

THE WORLD BANK ANNUAL REPORT 2011 YEAR IN REVIEW





THE BOARD OF EXECUTIVE DIRECTORS

The Executive Directors are responsible for the conduct of the Bank's general operations. They perform their duties under powers delegated by the Board of Governors. As provided in the Articles of Agreement, 5 of the 25 Executive Directors are appointed by single countries having the largest number of shares. The rest are elected by the other member countries, which form constituencies in an election process conducted every two years. The resident Board of Executive Directors represents the evolving perspectives of member countries on the global role of the Bank as well as clients' experiences with the Bank's operations on the ground.

The Board considers and decides on IBRD loan and guarantee proposals and IDA credit, grant, and guarantee proposals made by the President. Executive Directors fulfill an important role in guiding the general operations of the Bank and its strategic direction. They are also responsible for presenting to the Board of Governors an audit of accounts; an administrative budget; *The World Bank Annual Report* on the fiscal year results, operations, and policies of the Bank; and any other matters that, in their judgment, require submission. The Independent Evaluation Group (IEG) reports directly to the Board of Executive Directors, providing independent advice on the relevance, sustainability, efficiency, and effectiveness of operations. The Board also monitors the compliance of projects with operational policies and procedures through the independent Inspection Panel, which reports to the Board. (See <http://ieg.worldbankgroup.org> and <http://worldbank.org/inspectionpanel>.)

Executive Directors serve on one or more standing committees: the Audit Committee, Budget Committee, Committee on Development Effectiveness, Ethics Committee, Committee on Governance and Administrative Matters, and Human Resources Committee. With the committees' help, the Board discharges its oversight responsibilities through in-depth examinations of policies and practices. The Executive Directors' Steering Committee, an informal advisory body, also meets regularly.

Directors periodically visit member countries to review Bank assistance in progress. They meet a wide range of people, including resident mission Bank staff, project managers, beneficiaries, and government officials, as well as representatives of nongovernmental organizations, the business community, other development partners, and financial institutions. In April and May of 2011, Directors visited Brazil and El Salvador.

Board Achievements of 2011

Executive Directors continued to play an important role as the World Bank faced many challenges in a global postcrisis economy. The Board considered a number of key documents in preparation for the Committee on Development Effectiveness meetings. These included the *World Development Report 2011*, which focuses on conflict, security, and development, and *Responding to Global Food Price Volatility and Its Impact on Food*

Security, which examines the Bank's responses to food price increases and climate change risks.

Executive Directors also discussed progress on the Millennium Development Goals (set forth in the 2011 *Global Monitoring Report*) and governance reform efforts (described in the "World Bank Group Modernization" paper and the "Strengthening Governance and Accountability: Shareholder Stewardship and Oversight" report). The Board approved a proposal for an open, merit-based, and transparent process of selecting the World Bank Group President, as well as a proposal on a dual process for evaluating the performance of the World Bank President and the Board. The Board also gave its attention to the ongoing ministerial-level dialogue on climate change initiated during the Spring Development Committee Meetings and began to evaluate a new energy strategy for the World Bank Group.

As part of its voice and governance reform efforts, the Board continued pursuing several initiatives. The third African Executive Director, representing Angola, Nigeria, and South Africa, officially joined the Board in November 2010. The voting power of developing countries and transition economies increased to 47.19 percent as part of a Phase II of reforms. Executive Directors discussed proposals on a prototype corporate scorecard, on greater delegated authority, and on the role of oversight units within the World Bank.

The 2010 Annual Meetings saw changes that made the meetings more efficient. They included a shorter, more focused plenary session and an online Open Forum, which strengthened communication between the World Bank and civil society, academia, the private sector, and the general public. In addition, Board of Governor statements were made available online for viewing by the public. These changes were in keeping with the Access to Information Policy that came into effect at the beginning of fiscal 2011.

The Board also supported preparations for the 16th replenishment of IDA, which resulted in donor pledges of \$49.3 billion—an increase of 18 percent over the last IDA replenishment of three years ago. New and emerging donors played an important role in the 16th replenishment.

As part of the replenishment, Executive Directors approved a special allocation for Haiti and established a dedicated Crisis Response Window to help client countries respond rapidly to emergencies. They also affirmed their commitment to achieving the MDGs by 2015, especially in lagging regions and fragile states and for vulnerable and excluded populations.

The Board approved more than \$42 billion in financial assistance in fiscal 2011, comprising about \$26 billion in IBRD lending and \$16 billion in IDA support. Executive Directors also reviewed 39 country assistance strategy products, 28 of which were prepared jointly with the IFC. The Board approved an administrative budget for the World Bank of \$1.8 billion for fiscal 2012. (See <http://worldbank.org/boards>.)

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

The challenges we face today offer risks and opportunities: historic changes in the Middle East and North Africa; high and volatile food and fuel prices; rising inflation in emerging markets with some danger of overheating; the ravages caused by natural disasters—as well as better prospects for inclusive, sustainable development, leading to the creation of multiple poles of global growth; rising private and public investment in infrastructure, creating jobs today and higher productivity tomorrow; the recoveries of fragile states, often coming out of conflict; and the benefits of greater transparency and openness.

As *The World Bank Annual Report 2011* portrays, helping developing countries meet these challenges, manage the risks, and seize the opportunities has been central to our work over the past year. Our support goes beyond financial support and development advice. Increasingly, the Bank Group is linking developing countries so they can share knowledge gained from their experiences.

This year, we have been urging the world to “put food first.” Higher food prices have pushed 44 million more people into extreme poverty. To help alleviate soaring food prices and increase agricultural productivity, the Bank Group has boosted its spending on agriculture to about \$6 billion–\$8 billion a year, from \$4.1 billion in 2008. The Global Food Crisis Response Program is helping some 40 million people in 44 countries through \$1.5 billion in support. We are strong supporters of the Consultative Group on International Agricultural Research (CGIAR), and serve as Trustee for its new Fund. The Bank Group is also playing a leading advocacy role on food security, urging the Group of 20 (G-20) for global action.

We continue to support the poor and vulnerable through efficient and effective safety nets and conditional cash transfer systems (CCTs). Our programs support over three dozen countries by strengthening CCTs and sharing knowledge around the globe of how to make these systems effective. We are working across multiple sectors—health, nutrition, education, and social protection—with a renewed focus on systems, access, and results.

Africa is back on a path of strong growth—above its precrisis growth rate. For the third successive year the Bank has been able to provide a record level of support (\$7 billion) to the region. The Bank also released its new Africa Strategy this year, crafted through extensive research and consultations, especially with the people in Africa. The strategy marks a shift in the way we approach the region, with a new focus on partnership, knowledge, and finance.

The G-20 had tasked the Bank Group to work with others on analyzing how best to mobilize sources of climate change financing. We are now helping 130 countries on adaptation and mitigation. We have raised about \$6.4 billion for our Climate Investment Funds, and they have catalyzed

about \$50 billion in total climate finance. The Bank Group has also increased financing of ecosystem and biodiversity services. At the Nagoya Biodiversity Summit in September, we launched an innovation to “green” national accounts by putting the value of natural resources into how a country measures its economy.

Our most recent *World Development Report* (2011) is helping to focus further attention on efforts to promote stability, and then growth and opportunity, in those fragile, often postconflict states that are home to the world’s poorest. Our research proposes strengthening national institutions and improving governance through a focus on citizen security, justice, and jobs. We are now concentrating on how to adapt our operations to meet these needs, including increasing staffing and opening a practice hub in Nairobi.

The Bank Group has been focused on events in the Middle East and North Africa this year, where we have seen the impact and challenges posed by citizens demanding change. The region’s people deserve a new social contract that gives them a bigger say in their future, justice, and jobs. Our rapid response draws on learning, experience, and flexibility—while recognizing the long-term challenges. Thus we are emphasizing short-term job creation connected to long-term job investment; boosting trade to strengthen investment; and targeted safety nets to ensure the most vulnerable are not forgotten. To help the Arab Republic of Egypt and Tunisia, the Bank Group announced up to \$6 billion in new support over the next two years.

As a Group, we continue to focus on infrastructure—our largest investment sector—as well as efforts to connect investment to private sector financing, which include supporting public private partnerships. This year, together with the Government of Singapore, we launched the Infrastructure Finance Center of Excellence. The center combines global knowledge from developed and developing economies with the Bank Group’s operational and technical expertise to provide customized services to governments as they develop mechanisms to finance infrastructure, including with more private capital.

The Bank’s cooperation with IFC and MIGA is a key part of our overall development work because the private sector can be a driver of change,



growth, and opportunity in developing countries. We support private sector investment across the agricultural value chain, in telecom development, and to broaden financial inclusion; and we are connecting the private sector to investments in health services, infrastructure, education, and training—all of which are making important contributions to job creation.

We see rapidly expanding South–South exchanges of financial resources, development experience, and trade and investment opportunities. The Bank Group is learning from these exchanges, and increasing our efforts to expand new knowledge, financial innovation, and fresh approaches to all poor countries. Our strong Treasury team is keeping funding costs low, and passing on the benefits to clients.

Moreover, we have thrown open the doors to our knowledge. The Bank Group's groundbreaking Access to Information Policy has set a new standard for transparency among international institutions, and our Open Data Initiative gives access, free of charge, to more than 7,000 data sets. This year the Bank Group scored the highest ratings on aid transparency among 30 leading multilateral and bilateral aid agencies.

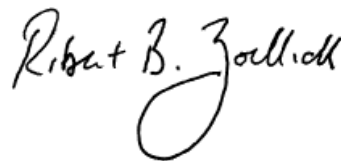
We continue to integrate our governance and anticorruption agenda into all of the Bank Group's work across countries, sectors, and projects. We have also strengthened our enforcement over the past year, with major debarments to hold firms accountable for wrongdoing, and new cooperation agreements with international agencies to help counter corruption and ensure more effective prosecutions. In addition, we are strengthening our preventive measures, helping Bank staff identify "red flags" in procurement and better manage integrity risks in development projects.

The World Bank Group continues to operate under a real flat budget, for the seventh consecutive year, even as we are dealing with larger volumes of business. We are using each available dollar to support poor and developing countries.

During fiscal 2011 the Bank Group committed \$57.3 billion in loans, grants, equity investments, and guarantees to its members and to private businesses. IBRD commitments totaled \$26.7 billion compared with \$44.2 billion in 2010, but still above precrisis levels. IDA, the Bank's fund for the poorest countries, made commitments of \$16.3 billion, a 12 percent increase over last year. Support from IFC increased by 3 percent to \$12.2 billion, and MIGA issued \$2.1 billion in guarantees, a 43 percent increase over fiscal 2010.

In addition, this year a broadened coalition of 51 donors pledged a record-breaking IDA16 replenishment of \$49.3 billion for the next three fiscal years—an increase of 18 percent over IDA15. Moreover, our shareholders approved the first general capital increase for the Bank Group in more than 20 years, along with a selective capital increase, boosting our capital by more than \$86 billion.

None of the work we do would be possible without the dedication of the World Bank Group's staff in Washington and in our country offices, with whose commitment we are transforming into a more dynamic, flexible, open, and innovative institution. Thank you. I am also grateful to our Board of Executive Directors, the Governors, and our many contributors and partners for their ongoing support and counsel.

A handwritten signature in black ink that reads "Robert B. Zoellick". The signature is written in a cursive style with a large, looping 'Z' at the end.

Robert B. Zoellick

THE WORLD BANK ANNUAL REPORT 2011

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World Bank Regions, Country Offices, and Borrower Eligibility

See [The World Bank at Work: Results from the Field](#), a special insert in the center of this report.

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This Annual Report, which covers the period from July 1, 2010, to June 30, 2011, 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. Robert B. Zoellick, President of IBRD and IDA, and Chairman of the Board of Executive Directors, has submitted this report, together with the accompanying administrative budgets and audited financial statements, to the Board of Governors.

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

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

THE ROLE OF IBRD

The International Bank for Reconstruction and Development (IBRD) is a global development cooperative owned by 187 countries. It works with its members to achieve equitable and sustainable economic growth in their national economies and to find solutions to pressing regional and global problems in economic development and in other important areas such as environmental sustainability. It pursues its overriding goal—to overcome poverty and improve standards of living—primarily by providing loans, risk management products, and expertise on development-related disciplines and by coordinating responses to regional and global challenges. (See <http://www.worldbank.org/ibrd>.)

IBRD Financial Commitments and Services

New lending commitments by IBRD reached \$26.7 billion, including 132 operations, in fiscal 2011—significantly more than the historical average (\$13.5 billion in fiscal 2005–08). This follows the record \$44.2 billion in fiscal 2010 when the crisis peaked. Latin America and the Caribbean received the largest share of IBRD's new lending (\$9.2 billion), followed by East Asia and Pacific (\$6.4 billion), and Europe and Central Asia (\$5.5 billion). Among sectors, Public Administration, Law, and Justice received the highest share of commitments (22 percent), followed by Transportation (19 percent), Energy and Mining (17 percent), and Health and Other Social Services (17 percent). The themes receiving the largest commitments were Financial and Private Sector Development (\$5.6 billion), Environment and Natural Resources Management (\$5 billion), and Social Protection and Risk Management (\$3.9 billion).

IBRD also offers financial products that allow clients to efficiently fund their development programs and manage risks related to currency, interest rates, commodity prices, and natural disasters. In fiscal 2011 the Bank's Treasury executed U.S. dollar equivalent (USDeq) 5.6 billion in hedging transactions on behalf of member countries, including USDeq 5.5 billion in interest rate hedges and USDeq 60 million in currency hedges (all local currency conversions). It also executed swap transactions totaling USDeq

6.8 billion to manage the risks of its balance sheet. In addition, Treasury executed USDeq 2.5 billion in swaps on behalf of the International Finance Facility for Immunisation and USDeq 7.2 billion in swaps for IDA.

IBRD Resources

IBRD obtains most of its funds by issuing bonds in international capital markets. In fiscal 2011 it raised USDeq 29 billion by issuing bonds in 26 currencies. Because of its standing in the capital markets and its financial strength, IBRD was able to borrow these large volumes on very favorable terms despite volatile market conditions. The Bank's strength is based on IBRD's prudent financial policies and practices, which help maintain its triple-A credit rating. 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. IBRD's allocable net income rose to \$996 million in fiscal 2011, up from \$764 million in fiscal 2010.

Consistent with IBRD's development mandate, the principal risk it takes is the country credit risk inherent in its portfolio of loans and guarantees. One summary measure of the Bank's risk profile is the ratio of equity to loans and long-term investment assets, which is closely managed in line with the Bank's financial and risk outlook. This ratio stood at 28.7 percent as of June 30, 2011. To enhance IBRD's financial capacity, the Development Committee endorsed a package of measures, including an \$86.2 billion general and selective capital increase, with \$5.1 billion in paid-in capital, and the Board of Governors approved the capital increase resolutions in March 2011.

THE ROLE OF IDA

The International Development Association (IDA), the World Bank's fund for the poorest countries, is the largest multilateral channel of concessional financing to the world. Its funding supports countries' efforts to boost economic growth, reduce poverty, and improve the living conditions of the poor. This fiscal year 79 countries were eligible to receive IDA assistance. (See <http://www.worldbank.org/ida>.)

FIGURE 1

IBRD RATIO OF EQUITY TO LOANS AND LONG-TERM INVESTMENT ASSETS | AS OF JUNE 30, 2011 PERCENT

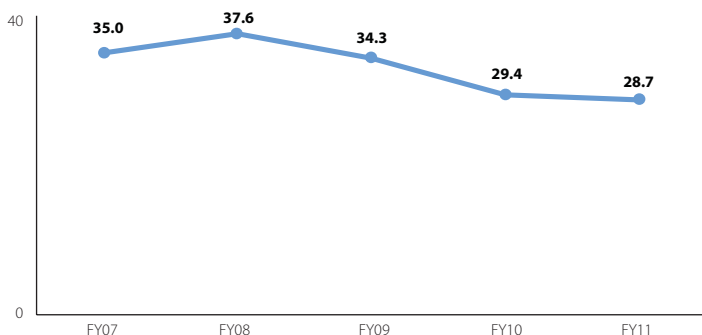
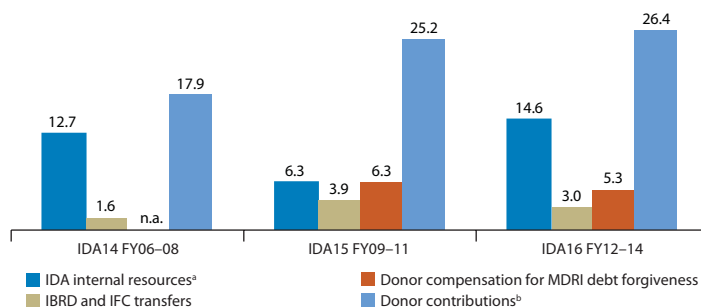


FIGURE 2

IDA REPLENISHMENTS BILLIONS OF DOLLARS



Note: n.a. = not applicable. Data reflects final replenishment reports and exchange rates used during the replenishment discussions.

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

b. Net of structural financing gap.

IDA Financial Commitments

IDA commitments reached \$16.3 billion in fiscal 2011, including \$13.45 billion in credits and \$2.82 billion in grants. The largest share of resources was committed to Africa, which received \$7.0 billion. South Asia (\$6.4 billion) and East Asia and Pacific (\$1.6 billion) also received large shares of committed funding. Bangladesh (\$2.1 billion) and India (\$2.1 billion) were the largest country recipients.

Commitments for infrastructure rose to \$6.9 billion, a 28 percent increase over fiscal 2010. Significant support was also committed to the Public Administration, Law, and Justice sector (\$3.7 billion) and to Health and Other Social Services (\$2.2 billion). The themes receiving the largest commitments were Rural Development (\$3.0 billion), Financial and Private Sector Development (\$2.4 billion), and Urban Development (\$2.0 billion).

IDA Resources

IDA is financed largely by contributions from donor governments. Additional financing comes from transfers from IBRD's net income, grants from IFC, and borrowers' repayment of earlier IDA credits. Every three years donor governments and representatives of borrower countries meet to discuss IDA's policies and priorities and to agree on the volume of new resources required to fund its lending program over the subsequent three fiscal years. Under the 15th Replenishment (IDA15), which covered fiscal 2009–11, total resources were \$43.7 billion, including new donor contributions of \$25.7 billion and donor Multilateral Debt Relief Initiative compensation of \$4.9 billion.

Discussions for the IDA16 replenishment concluded in December 2010, resulting in a record-level envelope of 32.8 billion special drawing rights (SDR) (equivalent to \$49.3 billion using the IDA16 replenishment exchange rate). Funding sources for IDA16, which covers fiscal 2012–14, include donor resources of SDR 17.6 billion (\$26.4 billion) from 52 countries, including 7 new donors; donor compensation for debt forgiveness of SDR 3.5 billion (\$5.3 billion); credit reflows of SDR 9.7 billion (\$14.6 billion), including funds from accelerated credit repayments and hardening of credit terms; and transfers from within the World Bank Group, including associated investment income, of SDR 2.0 billion (\$3.0 billion).

The overarching theme and main focus of IDA16 is the achievement, enhanced monitoring, and communication of development results, with stronger emphasis on the measurement of results. Special themes include crisis response, gender issues, climate change, and fragile and conflict-affected countries. IDA16 includes funding for a dedicated crisis response window to help low-income countries deal with the impact of natural disasters and severe economic shocks. The new replenishment will also help recipient countries adapt to the negative impacts of climate change and strengthen the Bank's engagement in postconflict states.

