Nordic-Baltic Constituency Office
to the Board of the World Bank

Annual Report

Highlights from Financial Year 2014
July 1, 2013 – June 30, 2014

September 2014

Foreword

Implementation of the World Bank Group's new strategy was the driving force with the many institutional and policy changes during the past year. Far reaching changes were initiated to the organizational setup, the country engagement model as well as key tools such as safeguards. These were accompanied by a new financial strategy, aimed at increased financial capacity and sustainability. Some of these reforms are still being finalized while others are in the advanced stages of implementation.

The Nordic-Baltic Office has been supportive of the reforms. Going forward, our focus is in monitoring their implementation and results. After all, reforms and changes are only valuable once they have delivered increased efficiency, attention to results and client focus.

A key highlight of the year was finalization of the seventeenth replenishment of IDA, with Maximizing Development Impact as an overarching theme. Donors agreed to a record level of replenishment of over US$52 bn. This was accompanied with an ambitious policy agenda, including important priorities for our Constituency of inclusive growth, climate change, gender and fragile states. Our constituency became the fourth largest contributor to IDA.

Despite the intensive internal change efforts, the WBG continued serving its clients around the world. In terms of operations in the world's poorest countries, this was a record year, with new IDA operations of US$22.2 bn and with private sector operations through the IFC of US$10.8 bn in IDA countries. IFC continued its strong overall performance of US$22.4 bn in new commitments. IBRD committed US$18.6 bn.

We have chosen two sets of examples for this report to demonstrate first of all how the WBG's new Energy Directions are implemented in operations, and secondly to show the diversity of fragile and conflict affected situations the WBG operates in.

In this report we are also highlighting the work of three oversight institutions at the WBG, namely the Independent Evaluation Group, the IFCs Compliance Advisor/Ombudsman, and the Inspection Panel. These entities have an important role in improving the quality and results of the WBGs work.

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Abbreviations

CAO	Compliance Advisor Ombudsman
CCSA	Cross-Cutting Solution Area
CLR	Completion and Learning Review
CODE	Board Committee on Development Effectiveness
CPF	Country Partnership Framework
E&S	Environmental and Social Standards
EBRD	European Bank for Reconstruction and Development
ED	Executive Director
EIB	European Investment Bank
ER	Expenditure Review
FY	Financial Year of the World Bank Group (1 July – 30 June)
GDP	Gross Domestic Product
GP	Global Practice
HR	Human Resources
IBRD	International Bank for Reconstruction and Development
ICP	International Comparison Program
ICSID	International Centre for Settlement of Investment Disputes
IDA	International Development Association
IEG	Independent Evaluation Group
IFC	International Finance Corporation
IMF	International Monetary Fund
MDGs	Millennium Development Goals
MIGA	Multilateral Investment Guarantee Agency
MTBF	Medium-Term Business and Finance
NBC	Nordic-Baltic Constituency
NBO	Nordic-Baltic Office
ODA	Official Development Aid
OECD	Organization for Economic Cooperation and Development
OPs	Operating Procedures
PLR	Performance and Learning Review
PPPs	Public-Private Partnerships
SBL	Single Borrower Limits
SCD	Systematic Country Diagnostic
SDGs	Sustainable Development Goals
SREP	Scaling-up Renewable Energy Program
UN	United Nations
WB	World Bank
WBG	World Bank Group
WDR	World Development Report

1. Seventeenth Replenishment of IDA: Maximizing Development Impact

On December 17, 2013, a global coalition of developed and developing nations completed the 17th replenishment of resources for IDA, the International Development Association. IDA is the World Bank's fund for the poorest and provides concessional financing to the world's poorest countries–home to nearly one billion people living on less than US$1.25 per day. **More than US$52 bn was pledged by 46 countries, with more than 7% coming from the Nordic-Baltic Constituency, making it the fourth largest contributor to IDA overall.** The Policy Package of the Replenishment aims at maximizing Development Impact – the overall theme of IDA 17. It firmly responds to the changes in the development agenda, is ambitious and focused on effectiveness and results, and is augmented by the special themes of Inclusive Growth, Gender Equality, Climate Change and Fragile and Conflict–Affected States. The Nordic-Baltic constituency made a significant contribution to the policy discussions, and IDA's thematic focus is closely aligned with our goals.

IDA will thus play a key role in achieving the World Bank's goals of eliminating extreme poverty and increasing shared prosperity in a sustainable manner. All IDA activities and results monitoring are explicitly aligned with those goals, with enhanced focus on outcome and quality indicators, including tracking IDA's operational effectiveness and organizational efficiency. IDA's accountability to clients and shareholders through greater use of beneficiary feedback and public disclosure will be strengthened as well, and a much greater emphasis will be placed on managing and reporting the costs of delivering results. The future of concessional financing and the evolution of IDA as more countries graduate from low-income to middle income status will continue to be discussed among IDA members in a special IDA17 Working Group on Long-Term Vision and Financing. Two additional IDA17 Working Groups, one on Governance and the other on Results and Development, will work concurrently on proposals to bring to IDA deputies at the start of the replenishment round.

The Mid-Term Review of IDA17 will take place during the Fall of 2015. The IDA18 period (FY18-20) will start on July 1, 2017, and the eighteenth replenishment round is expected to start during February/March of 2016.

2. The Change Process at the World Bank Group

While FY13 was largely driven by goal setting and identifying what needed to change in the way the WBG operated, in FY14, Management of the organization focused on the internal structures and processes to bring tangible results to its client countries. In October, the new WBG Strategy was approved that set two goals – to eradicate extreme poverty and boost shared prosperity by 2030, in an environmentally, socially and economically sustainable way. To implement the WBG Strategy, the change process revolved in FY14 around eight objectives:

- Help clients tackle the most important challenges;
- Become the "Solutions WBG" so that the WBG delivers world-class integrated development solutions to clients to maximize their development impact;

- Engage in collaborative external partnerships with all partners;
- Build Financial Strength for the WBG;
- Enhance knowledge, learning, and innovation;
- Ensure that WBG staff have the skills, capabilities and behaviors to implement the Strategy objectives;
- Develop IT systems that would support institutional change; and
- Align WBG leadership, culture and values to support the strategy and to serve client countries better.

