanding	126,760	132,825	138,351	145,656	151,921
Borrowing portfolio ^e	2,150	2,906	3,660	7,318	10,149
Total equity	147,149	154,700	158,476	163,945	162,982
Income statement					
Interest revenue, net of borrowing expenses	1,435	1,453	1,521	1,647	1,702
Transfers from affiliated organizations and others	993	990	599	203	258
Development grants	(2,319)	(1,232)	(2,577)	(4,969)	(7,694)
Net income/(loss)	(731)	371	(2,296)	(5,231)	(6,650)
Adjusted net income^f	(94)	423	(158)	(391)	225
Capital adequacy					
Deployable strategic capital ratio	n.a.	n.a.	37.2%	37.4%	35.3%

Note: n.a. = not applicable. For a complete presentations of fiscal year data, see the full financial statements: www.worldbank.org/financialresults.

- Figures include the commitment and disbursement of a \$50 million grant for the Pandemic Emergency Financing Facility.
- Figure does not include \$185 million in approved IDA18 IFC-MIGA PSW instruments, of which IDA has exposure of \$36 million in guarantees and \$9 million in derivatives.
- Figure does not include \$393 million in approved IDA18 IFC-MIGA PSW instruments, of which IDA has exposure of \$106 million in guarantees, \$25 million in derivatives, and \$1 million through funding of IFC-PSW related equity investment.
- Effective June 30, 2019, derivatives are presented net by counterparty, after cash collateral received, on the Balance Sheet.
- Includes related derivative balances.
- Effective June 30, 2019, IDA introduced this new income measure to reflect the economic results of its operations. Prior period numbers have been calculated and presented for comparability.

dollars in IDA commitment authority for every dollar of IDA18 development partner contributions.

Development partners agreed to a financing envelope of \$75.0 billion (equivalent to SDR 53.0 billion) to provide credits, grants, and guarantees to IDA's client countries. Of this amount, \$63.9 billion is expected to be used on concessional terms, \$8.6 billion on IBRD terms for the Scale-Up Facility and transitional support, and \$2.5 billion for the PSW. IDA administrative expenses are recovered primarily through the net charges and interest paid by recipient countries.

Every three years, development partners meet to review IDA's policies, assess its financial capacity, agree on the amount of financing for the next replenishment period, and commit to additional contributions of equity that are required to meet IDA's objectives and development goals. The replenishment process for IDA19, which covers fiscal 2021–23, is underway. It culminates in December 2019, when contributing partners pledge their contributions to IDA19.

For more information, visit ida.worldbank.org.

Mitigating risks stemming from global political and economic uncertainties

The Bank Group's Chief Risk Officer monitors the global political and economic influences that could affect the institution's financial sustainability. After two years of firm growth, global economic growth slowed during fiscal 2019 and is expected to remain subdued going forward. While growth in the United States accelerated, activity in Europe and Japan remained slow. Commodity exporters generally recovered slowly from earlier price weakness, while net commodity importers grew robustly. Some large emerging market and developing countries experienced strong exchange rate pressures during the year, catalyzing higher inflation and slower growth. The global growth slowdown prompted central banks in advanced economies to maintain a more accommodative monetary stance than was expected, which should support growth going forward. Easier monetary policies have also led to a pick-up in capital flows to emerging market and developing economies after a period of weakness, as bond spreads for emerging market borrowers moderated in the favorable environment.