FIGURE 3

TOTAL IBRD-IDA LENDING BY REGION | FISCAL 2011 SHARE OF TOTAL LENDING OF \$43.0 BILLION

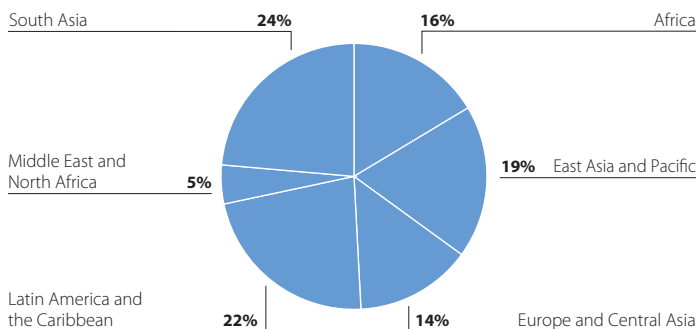


FIGURE 4

TOTAL IBRD-IDA LENDING BY THEME | FISCAL 2011 SHARE OF TOTAL LENDING OF \$43.0 BILLION

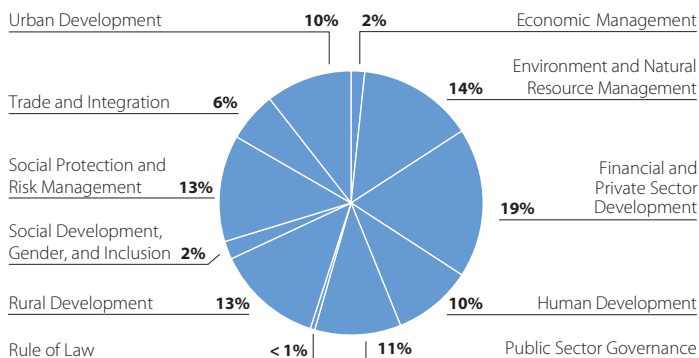


FIGURE 5

TOTAL IBRD-IDA LENDING BY SECTOR | FISCAL 2011 SHARE OF TOTAL LENDING OF \$43.0 BILLION

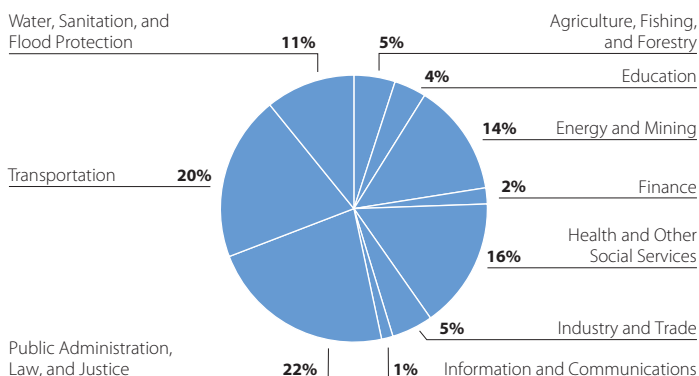


TABLE 1

WORLD BANK LENDING BY THEME AND SECTOR | FISCAL 2006–11

MILLIONS OF DOLLARS

THEME	FY06	FY07	FY08	FY09	FY10	FY11
Economic management	214	248	397	2,305	3,950	655
Environment and natural resource management	1,387	2,017	2,662	5,085	4,337	6,102
Financial and private sector development	6,138	4,261	6,156	9,695	17,726	7,981
Human development	2,600	4,089	2,281	6,379	8,421	4,228
Public sector governance	3,821	3,390	4,347	6,108	5,750	4,518
Rule of law	758	424	304	16	207	169
Rural development	2,216	3,176	2,277	4,299	5,004	5,636
Social development, gender, and inclusion	1,094	1,250	1,003	813	952	908
Social protection and risk management	1,892	1,648	882	5,296	5,006	5,691
Trade and integration	1,611	1,570	1,393	3,444	1,818	2,604
Urban development	1,911	2,623	3,001	3,467	5,575	4,514
THEME TOTAL	23,641	24,696	24,702	46,906	58,747	43,006
SECTOR	FY06	FY07	FY08	FY09	FY10	FY11
Agriculture, fishing, and forestry	1,752	1,717	1,361	3,400	2,618	2,128
Education	1,991	2,022	1,927	3,445	4,945	1,733
Energy and mining	3,030	1,784	4,180	6,267	9,925	5,807
Finance	2,320	1,614	1,541	4,236	9,137	897
Health and other social services	2,132	2,752	1,608	6,305	6,792	6,707
Industry and trade	1,542	1,181	1,544	2,806	1,251	2,167
Information and communications	81	149	57	329	146	640
Public Administration, law, and justice	5,858	5,468	5,296	9,492	10,828	9,673
Transportation	3,215	4,949	4,830	6,261	9,002	8,638
Water, sanitation, and flood protection	1,721	3,059	2,360	4,365	4,103	4,617
SECTOR TOTAL	23,641	24,696	24,702	46,906	58,747	43,006
Of which IBRD	14,135	12,829	13,468	32,911	44,197	26,737
Of which IDA	9,506	11,867	11,235	13,995	14,550	16,269

Note: Effective fiscal 2005, lending includes guarantees and guarantee facilities. Numbers may not add to totals because of rounding. Fiscal 2009 IDA lending excludes HIPC grants totaling \$45.5 million.

TABLE 2

OPERATIONAL SUMMARY | FISCAL 2011

MILLIONS OF DOLLARS

IBRD	FY07	FY08	FY09	FY10	FY11
Commitments	12,829	13,468	32,911	44,197	26,737
Of which development policy lending	3,635	3,967	15,532	20,588	9,524
Gross disbursements	11,055	10,490	18,565	28,855	21,879
Of which development policy lending	4,096	3,485	9,138	17,425	10,582
Principal repayments (including prepayments)	17,231	12,610	10,217	11,624	13,885
Net disbursements	(6,176)	(2,120)	8,347	17,231	7,994
Loans outstanding	97,805	99,050	105,698	120,103	132,459
Undisbursed loans	35,440	38,176	51,125	63,574	64,435
Operating income ^a	1,659	2,271	572	800	1,023
Usable capital and reserves	33,754	36,888	36,328	36,106	38,689
Equity-to-loans ratio	35%	38%	34%	29%	29%

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

IDA	FY07	FY08	FY09	FY10	FY11
Commitments	11,867	11,235	14,041 ^a	14,550	16,269
Of which development policy lending	2,645	2,672	2,820	2,370	2,032
Gross disbursements	8,579	9,160	9,219	11,460	10,282
Of which development policy lending	2,399	2,813	1,872	3,228	1,944
Principal repayments (including prepayments)	1,753	2,182	2,209	2,349	2,501
Net disbursements	6,826	6,978	7,010	9,111	7,781
Credits outstanding	102,457	113,542	112,894	113,474	125,287
Undisbursed credits	24,517	27,539	29,903	30,696	38,059
Undisbursed grants	4,642	5,522	5,652	5,837	6,830
Development grant expenses	2,195	3,151	2,575	2,583	2,793

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

POSTCRISIS DIRECTIONS

REAL-TIME RESPONSE TO RENEWED CHALLENGES

The impact of the worst financial and economic crisis since the Great Depression ebbed in 2010, as world output increased by an estimated 3.9 percent, led by strong domestic demand in developing countries. The bounce-back is projected to slow to 3.3 percent in 2011 before picking up to 3.6 percent in 2012.

In contrast to many high-income countries and countries in Europe and Central Asia where growth remains sluggish, most developing countries have recovered—or are in the process of recovering—to precrisis levels. Rising South-South investments, particularly investments originating in Asia, have played an important role in the rebound. The economies of Brazil, China, India, Indonesia, the Republic of Korea, and the Russian Federation are poised to account for more than half of all global growth by 2025. They will help drive growth in lower-income countries through cross-border commercial and financial transactions, according to a new World Bank report, *Global Development Horizons*.

An Independent Evaluation Group (IEG) assessment of the World Bank's response to the crisis showed that the principal recipients of Bank lending were middle-income countries. With these countries leading the global recovery, this engagement shows the part that the Bank now plays in stabilizing world economic growth. In its evaluation IEG concluded that taking a strategic approach, balancing capital adequacy, and effectively deploying resources have had clear benefits in the crisis recovery.

The waning of the crisis, which affected developed countries even more than developing countries, did not usher in a new era of stability. The world is facing tremendous new risks and challenges, including high food prices; rising fuel prices, which increase the price of food and threaten social stability; political upheaval in the Middle East and North Africa; natural disasters; climate change; slowed growth in the developed world; accelerating inflation in emerging markets; and sovereign debt issues in Europe. For the poor, by far the greatest peril is high and volatile food prices.

Facing Higher Food Prices

New pressures on the poor in developing countries emerged as food prices rose by double digits, almost reaching the record levels of 2008. Food price increases from June to December 2010 resulted in an estimated overall net increase in the number of poor by 44 million people in developing countries. Globally, the prices of wheat, maize, sugar, and food oil rose sharply, and in many developing countries, food prices are now the key challenge. All major agricultural outlooks forecast that at least until 2019, international food prices will remain above the prices of the previous decade.

The Global Food Price Crisis Response Program, established by the Bank in May 2008, provided immediate relief to countries hard hit by high food prices. Through June 2011 the program had approved \$1,500.1 million; 77 percent had been disbursed. Total Bank-funded, Board-approved projects under the program amounted to more than \$1.2 billion, including \$202.4 million from the Food Price Crisis Response Trust Fund (for 27 countries, 17 of them in Africa); \$835.8 million from IDA (for 13 countries); and \$200 million from IBRD (for a project in the Philippines). The program was recently extended for one more year, until June 2012, to allow for a swift response to calls for assistance from countries heavily impacted by the rising food prices.



An elderly Croatian woman shops for vegetables in a Zagreb market. High and volatile food prices, nearing 2008 records, now represent the key development challenge for many countries.

Photo: Peter Thompson

The Bank also administers the Global Agriculture and Food Security Program, which focuses on mid- to long-term initiatives. Created in April 2010 at the request of the Group of 20 (G-20), this program funds country-led agriculture and food security plans and helps promote investments in smallholder agriculture in low-income countries. Since its launch, the program has awarded \$481 million in grants to 12 countries.

A range of measures is also helping to sustain nutrition among vulnerable groups. The Bank is working with the World Food Programme to help feed 22 million children in about 60 countries, as well as coordinating efforts with United Nations agencies through the High-Level Task Force on the Global Food Security Crisis and with nongovernmental organizations (NGOs).

Meeting the MDGs

Before the crisis many countries and regions had made substantial progress toward the Millennium Development Goals (MDGs). Globally, deaths of children under age five have declined in developing countries, falling from 101 per 1,000 live births in 1990 to 73 in 2008. Primary education enrollment has increased, although poor children and children in rural areas have benefited less than children elsewhere. Rapid growth has occurred in East Asia and Pacific, and poverty rates have been dropping in South Asia.

Bank support has made a significant difference in results. To improve education, the Bank has committed nearly \$25.3 billion, including more than \$13.3 billion for IDA countries, since 2000. IDA support for education was \$1.1 billion in new commitments in fiscal 2011.

World Development Indicators 2010 found that the target to reduce by half the number of people living in extreme poverty is within reach, thanks in part to rapid economic growth in Asia. However, at the country level, only 49 of 87 countries are on track to achieve the poverty target. High, unstable food prices are hampering progress toward the MDGs, primarily those related to health but also those MDGs that food prices affect indi-

rectly, such as education. High food prices are increasing hunger and malnutrition, leaving millions of children too weak to attend school.

Improving Risk Management and Disaster Recovery Response

Exchange rates, interest rates, and commodity prices have been volatile in recent years, and natural disasters have had particularly severe effects on growing urban areas (see below). In addition to supporting safety net programs, the Bank is providing client countries with risk management strategies and financial products that help reduce their vulnerabilities.

This fiscal year the Bank provided 40 countries with financial products and advisory services on public debt management. The volume of risk management transactions the Bank executed on behalf of client countries to manage the volatility of currencies and interest rates was USDeq 5.6 billion.

Addressing Youth Unemployment

Youth unemployment is a serious problem in many developing regions. It is most severe in the Middle East and North Africa, where more than 40 percent of young people in some countries are jobless. Young urban men are at a particular disadvantage in the labor market, with many underemployed, employed in off-the-books informal work, or not employed at all. Youth unemployment not only increases poverty, it also leads to political turmoil and causes undesirable social consequences, such as low marriage rates. The long-standing problem of youth unemployment has been exacerbated by the region's recent revolutions.

The Bank is conducting research in the Arab Republic of Egypt, Jordan, and Morocco on the main trends in employment and social outcomes

for young people. This work has involved piloting job-creating programs, collecting data, and developing new instruments, such as a tool for measuring youth participation in the labor market and community life.

Under the umbrella of its Arab World Initiative, the Bank is also working with the League of Arab States to jump-start youth programs, including voluntary service, in the region. A proposed grant would help the league and several countries implement the programs.

In October 2010, 18 Arab states signed the Doha Declaration on Education Quality, committing them to implement a system for evaluating schools, teachers, and students and to make results publicly available. Countries are also seeking ways to bring disaffected youth back into the educational system and to increase their involvement in communities and society. Morocco's National Human Development Initiative, for instance, provides funding to programs that shelter orphans, street children, and other vulnerable populations. The Bank is backing many of these national efforts with financing, policy advice, and analytical work.

The problem of unemployment is not limited to the Middle East and North Africa or to the young. The base unemployment rate is high in many African countries, and youth in Africa are three times more likely to be unemployed than adults age 25 and older. In Indonesia more than 20 percent of workers ages 15–24 are unemployed—five times the rate for older workers.

EDUCATION, HEALTH, AND SOCIAL PROTECTION AND LABOR

In the face of continuing challenges, including high food prices and unemployment, in fiscal 2011 the Human Development Network assisted client countries and their development partners to help them work toward the

REDUCING THE HUMAN AND PHYSICAL COSTS OF NATURAL DISASTERS

Storms, floods, earthquakes, and droughts caused more than 3.3 million deaths and \$2.3 trillion (in 2008 dollars) in damage between 1970 and 2008—and projections indicate that the human and material costs will rise significantly. Even without climate change, damage from weather-related hazards may triple to \$185 billion a year by 2100, according to *Natural Hazards, UnNatural Disasters: The Economics of Effective Prevention*, a World Bank–United Nations report released this fiscal year. Factoring in losses from climate change could add another \$28 billion–\$68 billion from tropical cyclones alone. These projections mean that prevention is more important than ever, a finding echoed by IEG in several real-time evaluations it made public following the floods in Pakistan in July and August 2010.

The Bank is actively helping client countries prevent, mitigate, and recover from natural disasters. After flooding devastated Pakistan, the national government requested the assistance of the World Bank, the Asian Development Bank, and other donors in assessing the damage. To facilitate access to and disseminate data to ex-

perts in 17 sectors in the various institutions involved in the damage and needs assessment, the Bank established a web-based virtual data center. Created through Lotus Quickr, the “Teamroom” can be accessed not only by Bank staff but also by people outside the Bank who register through the Bank's administrator. By maintaining communication with data teams in the field, coordinating across sector teams, ensuring the quality and consistency of the data by developing a comprehensive data-posting protocol, and keeping stakeholders apprised of all data uploaded, the Bank played a critical role in identifying what needed to be done following the disaster.

Following the January 2011 mudslides in the state of Rio de Janeiro that killed more than 800 people and left thousands more without homes, the Bank approved a \$485 million housing project to benefit 2 million people who lived in informal low-income settlements there. The project will also help the government better manage disaster risks and improve planning and territorial growth management.

Immediately after the March 2011 earthquake and tsunami in Japan that killed more than 15,000 people, the Bank expressed its readiness to provide support, noting its extensive experience in disaster risk management and ability to mobilize and deploy specialists to support recovery and reconstruction efforts. It also monitored the potential economic impacts.

The financial protection of the state in the event of natural disasters is gaining increasing attention among developing countries, the donor community, and international financial institutions. This fiscal year clients continued to take advantage of the Bank's disaster risk financing services. Colombia responded quickly to emergency needs with the help of funds available through a Catastrophe Deferred Draw-down Option (Cat DDO) after the country's worst rainy season in decades caused massive floods and landslides. Two other countries (El Salvador and Peru) also signed Cat DDOs this fiscal year.

transformational human and economic promises of the MDGs within the next four years.

Education

As one of the largest external funders of education in the developing world, the Bank is a key player in global efforts to reach the education MDGs—universal primary completion and gender parity—and to achieve quality learning for all. The Bank invested more than \$1.7 billion in education this fiscal year and currently manages a portfolio of \$11.2 billion. At the UN Summit on the MDGs in September 2010, the Bank pledged to increase its IDA resources for basic education by \$750 million over the following five years to assist countries not on track to reach the goals by 2015, particularly in Africa and South Asia. (See <http://worldbank.org/education>.)

Thanks in part to Bank support, three-quarters of the countries in East Asia and Pacific, Europe and Central Asia, and Latin America and the Caribbean have met or are on track to meet the education MDGs. During the past decade the total number of out-of-school children worldwide declined from 106 million to 69 million, and net primary enrollment in Africa rose from 58 percent to 76 percent. Since 2000 IDA financing for the world's poorest has helped recruit or train 3 million additional teachers and build more than 2 million new classrooms—benefiting more than 100 million children every year.

In April 2011 the Bank launched its Education Strategy 2020, Learning for All: Investing in People's Knowledge and Skills to Promote Development, a road map for the next 10 years that emphasizes the need to invest early, invest smartly, and invest for all. The Bank will focus on working in strategic partnerships to help developing countries strengthen education systems beyond inputs and to build a global knowledge base for reform. New tools for assessing education systems will benchmark education policies according to evidence-based global standards and best practice, from early childhood development to higher education and beyond.

Collaboration with a host of development partners, including the Education for All—Fast Track Initiative, United Nations Education, Scientific, and Cultural Organization (UNESCO), and United Nations Children's Fund (UNICEF), advances the global commitment to achieve the goals of the Education for All Initiative and the education MDGs. The Bank also partners with the U.K. Department for International Development (DFID) to strengthen the evidence base for what works in education policy, and through the Russia Education Aid for Development (READ) trust fund, to build capacity for learning assessment.

Health, Nutrition, and Population

New investments in health, nutrition, and population programs totaled almost \$3 billion in fiscal 2011. The portfolio is at a historic high of \$10.8 billion, more than half of which goes to the world's poorest countries. Investments in these programs help strengthen health systems; boost the prevention and treatment of communicable diseases; improve child and maternal health, nutrition, hygiene, and sanitation; and protect the poor from the impoverishing effects of high and unpredictable out-of-pocket spending.



At a village school in rural Mali, students gather to immerse themselves in their studies.

Photo: Ray Witlin

IDA commitments during the past decade have provided more than 47 million people with access to the basic package of health, nutrition, and population services; helped deliver antiretroviral therapies to almost 2 million adults and children with HIV; provided 2.5 million pregnant women with antenatal care; immunized 310 million children; provided 98 million children with targeted interventions to improve nutrition; purchased or distributed 813 million condoms and almost 33 million mosquito nets; constructed, renovated, or equipped 23,000 health facilities; and trained 1.8 million health personnel.

The Bank has positioned itself as a global leader in several priority areas. Through its Reproductive Health Action Plan for 2010–15, it is working with 57 high-priority countries to improve reproductive health by strengthening health systems and demand, focusing on youth and the poor. The Bank is a key player in implementing the Scaling-Up Nutrition Framework, which it developed with the support of the Bill & Melinda Gates Foundation and the government of Japan, and which has been endorsed by more than 100 partner agencies, institutions, and civil society groups. More than a dozen countries have declared themselves “early risers” in their commitment to implementing the framework.

The World Bank's multidonor Health Results Innovations Trust Fund (HRITF) supports Results-Based Financing (RBF) approaches in the health sector for achievement of the health-related MDGs. The governments of Norway and the United Kingdom have committed \$575 million to the HRITF through 2022. The fund supports the design, implementation, monitoring, and evaluation of RBF approaches; develops and disseminates evidence for implementing successful approaches; builds country institutional capacity to scale up and sustain these approaches within the national health strategy and system; and attracts additional financing to the health sector. (See <http://worldbank.org/hnp>.)

Since 2006 the Bank has assisted developing countries in preparing for and controlling avian influenza outbreaks in animals and in prepar-

ing for an influenza pandemic. The \$1.3 billion Global Program for Avian Influenza Control and Human Pandemic Preparedness and Response has supported the prevention of pandemic influenza and similar diseases through projects in 60 countries. (See <http://worldbank.org/flu>.)

HIV/AIDS

The Bank is actively engaged in helping countries halt and then begin to reverse the spread of HIV/AIDS by 2015. A total of \$108 million of new lending has been designated for operations that support HIV/AIDS-related prevention, treatment, and mitigation in Argentina, Burkina Faso, Kenya, Kyrgyz Republic, Lesotho, Mozambique, Niger, and Swaziland. The Bank developed five analytical products that strengthened national programs by improving efficiency, effectiveness, and sustainability through evidence-informed responses, and it worked with 40 countries to develop evidence-based national strategies and action plans.

To build evidence on the impact of activities and programs, the Bank partnered with DFID to evaluate community responses to HIV/AIDS in Burkina Faso, India, Kenya, Nigeria, Senegal, South Africa, and Zimbabwe. This work revealed the power of community efforts, which increased condom use in Kenya, led to higher rates of HIV testing in Senegal, and improved treatment adherence in South Africa.

Together with the United Nations Development Programme and the Johns Hopkins Bloomberg School of Public Health, the Bank in 2011 completed a study, "The Global HIV Epidemics among Men Who Have Sex with Men: Epidemiology, Prevention, Access to Care, and Human Rights," which found that better HIV/AIDS programs for this group of men could significantly slow the global epidemic. The study provides the first comprehensive analysis of evidence that this group is at a significantly higher risk for HIV infection than other groups in many low- and middle-income countries; worldwide, fewer than one in ten in this group of men has access to even basic HIV/AIDS prevention, care, and treatment services.

In the past two decades IDA has financed 1,500 counseling and HIV testing sites, ultimately testing nearly 7 million people. It has funded more than 65,000 civil society HIV initiatives in Africa aimed at mitigating the impact of the epidemic among men and women ages 15–24. IDA has also educated 173 million people about HIV/AIDS and has mitigated the impact of AIDS for 1.8 million children and half a million adults through 38,000 grassroots initiatives. (See <http://worldbank.org/aids>.)

Social Protection and Labor

The Bank allocated \$4 billion to social protection and labor operations this fiscal year. Funding remained high, as in fiscal 2010 and 2009, at almost four times the precrisis level of about \$1 billion a year. The bulk of the spending (\$3.5 billion) went to 37 social safety net projects in 31 countries. The largest recipient was Mexico, which received more than \$1.2 billion in Bank funds in continuing support of the Oportunidades conditional cash transfer program, which benefits 5.8 million of the country's most vulnerable families. The remaining lending went to improving labor markets and other social protection areas, such as pensions and disability assistance. (See <http://worldbank.org/sp>.)