A strengthened Monitoring and Evaluation framework was also set up to help measure progress toward achieving outcomes of the strategic goals and organizational changes. Three different elements were defined during the year to ensure monitoring of the different work-streams and their relation to the Strategic Goals: 1) The World Bank Corporate Scorecard has been revised to ensure its alignment with the new World Bank Group Goals and Strategy; 2) The Integrated Project Management Plan (IPMP) turns objectives into deliverables, tasks, activities and milestones; 3) the President's Delivery Unit (PDU) identifies cross cutting priorities set by the President and reinforces the institutional focus on selected key indicators.

The elements involved in the change process are ambitious, complex and multi-faceted. The changes not only set out to strengthen internal organization, but also aimed at a more effective and efficient delivery to clients as well as promoting a change of culture. The three key elements in the change process were:

1. Organizational Changes (see section 2.1.);
2. New Country Engagement Framework (see section 2.2); and
3. Human Resources Strategy (see section 2.3).

The process has been complex with the many different initiatives that are intended to reinforce and complement each other while at the same time ensuring that the end result would be a better WBG that provides better results more efficiently. The "launch date" of the new operating model of the Bank was July 1st 2014, however organizational change is an iterative process and adjustments will be needed based on experience.

2.1 Organizational Changes: GPs and CCSAs

A major organizational change was introduced through the establishment of the Global Practices (GP) and Cross Cutting Solution Areas (CCSAs). A concern raised in the Organizational Health Survey conducted in 2013 was that collaboration among technical staff between regions and networks within the WBG was low, and therefore, knowledge exchange within the organization was considered weak. Therefore, the new structure encompassing the 14 Global Practices (GPs) and 5 Cross-cutting Solution Areas (CCSAs) – see Box 1 – was developed and intends to connect global and local expertise to better serve clients.

The reform involved reshuffling the previous matrix into a new set-up as of July 2014. Regional VPs and Country Managers will still be focal points for client countries, but a new set-up should ensure that technical and cross-sectorial knowledge resources are better drawn across the Bank Group. This should lead to a quicker response to client needs and result in a higher quality of operations.

There was an extensive process for operationalizing the new set-up, and including major reshuffles of staff and development of new operational procedures. Recruitment for the senior leadership positions of the GPs and CCSAs was done internationally and of the 19 positions, six were filled with external candidates, more than half came from client countries, and a fifth came from Nationalities of Focus. No NBC nationals were selected. Some 5,700 staff have been affected by the move to the GPs, including IFC staff.

Box 1: New Organizational Units: GPs/CCSAs

GPs - The "Technical" Practices	**CCSAs - The "Cross-Cutting" Practices**
Agriculture Education Energy & Extractives Environment & Natural Resources Finance & Markets Governance Health, Nutrition & Population Macroeconomics & Fiscal Management Poverty Social Protection & Labor Trade & Competitiveness Transport & ICT Urban, Rural & Social Development Water	Fragility, Conflict & Violence Jobs Climate Change Gender Public-Private Partnerships

Box 2: Refocused IFC: Facing the Customers

A refocused IFC was announced in April 2014 as a decision by the Executive Vice President, Jin-Yong Cai. Overall, the refocused IFC aims at more relevant contributions by IFC to the WBG's delivery agenda.

The Refocused IFC means that, from now on, the management structure consists of three Vice Presidencies, jointly run by two Vice Presidents each.

Global Partnerships: to interact with counterparts in the WBG and other development partners. The VPU, headed by Karin Finkelston and Nena Stoiljkovic, will function through two core units:
A. Programs Group: will help IFC form and transmit meaningful inputs on private sector development and private sector solutions for countries' development challenges;
B. Partner Coverage Group: will provide active government-linked coverage for IFC and include Partnerships and Trust Funds.

Global Client Services: to improve client service and grow its client base. This VPU, headed by Dimitris Tsitsiragos and Jean-Philippe Prosper, consists of:
A. The Client Solutions Group: provides investment and advisory services through three industry groups and a cross-cutting advisory solutions group. All investment staff will be part of a global industry department, and Advisory staff not integrated within Global Practices will join industry groups;
B. The Client Coverage Group: provides full-time dedicated coverage of a large group of former, current and/or prospective private sector clients.

Corporate Risk & Sustainability: This VPU will be led by James Scriven and Ethiopis Tafara, who will continue to serve as IFC General Counsel. The VPU consists of three new units:
A. The Transactional Risk Solutions Group, which will include all transaction-enabling services;
B. The Corporate Risk Management Group, which will include all macro and micro risk functions;
C. Corporate Legal, which will consist of the Compliance, Conflict of Interest, and Legal practices.

2.2 New Country Engagement Framework

2014 saw a new WBG directive on Country Engagement. This new model of the Bank's work with client countries aims at: 1) Stronger alignment with the new strategic goals and with client's development plans; 2) A higher degree of selectivity of areas of engagement based on potential impact and the Bank's comparative advantage; 3) Increased flexibility of the work with the possibility of the mid-course correction; and 4) A stronger focus on learning from engagement in countries.

The **four modules** of this new client engagement are:

1. **Systematic Country Diagnostic (SCD**) is a WBG analysis which is conducted before the country strategy is developed. The SCD will help identify critical constraints and opportunities in the country, to achieving more significant progress towards the goals on the country level. SCDs will be prepared from FY15.
2. **Country Partnership Framework (CPF) will replace the current Country Strategies** and will focus explicitly on the WBG engagement with the country, typically over a 4 to 6 year period. It will identify the Country Partnership Objectives that WBG interventions will help the country achieve, along with a strong rationale based on evidence of (highest) impact. WBG country engagements will (also) be based on the WBG's comparative advantage, resource availability and country-ownership. CPFs will be implemented from FY15.
3. **Performance and Learning Review (PLR):** Every two years, World Bank country teams will complete a PLR to determine the status of implementation (towards intermediate outcomes) of the WBG program to allow mid-course corrections. The first PLRs are expected from FY17.
4. **Completion and Learning Review (CLR):** Will be produced at the end of every CPF cycle. Similar to the PLR, the CLR reviews progress towards the CPF Objectives and distill lessons that will increase the WBG knowledge base and inform the design of future CPFs. The first CLRs are expected from FY19.