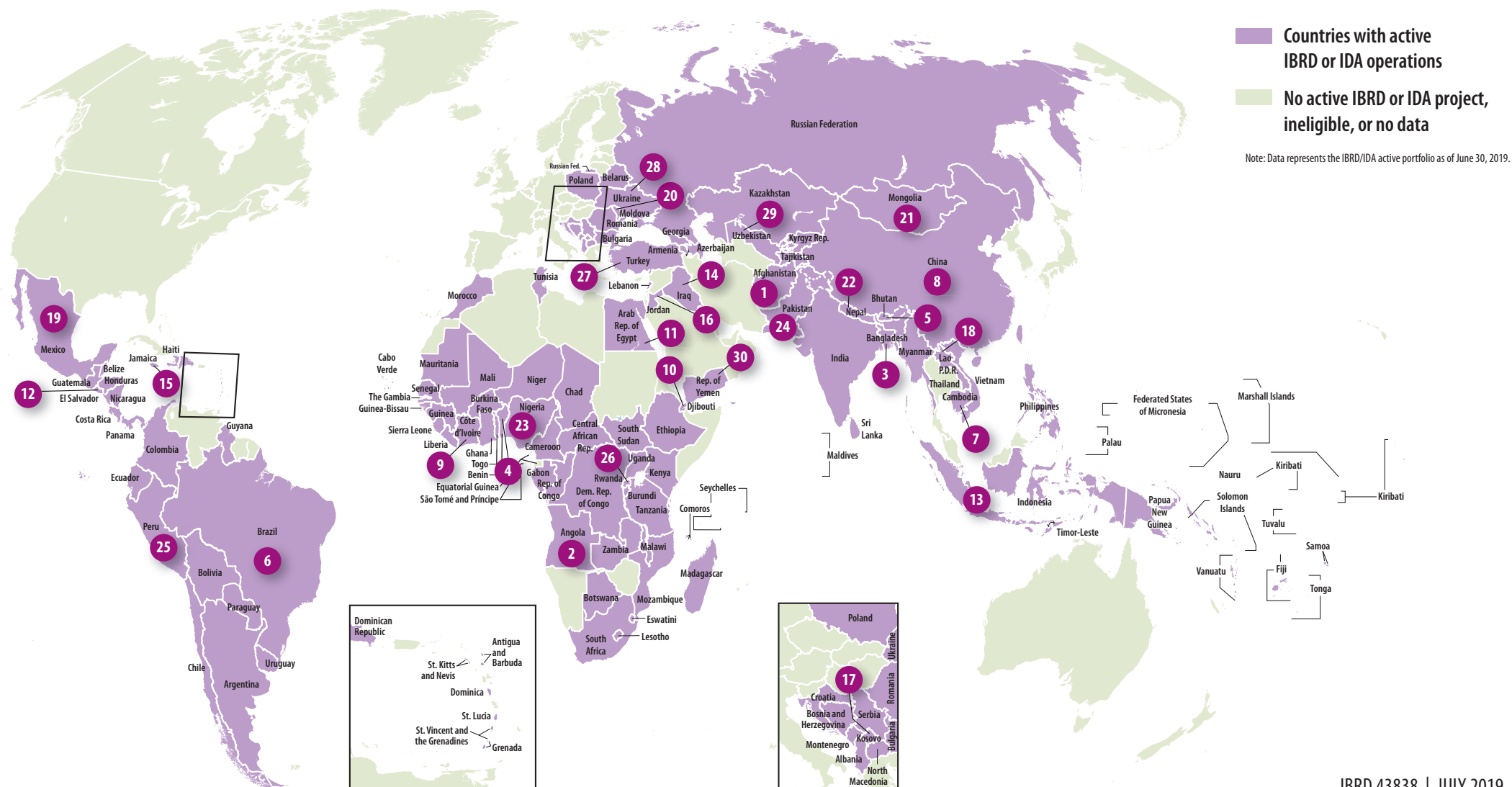
Significant vulnerabilities remain, however. An unusually high degree of policy uncertainty and geopolitical tensions remain overarching sources of risk, which could trigger shifts in investor sentiment that adversely impact the external environment for the Bank's borrowers. Elevated levels of corporate and sovereign debt also present heightened risks, with many governments facing growing contingent liabilities relating to infrastructure projects and to their financial sectors. The strength of macroeconomic policy frameworks of several large borrowers could also be impacted by recent and prospective political changes. Increased protectionist measures weighed on global trade growth this year, and an escalation in such measures could particularly affect the most open economies. Increased protectionism could also affect direct investment flows to developing countries. Commodity prices remain volatile, and their movements impact many borrowers. In particular, actual and potential disruptions to oil supplies from a number of countries present an upward risk for prices.

Committed to Results

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

For more information, visit www.worldbank.org/results.

- 1 Afghanistan:** Since 2016, over 9,000 community profiles have been created, nearly 8,800 new community development councils elected, and almost 7,500 community development plans completed to improve delivery of infrastructure and social services in rural and urban areas.
- 2 Angola:** Between 2015 to 2017, six provincial water and sanitation utilities were created. By April 2019, five of these utilities had recovered costs, and 107,000 households were connected to water supply systems.
- 3 Bangladesh:** By October 2018, 17,500 hectares of block plantations and 2,000 km of strip plantations were completed in climate-vulnerable areas, and nearly 40,000 people residing in areas prone to saline, floods, and droughts received basic needs and livelihood support.
- 4 Benin:** In 2018, a \$30 million policy-based guarantee helped secure a \$300 million commercial loan, replacing short-term commercial debt and saving Benin \$44 million over the life of the loan.
- 5 Bhutan:** From 2014 to 2017, the percentage of people with bank accounts increased from 34 percent to 65 percent after the government improved access to financial services.
- 6 Brazil:** By 2018, peak-hour travel time on São Paulo's Metro Line 4, which transports close to 750,000 passengers daily, was reduced to 32 minutes, compared to over an hour in 2002.
- 7 Cambodia:** By December 2018, about 30,500 households in targeted districts gained access to improved sanitation.
- 8 China:** Between 2010 and 2017, nearly 38,000 households in Jilin adopted standardized farming practices, helping each household increase their annual income by an average of \$430.
- 9 Côte d'Ivoire:** Between 2015 to 2019, 300,000 poor individuals—more than half of them women—benefited from mobile money accounts with cash transfers and access to digital financial services.
- 10 Djibouti:** Since 2012, almost 7,000 households have benefited from increased access to water, and nearly 61,000 heads of livestock have gained access to more secure water supply.
- 11 Arab Republic of Egypt:** Between 2011 and 2016, over 4,400 people were trained on pilot schemes to improve surface and groundwater management.
- 12 El Salvador:** By 2017, the maternal mortality rate in the public system had fallen to 31 deaths per 100,000 live births, from 65.4 in 2006, and infant mortality had dropped to 12.5 deaths per 100,000 live births, compared to 26.9 in 2000.
- 13 Indonesia:** Between 2007 to 2015, block grants to improve health and education services reached almost 5 million people in roughly 5,500 villages across 11 provinces. Nearly 3.5 million women and children received nutrition counseling and support, and 915,000 children were immunized.
- 14 Iraq:** Since 2015, 320 km of roads have been rehabilitated in liberated zones and 19 bridges reconstructed, benefiting over 2 million people.