A Colombian woman raises poultry as part of the Bank-supported producers' alliance in La Eugenia, Valle de Cauca. She now has her own money to pay for extra food and school items for her two children.

Photo: Charlotte Kesl

The global economic crisis and continuing volatility underscored the need for more effective social protection and labor institutions in developing countries. In response the Bank began to develop a new strategy for the next 10 years, from 2012 to 2022. The strategy will address four major global gaps in social protection: integration across programs; coverage, particularly for low-income countries; promoting jobs and human capital accumulation; and knowledge about the most effective approaches for strengthening social protection. Global consultations with stakeholders are being conducted. (See <http://worldbank.org/spstrategy>.)

This fiscal year a joint policy inventory was launched with the International Labour Organization (ILO), with which the Bank has a long-standing partnership. This initiative involves collecting and analyzing 1,750 policies, including Core Labor Standards, implemented by 52 developing and 22 high-income countries. The analysis will document those policies that were adopted or reinforced to mitigate the effects of the financial crisis. In addition, the Bank joined forces with the ILO, the Youth Employment Network, the German government, and the Inter-American Development Bank to build a live database on youth employment programs.

The Rapid Social Response Program, created in 2009 in response to the food, fuel, and financial crises, went into its second year of operation in December 2010. By May 2011 it had added 33 new activities to its portfolio to support crisis preparation in 33 IDA-eligible low-income countries. The program also supports knowledge management and South-South transfers of knowledge necessary to operationalize effective social protection systems against crises. (See <http://worldbank.org/rsr>.)

GENDER

Global progress on gender equality remains uneven. In some areas the pace of improvement has been extraordinary. Globally more women than



Children sit on top of a discarded military tank in rural Ethiopia. Even with economic recovery, it can take a generation or more to return to prewar living standards.

Photo: Arne Hoel

men attend universities, and women now outlive men in every region of the world. At the same time, severe gender disparities remain, including those in important economic indicators where large gaps have narrowed only marginally over the past several decades. Access to physical capital, including land, credit, and other financial services, remains starkly unequal. In many countries women lack de facto equality before the law, limiting both their human rights and their opportunity to participate in the economy. (See <http://worldbank.org/gender>.)

Between 2007 and 2010 the World Bank Group's Gender Equality as Smart Economics Action Plan sought to promote women's access to jobs, land rights, financial services, agricultural inputs, and infrastructure. By December 2010 the plan had mobilized \$70 million for 270 Bank operations in 80 countries. Monitoring now shows a significant increase in the Bank's attention to gender in these sectors.

In 2011 the Bank launched Applying Gender Action Plan Lessons: A Three-Year Road Map for Gender Mainstreaming (2011–13). Seeking to replicate and scale up some of the innovative mechanisms used in the Gender Action Plan, the Road Map aims to direct more of the Bank's technical assistance, projects, and programs to improving economic opportunities for women. For the three-year period covered, donors agreed to make gender a special theme for IDA. This designation will help accelerate the integration of gender into Bank operations and expand the coverage of gender issues in analytical work and policy dialogue. The IDA results framework will also be strengthened and expanded to include indicators for gender priority areas, and IDA will implement an action plan to accelerate progress on the gender-specific MDGs.

Fiscal 2011 saw the expansion of the Adolescent Girls Initiative, launched in 2009 to promote the transition of adolescent girls from school to productive employment. The program launched a new operation in Jordan in December 2010, adding to the projects already under way in Afghanistan,

the Lao People's Democratic Republic, Liberia, Nepal, Rwanda, and South Sudan. During the year, the Adolescent Girls Initiative was also extended to Haiti and the Republic of Yemen, where operations are under preparation.

The 2012 *World Development Report*—one of the Bank's annual flagship reports—will focus for the first time on the relationship between gender equality and development. This Report, to be released in September 2011, will argue that gender equality matters for development outcomes and for development policy making. It will show how gender equality has evolved over time and across regions and countries—particularly in the past quarter century. *WDR 2012* examines why some gender gaps, such as in education, have closed quickly, while others, such as access to economic opportunities and societal voice, remain in most of the world, including in high-income countries. Finally, it will look at policies that can improve gender outcomes and highlight gaps in knowledge and data. (See <http://worldbank.org/wdr2012>.)

FRAGILE AND CONFLICT-AFFECTED SITUATIONS

Many of the world's poorest and most vulnerable people live in fragile and conflict-affected countries. People in these countries are more than twice as likely to be undernourished and to lack clean water as people in other developing countries; and they are more than three times as likely to be unable to send their children to school. None of these countries has achieved a single Millennium Development Goal, and only 20 percent are on track to meet the 2015 targets. In an effort to strengthen their performance, the Bank will concentrate its poverty reduction efforts in these countries.

The *World Development Report 2011: Conflict, Security, and Development* provides the analytical foundations for improving the Bank's operating model in fragile and conflict-affected situations. It concludes that building capable and legitimate institutions, ensuring citizen security and justice, and creating jobs are essential to reducing violence—and providing optimal support requires better coordination among external actors.

The Bank expects to build on the Report analysis in at least six ways:

- *Make country assistance strategies for fragile and conflict-affected situations (FCS) more focused on fragility.* The Bank will seek to identify more clearly the stresses that lead to conflict; assess the capability of key national institutions to effectively deal with citizen security, justice, and development; and identify transition opportunities that may help break the cycles of violence and protracted fragility.
- *Strengthen partnerships on development, security, and justice.* The Bank will work more closely with other partners, in the spirit of the Paris and Accra agendas, and particularly with international agencies that possess expertise the Bank does not, or on areas that are outside its mandate. The Bank will also partner with others to look at how to fill current gaps in the international effort and response to FCS, and build upon its partnerships to strengthen the links between security and development.
- *Increase attention to jobs and private sector development.* The Bank will develop an approach to employment in FCS, in partnership with others, that develops a range of interventions to support jobs and livelihoods—both through public and community-based employment that can provide “quick wins” and through the necessary investments



In Africa, a lone villager walks across a vast tract of scorched land. Climate change is a threat to economic development worldwide and can cause widespread migration and displacement among the poor.

Photo: Curt Carnemark

and research that support private sector development and job creation over time.

- *Realign results and risk management for FCS, away from risk avoidance.* The Bank will review its definitions of risk tolerance, risk management, and expected results and will examine how it can better balance fiduciary and other risks in FCS against the risks of inaction or slow action, which may lead to a resurgence of violence and conflict.
- *Reduce financing volatility.* Institutional development requires long-term and sustained support. Going forward, the Bank will work to ensure that essential institutions in FCS receive sustained support over several years, and will explore options for maintaining minimum levels of support to core institutions and basic services even in the context of governance or other setbacks.
- *Strive for global excellence in FCS work.* The Bank recognizes the need for a different organizational approach—both in its internal organization and in its work with regional and global partners—in fragile and conflict-affected situations. It has been working to put in place the processes, organizational structure, and staff skill mixes and incentives to encourage innovation and informed risk taking. In an effort to bring resources closer to the field, it has created a Global Center for Conflict, Security, and Development. The center, in Nairobi, will conduct research on economics and public policy matters, and provide substantial support to country teams across all regions on issues related to security, justice, and development in crisis prevention and recovery.

CLIMATE CHANGE

Climate change threatens to erode development gains around the world—and its effect will be greatest on the poorest and most vulnerable

countries. Supporting low-carbon and climate-resilient poverty reduction and development has, therefore, moved to the forefront of Bank thinking and operations. Ninety percent of new country assistance and partnership strategies emphasize climate action.

Bank-funded low-carbon growth studies in Brazil, China, Colombia, India, Indonesia, Mexico, Poland, and South Africa are supporting efforts to implement national climate change action plans. The first Low-Carbon Development Policy Loan for Mexico (\$401 million) was approved in November 2010. A development policy loan for Poland (\$1.11 billion), approved in June 2011, supports the energy efficiency and renewable energy components of the Energy Policy of Poland until 2030 program. The Bank is funding more than 180 country-led activities in Latin America and the Caribbean, which will provide climate change adaptation and mitigation cobenefits estimated to be worth more than \$7.3 billion.

Working with Global Partners

In fiscal 2011, in partnership with other multilateral development banks (MDBs), the Bank ramped up operations and the implementation of projects under the allocated \$6.5 billion Climate Investment Funds (CIF). This total consists of \$4.5 billion dedicated to the Clean Technology Fund (CTF) and \$2 billion to the Strategic Climate Fund (SCF). Trust Fund Committees have committed \$1.7 billion to new projects that support developing country efforts to mitigate and adapt to the effects of climate change. The CTF is leveraging its funding to achieve further investments of \$36 billion. Every \$1 from the CTF leverages \$8 of cofinancing from other sources.

With CTF support, 14 middle-income countries (Algeria, Egypt, Indonesia, Jordan, Kazakhstan, Mexico, Morocco, the Philippines, South Africa, Thailand, Tunisia, Turkey, Ukraine, and Vietnam) plan to rebalance their national energy portfolios by investing in renewables on a large scale. Under the SCF, the Pilot Program for Climate Resilience (PPCR) endorsed investment plans for Bangladesh, Cambodia, Grenada, Mozambique, Nepal, Niger, St. Lucia, St. Vincent and the Grenadines, Samoa, Tajikistan, and Zambia. Under these plans, approximately \$700 million in PPCR funding is expected to be channeled through the MDBs so that work on adaptation to climate change is a more regular part of development action.

Also under the SCF in this fiscal year, the Forest Investment Program endorsed investment plans for Burkina Faso and the Democratic Republic of Congo with \$90 million in grants. With support from the Scaling Up Renewable Energy Program in Low Income Countries, Ethiopia, Honduras, Kenya, Maldives, Mali, and Nepal announced their intention to invest in renewable energy services to expand energy access and leapfrog into climate-friendly development.

At the UN climate change conference in Cancun in December 2010, the Bank announced the creation of a Partnership for Market Readiness, bringing developed and developing countries together to explore and pilot new market instruments to scale up mitigation efforts. By the end of fiscal 2011 donors had pledged \$70 million to the partnership.

In Cancun a decision was also made to establish a Green Climate Fund to manage long-term finance mobilized to enable developing countries to address climate change. The World Bank has been invited to be its interim trustee.



In the northeastern state of Assam, India, paddy yields have doubled, making it self-sufficient in rice production for the first time in decades.

Photo: Michael Foley

Promoting Innovative Financing

The World Bank Treasury supports innovative financing flows for climate-smart investment through the funds it raises in capital markets. Since 2008 the Bank has issued more than \$2 billion through the issuance of “green bonds.” Proceeds from the sales are earmarked for adaptation and mitigation activities in client countries.

The Bank is also the trustee of 12 carbon funds and facilities that support the mitigation of climate change through carbon finance, including two new facilities that focus on activities beyond the first commitment period of the Kyoto Protocol, which ends on December 31, 2012. The capital of these funds and facilities amounts to just over \$3 billion, of which \$1.9 billion has been committed to purchasing emissions reductions. Some 174 active projects are expected to reduce emissions by an estimated 220 million metric tons of carbon dioxide or its equivalent in other greenhouse gases.

The Forest Carbon Partnership Facility, launched in 2008 to support developing countries in reducing emissions from deforestation and forest degradation, has received more than \$447 million in committed and pledged funds. The Carbon Partnership Facility, created in May 2010, so far has committed €143.5 million to scale up the use of carbon finance to accelerate mitigation activities after 2012.

The Bank’s latest carbon initiative, the Umbrella Carbon Facility Tranche 2, reached its full capitalization of €105 million in February 2011. The funds will be used to purchase certified emission reductions generated by carbon projects in developing countries between 2013 and 2018.

Mainstreaming Environmental and Natural Resource Management Activities

By the end of fiscal 2011 the active portfolio of World Bank projects that include environmental and natural resource management components amounted to approximately \$18 billion—representing about 11 percent of the total Bank portfolio that year. The Bank is also developing new tools to account for and assess the value of the carbon footprint of projects. (See <http://climatechange.worldbank.org>.)

DEMONSTRATING GREEN DEVELOPMENT INTERNALLY

Green development is the overarching theme of the new World Bank Group environment strategy, which is under preparation. The Bank continues to implement a corporate responsibility program to integrate sustainability considerations into its internal operations. This year two Bank-owned buildings in Washington, DC, received Leadership in Energy and Environmental Design (LEED) Gold certification in recognition of the Bank’s continuous implementation of sustainability practices guided by this green building standard.

The Bank’s priorities in corporate sustainability fall into five categories: reducing its corporate carbon footprint, managing sustainable facilities, engaging in sustainable procurement, raising the awareness of its staff, and increasing transparency to its stakeholders. As part of its commitment to reduce its corporate carbon footprint and to maintain carbon neutrality, the Bank measures, reduces, offsets, and reports on the greenhouse gas emissions associated with its global facilities, major meetings, and air travel. To manage sustainable facilities, it strives to maximize the efficiency with which it uses resources, such as water, food, energy, and landfill space. To ensure that its procurement is sustainable, the Bank proactively integrates sustainability principles into major corporate procurements such as paper and computers. To raise staff awareness, the Bank holds outreach and learning events that encourage changes in behavior. To increase transparency on its environmental and social performance, it provides regular sustainability-related reports in adherence with international standards such as the Global Reporting Initiative and Carbon Disclosure Project. (See <http://crinfo.worldbank.org/home>.)

In the field, an increasing number of Bank country offices are leading by example by adopting environmental initiatives. For example, the former Yugoslav Republic of Macedonia country office has showcased various carbon footprint reduction initiatives—aiming to be a model in support of the country’s drive for accession to the European Union.

AGRICULTURE AND RURAL DEVELOPMENT

Three of every four poor people in developing countries live in rural areas. Most depend on agriculture for their livelihoods, directly or indirectly. GDP growth originating in agriculture is about two to four times more

effective in raising the incomes of extremely poor people than economic growth originating outside the sector. Increasing investment—and investing more wisely—is thus fundamental for economic growth, poverty reduction, and environmental sustainability.

The recent crises have added momentum to the Bank's emerging renewal of financing for agriculture and agribusiness, as IEG reported in a 2010 evaluation of work in this sector. Noting that the crucial question concerns what steps would further strengthen effectiveness, IEG highlighted three lessons for future work. First, an increase in productivity requires focused attention to the availability of improved crop production techniques, water supply, and market access, among other things. Second, agriculture-based economies warrant special attention. Third, the Bank is uniquely positioned to exploit synergies between public and private programs. These lessons provide avenues for lasting impact.

Indeed, investment in agriculture and rural development remained a high priority for the Bank this fiscal year. The Bank's Agriculture Action Plan projects the support from the Bank Group to agriculture and related sectors of \$6.2 billion–\$8.3 billion over fiscal 2010–12, an increase from an average annual level of \$4.1 billion over fiscal 2006–08.

As food prices in 2011 neared the record levels seen in 2008, the Bank extended the Global Food Price Crisis Response Program through 2012. This program has provided support to almost 40 million people in more than 40 low-income countries since it was created in 2008.

To help address high and volatile food prices, the World Bank is working within the G-20 process on a number of initiatives, including the Global Agriculture and Food Security Program (GAFSP). The program was launched in 2010 to fill the financing gaps in national and regional agriculture and food security strategies. The GAFSP Steering Committee is an external decision-making body made up of an equal number of donor and recipient representatives as voting members. To date, donors—including the Bill & Melinda Gates Foundation and the governments of Australia, Canada, Ireland, Korea, Spain, and the United States—have pledged \$975 million to the public sector window of GAFSP. Canada and the United States also have pledged \$75 million to the private sector window. Since June 2010 GAFSP has awarded \$481 million for projects in Bangladesh, Cambodia, Ethiopia, Haiti, Liberia, Mongolia, Nepal, Niger, Rwanda, Sierra Leone, Tajikistan, and Togo.

Climate change disproportionately affects the rural poor. The World Bank is supporting climate-smart land and water management to deliver both adaptation and mitigation benefits. Other core areas of its agriculture portfolio include sustainable fisheries, water for agriculture, innovation systems, forestry, community-driven development, livestock development, land tenure, responsible agro-investment, rural finance, and agriculture risk management. (See <http://worldbank.org/rural>.)

INFRASTRUCTURE

Today an estimated 880 million people in the world live without safe water, 1.4 billion lack electricity, 2.5 billion lack sanitation, and more than 1 billion lack access to telephone services. Total demand for infrastructure investment and maintenance from developing countries is estimated at more than \$900 billion a year, with the greatest needs in Africa and Asia.



The first of its kind in the world, the *Ain Beni Mathar* concentrated solar power plant uses cutting-edge design and technology to supply electricity to the Moroccan grid.

Photo: Dana Smillie

World Bank financing for infrastructure reached \$19.7 billion in fiscal 2011. At this level, infrastructure remained the core business of the Bank, accounting for 46 percent of total Bank assistance. Support included \$8.6 billion for transportation, \$5.8 billion for energy, \$4.6 billion for water, and \$640 million for information and communication technologies. South Asia was the largest recipient (30 percent), followed by East Asia and Pacific (24 percent), Latin America and the Caribbean (15 percent), and Africa (14 percent). The Bank also produced more than 159 analytical and advisory products, including an urban transport climate change strategy for China, an energy-efficiency strategy for Egypt, and an energy sector policy analysis for Nigeria.

The Bank supports governments in advancing the “green” agenda by leveraging financing from new facilities, such as the Carbon Partnership Facility, the Clean Technology Fund, and green bonds. This fiscal year the Bank set a “green” record of commitments to renewable energy or energy-efficiency projects. In transport, roads and highways remain the largest subsector, and lending to railways increased significantly.

In response to evolving needs from client countries, the Bank launched the preparation of an update to the Sustainable Infrastructure Action Plan. It will propose to continue supporting the core business of infrastructure for access, with an enhanced focus on transformational infrastructure, mobilization of private capital, and other sources of financing. This update will serve as an umbrella document, tying together the range of sector strategies produced by the various sectors with connections to infrastructure. (See <http://worldbank.org/infrastructure>.)



Photo: Martje Van Der Heide

A student in a new preschool built under the Bank-supported State Education Sector Project in Kaduna State, northern Nigeria, learns numbers from a chalkboard. In Kaduna State alone, 187 schools have been built under the project to benefit rural children.

AFRICA

African countries south of the Sahara weathered the recent global economic crisis better than past crises, thanks in part to improved economic policies. As a result, Africa is one of the fastest-growing developing regions in the world. Output expanded by an estimated 4.7 percent in 2010, a vigorous rebound from the 1.7 percent growth achieved in 2009. The recovery was strongest among exporters of metals, minerals, and oil, which benefited from higher commodity prices. At an estimated 5.3 percent, GDP grew even faster in fiscal 2011 and is projected to reach 5.5 percent in 2012. As a result of this accelerated growth and progress on social indicators, four countries—Cape Verde, Ethiopia, Ghana, and Malawi—will likely achieve most of the Millennium Development Goals (MDGs), if not by 2015, then soon thereafter.

Serious development challenges remain in Africa, where about half of the population lives on \$1.25 a day, governance is weak, and 645 out of every 100,000 African women die in childbirth.

However, there are improvements. Maternal mortality declined by 26 percent between 1990 and 2009. Child mortality is also declining, the rate of HIV infection is stabilizing, primary school completion rates are rising faster than anywhere else in the world, and the percentage of people living in extreme poverty is falling. Foreign direct investment in 2010 exceeded that in India, with international capital inflows rising to 4.6 percent of GDP, and remittances reaching about \$11.5 billion. The business climate has improved, with three countries in the region—Cape Verde, Rwanda, and Zambia—among the 10 economies worldwide that most improved

the ease of doing business in 2010. The climate for market-oriented, pro-poor reforms is proving robust, and the voice of civil society is emerging as a bulwark against the blight of “quiet corruption,” in which public servants fail to deliver services or inputs that have been paid for by the government.

Africa’s long-term growth will increasingly reflect interrelated social and demographic changes creating new domestic engines of growth. Key among these will be urbanization, an expanding labor force, and the rise of the middle-class African consumer. In 1980 just 28 percent of Africans lived in cities. Today 40 percent of the continent’s 1 billion people do—a proportion roughly comparable to China’s and larger than India’s. By 2030 this share is projected to rise to 50 percent, and Africa’s top 18 cities will have a combined annual spending power of \$1.3 trillion.

Renewing the Push for the MDGs

Many countries in Africa have made progress toward the MDGs. Tanzania is on track to meet the targets related to infant and child health. Senegal has made great strides in improving nutrition. Data from Niger indicate that modern contraceptives are being used more widely than ever before.

Better results are a combination of many factors, including behavioral changes, country ownership, education, equitable access to health services, payoffs from health system reforms, and improved donor coordination. Were these changes to be adopted more widely, Africa could reach the maternal and child health MDGs within a few years of the 2015 target.