Compared to the previous approach, the new country engagement model is more analytical and evidence based, more focused, and has a greater potential for learning. It also has a relatively strong commitment to topics like sustainability and social inclusion. We think these new tools have a lot of potential to strengthen the World Bank Group's performance, but we will continue to monitor closely the preparation and implementation of the new country engagements.

Box 3: Safeguards Review

The World Bank's environmental and social safeguard policies are a cornerstone of its support to sustainable poverty reduction. The objective of these policies is to prevent and mitigate undue harm to people and their environment in the development process. These policies provide guidelines for staff from the Bank as well as borrower in the identification, preparation, and implementation of programs and projects. The effectiveness and development impact of projects and programs supported by the Bank has substantially increased as a result of attention to these policies.

After an evaluation of the safeguard policies in 2010, the World Bank agreed to update its safeguards policies. Following agreement on the approach and scope of the update in October 2012, the Bank carried out a first round of internal and external consultations to inform the drafting of a new policy framework. Consultations continued till March 2014, reaching more than 2,000 stakeholders from over 40 countries from all regions of the world.

On July 30, 2014, the Committee on Development Effectiveness (CODE) discussed Management's first proposal for a new *Environmental and Social Policy Framework*. The proposal builds on the old safeguard policies and aims to consolidate them into a more modern, unified framework that is more efficient and effective to apply and implement. The Committee authorized the release of the proposal for consultation, without endorsing its content. These consultations are scheduled to last until December 2014. After this, preparation on a second proposal that takes into account feedback from stakeholders will begin. This revised proposal will be presented to CODE in early 2015.

The current proposal includes a vision statement on environmental and social sustainability; a policy outlining the World Bank responsibilities and ten environmental and social standards that are required for the partner country. The proposed 10 standards include: 1) Assessment and management of environmental and social risks and impacts; 2) Labor and working conditions; 3) Resource efficiency and pollution management (incl. consideration of climate change and other related issues); 4) Community health and safety; 5) Economic or physical displacement of people (involuntary resettlement); 6) Biodiversity conservation and sustainable management of living natural resources (forests, habitats, sustainable management of living natural resources, production of living activities such as food safety, responsible harvesting, international standards); 7) Indigenous peoples; 8) Cultural heritage; 9) Financial intermediaries and 10) Stakeholder engagement.

2.3 Human Resources Strategy

A WBG HR Strategy was presented in November 2013. Its aim is to ensure that the Bank has a capable and committed workforce with the skills and organizational capacity required to deliver sustainable business outcomes. The strategy is an extension of the new WBG business strategy, which envisages a repositioned WBG where all activities and resources are aligned to the goals of the organization. It builds upon the foundation set by recent reforms, including the modernization agenda, and will guide the refinement, prioritization and sequencing of the WBG talent and leadership roadmap. The overarching objective of the HR Strategy is pursued through four focus areas: 1) Build a culture of performance and accountability; 2) Develop inspiring people leaders; 3) Shape a diverse and inclusive workforce; and 4) Create career opportunities for staff.

The HR Strategy outlines the different HR initiatives to be implemented over a three-year period (FY14-16). It is a vast task and requires sequencing and prioritization. Significant redirection of HR efforts and investments were required in FY14 to effectively support the creation of the global practices, the new budget process and the organizational performance reporting system; and the expenditure review aimed at optimizing the WBG cost structure, including staffing-related costs. During the next few years, some tasks will need to be given priority over others. Priority would, for example, be given to performance management and to a new single performance rating scale. Activities further down the line include accountability for people management and rewards program options.

Our Chair became a member of the Human Resource Committee from January 2014. We have been engaged in the formulation of the different HR initiatives following the HR Strategy. We have particularly stressed the importance of the link between the HR Strategy and a Results Management Framework, finding the right staff skills-mix through the formulation of a strategic staffing approach and the value of further developing good performance management.

3. New Financial Strategy of the Bank

Finance and Risk Framework has been a central element of the change process, aiming to ensure and strengthen the financial sustainability of the institution. As part of the internal change process, the WBG has adopted a new financial sustainability framework to strengthen financial capacity, consisting of the following elements: 1) Strengthening the IBRD's revenue and capacity measures to improve margins for maneuver over the medium term; 2) Executing a WBG-wide expenditure review to secure efficiencies, and more specifically, cost savings of at least US$400 mn by FY17; and 3) Implement the new strategic planning and budgeting process to more closely align WGB resources with the strategy.

3.1. Strengthening the Financial Capacity of the World Bank Group

Adoption of the new World Bank Group (WBG) Strategy and the goals of ending extreme poverty and boosting shared prosperity in a sustainable manner also furthered the discussion on the necessity to strengthen the financial capacity of the institution. During the 2013 Annual Meetings, Bank's Management and Governors discussed the targets for building-up financial strength, including:

- Grow WBG business revenues at an underlying trend rate of above 5%;
- Increase WBG annual commitment capacity by US$5-US$10 bn.

Following this discussion, on February 11, 2014, the Board approved a set of measures aimed at enhancing lending capacity and growing income. Since IBRD's lending and income projections have been stagnating during recent years, the proposed measures mostly were aimed of strengthening this entity of the WBG. The measures included lowering the target equity-to-loans ratio from 23% to 20%, raising the single borrower limit (SBL) from US$16-17 bn to US$19-20 bn, introducing a surcharge for lending above the former SBL level, further differentiating loan terms by maturity, and restoring 25bp commitment fee charged on undisbursed balances.

Our Constituency welcomed the measures which, along with the IDA 17 replenishment, strengthen the financial sustainability of the WBG. We believe that the WBG should follow a counter-cyclical path and hence build financial buffers for 'rainy days' while running its regular business. We consider the discussion on the financial capacity in the context of number of client countries potentially graduating from IDA and IBRD as this will change the structure of the portfolio and demand. We also suggested that IBRD loan pricing could be differentiated further by adding extra charges on lending to high income clients. This latest proposal was not part of the final agreement reached by the Board of the WBG.

3.2. Expenditure Review

An important element in improving the World Bank Group's financial situation is a review of its administrative expenditures. The Expenditure Review was divided into three phases: a benchmarking effort in the course of the first phase during the Fall of 2013; a deeper analysis at the time of the second phase during the Spring of 2014; and the final implementation phase, which started during the Spring of 2014.