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15 Jamaica: Between 2010 to 2017, renewable energy generation nearly doubled from 9 percent to 17 percent and dependency on oil imports decreased from 95 percent to 71 percent.

16 Jordan: Since 2013, over 2,000 private sector jobs have been created for the most disadvantaged, with women-owned enterprises representing 85 percent of beneficiaries.

17 Kosovo: Over 900 households across 17 villages were connected to high-speed internet in 2018.

18 Lao People's Democratic Republic: The average time to clear imports, exports, and transits by customs fell by 47 percent, from 17.9 hours in 2009 to 9.4 hours in 2017.

19 Mexico: Since 2009, a rural development project has helped over 1,800 agricultural businesses adopt better renewable energy practices and efficient technologies, cutting carbon emissions by over 6 million tons.

20 Moldova: Between 2012 and 2018, over 180 farmers received matching investment grants and just-in-time business advice on post-harvesting operations, and 65,000 hectares of land were covered under sustainable land management practices.

21 Mongolia: Between 2007 and 2013, 560 classroom libraries were established in all 383 rural primary schools, benefiting 130,000 students, and over 4,500 rural primary teachers and school directors were trained.

22 Nepal: Since 2016, after the government adopted guidelines to generate employment for marginalized communities, over 70 percent of workers recruited for road maintenance have been women, 34 percent from socially underprivileged communities, and 35 percent from minority ethnic groups.

23 Nigeria: Between 2012 and March 2019, nearly 1,560 hectares of degraded land was reclaimed, and more than 9,300 households benefited from livelihood enhancement activities.

24 Pakistan: Between 2015 and 2018, more than 900 schools across Balochistan province became operational. Over 53,000 children—of which 72 percent were girls—enrolled in these schools, with 89 percent retention.

25 Peru: From 2013 to 2018, 5.7 million students benefited from quality public education and more transparent processes for the selection of principals in 40,000 schools.

26 Rwanda: Between 2009 and 2017, the productivity of hillside agriculture increased tenfold in targeted irrigated areas and fivefold in targeted non-irrigated areas, benefiting 292,000 people and reducing erosion and sediment load by 76 percent.

27 Turkey: By the end of 2018, energy generation capacity was expanded to 88.5 gigawatts, representing a roughly 47 gigawatt increase in less than 10 years, with 59 percent of this coming from renewable sources.

28 Ukraine: The Pension Reform Law, approved in October 2017, helped bolster the average pension benefit to more than 27 percent of the average wage.

29 Uzbekistan: Between 2016 and 2018, over 55,000 children aged 3–6 years were enrolled in half-day preschools, over 4,000 preschool teachers were trained, and materials and equipment were provided to more than 2,400 rural preschools.

30 Republic of Yemen: Since 2017, cash transfers have been provided to nearly 1.5 million poor and vulnerable households, reaching 9 million individuals. Forty-five percent of the direct recipients were women.

World Bank Annual Report 2019

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 www.worldbank.org/financialresults.

Additional IBRD and IDA financial, lending, and organizational information is available on the World Bank Annual Report 2019 website: www.worldbank.org/annualreport.

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

- Finances One: financesapp.worldbank.org
- Corporate Scorecard: scorecard.worldbank.org
- World Bank Open Data: data.worldbank.org
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- World Bank Corporate Responsibility: www.worldbank.org/corporateresponsibility
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ISBN: 978-1-4648-1470-9
eISBN: 978-1-4648-1471-6
doi: 10.1596/978-1-4648-1470-9



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SKU: 211471