FIGURE 2.1

AFRICA

IBRD AND IDA LENDING BY THEME | FISCAL 2011
SHARE OF TOTAL OF \$7.1 BILLION

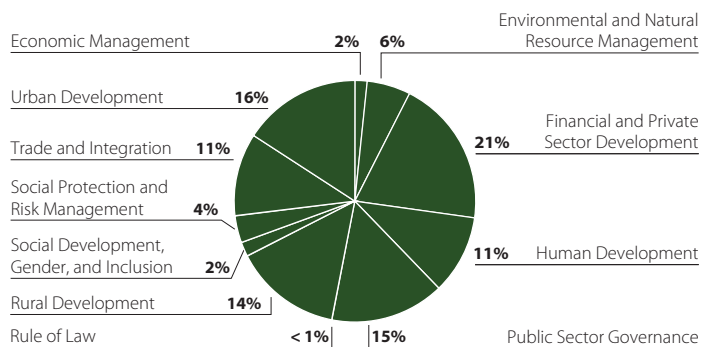
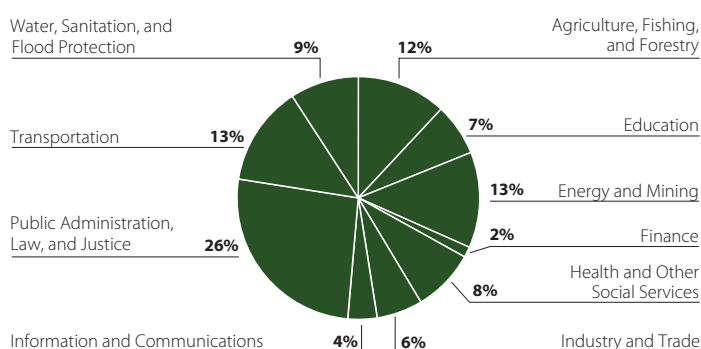


FIGURE 2.2

AFRICA

IBRD AND IDA LENDING BY SECTOR | FISCAL 2011
SHARE OF TOTAL OF \$7.1 BILLION



COUNTRIES ELIGIBLE FOR WORLD BANK BORROWING

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

World Bank Assistance

The Bank delivered \$7.1 billion to Africa in fiscal 2011. Support included \$7 billion from IDA and \$56 million from IBRD.

In response to the opportunity for Africa to transform itself and improve the lives of its people, the Bank has developed an ambitious 10-year strategy, Africa's Future and the World Bank's Support to It, which could help the region's economies take off the way the economies of Asia did 30 years ago. The new approach has two pillars—competitiveness and employment, and vulnerability and resilience—which rest on a foundation of strengthened governance and public sector capacity. The strategy reverses the order of importance of the Bank's instruments to support Africa, giving prominence to partnerships, then knowledge, and finally finance. The goal is to ensure that the Bank's interventions complement the interventions of others, including African governments, the private sector, and civil society.

Focusing on Agriculture

In response to the global rise in food prices, the Bank scaled up targeted lending for agriculture programs across the continent, providing \$0.8 billion in support in fiscal 2011. The Bank's work is closely aligned with the Comprehensive Africa Agriculture Development Programme, the Africa-owned and -led initiative for increasing productivity in agriculture.

Building Human Capital in Africa

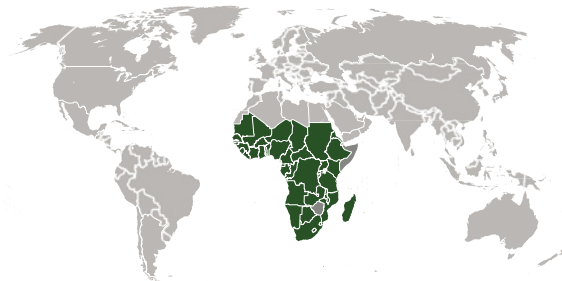
African countries have made massive improvements in increasing primary school enrollment, enrolling millions of additional children over the past decade. In line with its new education strategy, the Bank's focus is now on achieving "learning for all." The Bank is also working with countries on higher education and skills development to improve sustainability and align education and training with the needs of the job market.

Progress has also been significant in health. Ethiopia, The Gambia, Malawi, and Rwanda reduced child mortality by at least 25 percent over the past decade, with the rate in Rwanda falling 47 percent. Many African countries have reduced maternal mortality by 20–50 percent.

With 22.5 million people in Africa living with HIV/AIDS and with malaria and tuberculosis remaining major challenges, combating communicable diseases is a priority. The Bank-supported East Africa Public Health Laboratory Networking Project is helping four countries coordinate their disease surveillance. Bank financing of \$1.4 billion to date for the fight against HIV/AIDS in Africa has helped to catalyze global funding for HIV/AIDS, which rose from \$1.6 billion in 2001 to more than \$16 billion in 2010. The Bank has also been an active partner in Africa's efforts to control malaria. The Malaria Booster Program has financed 51.7 million mosquito nets across the booster portfolio, with an additional 21 million planned.

Strong examples of social protection are evident in the work performed across the continent. In Ethiopia, for example, the World Bank committed additional cash and food transfers for 10 million people during the global economic crisis.

Thousands of Togolese have benefited from a World Bank-funded Community Development Project. Launched in February 2009, the project operates mainly in rural areas, and it supports the implementation of development priorities identified by grassroots communications, empower-



ing the poor to take charge of their own development. Actions funded to date include building classrooms and health centers, connecting agricultural villages to commercial centers, providing resources for income-generating activities, and improving food security.

Partnering for Regional Integration

Regional integration is critical to accelerating progress in Africa, where most economies and markets are relatively small and isolated, and many countries are landlocked. Regional lending in Africa reached \$1.0 billion in fiscal 2011, an increase of 66 percent since 2010. Interventions included support to the \$300 million West Africa Regional Communications Infrastructure Program, which complements the Regional Infrastructure Connectivity and the Central African Backbone programs. (See <http://worldbank.org/afr>.)

AFRICA REGIONAL SNAPSHOT

Total population	0.9 billion
Population growth	2.6%
Life expectancy at birth	53 years
Infant mortality per 1,000 live births	81
Female youth literacy	67%
Number of people living with HIV/AIDS	22.5 million
2011 GNI per capita	\$1,165
GDP per capita index (2000 = 100)	123

Note: Life expectancy at birth, infant mortality rate per 1,000 live births, female youth literacy, and number of people living with HIV/AIDS are for 2009; other indicators are for 2010 from the World Development Indicators database. HIV/AIDS 2009 data are from UNAIDS Report on the Global AIDS Epidemic 2010.

TOTAL FISCAL 2011

New commitments
IBRD \$56 million
IDA \$7,004 million

TOTAL FISCAL 2011

Disbursements
IBRD \$665 million
IDA \$4,925 million

Portfolio of projects under implementation as of June 30, 2011: \$38.7 billion



Photo: Stanislas Fradelizi

Women in Vientiane Province, Lao PDR, participate in a Bank-funded project that creates jobs and improves income for bamboo handicraft producers. As part of the Gender Action Plan, the Mekong Results-Based Initiative benefits women from 2,000 households in three provinces of Lao PDR and Cambodia.

EAST ASIA AND PACIFIC

Recovery from the global economic crisis is firmly on track in developing East Asia, with real GDP growth, industrial production, and exports all surpassing precrisis levels. Output rose 9.6 percent in 2010 and is projected to grow by about 8 percent in 2011 and 2012.

The region has the potential to secure its recovery and continue on its path of rapid and sustained growth—if it is able to harness opportunities and meet various challenges. Managing inflation was the key short-term challenge in the region this year, which was complicated by a surge in portfolio capital inflows and large increases in food and commodity prices. Looking forward, East Asia and Pacific countries need to increase regional integration to take advantage of a rapidly growing China. Reducing inequality and social exclusion, making cities in the region resilient to natural disasters, and addressing the effects of climate change are also important for continuous growth.

World Bank Assistance

The Bank approved \$8.0 billion for East Asia and Pacific for 58 projects this fiscal year. Support included \$6.4 billion in IBRD loans and \$1.6 billion in IDA commitments. The regional strategy for this year is aligned with Bank priorities, which focus on sustaining growth, effective poverty reduction, country-based governance and anticorruption strategies, and regional

engagement on global issues (including preparations for crises such as natural disasters and rising food and commodity prices). Resources were leveraged through partnerships with the Asian Development Bank; regional organizations, such as the Association of Southeast Asian Nations and Asia-Pacific Economic Cooperation; and donors, including Australia, the European Union, and Japan.

Sharing Knowledge

As the region's development needs have become more sophisticated, the knowledge agenda has grown in significance. Among the Bank's knowledge products, the March edition of the twice yearly "East Asia and Pacific Economic Update" provided analysis of the impact of the earthquake in Japan on the regional economy just days after the disaster. Regular country economic reports were produced for China, Indonesia, Malaysia, Mongolia, the Philippines, and Thailand. The Bank worked with partners to publish *Climate Risks and Adaptation in Asian Coastal Megacities* this fiscal year. A flagship study on higher education in East Asia to support productivity and growth has been conducted. The Bank also hosted the Conference on East Asian Development, bringing together senior policy makers and development experts to discuss regional development challenges and opportunities to prepare for a more prosperous future.

FIGURE 2.3

EAST ASIA AND PACIFIC
IBRD AND IDA LENDING BY THEME | FISCAL 2011
SHARE OF TOTAL OF \$8.0 BILLION

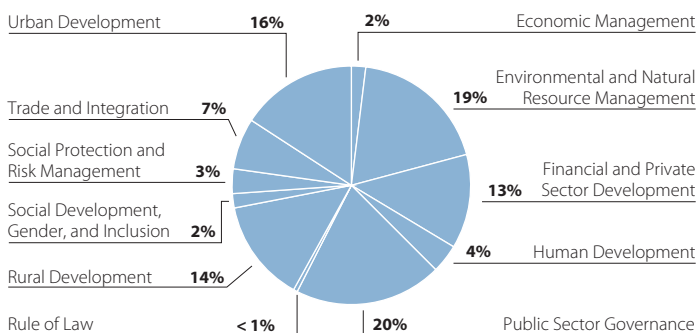
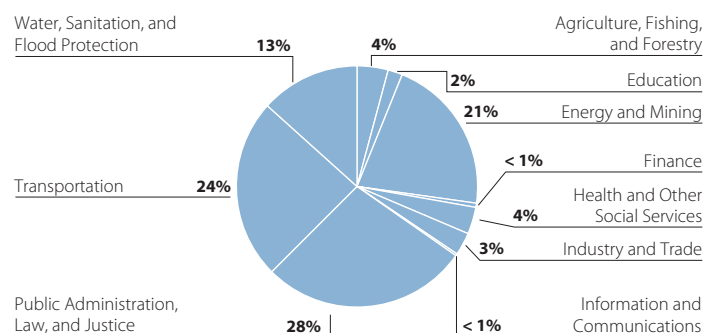


FIGURE 2.4

EAST ASIA AND PACIFIC
IBRD AND IDA LENDING BY SECTOR | FISCAL 2011
SHARE OF TOTAL OF \$8.0 BILLION



COUNTRIES ELIGIBLE FOR WORLD BANK BORROWING

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

Building Resilience to Natural Hazards and Climate Change

Increasing resilience to extreme climate events, rising sea levels, and other natural hazards is a major medium-term challenge for the region, which has experienced more than 70 percent of the world's natural disasters and sustained 82 percent of total disaster fatalities since 1997. The Bank's work encompasses analytical and advisory services in disaster and climate change risk assessments, the development of risk financing options, and risk-mitigation policies. This year the tragedies of the floods and cyclone in Australia, and the earthquake and tsunami in Japan, required mutual learning and understanding between the Bank and its donors.

Regarding risk mitigation, a policy note on "Preparing for Asia's Next Big Earthquake" was released in October 2010, leading to seismic retrofitting in schools in Indonesia.

In postdisaster reconstruction an \$11.8 million project in Samoa will support the relocation and rehabilitation of communities on the island of Upolu, affected by the 2009 earthquake, by providing new access roads and rebuilding damaged roads and sea walls. A \$3.5 million grant through the Java Reconstruction Fund was mobilized to finance the reconstruction of housing and community infrastructure destroyed by the 2010 eruption of Mount Merapi through an existing community-driven development program.

Supporting a Maturing Economy in China

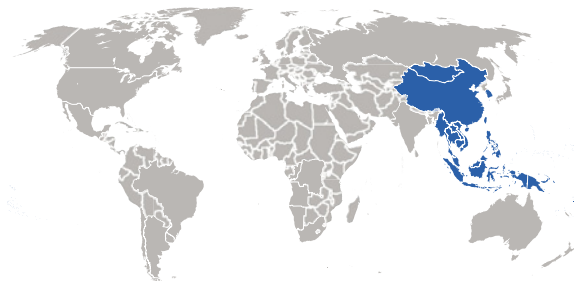
China became the world's second-largest economy in 2010, representing about 9.5 percent of global GDP at market exchange rates. At these rates, per capita GDP nonetheless remains below the world average. The Bank committed to China around \$1.7 billion for 14 projects this fiscal year, of which three were carried over from the previous year. About 76 percent of ongoing Bank-financed projects in China show a strong focus on the environment.

The Bank's partnership with China now emphasizes economic analysis, policy advice, technical assistance, and training. For example, the Bank is working with China's Development Research Center of the State Council, together with the Ministry of Finance, to prepare a joint report that develops a policy agenda for rapid and sustainable growth in order for the country to transition to a high-income economy.

Working with Middle- and Low-Income Countries in the Region

In the Lao People's Democratic Republic the 1,070 megawatt Nam Theun 2 Hydroelectric Project was inaugurated in December 2010. The project was supported by \$1.3 billion in financing from 27 parties, including the Bank. Revenue generated from the sale of electricity to Thailand has been channeled into spending on education in poor districts (\$2 million), rural roads (\$1.7 million), and public health (\$1 million). The Bank is also working with the government on a broader program to strengthen public financial management.

In the Philippines a Bank-financed conditional cash transfer program is serving as the backbone of a modern and consolidated social protection system. More than 1.6 million households are benefiting from the program.



Vietnam has made substantial progress in adopting market-oriented reforms, positioning it to achieve middle-income status after transitioning from an IDA to an IBRD blend country in 2009. This year the Bank began developing the next country partnership strategy with the Vietnamese government covering 2011–16. The Bank approved a \$330 million loan to support the Trung Son Hydropower Project, which will help meet the country's rapidly increasing demand for electricity.

The Bank also enhanced its analytical and financial support to the Pacific Islands. The first country assistance strategy for Kiribati places climate change adaptation at the center of a three-year plan that supports the government's efforts to manage groundwater reserves, improve rain-water collection, and develop new sources of water. In Tonga the country assistance strategy for 2011–14 focuses on economic reform as a way to build resilience to food and fuel price shocks. (See <http://worldbank.org/eap>.)

EAST ASIA AND PACIFIC REGIONAL SNAPSHOT

Total population	2.0 billion
Population growth	0.7%
Life expectancy at birth	72 years
Infant mortality per 1,000 live births	21
Female youth literacy	99%
Number of people living with HIV/AIDS	2.3 million
2011 GNI per capita	\$3,692
GDP per capita index (2000 = 100)	220

Note: Life expectancy at birth, infant mortality rate per 1,000 live births, female youth literacy, and number of people living with HIV/AIDS are for 2009; other indicators are for 2010 from the World Development Indicators database. HIV/AIDS 2009 data are from UNAIDS Report on the Global AIDS Epidemic 2010.

TOTAL FISCAL 2011

New commitments
IBRD \$6,370 million
IDA \$1,627 million

TOTAL FISCAL 2011

Disbursements
IBRD \$3,964 million
IDA \$1,238 million

Portfolio of projects under implementation as of June 30, 2011: \$29.9 billion



Photo: Kurmangazy Omarov

These farmers in rural Kazakhstan are participating in the Bank-funded Agricultural Competitiveness Project, which conducts agricultural research to apply innovative techniques to apple cultivation. The Bank's mission in Kazakhstan is to support long-term economic growth that translates into more jobs and better social services for all citizens.

EUROPE AND CENTRAL ASIA

Growth resumed in Europe and Central Asia in 2010 reached 4.5 percent, following sharp declines during the global economic crisis. Projections for 2011–13 are for a slightly stronger performance, but remain below those for other regions.

Growth has been more tepid in Central and Southeastern Europe than in the Commonwealth of Independent States, where high commodity prices have raised net exports, increased remittance flows from migrants, and boosted private consumption. For net importers, higher food and energy prices threaten to increase poverty, particularly in Armenia, the Kyrgyz Republic, and Tajikistan. The region as a whole continues to be dependent on Western Europe, which is struggling with a sovereign debt crisis.

World Bank Assistance

Bank support reached \$6.1 billion this fiscal year, including \$5.5 billion from IBRD and \$655 million from IDA. Turkey (\$1.4 billion), Poland (\$1.1 billion), and Romania (\$1.1 billion) were the largest borrowers. Sectors receiving the most funding were Energy and Mining (\$1.9 billion); Public Administration, Law, and Justice (\$1.7 billion); and Health and Other Social Services (\$1.2 billion).

Increasing Competitiveness

Countries in the region need to increase competitiveness, improve productivity, and strengthen regional integration. To help them do so, the Bank supported regulatory reforms and public finance management in

Croatia and Poland; helped stabilize the financial sector in Serbia; and increased access to finance for small and medium enterprises in Armenia and Turkey. It supported road improvements in Belarus, Kazakhstan, the Kyrgyz Republic, and the South Caucasus, and public sector reforms to improve governance and transport and energy delivery in Romania. The Bank continues to work with client countries to identify their policy priorities, develop plans for recovery, improve the investment climate, and diversify exports, all with a view to creating jobs.

For the eighth year in a row, Europe and Central Asia led the world in improving business regulation for domestic firms, according to *Doing Business 2011*. Twenty-one countries in the region improved their rankings.

This fiscal year the Bank produced economic reports on the Russian Federation, the European Union (EU)¹⁰, Kazakhstan, and Moldova. It also produced studies of the informal economy in Turkey and growth and competitiveness in Poland. Its study of governance and the regulatory burden in Eastern Europe and Central Asia was based on the fourth round of the Business Environment and Enterprise Performance Surveys, which cover more than 11,000 firms in 29 countries in the region.

Supporting Social Sector Reforms and Fiscal Adjustment

Social spending in certain Europe and Central Asia countries is inefficient. Governments need to protect the poor by improving cash transfers, social pensions, and targeted antipoverty programs. Bank financing to support social sector reforms and strengthen safety nets included results-based

FIGURE 2.5

EUROPE AND CENTRAL ASIA

IBRD AND IDA LENDING BY THEME | FISCAL 2011
SHARE OF TOTAL OF \$6.1 BILLION

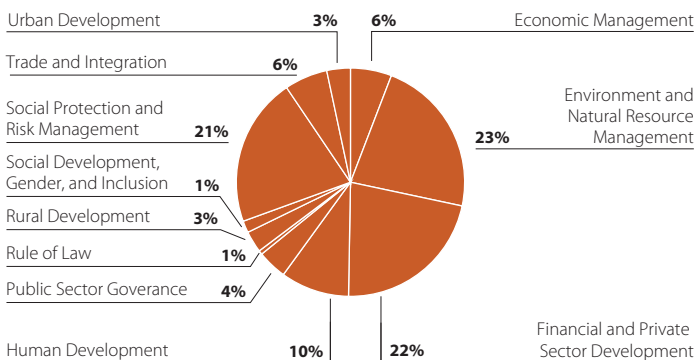
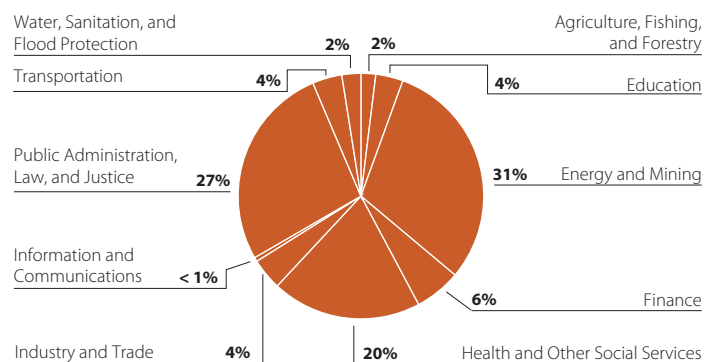


FIGURE 2.6

EUROPE AND CENTRAL ASIA

IBRD AND IDA LENDING BY SECTOR | FISCAL 2011
SHARE OF TOTAL OF \$6.1 BILLION



COUNTRIES ELIGIBLE FOR WORLD BANK BORROWING

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

investment loans to Moldova and Romania, Rapid Social Response and IDA grants to Tajikistan, additional financing for health and social protection in the Kyrgyz Republic, a health system improvement project in Uzbekistan, and pension reforms in Romania and other countries in the region.

The Bank is supporting improvements in government finances in more than a dozen countries. This helped protect spending on social assistance programs in Albania, Latvia, and Romania, as well as vital public services, including education quality in Kazakhstan and Russia, and health care in Armenia, Bosnia and Herzegovina, Tajikistan, and Uzbekistan.

The Bank prepared several regional reports including a study of the performance of pension systems and a study of household and government responses to the recession. It also released reports on social assistance programs in the western Balkans, female participation in the labor market in Turkey, and long-term care policies for older populations in new EU member states and Croatia.