The aim of the ER was to identify US$400 mn annual savings by FY17. This amount was divided into three different types of saving measures: institutional measures (e.g. reducing input prices), changes in processes (e.g. simplifying the Bank's internal processes), and efficiencies in management (e.g. to encourage greater selectivity). The main goal of the ER was to find the most optimal and appropriate ways of reducing costs of the Bank Group without compromising neither the volume nor the quality of the Bank's operations.

Cumulatively, the savings from the ER should, over ten years, result in approximately US$3-3.8 bn. The improved margins through the savings, together with the projected revenue growth of 5%, are estimated to strengthen the lending capacity of the IBRD by approximately US$5-10 bn over the next ten years. The Board related budget has been part of the ER exercise and contributed to it. This comes in addition to previous cost savings by the Board in 2011 which resulted in the accommodation of a 25th Chair in a budget neutral manner.

3.3. Medium-Term Business and Finance Plan FY15-17

The Bank's business plan for the FY15-17 period is set out in the FY15-17 Medium-Term Business and Finance paper (MTBF). This new multi-year budgeting tool is also used to support the planning and delivery of a more focused FY15-17 work program for the Bank that is fully aligned with the new Strategy. The MTBF paper thus now serves as the Bank's medium-term strategy paper, setting forth also the policy directions for the three-year period.

For FY16, the Bank's lending projection is approximately 15% higher compared to the previous year, and the projection for FY17 is 33% higher compared to FY14 figures. The Bank's financial capacity is thus projected to strengthen towards the end of the FY15-17 period and will support the new strategic directions. In terms of budget sustainability, the medium-term objective is for business revenues to cover IBRD's share of WBG administrative expenses.

At the end of IDA16, IDA contributions during the MTBF FY15-17 are set to continue strongly. The IDA17 replenishment resulted in a record level IDA envelope of US$52.1 bn, which was a 5.7% increase over IDA16. The projection for external funds revenue over the period FY15-17 will also continue on an upward path. The total amount of expenses financed by external funds is expected to grow by approximately 4% per year during the FY15-17 period.

<u>Box 4: Procurement Review</u>

The World Bank's Procurement Framework governs how borrowers acquire works, goods and services under projects financed by the Bank. The current Framework has fallen behind good international practice and needs to be modernized. Reform of the current Framework, applicable to Investment Project Financing, started during 2012. In July 2014, the Board Committees endorsed the overall direction of the proposed new Framework as well as World Bank Management's proposal to start phase II Consultations based on the proposed Framework. Consultations will be ongoing during the rest of 2014, including consultations with governments, private business and other stakeholders on all continents. A revised proposal is planned to come for Board consideration in 2015.

The new proposed Framework aims to modernize the World Bank procurement system for Investment Project Financing. The proposal builds on the vision that Procurement in Bank operations supports clients to achieve value for money with integrity in delivering sustainable development. The Framework introduces a risk-based approach that will be more flexible and responsive to client needs and project realities. Some of the major changes in the Framework include decision-making based on value for money beyond the current lowest evaluated bidder approach and the ability to identify and address sustainability issues in the procurement process, as agreed with the borrower. Regarding implementation, the World Bank will be able to provide hands-on procurement support to Borrowers as needed.

4. Implementation of WBG Energy Directions

The Board endorsed the *Directions for the WBG's Energy Sector*-paper at the beginning of FY14. This lead to the Bank, IFC and MIGA to scale up work in this sector. Solving energy related challenges is central to achieving poverty reduction and shared prosperity in a sustainable manner. There is a strong demand for financing in this field both from public sector as well as private sector clients. In this chapter, we give examples of approved energy operations.

Over 1.2 billion people live without access to electricity worldwide. Another 2.8 billion rely on solid fuels for cooking, which resulted in over 3.5 million premature deaths in 2010 due to indoor air pollution.

Expanding access to modern energy services is central. In countries with low energy access, the priority of the WBG is to provide affordable and reliable energy. **The WBG is also focusing its efforts on improved energy efficiency, and supports all forms of renewable energy,** including wind, solar, geothermal, hydropower of all sizes, bio-gas, and modern forms of biomass energy. The Bank's work on reducing energy subsidies is also expanding.

4.1 Examples of Energy Projects that Were Approved during FY14

Hydropower Energy Project

In June 10, 2014, the World Bank's Board approved a financing package to help expand hydro-electricity generation in Pakistan through the development of Dasu Hydropower Stage-I Project (DHP-I). The package consists of an IDA Credit of US$588 mn and an IDA Partial Credit Guarantee of US$460 mn to help mobilize commercial financing for the project. **The investment is planned to improve energy security and affordability in Pakistan through a structural shift within the country to a low cost, low carbon fuel mix, and reduce the cost of electricity generation.** In addition, it is planned to reduce the sector deficit and to build the institutional capacity to harness the hydropower potential of the country in a sustainable manner.

The direct beneficiaries of this project are the millions of energy users, including industries, households and farmers who will get more electricity at a reduced cost and suffer fewer blackouts.

Geothermal Energy Project

In March 2013, the WBG announced a major international effort to expand renewable power generation in developing countries by tapping into an underutilized resource, geothermal energy.

On May 29, 2014, the World Bank's Board approved a US$178.5 mn IDA credit and a US$24.5 mn grant from the Scaling-up Renewable Energy Program (SREP) Trust Fund. **This will help the Government of Ethiopia develop its geothermal energy resources and boost electricity supply to all Ethiopians, and the region.** This project will support the joint effort of the Climate

Investment Fund/ SREP and the WBG to promote development of geothermal energy across the globe.

Energy Efficiency

Energy efficiency initiatives in the Europe and Central Asia region present an opportunity to increase energy supplies, improve energy security, reduce CO_2 emissions, and forestall a looming energy crisis.

On March 13, 2014, the World Bank's Board approved a credit in the amount of US$32 mn for the Bosnia and Herzegovina (BH) Energy Efficiency Project. The project aims to demonstrate the benefits of energy efficiency improvements in public buildings throughout the country and support the development of scalable energy efficiency financing models.