Mitigating and Adapting to Climate Change

The lingering legacy of environmental mismanagement and energy-intensive production in Europe and Central Asia has left the region ill prepared to adapt to the negative impact of climate change. Many countries are suffering from unusually severe floods and droughts, and the number of extreme events—droughts, floods, heat waves, windstorms, and forest fires—is likely to increase in the coming decades.

The Bank is supporting efforts to mitigate carbon emissions, build countries' climate change knowledge base, and assess consequences and adaptation approaches. It is financing energy efficiency projects in Belarus, Poland, Turkey, and Ukraine, and development policy lending in Poland. The Bank is working with the former Yugoslav Republic of Macedonia, Poland, Russia, and Ukraine on national energy efficiency strategies.

The Bank is strengthening the climate resilience aspect of its investment portfolio. It continued its pilot projects on the vulnerability of energy systems, agriculture, and water. It also initiated projects on sustainable cities and social development, and it expanded its knowledge and learning programs to a wider group of Bank staff and selected clients in the region.

Working with Partners

The Bank strengthened its partnership with the EU this fiscal year by cofinancing international reform packages, providing advisory services to member states on EU issues and to potential candidate countries on accession issues, and expanding its work on regional energy issues. To enhance its engagement, the Bank produced a strategy for the region's partnership with the EU and other key Europe-based institutions (STEP-EU).

The Bank partnered with the European Bank for Reconstruction and Development and the European Investment Bank for the Joint International Financial Institution Action Plan to support banking systems and economies of Central and Eastern Europe in response to the economic crisis. It worked with Russia as an emerging donor, partnering on the food crisis response in the Kyrgyz Republic and Tajikistan, a Rapid Social Response to the food crisis in Tajikistan, and public finance management in the region. The Bank also partnered with the EurAsEc Anti-Crisis fund to provide parallel financing for low-income countries in Europe and Central Asia.



Strengthening Regional Integration and Cooperation

Given the high level of economic integration in the region, greater cooperation—on water and energy, transport, trade, corporate finance, and social inclusion—is essential. The Bank supported the Southeastern Europe Energy Community in establishing a common regulatory framework for energy markets and helped craft regional transport solutions to meet EU transport requirements.

The Bank initiated a comprehensive Central Asia Energy–Water Development Program to support Central Asian countries in managing their water and energy resources, strengthening regional institutions, and stimulating investments. A multidonor trust fund was established with support from the U.K.'s Department for International Development and the government of Switzerland, and discussions with other donors are under way.

The Bank also worked with the European Commission on Roma inclusion and provided support through the Roma Education Fund and the Decade of Roma Inclusion.

EUROPE AND CENTRAL ASIA REGIONAL SNAPSHOT

Total population	0.4 billion
Population growth	0.4%
Life expectancy at birth	70 years
Infant mortality per 1,000 live births	19
Female youth literacy	99%
Number of people living with HIV/AIDS	1.5 million
2011 GNI per capita	\$7,214
GDP per capita index (2000 = 100)	156

Note: Life expectancy at birth, infant mortality rate per 1,000 live births, female youth literacy, and number of people living with HIV/AIDS are for 2009; other indicators are for 2010 from the World Development Indicators database. HIV/AIDS 2009 data are from UNAIDS Report on the Global AIDS Epidemic 2010.

TOTAL FISCAL 2011

New commitments
IBRD \$5,470 million
IDA \$655 million

Portfolio of projects under implementation as of June 30, 2011: \$22.6 billion

TOTAL FISCAL 2011

Disbursements
IBRD \$6,873 million
IDA \$585 million



Photo: James Martone

In Haiti Jeanne Bousiko is happy to know that she and her family can move back into her house. The Bank-funded housing evaluation process has conducted 400,000 building safety inspections since the January 12, 2010, earthquake.

LATIN AMERICA AND THE CARIBBEAN

Latin America and the Caribbean experienced one of the strongest periods of growth in a century between 2002 and 2010, fueled by the longest and most comprehensive commodity price boom in history and huge increases in exports to China. Growth quickly rebounded from the global recession and reached 6 percent in 2010. As a result, more than 50 million people were lifted out of moderate poverty between 2002 and 2008, and for the first time, inroads were made to alter persistent economic inequality. Solid growth of 4–5 percent is projected for 2011.

The economic health of the region is a tribute to the reforms undertaken over the past two decades to achieve macroeconomic and financial stability while developing efficient social programs. Until 2002 Latin America was a large global debtor. Today it is a significant creditor to the rest of the world, and foreign capital flows into the region take the form of equity rather than debt. By December 2010 annual gross capital inflows for the largest countries in the region reached almost \$330 billion, an increase of almost \$80 billion over the previous record, achieved in March 2008.

World Bank Assistance

Bank support reached \$9.6 billion this fiscal year, including \$9.2 billion from IBRD and \$460 million from IDA. Support represented more than 20 percent of total Bank new commitments. Mexico (\$2.8 billion) and Brazil

(\$2.5 billion) were among the largest borrowers. Health and Other Social Services (\$3.1 billion), Public Administration, Law, and Justice (\$2.0 billion), and Transportation (\$1.1 billion) received the most funding.

Creating Opportunities for the Poor

The World Bank supports efforts to sustain the region's economic recovery while generating opportunities for all through programs that increase productivity, create new good-quality jobs, and assist those most in need, particularly through conditional cash transfers, which were pioneered in the region. The Bank also maintains a focus on early childhood development. Since February 2010, when it helped launch the Early Childhood Initiative: An Investment for Life, the Bank has provided half a million young children in the region with adequate nutrition, health care, and other support.

Mitigating and Adapting to Climate Change

Latin America and the Caribbean account for just 6 percent of global greenhouse emissions. As a result of the dominance of hydroelectricity over coal-fired plants, the region's power sector generates 40 percent less carbon dioxide emissions per unit of energy than the world average. Despite its own relatively low emissions, the region is a leader in efforts to develop a comprehensive approach for mitigating and adapting to climate change.

FIGURE 2.7

LATIN AMERICA AND THE CARIBBEAN

IBRD AND IDA LENDING BY THEME | FISCAL 2011

SHARE OF TOTAL OF \$9.6 BILLION

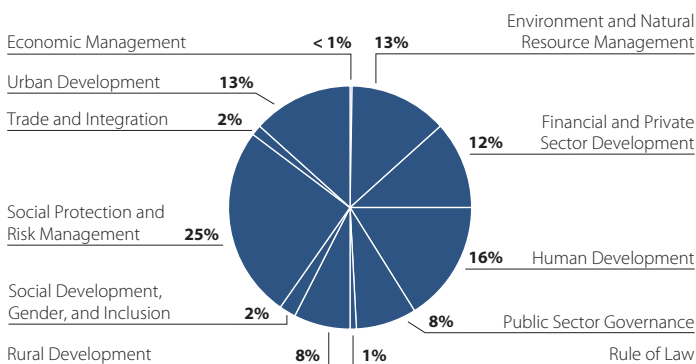
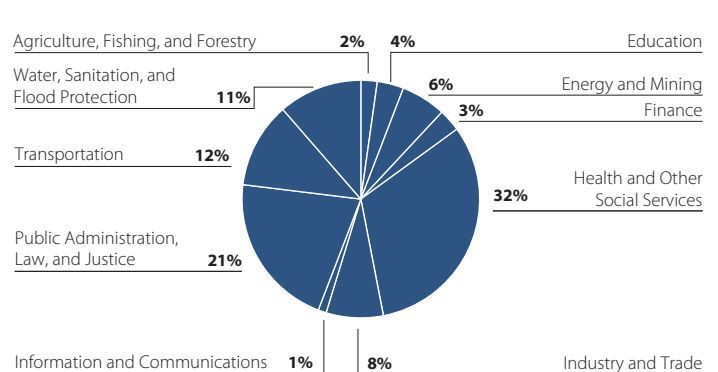


FIGURE 2.8

LATIN AMERICA AND THE CARIBBEAN

IBRD AND IDA LENDING BY SECTOR | FISCAL 2011

SHARE OF TOTAL OF \$9.6 BILLION



COUNTRIES ELIGIBLE FOR WORLD BANK BORROWING

Antigua and Barbuda
Argentina
Belize
Plurinational State of Bolivia
Brazil

Chile
Colombia
Costa Rica
Dominica
Dominican Republic

Ecuador
El Salvador
Grenada
Guatemala
Guyana
Haiti

Honduras
Jamaica
Mexico
Nicaragua
Panama
Paraguay

Peru
St. Kitts and Nevis
St. Lucia
St. Vincent and the Grenadines
Suriname

Trinidad and Tobago
Uruguay
República Bolivariana de Venezuela

The Bank is providing increasing support to green programs in the region. In July 2010 it expanded its strategic partnership with Mexico, deepening its support of the country's already extensive green programs. Analytical work on low-carbon growth in Brazil, Colombia, Mexico, and Uruguay has focused on the impacts of climate change on water resources and agricultural productivity.

Responding to Natural Disasters

The Bank continued to assist Haiti in reconstruction activities in the aftermath of the massive earthquake in January 2010 that killed 230,000 people and destroyed large parts of Port-au-Prince. Among other initiatives, the Bank supported safety inspections of 400,000 buildings; provided grant financing for repair and reconstruction; and helped stabilize government operations, fight the cholera epidemic, and get thousands of children back to school.

In fiscal 2011, the Bank disbursed \$116.1 million (\$25 million from the Haiti Reconstruction Fund), and provided Haiti with \$78 million in new grants. The Bank is also serving as the trustee for the multidonor Haiti Reconstruction Fund, a partnership between the country's government and members of the international community. Debt forgiveness, remittances, and large aid inflows have allowed Haiti's central bank to build up international reserves and stabilize its currency. As a result of national and international efforts, the country's economic contraction in 2010 was less severe than expected, with GDP declining by 5.5 percent rather than the 8.5 percent that had been anticipated.

In response to the January 2011 mudslides in and around Rio de Janeiro that left thousands of people homeless, the Bank approved a \$485 million housing project that will benefit 2 million poor people who lived in informal low-income settlements, or *favelas*, in the area (see page 7).

Promoting Inclusive Growth by Going Local with Global Knowledge

At the request of central governments and direct beneficiaries, the Bank is increasingly working with subnational governments. Through this innovative approach, the Bank refocuses assistance on providing customized responses to the development needs of individual provinces.

In Argentina the Bank approved water and infrastructure projects that promote sustainable economic development in the northern provinces, Argentina's poorest region, where 72 percent of the 7.5 million residents live in poverty. These projects will promote integration and foster the region's competitiveness by increasing access to water and sanitation services and improving road infrastructure.

In July 2010 the Rio de Janeiro municipality received a \$1 billion loan for growth, education, and health—the largest Bank loan ever made to a municipality. Approximately 70 percent of the loans made as part of the last country partnership strategy are concentrated in Brazil's states and municipalities. The Bank is also providing Rio de Janeiro with knowledge and best practices in preparation for the 2016 summer Olympic Games.



Improving Citizen Security

Crime and violence are key development challenges throughout Latin America and the Caribbean. As a percentage of GDP, the material costs of crime are estimated to be nearly twice those of the United States. So severe is the problem that in several Central American countries, the annual number of violent deaths exceeds the number during the civil wars of the 1980s. Since 1999 homicide rates have skyrocketed in El Salvador, Guatemala, and Honduras, as criminal networks linked to drug trafficking have become more active.

The Bank produced a comprehensive report, "Crime and Violence in Central America: A Development Challenge," examining links in the sub-region between crime, violence, and development. Launched in April 2011, the report presents a set of policy options for confronting the challenges of crime and violence, drawing lessons from country and regional experiences. (See <http://worldbank.org/lac>.)

LATIN AMERICA AND THE CARIBBEAN REGIONAL SNAPSHOT

Total population	0.6 billion
Population growth	1.0%
Life expectancy at birth	74 years
Infant mortality per 1,000 live births	19
Female youth literacy	97%
Number of people living with HIV/AIDS	1.8 million
2011 GNI per capita	\$7,802
GDP per capita index (2000 = 100)	123

Note: Life expectancy at birth, infant mortality rate per 1,000 live births, female youth literacy, and number of people living with HIV/AIDS are for 2009; other indicators are for 2010 from the World Development Indicators database. HIV/AIDS 2009 data are from UNAIDS Report on the Global AIDS Epidemic 2010.

TOTAL FISCAL 2011

New commitments
IBRD \$9,169 million
IDA \$460 million

TOTAL FISCAL 2011

Disbursements
IBRD \$8,376 million
IDA \$322 million

Portfolio of projects under implementation as of June 30, 2011: \$32.5 billion



Photo: Dale Lautenbach

Young men learn the intricacies of plaster art, a technique that adds charm to traditional Moroccan buildings, at a Taroudant school supported by the Bank's National Initiative for Human Development. Under the program, 4.6 million people in Morocco receive services that include health care, job training, and social reintegration.

MIDDLE EAST AND NORTH AFRICA

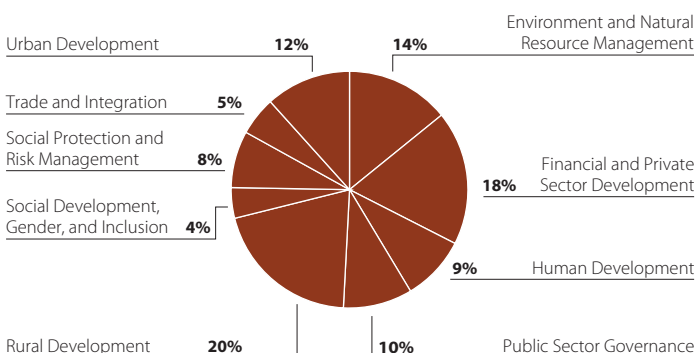
The recent events in many countries in the Middle East and North Africa offer an opportunity for the people to carry out reforms to overhaul the development paradigm. The Bank and its partners are developing a supportive framework based on the following pillars:

- *Governance*—focusing on transparency of government, support to civil society for social accountability, monitoring of service delivery, improving corporate governance, and supporting the move from market privilege to competition
- *Economic and social inclusion*—evaluating social protection and subsidies, addressing lagging areas, and increasing economic and social participation by women
- *Job creation*—concentrating on short-term employment measures and on educational quality and skills matching, labor market reforms, and migration management
- *Economic growth acceleration*—addressing growth, competition, and the private sector, as well as regional and global integration, focusing on new markets, infrastructure gaps, and environmental sustainability and climate change

These priorities are reflected in the new operation prepared in Tunisia, and also in the programs and projects in development for other countries in the region, foremost in the Arab Republic of Egypt. The events since December 2010 have had an impact on growth—regional GDP growth fell to 1.9 percent in fiscal 2009, rose to 4.4 percent in fiscal 2010, and, because the situation remains in flux, fell further in fiscal 2011.

FIGURE 2.9

MIDDLE EAST AND NORTH AFRICA
IBRD AND IDA LENDING BY THEME | FISCAL 2011
SHARE OF TOTAL OF \$2.1 BILLION



World Bank Assistance

Recent developments in some of the larger borrowing countries have led to delays in program delivery in the last half of fiscal 2011. In Egypt, Tunisia, and other countries, new programs and projects were initiated.

IBRD and IDA lending increased from \$1.7 billion in fiscal 2009 to \$3.7 billion in fiscal 2010 and fell to \$2.1 billion in fiscal 2011. IDA support to the Republic of Yemen in 2011, at \$117 million, was significantly lower than the \$205 million provided in 2010. IDA support to Djibouti was \$5.8 million in 2011 versus \$8.9 million in fiscal 2010.

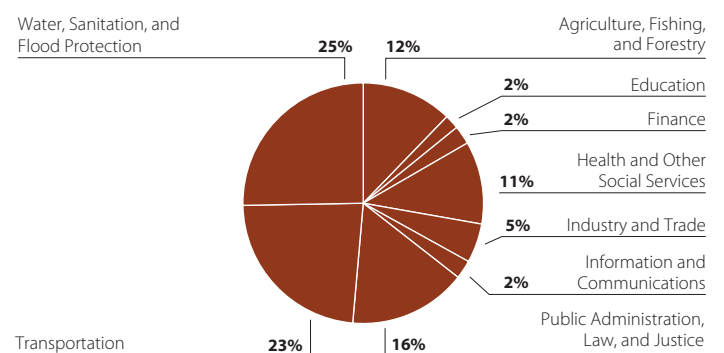
High-value, fee-based knowledge services increased from \$12.2 million in fiscal 2010 to \$14 million in fiscal 2011. The number of economic, analytical, and advisory products independent of lending decreased from 120 in fiscal 2010 to 108 in fiscal 2011. The Bank also prepared a regional poverty study; reports on regional development of the private sector and on migration and integration; short notes on the impact and long-term challenges stemming from the financial crisis, as well as current political developments, especially as related to employment.

Exchanging I Searching for Solutions

In March 2011 the Bank organized the Arab Voices and Views conference—live and webcast in Arabic and English, and accompanied by a simultaneous virtual chat and the launch of a new Middle East and North Africa blog. The purpose was to open up an in-depth conversation about the historic events in the region. Non-Bank panelists, widely recognized for

FIGURE 2.10

MIDDLE EAST AND NORTH AFRICA
IBRD AND IDA LENDING BY SECTOR | FISCAL 2011
SHARE OF TOTAL OF \$2.1 BILLION



COUNTRIES ELIGIBLE FOR WORLD BANK BORROWING

Algeria
Djibouti
Arab Republic
of Egypt

Islamic Republic
of Iran
Iraq

Jordan
Lebanon
Libya

Morocco
Syrian Arab
Republic
Tunisia

Republic of
Yemen

This section also reports on the West Bank and Gaza.

their innovative ideas, explored topics such as “The Use of New Media for Social Accountability” and “Equity in Access to Jobs.”

Building Partnerships

Collaboration with neighboring and national partners will help the region realize results on a number of fronts. The Islamic Development Bank participated in the World Bank’s Arab Financing Facility for Infrastructure, and the African Development Bank supported the regional Concentrated Solar Power initiative. The World Bank also worked in cooperation with the Arab Monetary Fund in preparing the region’s flagship report on the financial sector. European nations are consulting on a range of issues focused on creating economic opportunities. Japanese partners are helping to address youth issues in Egypt, Tunisia, and other countries.

Supporting Countries of the Gulf Cooperation Council

Increases in hydrocarbon prices boosted revenues of Gulf Cooperation Council (GCC) countries. However, most GCC countries have sharply increased spending on subsidies and public sector wages in response to the regional turmoil. Projections are that the fiscal impact of increased expenditures should be manageable as hydrocarbon prices rise.

The Bank’s Reimbursable Technical Assistance program expanded in fiscal 2011 as programs in Kuwait and Saudi Arabia grew and new programs began in Bahrain and Qatar. The Bank is working on macroeconomic and fiscal capacity and labor markets in the United Arab Emirates, and its program in Oman reflects a growing emphasis on education. In Qatar the Bank is working on a portfolio to enhance macroeconomic and fiscal management capacity and on business and trade facilitation.

Supporting Other Oil Exporters

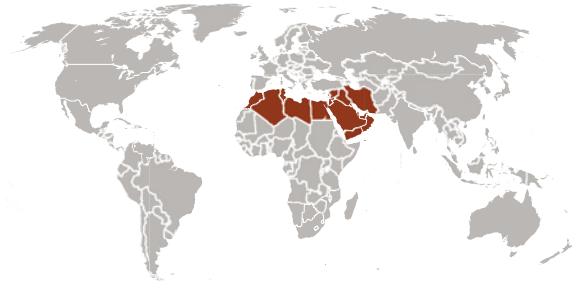
Algeria’s non-oil-and-gas sectors and related revenues grew in fiscal 2011. Largely fee based, World Bank support focused on economic diversification, assessment of public expenditures, social and economic policies, and the narrowing of regional disparities.

The Bank’s technical assistance program in the Syrian Arab Republic, now suspended, had focused on economic growth and social protection. Though the Republic of Yemen was granted \$117 million in IDA funds, political upheaval has placed projects on hold, and disbursements face severe delays.

Assisting Oil Importers

The Bank conducted significant analytical work on Egypt, Jordan, Lebanon, Morocco, and Tunisia in fiscal 2011, particularly on economic governance and social safety net issues. Bank technical assistance and financial support to Egypt during the transition period are ongoing; projects in fiscal 2011 included a \$200 million Second Integrated Sanitation and Irrigation Project, \$330 million in additional financing for the national railways restructuring project, and a \$100 million farm irrigation project.

In Lebanon two projects were approved in fiscal 2011: the \$200 million Greater Beirut Water Supply Project and the \$40 million Second Education Development Project.



Bank lending in Morocco included the urban transport development policy loan (DPL) (\$137 million), the agriculture (Maroc Vert) DPL (\$205 million), and the solid waste DPL (\$139 million). In May 2011 the Bank worked with Morocco to commission 2,000 megawatts of solar power generation capacity by 2020.

World Bank support for Tunisia in fiscal 2011 included a \$500 million multisectoral DPL with strong components on transparency and accountability. Also approved were a \$50 million employment DPL and a \$42 million Northwest Mountainous and Forested Areas investment loan.