It is expected that approximately 85 public buildings – mainly schools and hospitals – will be retrofitted under the project, making them more energy efficient. Due to its focus on public education and healthcare facilities, the project will directly benefit some of the often most vulnerable sections of society, particularly, children and hospital patients.

IFC's total energy (including oil and gas) financing in FY14 was US$2.1 bn of which US$1.1 bn was renewable energy. IFC invested in 63 projects, of which 37 were renewable.

5. Empowering Women and Girls for Shared Prosperity

Gender equality continues to be high on the agenda of the World Bank Group. During October 2013, the Development Committee endorsed the annual report *Update on the Implementation of the Gender Equality Agenda at the World Bank Group*. The Committee stressed the importance of gender equality as a good in itself and as a means of pursuing the Bank Group's goals of reducing poverty and boosting shared prosperity in a sustainable manner.

The World Bank Group has taken on new commitments to strengthen the gender agenda. Gender equality continues to be a special theme in IDA 17 and the Policy Commitments include six actions at the country, regional and corporate levels which aim to deepen integration of gender considerations. The World Bank Group Corporate Scorecard has also adopted new indicators and targets during the year, related to gender equality.

In terms of WBG corporate commitments, the key targets for the past financial year have been met. All Country Assistance and Partnership Strategies approved during the year reflect findings of gender assessments. Of World Bank lending operations, 95 percent were gender informed which exceeded the target. However, the Nordic Baltic Constituency has continued to stress the importance of assessing the qualitative aspects of these targets to ensure that the findings of gender assessments are reflected in a meaningful way and that gender informed operations actually leads to better results on the ground.

One of the main analytical pieces from last year is the Report *Voice and Agency: Empowering Women and Girls for Shared Prosperity,* which was launched in May 2014. Former U.S. Secretary of State Hillary Clinton, UN Women Executive Director Phumzile Mlambo-Ngcuka and World Bank Group President Jim Kim spoke at the launch. The Report builds on the 2012 World Development Report on Gender Equality and Development. The Swedish Government and the Nordic Trust Fund provided financial support to the Voice and Agency Report. The Report distills large amounts of data and hundreds of studies to shed light on constraints facing women and girls worldwide. The Report focuses on several areas key to women's empowerment: freedom from violence, control over sexual and reproductive health and rights, ownership and control of land and housing, and voice and collective action.

6. World Development Report 2015 – Mind and Culture

The WDR 2015 on behavioral economics, "Mind and Society – How a Better Understanding of the Human Behavior Can Improve Development Policy," aims to improve our approach and understanding of development, drawing on insights from psychology and other disciplines. **Its two main goals are to change the way we think about development by integrating knowledge that is now scattered across the various social sciences, and to enrich and expand the policymaker's toolkit.**

The WDR 2015 will enrich the tools for behavior change, with the aim to improve effectiveness of standard development policy. Traditionally, there are three ways to change individuals' behavior: prices, information and regulation. The report argues that economists and policymakers have paid insufficient attention to the psychological, social and cultural underpinnings of decision making – which individuals have limited capabilities to process information, that they use mental shortcuts and mental models to interpret and evaluate their choices and have social preferences. Standard approaches in development policy can be made more efficient by making the current mechanisms more behaviorally and culturally informed.

The expectation is that the WDR 2015 will give practical guidance and policy recommendations for policymakers and that the insights will be directly relevant to the new strategic approach of the WBG, not least in the 'science of delivery' approach and in the diagnostics that will guide country programming and sharpen the behavioral diagnostics in decision-making.

7. Country Focus: Fragility and Conflict

The WBG is expected to adapt its approach to the country context in each of its client countries. Conflict and other types of fragility present a particularly difficult challenge for long term development, and particular focus has been put in recent years on improving the WBG's effectiveness in these situations.

Poor fragile states are lagging behind on most Millennium Development Goals indicators and the international community's support continues to be critically important in these countries. In recent times, the WBG is also facing challenges of fragility in several middle income client countries.

We have chosen some country cases in this chapter, to show the diversity of the Bank's work in vastly different conflict and fragile environments.

7.1. World Bank Group Strategy in Myanmar

After a nearly 25 year absence, the groundwork for re-engagement in Myanmar was laid when the WBG's Board of Executive Directors endorsed an Interim Strategy for the country in November 2012. Under the Strategy, the WBG is focusing its support on the government's efforts to transform institutions to allow them to deliver for citizens.

The WBG is contributing to an informed debate and decision-making by periodically bringing the most recent economic data and analysis on development issues to government policy makers, think tanks, civil society and citizens. In 2013, the WBG released its first Myanmar Economic Monitor. The report looks at recent macroeconomic developments, and recently implemented as well as planned policy reforms. In the public sector, diagnostic work like the Public Expenditure and Financial Accountability Assessment provided a snapshot of the condition of Myanmar's public expenditure, procurement and financial accountability systems.

The WBG has also scaled up its partnership program with Myanmar with operations in, for example, telecommunications to increase mobile phone access; more efficient energy generation; improved financing for schools and in modernization of Myanmar's Public Financial Monitoring systems to support efficient, accountable and responsive delivery of public services.

The first IFC project, a US$5 mn trade finance facility with a local bank – the Myanmar Oriental Bank – was initiated in February 2014, followed by a cooperation agreement on improving the bank's corporate governance and trade finance operations. This marks the beginning of IFC support for local Myanmar banks by providing capital and advisory services. The Systematic Country Diagnostic (SCD) tool for Myanmar was finalized in August. The new Country Partnership Framework (CPF) is scheduled for Board discussion in November.

7.2. The Bank's Work in Africa's Largest Economy – Nigeria

Nigeria is now Africa's largest economy. After having recalculated its gross domestic product, the Nigerian economy is now bigger than that of South Africa. The GDP for 2013 totaled US$ 509.9 bn. Nigerian GDP now includes previously uncounted industries like telecoms, information technology, music, online sales, airlines and film production. Despite this, 63 percent of the population lives in extreme poverty and huge regional disparities on basic indicators exist.