Supporting the West Bank and Gaza

Strong economic management and significant donor support allowed the West Bank economy to grow 7.6 percent in 2011, up from 7.0 percent in 2010. In Gaza the focus is on humanitarian support and the provision of fundamental social services, as well as basic infrastructure services. (See <http://worldbank.org/mna>.)

MIDDLE EAST AND NORTH AFRICA REGIONAL SNAPSHOT

Total population	0.3 billion
Population growth	1.8%
Life expectancy at birth	71 years
Infant mortality per 1,000 live births	27
Female youth literacy	87%
Number of people living with HIV/AIDS	0.5 million
2011 GNI per capita	\$3,839
GDP per capita index (2000 = 100)	127

Note: Life expectancy at birth, infant mortality rate per 1,000 live births, female youth literacy, and number of people living with HIV/AIDS are for 2009; other indicators are for 2010 from the World Development Indicators database. HIV/AIDS 2009 data are from UNAIDS Report on the Global AIDS Epidemic 2010.

TOTAL FISCAL 2011

New commitments
IBRD \$1,942 million
IDA \$123 million

TOTAL FISCAL 2011

Disbursements
IBRD \$768 million
IDA \$185 million

Portfolio of projects under implementation as of June 30, 2011: \$9.4 billion



Photo: Dipankar Ghosh

India's *Sarva Shiksha Abhiyan*—the Education for All program—is one of the largest efforts of its kind in the world. The Bank-supported, government-launched scheme seeks to meet the primary education needs of nearly 200 million poor children living in more than 1 million rural towns and villages across the country.

SOUTH ASIA

Real GDP growth in South Asia accelerated to an estimated 8.7 percent in 2010, buoyed by strong growth in India, which accounts for 80 percent of regional GDP. Growth was driven by vigorous domestic demand, macro-economic policy stimulus measures, and a revival in investor and consumer confidence. Robust increases in output of at least 6 percent a year over the past 20 years have improved human development indicators in the region—but two-thirds of its 1.5 billion people still live on less than \$2 a day. As a result, increases in world food and fuel prices will disproportionately affect South Asia, where about half of the average household's expenditures goes to food.

World Bank Assistance

The Bank is a key development partner in South Asia, with a portfolio of 210 projects and commitments of \$38.1 billion. In fiscal 2011 it approved 46 projects in the region, \$3.7 billion in IBRD loans, and \$6.4 billion in IDA commitments, including \$397.3 million in grants.

Honing a New Regional Strategy

The Board approved an updated strategy for South Asia in fiscal 2011. This strategy will consolidate stand-alone projects into sector projects and focus on projects with the potential to transform the region. It will rely on public-private partnerships for infrastructure; emphasize innovative, results-based projects focused on the MDGs; and place greater emphasis

on leveraging resources through partnerships with other institutions, including the Asian Development Bank and bilateral donors. Gender equality, climate change, regional integration, and governance will be emphasized.

Meeting Challenges in India

India is the Bank's largest borrower, with total commitments of \$5.5 billion in fiscal 2011. One of the main challenges for India is the lack of adequate infrastructure. To combat the problem, the government has undertaken several large-scale programs covering various infrastructure-related sectors. These include the Pradhan Mantri Gram Sadak Yojana—the Prime Minister's Rural Roads Program—for which the Bank approved a \$1.5 billion loan in fiscal 2011. The project plans to increase connectivity in seven states (Himachal Pradesh, Jharkhand, Meghalaya, Punjab, Rajasthan, Uttarakhand, and Uttar Pradesh) over the next five years by constructing 24,200 kilometers of all-weather roads. The project will benefit more than 6 million people. In addition a \$350 million loan for the Second Karnataka State Highway Improvement Project was approved this fiscal year and will be used to expand 1,231 kilometers of roads to two lanes. The project has already improved and maintained 2,385 kilometers of roads, reducing travel time by more than 35 percent.

In May the World Bank approved a \$1 billion credit and loan as part of its long-term support for the government's Mission Clean Ganga, which seeks to rejuvenate India's iconic river, along which more than 400 million

FIGURE 2.11

SOUTH ASIA

IBRD AND IDA LENDING BY THEME | FISCAL 2011
SHARE OF TOTAL OF \$10.1 BILLION

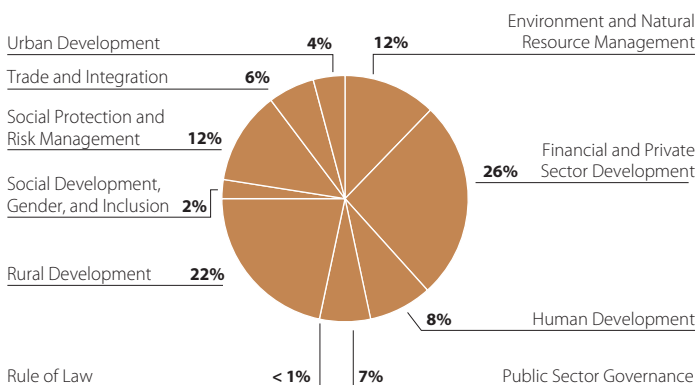
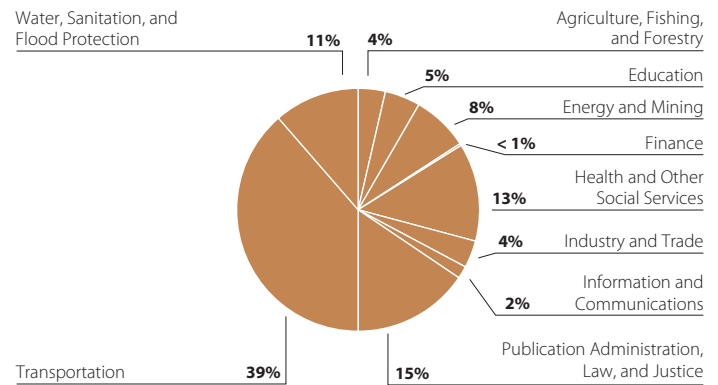


FIGURE 2.12

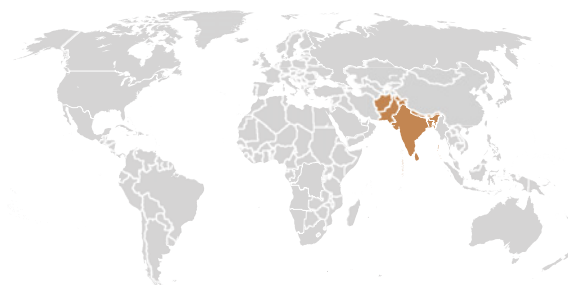
SOUTH ASIA

IBRD AND IDA LENDING BY SECTOR | FISCAL 2011
SHARE OF TOTAL OF \$10.1 BILLION



COUNTRIES ELIGIBLE FOR WORLD BANK BORROWING

Afghanistan	India	Nepal
Bangladesh	Maldives	Pakistan
Bhutan		Sri Lanka



Indians live. The project will help set up dedicated institutions and finance priority infrastructure for fighting pollution in the river.

The Bank also approved a \$975 million loan to help Indian Railways establish the Eastern Dedicated Freight Corridor (a freight-only rail line), which will provide faster and more efficient movement of raw materials and finished goods between the densely populated northern and eastern parts of India. The project is also expected to emit 2.25 times less carbon emissions compared to an alternate scenario where freight is not carried on a dedicated line.

Investing in Infrastructure

Infrastructure investment was also a top priority elsewhere in the region. In Afghanistan the Bank added \$40 million to the original \$112 million grant for the National Emergency Rural Access Project (NERAP). Launched in 2002 and supported through NERAP and its predecessor projects, the government's Emergency Rural Access Program has rehabilitated some 10,370 kilometers of rural roads that connect 8,726 villages in 358 districts of Afghanistan's 34 provinces, thereby reducing travel times and increasing rural Afghans' access to key services. The project has also rehabilitated 15,000 hectares of land by improving irrigation and drainage while providing employment opportunities to impoverished rural men, creating about 700,000 temporary jobs over a month while facilitating the reintegration of ex-combatants into society. The additional grant to NERAP will provide continued support of the government's ongoing efforts to provide year-round access to basic services and facilities in rural areas.

To improve connectivity and boost opportunities for people in southwestern Bangladesh, the World Bank approved a \$1.2 billion IDA credit for the Padma Multipurpose Bridge Project in 2011. Spanning the Padma River, the world's third largest, the 6.1 kilometer bridge will connect nearly 30 million people in the southwest to the rest of the country, enhancing their access to markets and services while accelerating growth in the country as a whole.

Helping Pakistan Recover from Natural Disasters

Massive flooding in Pakistan in July and August 2010 killed 2,000 people and left about one-fifth of the country under water, affecting more than 20 million people—more than one-tenth of the population. About 1.6 million homes were destroyed and thousands of acres of crops and agricultural lands damaged, with major soil erosion occurring in some areas. The Bank responded with an initial \$300 million to finance the purchase of critical imports, such as food, medicine, tents, construction materials, machinery, and fuel, and an added \$20 million was included in the Third Additional Credit for the Highways Rehabilitation Project, specifically for use in areas damaged by the floods. An additional \$125 million in unconditional cash transfers to victims of the flood was also approved this fiscal year. At the request of the government, the Asian Development Bank and the World Bank jointly conducted a damage and needs assessment, which estimates that \$8.7 billion–\$10.9 billion is needed for recovery from and reconstruction associated with the floods.

Operating in Crisis and Postcrisis Areas

The 2009 military crisis in Khyber Pakhtunkhwa and the Federally Administered Tribal Areas led to one of the worst security crises in Pakistan's history, displacing millions of people and severely disrupting lives, livelihoods, and the provision of public services. In January 2010 the Bank's Board approved the creation of a multidonor trust fund designed to restore infrastructure, services, and livelihoods in the conflict-affected areas. The trust fund became operational in fiscal 2011, with 10 donors contributing \$140 million.

Following the end of the armed conflict in 2010, Sri Lanka became a middle-income country and is now eligible for IBRD lending. Access to the commercial lending mechanism of the Bank allows Sri Lanka to more than double the resources available to it every year. The government's development plan, Mahinda Chintana, aims to transform Sri Lanka into the "wonder of Asia" by raising per capita incomes to more than \$4,000 over the next six years. To make this plan a reality, Sri Lanka is trying to position itself as a strategically important economic center of the world, serving as a key link between the East and the West. (See <http://worldbank.org/sar>.)

SOUTH ASIA REGIONAL SNAPSHOT

Total population	1.6 billion
Population growth	1.5%
Life expectancy at birth	64 years
Infant mortality per 1,000 live births	55
Female youth literacy	72%
Number of people living with HIV/AIDS	2.6 million
2011 GNI per capita	\$1,213
GDP per capita index (2000 = 100)	171

Note: Life expectancy at birth, infant mortality rate per 1,000 live births, female youth literacy, and number of people living with HIV/AIDS are for 2009; other indicators are for 2010 from the World Development Indicators database. HIV/AIDS 2009 data are from UNAIDS Report on the Global AIDS Epidemic 2010.

TOTAL FISCAL 2011

New commitments
IBRD \$3,730 million
IDA \$6,400 million

TOTAL FISCAL 2011

Disbursements
IBRD \$1,233 million
IDA \$3,028 million

Portfolio of projects under implementation as of June 30, 2011: \$38.1 billion

THE WORLD BANK

DRIVEN BY RESULTS

The World Bank Group's mission is to lift and keep people out of poverty. Through financial assistance, policy and institutional support, and technical knowledge, it helps people across the world build a better future for themselves, their families, and their countries. At the heart of the Bank's approach to delivering programs and policy advice is a strong focus on results.

A Dynamic Framework for Capturing Results

The Bank has made significant advances in recent years in the ways it measures, monitors, and reports on results. Its commitment to results-based assistance takes the following forms:

- All Bank country assistance strategies are now results based, with results frameworks aligned with country priorities, allowing governments, donors, and stakeholders to collaborate more effectively to identify and achieve common goals for development. In addition all new sector strategies and regional development strategies now have results frameworks with measurable indicators.
- All Bank projects include results frameworks with measurable indicators, agreed upon with the country to guide implementation, allow midcourse corrections to be made as needed, measure impact, and cull lessons learned. Progress on results is disclosed at least once a year—enabling all stakeholders to view each project's progress toward objectives and results in real time.
- When a project is completed, staff and country counterparts prepare an Implementation Completion and Results report to assess and document the achievements and results supported by the operation. Similarly, when Country Assistance/Partnership Strategies are completed, staff prepare a Completion Report.
- All Bank-supported operations and strategies, when completed, are also evaluated by the Independent Evaluation Group (IEG). This combination of self- and independent review provides an opportunity for learning from the successes and failures of Bank operations. To ensure that the lessons from evaluation inform new activities, the Bank requires all new operations to highlight lessons learned, including those from IEG evaluations. To promote learning, IEG and Bank Group management together track implementation of IEG's recommendations. In addition, the Bank has been expanding the use of impact evaluations to broaden and deepen evidence on the effectiveness of specific interventions and approaches in achieving results.

Core Sector Indicators

IDA is the first of the Bank Group's institutions to adopt a measurement system to identify and track development results. The system combines performance and results indicators using a four-tier approach: IDA Countries' Progress, IDA-Supported Development Results, IDA Operational Effectiveness, and IDA Organizational Effectiveness.

The Bank has strengthened the way in which it measures results by introducing the collection and aggregation of standardized data from projects supported by IDA. Initially data were collected on four sectors. In fiscal 2011 the number of sectors was increased to seven: education; health;



YEMEN

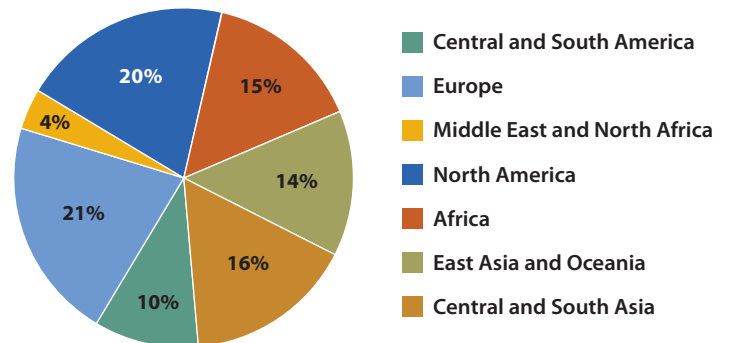
Photo: Curt Carnemark

roads; water supply; micro, small, and medium enterprises; urban development; and information and communication technology. This newly aggregated information supplements the more detailed project, country, and sector results data previously available. Core sector indicators for additional sectors and themes are under discussion and will include the IBRD portfolio as well.

Quantitative data (enhanced by the core sector indicators) are complemented by qualitative reviews at the country, sector, thematic, and project levels. The reviews illustrate how IDA and IBRD are supporting government development programs that make a difference—whether the effort is bolstering governance to reduce poverty in Bangladesh, boosting agricultural competitiveness in Burkina Faso, equipping the judicial system to promote justice in Ethiopia, or bringing clean water to communities in Rwanda.

A GLOBAL WORKFORCE

A true global community, the World Bank's staff comprises more than 10,000 people from 168 countries (beginning in fiscal 2011 World Bank



staffing figures include full-time staff on conditional appointments). More than 38 percent of the Bank's total staff work in the Bank's 124 country offices. The increased presence in the field helps the Bank better understand, work more closely with, and provide faster service to its partners in client countries.

The institution's diverse workforce brings a wide range of perspectives to bear on poverty reduction issues and emerging development challenges and is critical to the effectiveness of the Bank's core operational and knowledge services. In its efforts to increase its responsiveness to clients and to better integrate global and country knowledge, the Bank has continued to adapt its human resource policies and practices to facilitate the global mobility of its staff. At the end of fiscal 2011, 91 percent of country directors and country managers were based in the field.

As the Bank continues to focus on the world's recovery from the financial crisis and on the achievement of the Millennium Development Goals (MDGs), it is also evolving to meet the emerging challenges of conflict-affected states. The Bank has established its on-the-ground presence in 26 of the 33 fragile and conflict-affected states that are transitioning to sustainable peace and economic growth, and more than 11 percent of the Bank's operational staff have experience living and working in these challenging environments.

The World Bank continues to make progress on its five-year Diversity and Inclusion Strategy, adopted in 2007. Nationals of developing countries now account for 61 percent of all staff and hold 42 percent of managerial positions. Women account for 51 percent of all staff and hold 36 percent of managerial positions. Sub-Saharan African and Caribbean nationals represent 16 percent of all staff and hold 11 percent of managerial positions. Among the Bank's 33 senior managers, 13 are women and 2 are Sub-Saharan African nationals.

MODERNIZING THE WORLD BANK

Since 2010 the World Bank has been engaged in a comprehensive modernization agenda based on four pillars:

- Renewing and refining its strategic directions
- Adopting 21st-century governance to give greater voice to members from developing countries
- Ensuring the institution's continued financial strength
- Modernizing products and services, the organization, and processes and systems.

These pillars will help make the Bank more efficient, results focused, responsive, and effective.

Strategic Priorities

As the global financial crisis began to ease, the Bank reexamined its role in a rapidly changing world, balancing client demands against global and regional priorities. It established five strategic priorities:

- *Target the poor and vulnerable.* The Bank is focusing on countries that are off track to reach the MDGs by 2015, particularly countries in Africa. To help ensure access to basic health care, quality schooling, clean water, energy, food, and jobs, it is working with countries to



COLOMBIA

Photo: Scott Wallace

build social protection systems, enhance the gender focus of its programs and operations, and address the special needs of fragile and conflict-affected situations.

- *Create opportunities for growth.* Broad-based, sustainable growth offers the most robust and durable path out of poverty. The Bank gives priority to creating opportunities for growth, focusing on improving the business climate, increasing competitiveness, addressing the infrastructure gap, promoting regional integration, and scaling up efforts to increase women's participation in economic opportunities. It has made substantial investments in infrastructure and agriculture, which are important components of its support for growth.
- *Promote global collective action.* The Bank is building the capacity to help provide and manage global public goods in order to build on, reinforce, and coordinate national actions; channel funds to national programs; and monitor and report on progress. The Bank is working with a wide range of partners across a broad spectrum of global issues, including financial inclusion, education, health, and climate change, one of the special themes in the IDA16 replenishment.
- *Strengthen governance.* The Bank continues to give high priority to the governance and anticorruption agenda. An assessment of the lessons of recent work includes: the importance of using country systems; the need to identify and measure the effect of governance on development results at the sector, country, and global levels; the need for a more informed approach to risk management; and the need for a more rigorous and systematic learning of lessons and the management of knowledge. It is preparing for a second phase of its governance and anticorruption work, which will include an analysis of how specific thematic areas (procurement, judicial reform, the private sector, and public sector management) can more effectively



NEPAL

Photo: Simone McCourtie

contribute to overall objectives and how the Bank can serve as a catalyst for strengthening good governance globally.

- *Manage risk and prepare for crises.* To assist developing countries—especially low-income countries—in better managing the risks of closer integration in a global environment, the Bank is developing new and innovative risk management mechanisms and instruments. It responded to food price volatility by extending the Global Food Price Crisis Response Program through June 2012. Since 2008 the Bank and other institutions have fast-tracked \$1.5 billion through this program to benefit an estimated 38 million people in 44 countries, most of them in Africa. Because low-income countries are especially vulnerable to both financial crises and natural disasters, crisis response was made a special theme of IDA16. To enhance IDA's capacity to respond to crises, the Bank agreed to establish a dedicated crisis response window in IDA in the amount of special drawing rights (SDR) 1.3 billion, including an exceptional allocation of SDR 329 million for Haiti.

Governance

The Development Committee endorsed a package of voice and participation reforms in April 2010. In accordance with the first phase, countries in Africa are now represented by three Executive Directors, elected last fall when a third chair was added. The second phase of voice reforms, approved by the Board of Governors in March 2011, increased the voting power of developing countries and transition economies in IBRD by 3.1 percentage points (a total shift of 4.6 percentage points since 2008) to

a total of 47.2 percent. Under the new reforms, the Bank is required to review its shareholding every five years, starting in 2015.

Financial Capacity

Following changes to IBRD loan maturity terms in June 2010, the Bank took several additional steps to ensure its continued financial strength. The Board of Governors approved resolutions on IBRD general and selective capital increases, and IBRD shareholders continued to work toward agreements on the release of national currency paid-in capital.

IDA16 negotiations were completed in 2010, with an agreement on a historic high replenishment of \$49.3 billion. This 18 percent increase over the previous replenishment represents the efforts of a global coalition. The increase will substantially enhance IDA's ability to support low-income countries and activities in gender, climate change, fragility and conflict, and crisis response.

Business Modernization

An ambitious program of internal reforms aims to modernize business processes to help the World Bank work more closely with clients, enhance their financial services, and better gather and disseminate knowledge and expertise. Reform priorities and actions fall into three main areas:

- *Modernize products and services, with a sharper focus on results.* The Bank is adopting a more risk-based approach to projects, shifting its focus toward implementation support. It is designing a new lending instrument that disburses directly against results—the Program-for-Results—and is reviewing its knowledge services to better achieve and measure impact.
- *Modernize the organization for increased integration, openness, and accountability.* The Bank is experimenting with ways to make decentralization even more effective, and connecting knowledge services globally to enhance technical excellence.
- *Modernize processes and systems for greater efficiency and flexibility.* The Bank is working to update its environmental and social safeguards policies, and will conduct a complete review of its procurement policies. It is implementing information management technology solutions to better support lending operations, knowledge, global public goods, and human resource processes and systems.