A new World Bank Group Country Partnership Strategy for Nigeria was approved in April 2014. The Strategy covers the period FY2014-2017 and focuses on three clusters: (a) promoting diversified growth and job creation through reforming in the power sector, enhancing agricultural productivity and increasing access to finance; (b) improving the quality and efficiency of social service delivery at state level to promote social inclusion; and (c) strengthening governance and public sector management with gender equity and conflict sensitivity as essential elements of governance. One positive feature of the Strategy is that it is trying to develop a more coordinated and comprehensive plan for tackling instability and development in Northern Nigeria. The Strategy faces several risks including in-country violence and insecurity as well as instability in certain sub-regions.

Following the endorsement of the Strategy, the Board has recently approved several innovative operations in Nigeria. In March 2014, the Second Lagos State Development Policy Operation was approved and during May 2014, the Power Sector Guarantees Project was approved. The Power Sector Guarantees project aiming at increasing electricity supply was approved. The Transforming Irrigation Management project was approved in June 2014, and aims to improve access to irrigation and drainage services to strengthen institutional arrangements for integrated water resources management and agriculture service delivery in selected large-scale public schemes in Northern Nigeria. Northern Nigeria has largely missed out on the country's sustained growth and this project represents an opportunity to contribute to food production, growth, jobs and stability in this part of Nigeria.

7.3. Addressing Multiple Challenges in Madagascar

Out of the past 15 years, Madagascar has experienced over five years of continuous political crisis on two distinct occasions, and its economic potential has severely been hindered by political fragility. The latest unconstitutional regime change and political crisis in 2009 resulted in the World Bank suspending its lending to Madagascar. Looking at the correlation between growth and socio-political crises (e.g. *coup d'états*) in Madagascar over the period of the last 50 years, it is evident that political instability has been the main factor strangling the economic growth and leaving Madagascar among the world's most impoverished countries.

The economic costs of these crises have been substantial, resulting in drastic cuts to the national budget. The government's budget has been heavily (over 50%) dependent on international aid, and since 2008, the number of people living below the poverty line in Madagascar has increased by some 10%. In addition to the political crises and instability, Madagascar has also faced several natural disasters. Amongst these cumulative and interlinked effects of political instability, weak governance, climatic instability, and natural disaster proneness since 2012, Madagascar has, in addition, been faced with another exogenous shock: a migratory locust infestation.

The Board approved, in February 2014, a US$65 mn Emergency Food Security and Social Protection Project to Madagascar to address the looming food crisis. The objective of the project is to strengthen Madagascar's immediate capacity to respond effectively to the food security and locust crises by increasing agricultural production capacity. Before the Emergency Food Security project, the World Bank's portfolio in Madagascar has consisted of several projects with a total commitment of about US$900 mn. However, since 2009, the Bank has been under OP/BP 7.30 (dealing with *de facto* governments) and the Bank's portfolio shrank from some 20 projects in FY09 to about 7 projects by the end of FY13.

Although the Bank reduced its operational activities in Madagascar due to the 2009 *coup d'état*, it has been producing several Policy Notes though the Analytic and Advisory Activities, facilitating re-engagement upon the improvement of conditions. Madagascar returned to democratic elections in December 2013, and the outlook has thus improved, although it still faces several critical issues.

7.4. Support for Tunisia's Transition

After ratification of Tunisia's new constitution and the appointment of the interim government in January 2014, the expectations of speeding up of Tunisia's transition strengthened. Therefore, in April 2014, the Bank announced its plans about providing a US$1.2 bn financial package for Tunisia this year, an amount that is four times more than the pre-revolution period and double the amount provided post-revolution.

The World Bank's financing planned for 2014 includes:

- Up to US$750 mn in support of government reforms to level the economic playing field and promote growth and job creation, while increasing accountability in the delivery of services to citizens;
- A US$300 mn project focused on building up the capacities of local government that will support the provisions on decentralization in the new constitution;
- A US$100 mn investment for a credit facility aimed at supporting banks that give small and medium enterprises much needed access to credit;
- US$50 mn for a project designed to promote exports that will help identify the sectors where Tunisia can be particularly competitive;
- And as part of a continuing collaboration with the national water authority, a US$20 mn project that will provide the greater Tunis metropolitan area with another water pumping station is scheduled for later this year.

In the wake of the transition, **IFC** has ramped up its engagement in Tunisia, supporting the private sector by investing US$105 mn in six projects since January 2011, and mobilizing other investments. The **Multilateral Investment Guarantee Agency** is also working on identifying areas where the organization can help the country mobilize capital for important infrastructure projects and other job-creating enterprises.

7.5. The Bank's Stepped Up Support for Ukraine

The intensification of the conflict in the eastern parts of Ukraine brought many economic, political and geopolitical challenges for the country and for the international community. The security situation in the east has deteriorated, as military operations in the regions of Donetsk and Luhansk have intensified, leading to many casualties and a hardship for the local population. The developments in Ukraine and Russia's stance on the conflict raised many concerns among international community, resulting in imposing the stiffening sanctions on Russia.

The worsening security situation is affecting Ukraine's economy and potential for the recovery. Current developments have affected budget execution and raised uncertainty, weighing on balance of payments flows. The banking sector is coping with large deposit outflows, and the exchange rate has depreciated dramatically. At the same time Ukraine is coping with an unstable political situation. Nevertheless, the country continued to implement necessary economic reforms and policies as agreed with international partners. Thus the ongoing conflict and geopolitical tensions raises many short-term challenges, while also there is a need not to lose sight of broader structural reforms.

The economic and political challenges in Ukraine lead to a new momentum for reforms and consequent renewed engagement with international financial institutions. The World Bank has contributed to the international financial assistance package aimed at helping Ukraine to stabilize the economic and financial situation and to handle complex structural challenges, such as low quality of governance and public services, a difficult business environment, and high energy intensity of the economy. In March 2014, the Bank announced the envisaged World Bank Group's overall assistance to Ukraine, which aims to provide up to US$3.5 bn by the end of 2014. As part of this package, by the end of August 2014, the Board has approved four new operations totaling almost US$2 bn aiming at structural adjustments, improving heating energy efficiency, quality of water supply and strengthening the financial capacities of the Deposit Guarantee Fund for the resolution of insolvent banks.