The Open Bank

These reforms are anchored in a new era of openness, which in the past year saw the World Bank launch a revamped disclosure policy and open its vast storehouse of data and visualization tools to the public. During this period the Bank became an acknowledged transparency leader—as ranked by the U.K.-based organization Publish What You Fund—as data usage tripled and a new Mapping for Results application was launched (see <http://maps.worldbank.org>), along with four iPhone “apps” and a new tool for tracking aid flows (see <http://worldbank.org/aidflows>).

These changes go hand in hand with a new multilingual, multimedia approach that actively engages audiences in live events and discussions, seeking their questions and crowd-sourcing ideas and observations

through a range of interactive social media platforms: World Bank Live (see <http://live.worldbank.org>), the Bank's Facebook channel (see <http://worldbank.org/facebook>), blogs (see <http://blogs.worldbank.org>), and Twitter (see <http://twitter.com/worldbank>).

World Bank Live is a window into key Bank events and offers webcasts of panel discussions that are fully integrated with audience inputs via the Bank's website, Facebook, and Twitter. The channel encourages a two-way dialogue with Bank experts on key development topics, and conversations with real-time translation are available in 14 languages.

PROGRAM-FOR-RESULTS FINANCING

To respond to changing development needs and the demand from client countries, and building on experience to date, the Bank proposed a new lending instrument in fiscal 2011—Program-for-Results Financing. Under Program-for-Results, Bank support would help member countries improve the design and implementation of their own development programs.

While results are at the center of all that the Bank does, Program-for-Results would place more direct emphasis on development results by linking disbursements to results or performance indicators. Program-for-Results would work directly with the program's institutions and systems and, when appropriate, seek to strengthen those institutions' governance, capacities, and systems over time. Program-for-Results would also be an instrument for strengthening partnerships with governments as well as relevant development partners and other stakeholders by allowing the Bank to effectively support larger programs and cofinance in pooled funding arrangements.

Program-for-Results would provide member countries with a wider range of instruments from which to choose. Development policy lending will remain the primary Bank instrument to support policy actions to achieve a country's overall development objectives, with rapidly disbursing general budget support. Investment lending will remain the Bank's main instrument to support projects, with disbursement against specific transactions. Program-for-Results would be the instrument of choice when the objective is to support the performance of a government program using the government's own systems; when the results require expenditures; and when the risks to achieving the program's objectives relate to the governance and capacity of the systems to achieve better results.

The key features of Program-for-Results would be:

- to finance and help strengthen development programs with clearly defined results. These programs could be new or ongoing, sectoral or subsectoral, national or subnational, community development programs, and so on.
- to disburse upon achievement of results and performance indicators, not inputs. Disbursements would be determined by reference to progress on monitorable and verifiable performance indicators rather than by whether an expenditure had been incurred.
- to focus on strengthening the institutional governance, capacity, and systems needed to achieve and sustain a program's results.
- to provide assurance that Bank financing is used appropriately and that the environmental and social impacts of the program are adequately addressed.



BENIN

Photo: Arne Hoel

The proposed Program-for-Results lending instrument is expected to be submitted for approval by the Bank's Board of Directors in fiscal 2012.

SHARING KNOWLEDGE

One of the Bank's core strategic assets is its knowledge output, as the strategy endorsed by the Board in March 2009 recognized. To fully harness this asset, the Bank seeks to improve its ability to produce, customize, and share knowledge to its clients through global technical practices; make the vast amount of knowledge it produces more impact driven; and strengthen its role as a global connector, linking country practitioners and policy makers to sources and centers of knowledge and innovation dispersed across the world.

To make the knowledge strategy operational, the Bank created the Knowledge and Learning Council, which is leading and overseeing the new knowledge and learning strategies, and the Matrix Leadership Team, which will make the Bank's organizational structure of regional and network departments more effective. It formed Global Expert Teams; established a social networking platform; created a top-level technical stream; launched a Bank Fellows program; funded six Knowledge Platforms; and piloted initiatives to support embedded knowledge, South-South exchanges, and innovation.

The Knowledge and Learning Council began preparing the *Knowledge Report*, an annual publication that will support the development of a Bank-wide consensus on modernizing the Bank's knowledge services, with the aim of strengthening quality, relevance, results, and accountability. The new report reflects the widespread recognition that the Bank needs to become better at responding to demands by clients for timely knowledge and needs to regularly measure how well it does. To meet client demand for world-class knowledge, the Bank must bring to its knowledge products the same rigor and clarity in the formulation of objectives and the identifi-



CHINA

Photo: Curt Carnemark

cation of results that it requires of its lending products. It also needs to develop options for financing knowledge services that allow the Bank to serve all of its clients, including low- and middle-income countries, borrowers, and nonborrowers.

By fiscal 2013 implementation of frameworks for the Bank's analytical and advisory services, research, and external training services will be in full swing, with baseline and postdelivery data collected to measure results using established intermediate outcome indicators. Building on the "K-notes" database (developed by the Middle East and North Africa region), which aggregates the various series of knowledge notes from around the institution, data and analysis of knowledge services will be channeled into a searchable Bank-wide database that staff can use to inform policy dialogue and improve outcomes.

WORLD BANK INSTITUTE

During the past year, the World Bank Institute (WBI) focused on the implementation of an ambitious renewal strategy that directly supports the World Bank Group's knowledge agenda. Through several high-profile initiatives, WBI was able to start playing the role of connector of knowledge at the global level. At the same time, it leveraged its programs to pilot new capacity development approaches and to provide tools to clients to enhance development initiatives at the local level.

Innovative Solutions in Support of Open Data

WBI organized an Apps for Development competition to tap into the creativity of software engineers and encourage them to address development problems using the Bank's publicly available data sets. As a result, more than 100 apps—half of them from developing countries—were designed, generating new tools for the research community and the general public. In parallel WBI and partners introduced an exciting initiative, Mapping for

Results, that helps visualize World Bank-funded projects and plot them on maps against various human development indicators (such as infant mortality and school enrollment). The World Bank's portfolios in all 79 IDA countries have been mapped.

South-South Knowledge Exchange

WBI has substantially stepped up its efforts to connect development practitioners with peers who have successfully tackled similar problems. These efforts included a series of dialogues on dealing with the economic crisis, as well as nurturing communities of practice around public-private partnerships, inclusive cities, governance in extractive industries, and other areas. In addition, the WBI launched a South-South Knowledge Exchange online platform that allows the World Bank to broker practitioner exchanges on a broad scale and in a systematic manner.

Investing in the "How To" of Reform

WBI has invested in a series of nontechnical approaches that complement technical solutions to development problems. The institute's programs on leadership and coalition building, for instance, help clients to become effective change agents and to navigate the political economy of reforms. In East Africa WBI is working to modernize the procurement system of pharmaceuticals, often a black hole into which scarce health sector funds disappear because of mismanagement and corruption. WBI is bringing together key counterparts in government, civil society, and the pharmaceutical companies and supporting them to advance this sensitive reform.

Scaling Up the Delivery of Learning Programs

WBI has joined forces with leading learning institutions around the world to significantly increase the number of thematic learning programs it offers to government counterparts and other development practitioners. In addition, the e-Institute, a platform for the provision of online training, is being established as the main mechanism to scale up the delivery of learning programs.

DEMOCRATIZING DEVELOPMENT

The Development Economics Vice Presidency (DEC) conducts world-class research, assesses development prospects (through global monitoring and projections), and collects development data, including international statistics and data on results monitoring. It seeks to accelerate poverty reduction and contribute to progress toward achieving the MDGs by providing countries with the knowledge they need to make more-informed policy choices. Its knowledge is also used to inform the Bank's public advocacy initiatives at the global level. DEC's vision and strategy are consistent with the Bank's "Post-Crisis Directions" paper and the new institution-wide knowledge strategy, which focuses on modernizing knowledge services. (See <http://econ.worldbank.org>.)

In April 2010 the Bank brought even more global economic and development data to the Web for the world to use. Visitors to <http://data.worldbank.org> can easily find, download, manipulate, and use the data compiled by the Bank—free of charge and without restrictions. Complementing its Open Data Initiative, the Bank in fiscal 2011 extended its



BULGARIA

Photo: Scott Wallace

efforts to make its knowledge available globally by launching an initiative called Open Data, Open Knowledge, Open Solutions. The new initiative provides information on more than 2,000 financial, business, health, economic, and human development indicators.

DEC is also developing software tools for data analysis and economic forecasts. One is the *e-Atlas of Global Development* (see <http://data.worldbank.org/atlas-global>)—a free interactive tool that maps and graphs more than 175 indicators from the Bank's development database. Other tools include ADePT, a software platform for automated economic analysis (see <http://worldbank.org/adept>); iSimulate, a platform for running economic simulations online; PovcalNet (see <http://iresearch.worldbank.org/PovcalNet>); PovMap; and Living Standards Measurement Studies (see <http://worldbank.org/lms>).

DEC responded to the global financial crisis through its research, data, and analyses. Work on disaster prevention and mitigation proved timely in the wake of the earthquake and tsunami in Japan. Analysts also conducted research relevant to food and fuel price spikes and to the rush of investors into farmland. Outputs included quick updates on the global economy and commodity prices; original research on the impacts of shocks and crises, including policy responses; a book on the Group of 20 and postcrisis growth and development; and updated estimates of the number of people who fell into poverty as a result of the food and financial crises.

DEC produced several high-profile reports this fiscal year, including the flagship *World Development Report 2011: Conflict, Security and Development*; *Global Economic Prospects*; *Global Development Horizons*; *World Development Indicators 2011*; *Global Development Finance*; and the *Global Monitoring Report 2011: Improving the Odds of Achieving the MDGs*. A migration and remittances team produced a fact book, regular online global remittances briefs, and a series of reports on African migration.

The Development Impact Evaluation (DIME) initiative, which evaluates projects and programs in client countries, greatly expanded its work this year. It collaborated with 300 agencies in 72 countries to improve the effectiveness of policies and programs and to strengthen country capacity for real-time, evidence-based policy making. The initiative will play a key role in implementing the Bank's commitment under IDA16 to increase the number of project impact evaluations. (See <http://worldbank.org/dime>.)

As part of its knowledge outreach and generation, DEC continued to oversee a research support program. Its Annual Bank Conference on Development Economics, held in Paris in April 2011, examined the theme of broadening opportunities for development. (See <http://worldbank.org/abcde2011>.)

INTEGRITY

As a public institution, the World Bank needs to ensure that development resources reach their intended beneficiaries. Working with governments, the private sector, civil society, and other international institutions, the Integrity Vice Presidency (INT) contributes to the Bank's governance and anticorruption efforts, helping to ensure that funds are not lost.

Established in 2001, INT is the independent arm of the Bank responsible for investigating allegations of fraud and corruption in Bank-financed projects, as well as allegations of serious fraud and corruption involving staff. By combining investigation with an enhanced focus on prevention and the early detection of red flags in projects, INT promotes a proactive approach to managing fraud and corruption risks across the Bank's operations.

INT has highly specialized international investigators assigned to each of the six Bank regions. In addition INT has set up a preventive services unit and a forensic accounting unit to support investigations and to offer advice on how to mitigate a project's vulnerability to fraud and corruption. The units also provide training to project teams, implementing entities, and other national institutions, and to representatives of the private sector, including contractors and consultants.

This fiscal year INT completed 83 investigations and debarred 35 individuals and companies from doing business in any of its projects. The Bank also cross-debarred entities under the terms of the Cross-Debarment Agreement signed with other multilateral development banks and launched by the World Bank in July 2010.

In September 2010 as part of its sanctions reform, the Bank adopted debarment with conditional release as its default sanction, and INT established the Office of Integrity Compliance and posted the Bank's new Integrity Compliance Guidelines. The guidelines incorporate internationally recognized integrity standards and principles, and set a benchmark that all debarred firms need to reach before they may recommence work on Bank-financed projects.

In June 2011 INT released its first global report on the roads sector, based on lessons derived from its investigations and building on the experiences of a number of developed and developing countries. The report highlights the most common fraud and corruption risks and best practices in mitigating those risks as experienced by developed and developing countries. This work focuses on addressing vulnerability of the roads sec-



MEXICO

Photo: Curt Carnemark

tor, which is critical to advancing poverty reduction and economic growth efforts in poor countries. (See <http://worldbank.org/integrity>.)

GOVERNANCE AND ANTICORRUPTION

The Bank Group began implementing its Governance and Anticorruption (GAC) Strategy in mid-2007. The strategy is guided by seven key principles:

- Fight poverty by building capable and accountable states that create opportunities for the poor.
- Ensure that work is country driven.
- Adapt implementation to individual country circumstances.
- Remain engaged even in poorly governed countries so that the poor are not penalized for their government's actions.
- Engage with a broad array of stakeholders.
- Strive to strengthen, not bypass, country systems.
- Work with governments, donors, and other actors.

Since 2007 the GAC Council, made up of the Bank's senior management, has met regularly to monitor progress on the implementation of the strategy. Phase I helped create tools and resources for mainstreaming the GAC approach into country analysis and planning and into sector and project operations. Eighteen countries, with help from incremental trust fund resources, have worked to mainstream governance approaches into country programming. Several innovative programs were developed to improve

transparency and accountability in country-level work. Analyses of political economy and governance constraints to development effectiveness have been increasingly used to help design better and more feasible programs.

IEG completed its assessment of the implementation of aspects of GAC Phase I in July 2011. The findings of the evaluation will feed into a second phase of GAC, which is now under preparation. Phase II will focus on intensifying efforts to measure development results, shifting the focus from individual transactions to building sustainable country-level systems and institutions, and taking a more informed and nuanced approach to risk and risk management.

The Bank advanced multiple reforms to promote its own inclusiveness, innovation, efficiency, effectiveness, openness, and accountability this fiscal year; its efforts to improve its own governance won international recognition. In October 2010, Publish What You Fund, a U.K.-based coalition of civil society organizations working on governance, aid effectiveness, and access to information, rated the Bank the highest-performing institution among 30 major donors. (See <http://worldbank.org/governance>.)

CIVIL SOCIETY

The World Bank Group continued to expand its relations with civil society organizations (CSOs) throughout the world, through policy dialogue meetings, formal consultations, programmatic collaboration, and grant-funding mechanisms. To discuss the resurgence of high food prices, the Bank convened two food roundtables with dozens of civil society leaders from the United States, Europe, and developing countries. As a result of the multiyear dialogue, CSOs actively participated in the delivery of food and agricultural services in 16 of 40 countries that received assistance from the Bank's Global Food Price Crisis Response Program. In addition three CSO representatives joined the steering committee of the Global Agriculture and Food Security Program.

This fiscal year the Bank met with members of the civil society advisory group on the Bank's health portfolio, with young Arab leaders on the democratic movements in the Middle East, and with high-level representatives of the International Trade Union Confederation. It also conducted a series of formal consultations with CSOs on the Bank Group's strategies for the environment, education, performance standards, and trade. The most extensive of these meetings was on the first phase of the Bank's energy policy, which involved Internet-based consultations and meetings with more than 2,000 people in 31 countries. The Bank also provided grants to thousands of CSOs worldwide through dozens of grant mechanisms and community-driven development funds. CSOs were involved in the preparation of 81 percent of all new Bank-financed projects during fiscal 2011.

The World Bank at work

Results from the field

In **AFGHANISTAN**, there has been a 22 percent reduction in infant mortality as well as a 26 percent reduction in child mortality, in just three years.

In **ALGERIA**, work on mortgage finance almost doubled the supply of new and renovated housing between 2002 and 2007, and increased housing loans by more than 60 percent.

In **ARGENTINA**, national immunization rates increased to 94 percent by late 2009 through the provision of health insurance for the poor.

In **ARMENIA**, 45 percent of households in urban multi-apartment buildings now use safe, clean, and affordable gas-based heating solutions, up from 11 percent in 2004.

In **AZERBAIJAN**, 1.2 million people in 431 communities benefited from new or reconstructed roads during the last five years.

In **BANGLADESH**, 20 million people benefited from microfinance programs during the last 12 years.

In **BELARUS**, almost 700 schools and health facilities were retrofitted with energy-efficient windows and lighting, cutting energy use and freeing up resources for service provision.

In **BELIZE**, upgrading the link between the capital city of Belmopan and the international airport cut vehicle-operating costs by 62 percent and almost doubled road usage during 2002–05.

In **BENIN**, 230,000 residents gained better access to infrastructure and basic services during the past five years.

In **BHUTAN**, schools and homes rebuilt expeditiously allowed primary school girls in a remote village of eastern Bhutan to continue their education within days of the 2009 earthquake.

In **BOLIVIA**, 130,000 people in rural and peri-urban areas now have access to electricity.

In **BOSNIA AND HERZEGOVINA**, approximately 200,000 jobs were created or sustained during 1997–2005.

In **BOTSWANA**, HIV/AIDS prevention moved forward with almost 43 percent of 15- to 24-year-olds practicing safe sex in 2010—more than double the number in 2004.

In the state of Minas Gerais, in **BRAZIL**, projects to help the government improve public services helped increase the literacy rate among 8-year-olds to 76 percent in 2009, an increase of 11 percent over 2007.

In **BURKINA FASO**, 94 percent of Ouagadougou's population—1,480,000 people—now have access to safe water.

In **BURUNDI**, 29,527 adult ex-combatants were demobilized from 2004 to 2008. Since September 2006, socioeconomic reintegration has been provided to 6,886 demobilized ex-combatants, including 380 minors.

In **CAMBODIA**, the primary completion rate reached 85.6 percent in 2008–09, up from less than 50 percent only five years ago.

In **CAMEROON**, 1.6 million people benefited directly from improved infrastructure, including more than 98,000 from improved access to educational facilities.

In **CAPE VERDE**, the corporate tax rate was reduced from 35 percent in 2003 to 30 percent in 2008.

In **CHILE**, an integrated financial management system implemented in 159 central government agencies facilitated timely budget execution; 178 government agencies were supported by a performance-based monitoring and evaluation system for expenditure management, 2002–07.

In **CHINA**, strengthening the Yangtze River dikes protected about 75 million people and more than 1.6 million hectares of farmland from flood damage in December 2008.

In **COLOMBIA**, 1.7 million families benefited from the Familias en Acción conditional cash transfer program in 2008, up from 340,000 families in 2004.

In **CÔTE D'IVOIRE**, 15,000 ex-combatants and at-risk youths were provided with jobs.

In **CROATIA**, improved wastewater collection and treatment and strengthened environmental monitoring benefited 146,000 residents and 225,000 tourists in 2010.

In **DJIBOUTI**, 71 percent of students now complete primary school without repeating a grade, up sharply from 52 percent in 2003–04.

In the **DOMINICAN REPUBLIC**, electricity losses were cut by 14 percent during 2005–08 under a regional Caribbean project on secure and clean energy.

In **ECUADOR**, 1,741 households received electricity from solar home systems in 2008.



In the **ARAB REPUBLIC OF EGYPT**, the volume of mortgage lending increased from 300 million Egyptian pounds to 4.2 billion Egyptian pounds in just five years as a result of mortgage sector reforms, which included the creation of a mortgage finance regulator and the streamlining of property registration procedures.

In **EL SALVADOR**, 1.3 million urban public school students benefited from a school feeding program, and student enrollment increased by almost 11,000 students. Conditional cash transfer programs helped 100,000 families as of 2010.

In **ERITREA**, 31,556 orphans were placed with families by 2005.

In **ETHIOPIA**, 264,000 primary school teachers were hired, helping to increase the net primary school enrollment rate from 68.5 percent in 2005 to 83.5 percent in 2009.

In the **FORMER YUGOSLAV REPUBLIC OF MACEDONIA**, real estate cadastre coverage more than doubled from 43 percent in 2005 to 99 percent in 2009, and the annual number of registered transactions increased by 121 percent.

In **THE GAMBIA**, 378,000 urban residents benefited from better living conditions as a result of infrastructure improvements.

In **GEORGIA**, there was a 98 percent vaccination rate for common childhood diseases in 2009, up from 78 percent in 2004.

In **GHANA**, the improved provision of maternal and child health care reduced under-five mortality rates to 80 per 1,000 live births in 2008, from 111 in 2003; neonatal mortality also declined.

In **GUATEMALA**, the time required to register a new business was cut almost in half, from 45 days during 2004–08.

In **HAITI**, 200,000 buildings were assessed for structural damage in the wake of the earthquake.

In **HONDURAS**, the number of children enrolled in the grade corresponding to their age increased by 19 percent, and school assistance for students between 6 and 12 years old increased by 9 percent between 1998 and 2004.

In **HUNGARY**, pollution in the Danube River Basin was reduced by more than 50 percent by expanding the wastewater treatment capacity of utilities during 2000–07.

In **INDIA**, over 98 percent of India's children now have access to a primary school within 1 kilometer of their homes; 5 million children remain out of school, compared with 25 million in 2004; transition rates from primary to upper primary rose from 75 percent in 2002 to 84 percent in 2007.