8. Continuous Improvement of the Bank's Work for Development Results

Refinement of the Corporate Scorecard

With the formulation of the WBG Strategy and the focus on a One Bank Group approach, the Scorecard was reviewed in FY14 to better provide a high-level and strategic overview of the WBG's performance towards achieving the new goals and strategy. By the Annual Meetings 2014, the new structure will be in place, focusing on three tiers: 1) Goals and Development Context, 2) Results, and 3) Performance. Further work is, however, required, with many of the indicators not yet determined, and the need to be clearer on how WBG performance and results contribute to the corporate goals. The NBO has engaged extensively in the discussions on what the Corporate Scorecard should look like; calling for clearer alignment with the IDA results system, strengthening of gender indicators and more focus on outcomes.

Independent Evaluation Group (IEG)
The Independent Evaluation Group (IEG) is charged with evaluating the activities of World Bank Group. To assess the Bank Group's performance and identify lessons for improving Bank Group operations, IEG conducts not only project-level evaluations, but also reviews of literature, analytical work, and project documentation, portfolio reviews, country case studies, and impact evaluations.

The major IEG products finalized during the last year include *World Bank Group Assistance to Low-Income Fragile and Conflict-Affected States, The World Bank and Public Procurement* and, *World Bank Group Support for Innovation and Entrepreneurship*. Country programs evaluated over the last year and prioritized by the Nordic-Baltic Constituency include programs in Georgia, South Africa, Ghana, Moldova, Burkina Faso and Liberia. IEG also provided valuable input into the change process of the Bank.

During the year, an External Review of IEG was launched and the selected Independent Panel started their work on it. The main objective of the Independent External Review is to enhance IEG's impact and strengthen its role as an independent evaluator of the WBG's work. The work of the Independent Panel is planned to be finalized by February 2015.

The IEG Work Program and Budget for FY15 and Indicative Plan FY16-17 was approved by the Board in June 2014. IEG is taking steps to align their work program to the new strategic directions and reforms of the WBG. IEG has also developed a new Results Framework to guide their work. A welcome development to the Nordic-Baltic Constituency is the development by IEG of a specific work stream on gender equality to better integrate gender into the work of IEG.

IEG is still struggling with the low use of their products among WBG staff. IEG is trying to address this through being more selective and relevant, being more effective on learning and knowledge sharing of evaluation work, plus greater transparency and improving evaluation methodologies.

Inspection Panel
The Inspection Panel is an independent complaints mechanism for people and communities who believe that they have been, or are likely to be, adversely affected by a World Bank-funded project. This year, the Panel commemorated the 20th Anniversary of its work. Another important achievement was the release of the Panel's revised Operating Procedures (OPs) in April 2014, the first update since 1994.

Important elements of the new OPs are their focus on transparency, greater due diligence, early solutions and learning from experience. Broad consultation on the new OPs with stakeholders also created increased clarity around the Panel process, including the differentiated approaches to cases, which create opportunities for early solutions. For example, Bank Management and the Panel agreed on a pilot approach that promotes early solutions to stakeholders' requests.

The pilot approach is designed to make it possible for Management to work with requesters to find possible solutions to their Request without immediately triggering a full-fledged Panel process. With the Requesters' agreement, intervening at an early stage would create greater opportunity to obtain an early response to their concerns. Specific advantages of the pilot include greater flexibility and an accelerated process to address the Requesters' concerns.

The approach will only be considered in cases where the issues of alleged harm in the Request are clear and limited in scope, and where early resolution would be in the interest of all parties. It is important to note that this is a pilot and will only be rolled out following an independent assessment planned for 2015, when the appropriate lessons will be drawn. It is also crucial to emphasize that it is within the Requester's prerogative to return to a regular Panel process at any time.

The Compliance Advisor Ombudsman (CAO)

During the summer of 2013, CODE discussed IFC's Audit on IFC's work with third party Financial Intermediaries. The CAO found that results and information from the sub-client level are mixed, that the application of IFC's Environmental and Social standards (E&S) is inconsistent and there is a gap between IFC's corporate message and results. The discussion was initiated by our chair, who was also chair of CODE at the time. CODE asked IFC to provide an action plan, which it did in August 2013. IFC proposed an Action plan that aims at imposing enhanced reporting and surveillance procedures to IFC and its partners; requires FI partners to set up governance systems for grievance management and disclosure; and finally directs Advisory Services to increase the offering its services for IFC's partners. This was the first time the CAO had forcefully exercised its audit function (in addition with usual grievance channel function) and had a strong systematic impact on IFC's business policies.

Following that was the CAO Audit of Corporación Dinant, a Honduran company, where the IFC had an investment of $30 mn in 2009. The Board had an emergency discussion as the Audit found that IFC had both misinterpreted the risk, stemming from with investment environment in Honduras, but also failed to follow its own rules in assessing the company's performance in adhering to IFC's Sustainability Policy. The IFC was asked to strengthen the implementation of its Environmental and Social standards, which led to additional budgeting for that area in FY 15 by around $3 mn.

However, the growing eminence of the CAO had led the institution to budgetary problems. The CAO's workload is increasing (the number of opened cases has doubled in three years), but it still has to rely on the IFC and the President's office for resources. We have suggested that the time may have come to re-assess the CAO's reporting line and to increase the Board's/CODE's role, and also to ensure adequate budgeting.

Lastly, Meg Taylor, who has served as the head of CAO since 1999, has been replaced by Mr. Osvaldo Gratacós as a new head of CAO since August 1, 2014.

9. IFC's Offshore Financial Center Policy

The Proposed Procedural Changes to the Policy on the Use of Offshore Financial Centers in World Bank Group Private Sector Operations were approved on June 26, 2014, after months of discussion and after years of strong peer pressure by the NBO and our constituency.

The changes brought the WBG policy in line with EBRD's and EIB's respective policies regarding an enforcement timeline, but also went as far as removing the Meaningful Progress option from the Policy. With this, the OFC Policy now adheres to the primacy of the process of the OECD Global Forum on Tax Transparency, which has been our aim since the introduction of the policy in 2011.

The Board remained divided on the issue, but the views presented by the Chairs demonstrated some positive trends towards appreciation of the relevance of a clear and meaningful OFC Policy. On a very positive note, the dividing lines regarding this issue do not follow Part 1 and Part 2 divisions.