In **INDONESIA**, the institutional framework for addressing corruption was significantly strengthened by the establishment of the Anti-Corruption Commission, the Anti-Corruption Court, the Judicial Commission, the Police Commission, and the Prosecutorial Commission in 2007.

In **JAMAICA**, 85 percent of HIV-positive pregnant women receiving antenatal care were given anti-retroviral treatment in 2008, compared with only 10 percent in 2002.

In **JORDAN**, access to justice was improved when the first pro bono lawyers association was created by the Jordan Center for Legal Aid in coordination with the Jordan Bar Association; it provides citizens with a system of 'one-stop-shops' for legal aid, legal counseling, and higher quality judicial services.

In **KAZAKHSTAN**, transport costs on the Almaty-Astana road declined on average by 40 percent, and the accident rate between Almaty and Karaganda was reduced by more than 20 percent from 1999 to 2007.

In **KENYA**, 32,000 poor orphans and vulnerable children have better living conditions because of cash transfers to their households.

In the **KYRGYZ REPUBLIC**, 92 percent of people now have access to pharmaceuticals, up from 77 percent in 2001.

In the **LAO PEOPLE'S DEMOCRATIC REPUBLIC**, the backbone of the country's road transport network improved since 1996, with travel speeds rising from 35 kilometers/hour to 80 kilometers/hour.

In **LATVIA**, 90 percent of 5-year-olds and 98 percent of 6-year-olds have been enrolled in preschool since October 2009. Also, government assistance has ensured that no student need travel more than 60 minutes to get to school.

In **LEBANON**, 300 kilometers of storm drainage network was improved, along with 28 kilometers of the potable water network and 36 kilometers of the sewerage network, from 2000 to 2008.

In **LESOTHO**, there was a 10 percentage point increase in the modern contraceptive prevalence rate, from 37 percent in 2004 to 47 percent in 2009.

In **LIBERIA**, 842 kilometers of roads—almost one-tenth of Liberia's road network and major road corridors—were rehabilitated or repaired during the last several years.

In **LITHUANIA**, the rehabilitation and extension of more than 2 kilometers of breakwaters, from 1999 to 2007, has improved the competitiveness, safety, and environment of the Port of Klaipėda.

In **MADAGASCAR**, 5,000 new businesses were registered in three regions between 2006 and 2008, and an estimated 10,000 new jobs were created.

In **MALAWI**, there was a 12 percentage point decline in the poverty headcount, from 52 percent in 2005 to 40 percent in 2008.

In **MALAYSIA**, 33 primary schools, 26 secondary schools, 447 teacher's quarters, and about 2,700 student hostel units were completed, and a vocational School to Work Program helped 2,654 underachieving secondary students in 2000.

In **MALI**, 650,000 more people have access to electricity as of May 2010.

In **MAURITIUS**, unemployment declined from 9.5 percent in 2005 to 7.2 percent in 2008 as a result of the government's reform program, and the unemployment rate for women decreased significantly as new job opportunities emerged in the service sector.

In **MEXICO**, 6.8 million students received a better education when the Quality Schools Program increased the number of schools from 21,000 to 39,000 in poor and very poor communities from 2006 to 2009.

In **MOLDOVA**, mother-to-child transmission of HIV infection decreased by almost 90 percent—from 20 percent in 2002 to 1.7 percent in 2007.

In **MONGOLIA**, there was a 69 percent increase in the kindergarten enrollment rate since 2002.

In **MOZAMBIQUE**, there were 11.3 million tons of port traffic in 2009, compared with 8.2 million tons in 2002.

In **MOROCCO**, the mobile phone market grew to 7.3 million users in 2003, up from less than 117,000 in 1998, when competition and regulatory reform were introduced.

In **NAMIBIA**, access to post-basic education and training in poor regions was increased when 60 percent more grade 11 places were created from 2008 to 2009.

In **NEPAL**, 168,000 workers were employed, and 118 kilometers of rural roads were constructed or rehabilitated during the last two years, through a community-driven operation.

In **NICARAGUA**, 35 micro enterprises employing approximately 400 people were established to routinely maintain 2,400 kilometers or 88 percent of the maintainable core road network.

In **NIGER**, use of health care centers almost doubled, from 20 percent in 2005 to 39 percent in 2009.

In **NIGERIA**, 3.4 million beneficiaries from the agricultural sector were able to increase their income by approximately 63 percent between 2004 and 2009 through access to better equipment.

In the **ORGANISATION OF EASTERN CARIBBEAN STATES**, there was an 8.4 percent increase in the net enrollment rate for secondary education in Grenada and a 34.7 percent increase for St. Vincent and the Grenadines between 2002 and 2008, and a 10 percent increase in the transition rate to secondary education for underserved areas.


In **PAKISTAN**, local hydropower generation increased from about 35 percent to 46 percent of total generation in 2003–04, providing increased access to electricity.

In **PANAMA**, an additional 76,000 people in poor and isolated rural communities received a new nutritional component as part of a health services package in 2010.

In **PAPUA NEW GUINEA**, rehabilitation of the Port of Rabaul, following the eruption in 1994, allowed international cargo to be shipped again directly to and from the port by 2007.

In **PARAGUAY**, 325,000 people in rural areas—25,000 of them members of indigenous communities—gained access to water and sanitation through the construction and expansion of 600 water supply schemes and the provision of 23,000 latrines between 1997 and 2007.

In **PERU**, more than 15,000 kilometers of rural roads were rehabilitated between 1995 and 2006.



In the **PHILIPPINES**, about 5 million residents of Bicol, who had suffered power shortages because of typhoons, benefited from a stabilized power supply in 2008.

In the **RUSSIAN FEDERATION**, about 65 percent of people infected with HIV received anti-retroviral treatment in 2008, up from 25 percent in 2006.

In **RWANDA**, 750,000 people now have access to a reliable electrical supply, with electricity load shedding reduced substantially from approximately 50 percent at peak hours in 2004 to 0 percent in 2010.

In **SAMOA**, 24 kilometers of sea wall were rehabilitated to protect coastal villages, and four bridges were rebuilt by 2008.

In **SENEGAL**, the gross primary school enrollment rate was 84 percent in 2008, up from 67 percent in 2002.

In **SERBIA**, public financial management was strengthened by the introduction of a comprehensive and integrated medium-term planning and budgeting framework in 2009, and by new laws to enhance the management, oversight, transparency, and accountability of procurement in 2008.

In **SIERRA LEONE**, 700,000 people gained access to improved health and sanitation facilities, and 148 health facilities were renovated and equipped between 2004 and 2009.

In the **SLOVAK REPUBLIC**, by 2007, significant improvements in its macro fiscal forecasting capacity helped provide a starting point for preparing the annual budget.

In **SRI LANKA**, 55,000 farm households benefited from the recultivation of 35,000 hectares of irrigated land and the rehabilitation of seven major irrigation schemes between 2004 and 2009.

In **SOUTH AFRICA**, reforms to budgeting and financial management systems were implemented in 41 municipalities between 2003 and 2008.

In **ST. LUCIA**, more children gained access to education when more than 2,000 additional secondary school places were provided through the construction or rehabilitation of school facilities in underserved areas in 2007.

In **ST. VINCENT AND THE GRENADINES**, the extensive training of staff and the purchase of emergency and communications equipment increased the government's disaster response capacity by 2006.

In **TAJIKISTAN**, 71,000 food-insecure households benefited from wheat seed and fertilizer distribution in 2008.

In **TANZANIA**, 88 percent of trunk and regional roads are now in good condition, compared with 51 percent in 2000.

In **THAILAND**, 1.15 million poor and vulnerable people benefited from a low-income health card scheme.

In **TONGA**, 42 community halls were repaired or reconstructed following the cyclone.

In **TURKEY**, 4.6 million households received electricity through improvements to the transmission capacity and efficiency over the last decade.

In **UGANDA**, by 2007, all major local governments had a three-year rolling development plan and almost all of them submitted final accounts on time to the Ugandan Office of the Auditor General.

In **UKRAINE**, measures to stabilize the banking sector after the crisis resulted in 6 million depositors regaining access to their bank accounts in banks that had either been recapitalized by the state or had been strengthened by the Deposit Guarantee Fund between 2009 and 2010.

In **URUGUAY**, 1,000 schools had access to the Internet by 2008, compared with none in 2001.

In **UZBEKISTAN**, 86 percent of women received antenatal care in 2008, compared with 79 percent in 2004.

In **VIETNAM**, new energy efficiency standards were introduced for energy-intensive consumer goods in 2008 and 2009.

In **WEST BANK AND GAZA**, some 85 uncontrolled dumpsites in Jenin and Tubas were closed and rehabilitated, freeing up 1,200 dunums of land for development and increasing the value of neighboring properties.

In the **REPUBLIC OF YEMEN**, 30,000 girls now attend school as a result of conditional cash transfer schemes introduced in 2008 and 2009.

In **ZAMBIA**, 1.2 million people in nine towns across the country were provided access to improved water and sanitation facilities between 1996 and 2000.

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Team Leader and Editor

Cathy Lips

Assistant Editor

Prateeksha Nagar

Editorial Production

Susan Graham

Janet Sasser

Print Production

Denise Bergeron

Andres Meneses

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1818 H Street NW
Washington DC 20433
Telephone: 202-473-1000
Internet: www.worldbank.org
E-mail: feedback@worldbank.org

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Washington, DC 20433
Monday–Friday, 9:00 a.m.–5:00 p.m.
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Facsimile: 202-522-1500
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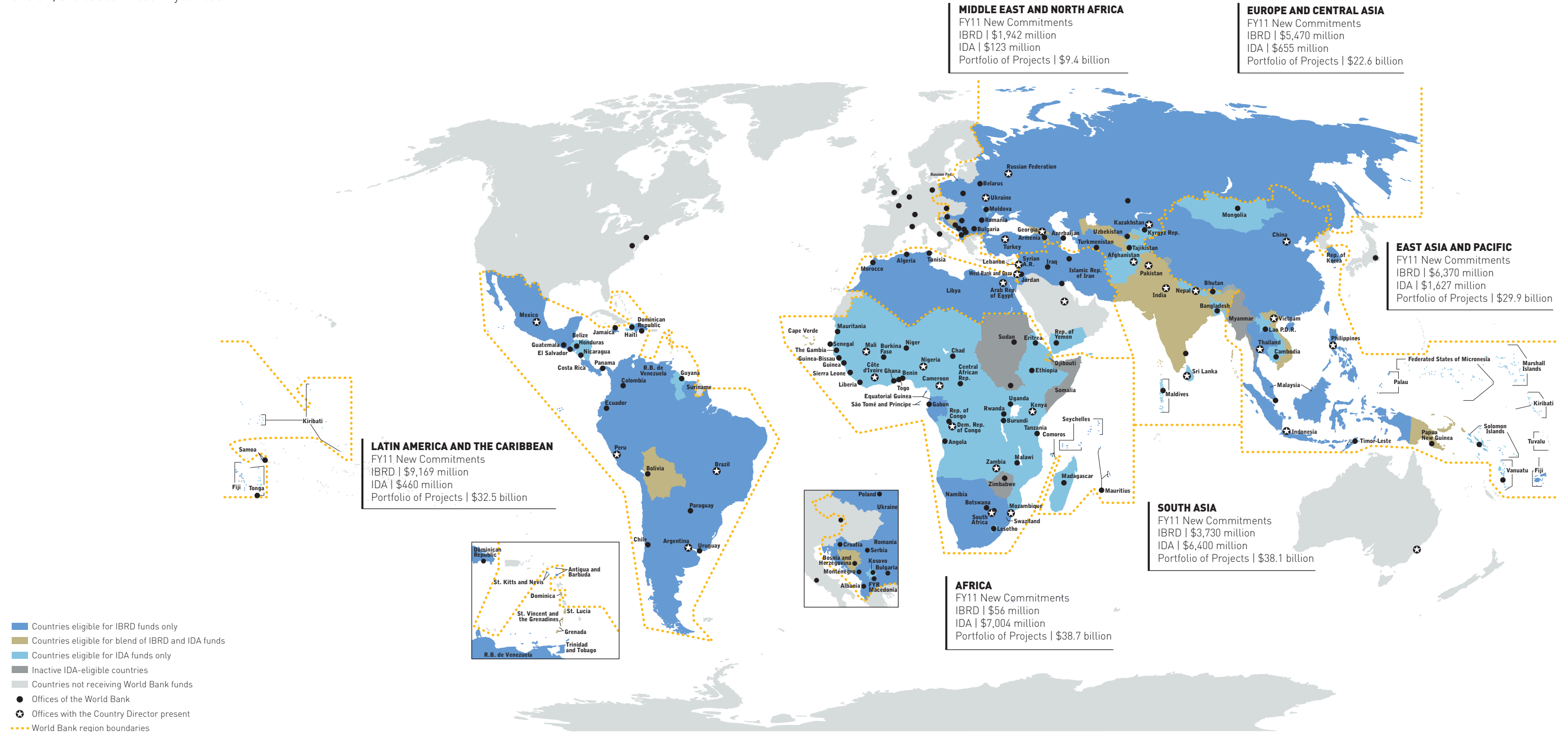
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Saved: 62 trees; 25 million btus of total energy; 6,261 lbs. of net greenhouse gases; 28,233 gallons of wastewater; and 1,790 lbs. of solid waste.



WORLD BANK REGIONS, COUNTRY OFFICES, AND BORROWER ELIGIBILITY

The World Bank today operates out of more than 120 offices worldwide. Increased presence in client countries is helping the Bank to better understand, work more effectively with, and provide more timely service to its partners in client countries. Ninety-one percent of Country Directors/Country Managers, and more than 38 percent of staff, are based in country offices.



In **AFGHANISTAN**, there has been a 22 percent reduction in infant mortality as well as a 26 percent reduction in child mortality, in just three years. | In **ALGERIA**, work on mortgage finance almost doubled more than 60 percent. | In **ARGENTINA**, national immunization rates increased to 94 percent by late 2009 through the provision of health insurance for the poor. | In **ARMENIA**, 45 percent of households from 11 percent in 2004. | In **AZERBAIJAN**, 1.2 million people in 431 communities benefited from new or reconstructed roads during the last five years. | In **BANGLADESH**, 20 million people benefited facilities were retrofitted with energy-efficient windows and lighting, cutting energy use and freeing up resources for service provision. | In **BELIZE**, upgrading the link between the capital city of Belmopan during 2002–05. | In **BENIN**, 230,000 residents gained better access to infrastructure and basic services during the past five years. | In **BHUTAN**, schools and homes rebuilt expeditiously allowed primary earthquake. | In **BOLIVIA**, 130,000 people in rural and peri-urban areas now have access to electricity. | In **BOSNIA and HERZEGOVINA**, approximately 200,000 jobs were created or sustained du 15- to 24-year-olds practicing safe sex in 2010—more than double the number in 2004. | In the state of Minas Gerais, in **BRAZIL**, projects to help the government improve public services helped increase the li In **BURUNDI**, 29,527 adult ex-combatants were demobilized from 2004 to 2008. Since September 2006, socioeconomic reintegration has been provided to 6,886 demobilized ex-combatants, including 380 mi infrastructure, including more than 98,000 from improved access to educational facilities. | In **CAPE VERDE**, the corporate tax rate was reduced from 35 percent in 2003 to 30 percent in 2008. | In **CHILE**, and evaluation system for expenditure management, 2002–07. | In **CHINA**, strengthening the Yangtze River dikes protected about 75 million people and more than 1.6 million hectares of farmland from flood 15,000 ex-combatants and at-risk youths were provided with jobs. | In **CROATIA**, improved wastewater collection and treatment and strengthened environmental monitoring benefited 146,000 residents electricity losses were cut by 14 percent during 2005–08 under a regional Caribbean project on secure and clean energy. | In **ECUADOR**, 1,741 households received electricity from solar home systems in 2008, which included the creation of a mortgage finance regulator and the streamlining of property registration procedures. | In **EL SALVADOR**, 1.3 million urban public school students benefited from a school by 2005. | In **ETHIOPIA**, 264,000 primary school teachers were hired, helping to increase the net primary school enrollment rate from 68.5 percent in 2005 to 83.5 percent in 2009. | In the **FORMER YU** 121 percent. | In the **GAMBIA**, 378,000 urban residents benefited from better living conditions as a result of infrastructure improvements. | In **GEORGIA**, there was a 98 percent vaccination rate for co from 111 in 2003; neonatal mortality also declined. | In **GUATEMALA**, the time required to register a new business was cut almost in half, from 45 days during 2004–08. | In **HAITI**, 200,000 buildings w for students between 6 and 12 years old increased by 9 percent between 1998 and 2004. | In **HUNGARY**, pollution in the Danube River Basin was reduced by more than 50 percent by expanding the wastew compared with 25 million in 2004; transition rates from primary to upper primary rose from 75 percent in 2002 to 84 percent in 2007. | In **INDONESIA**, the institutional framework for addressing corruptio In **JAMAICA**, 85 percent of HIV-positive pregnant women receiving antenatal care were given anti-retroviral treatment in 2008, compared with only 10 percent in 2002. | In **JORDAN**, access to justice was aid, legal counseling, and higher quality judicial services. | In **KAZAKHSTAN**, transport costs on the Almaty Astana road declined on average by 40 percent, and the accident rate between Almaty and Kara **KYRGYZ REPUBLIC**, 92 percent of people now have access to pharmaceuticals, up from 77 percent in 2001. | In the **LAO PEOPLE'S DEMOCRATIC REPUBLIC**, the backbone of the country in preschool since October 2009. Also, government assistance has ensured that no student need travel more than 60 minutes to get to school. | In **LEBANON**, 300 kilometers of storm drainage network wa contraceptive prevalence rate, from 37 percent in 2004 to 47 percent in 2009. | In **LIBERIA**, 842 kilometers of roads—almost one-tenth of Liberia's road network and major road corridors—were rehabilitat environment of the Port of Klaipėda. | In **MADAGASCAR**, 5,000 new businesses were registered in three regions between 2006 and 2008, and an estimated 10,000 new jobs were created. | In **MALAWI**, 2,700 student hostel units were completed, and a vocational School to Work Program helped 2,654 underachieving secondary students in 2000. | In **MALI**, 650,000 more people have access to electricity as of May as new job opportunities emerged in the service sector. | In **MEXICO**, 6.8 million students received a better education when the Quality Schools Program increased the number of schools from 21,000 to 39 In **MONGOLIA**, there was a 69 percent increase in the kindergarten enrollment rate since 2002. | In **MOZAMBIQUE**, there were 11.3 million tons of port traffic in 2009, compared with 8.2 million tons in post-basic education and training in poor regions was increased when 60 percent more grade 11 places were created from 2008 to 2009. | In **NEPAL**, 168,000 workers were employed and 118 kilometers of rur routinely maintain 2,400 kilometers or 88 percent of the maintainable core road network. | In **NIGER**, use of health care centers almost doubled, from 20 percent in 2005 to 39 percent in 2009. | In **NIGERIA** **OF EASTERN CARIBBEAN STATES**, there was an 8.4 percent increase in the net enrollment rate for secondary education in Grenada and a 34.7 percent increase for St. Vincent and the Grenadines b t of total generation in 2003–04, providing increased access to electricity. | In **PANAMA**, an additional 76,000 people in poor and isolated rural communities received a new nutritional component as part of a h by 2007. | In **PARAGUAY**, 325,000 people in rural areas—25,000 of them members of indigenous communities—gained access to water and sanitation through the construction and expansion of 600 water 5 million residents of Bicol, who had suffered power shortages because of typhoons, benefited from a stabilized power supply in 2008. | In the **RUSSIAN FEDERATION**, about 65 percent of people in substantially from approximately 50 percent at peak hours in 2004 to 0 percent in 2010. | In **SAMOA**, 24 kilometers of sea wall were rehabilitated to protect coastal villages, and four bridges were rebuilt by comprehensive and integrated medium-term planning and budgeting framework in 2009, and by new laws to enhance the management, oversight, transparency, and accountability of procurement in 2008. | In **S** by 2007, significant improvements in its macro fiscal forecasting capacity helped provide a starting point for preparing the annual budget. | In **SRI LANKA**, 55,000 farm households benefited from the recult were implemented in 41 municipalities between 2003 and 2008. | In **ST. LUCIA**, more children gained access to education when more than 2,000 additional secondary school places were provided thro communications equipment increased the government's disaster response capacity by 2006. | In **TAJIKISTAN**, 71,000 foo **THAILAND**, 1.15 million poor and vulnerable people benefited from a low-income health card scheme. | In **TONGA**, 42 decade. | In **UGANDA**, by 2007, all major local governments had a three-year rolling development plan and almost all of the bank accounts in banks that had either been recapitalized by the state or had been strengthened by the Deposit Guarantee Fund with 79 percent in 2004. | In **VIETNAM**, new energy efficiency standards were introduced for energy-intensive consumer goods value of neighboring properties. | In the **REPUBLIC OF YEMEN**, 30,000 girls now attend school as a result of condition



THE WORLD BANK

1818 H St NW

Washington, DC 20433 USA

Telephone: 202-473-1000

Facsimile: 202-477-6391

Web site: www.worldbank.org/annualreport/2011

E-mail: wbannualreport@worldbank.org

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