10. MIGA – Main Trends

MIGA reached record commitment volumes in FY14. MIGA's commitment volumes in FY14 increased by 13% and peaked to US$3.2 bn in FY13. The increase led to MIGA's overall portfolio reaching a record gross exposure of US$12.4 bn. Of the total new issuance during FY14, 51% were in one or more of MIGA's priority areas.

Despite the overall increase in commitment volumes, the number of contracts for guarantee has declined in FY14. MIGA issued 33 contracts for guarantee for a total of US$3.2 bn in FY14, compared to 47 contracts and two additions to an existing guarantee for US$2.8 bn in FY13. The trend demonstrates MIGA's business concentrating more around larger contracts in larger countries. Thus, MIGA should put more efforts on focusing on small projects in smaller economies.

Europe and Central Asia remained the region with the highest concentration of MIGA guarantees in FY14. The share of MIGA's total net exposure in Europe and Central Asia was 40%, second being Africa with 27%, followed by Asia and Latin America & Caribbean with roughly 13% each. This trend continued to reflect the impact of the financial-sector related guarantees in Europe and Central Asia issued after the 2008 financial crisis. The recent rise in MIGA's exposure to Africa also reflected its increasing support to the energy sector and infrastructure projects in Sub-Saharan Africa. Infrastructure remains the key sector focused with the highest portfolio concentration, followed by the financial sector.

In FY14, MIGA undertook some innovative transactions. MIGA approved the first non-honoring of financial obligation of state-owned enterprises product, reformed a staff performance evaluation to boost guarantee issuance, and stayed below the original 85% administrative expense to net premium income ratio. Going forward, MIGA plans to utilize short-term consultants and contractual services more, and to evaluate its staff strategy to manage its fixed cost ratio.

MIGA's Board of Directors approved MIGA Strategic Directions for FY15-17. The Strategic Directions outlines MIGA's areas of focus. During this period, MIGA plans to focus on high risk countries (IDA and fragile and conflict-affected), transformational projects, energy efficiency and climate change, and transactions with strong development impact in Middle Income Countries. MIGA's strategy focuses on growth with the goal of achieving a 50% increase in new guarantee business by FY17.

11. Financial Issues

IBRD's financial results give reason to remain cautious about the financial capacity of the IBRD in the short run, while IFC's strong financial results owed much to favorable market conditions and unrealized gains. IBRD's and IFC's transfers to IDA met expectations, although IBRD's results pose risks going forward.

11.1. IBRD and IDA

IBRD's financial results for FY14 were weak, incurring losses on specific portfolio investments and owing to adverse market developments. In FY14, the IBRD recorded a net loss of US$978 mn. One of the culprits was the default of the Hypo Alpe-Adria-Bank International AG (Hypo Alpe), causing US$135 mn unrealized losses. Other factors were adverse market developments. In particular, low interest rates that resulted in lower equity earnings.

The final amount of allocable income of IBRD was US$769 mn (compared to US$968 mn in FY13), with US$635 mn out of them to be transferred to IDA and the remaining allocated to a surplus account. The results demonstrated the need to protect IBRD from adverse market movements. The Bank is planning to review its risk management policies in the light of the Hypo Alpe case.

IBRD made new US$18.6 bn worth of new commitments in FY 14 and disbursed US$18.7 bn, a slight increase compared to last year. Its equity-to-loan ratio was at 25.7% at the end of the year.

11.2. IFC

IFC's net income exceeded expectations with US$1.5 bn. IFC's favorable financial result was caused mostly by strong revenues from the liquid assets portfolio, relatively low write-downs, provisions, and a solid increase in unrealized gains on equities. Designations to IDA and Advisory Services amounted to US$340mn and US$58mn. IFC's business volumes were, however, lower than in FY 13.

In FY14, total commitments were US$22.4 bn, compared with US$24.9 bn in FY13, a decrease of 10%, of which IFC commitments totaled US$17.2 bn (US$18.3 bn FY13) and Core Mobilization totaled US$5.1 bn (US$6.5 bn FY13). IFC disbursed US$8.9 bn for its own account in FY14 (US$10 bn in FY13): US$6.7 bn of loans, US$1.5 bn of equity investments and US$669 mn of debt securities. IFC's total disbursed investment portfolio was US$36.6 bn on June 30, 2014 (US$33.9 bn in 2013), comprising the loan portfolio of US$24.4 bn, the equity portfolio of US$9.7 bn and the debt security portfolio of US$2.5 bn.

11.3. MIGA (Use of Economic Capital)

MIGA demonstrated good financial results in FY14, with net income rising considerably compared to the previous year. MIGA recorded a net income during FY14 of US$70 mn compared to the net loss of US$4.3 mn in FY13. The main drivers for income increase were an increase in guarantees and operating income, lower provisions for claims, increased income from investments and increased transactions gains (investments, assets and appreciation of EUR).

MIGA's capital utilization leaves substantial room for maneuver in the coming years. The total capital utilization at the end of FY14 was 49%, still remained below the desirable range.

12. Knowledge Products

The World Bank Group has three main roles related to knowledge for development: producer of information, customizer, and connector. Amidst the Change Process during the FY14, the Bank was also aiming to better understand its client-based needs for different knowledge services and products. Chapter 12 provides a few examples of the knowledge products the World Bank produced during the time coverage of this Annual Report.

In July 2013, IEG published an evaluation report of the World Bank Group experience on Knowledge-based Country Programs. The full IEG report on this evaluation can be downloaded at <http://ieg.worldbankgroup.org/Data/reports/chapters/kbcp_eval.pdf>.

12.1. Financing for Development Post-2015

In July 2014, the U.N. General Assembly's Open Working Group finalized its proposal of 17 Sustainable Development Goals (SDGs) and 169 targets. Financing these goals and targets will require financing that goes beyond traditional development financing of government and donor resources. The World Bank has identified a number of potential sources to finance the Post-2015 Goals, for example Domestic Resource Mobilization, increased ODA by emerging donors, private finance, and innovative sources of development finance (e.g. pull mechanisms, resources-for-infrastructure, diaspora resources, climate finance).

The World Bank, as well as other Multilateral Development Banks, can have a strong role especially in developing catalytic financing instruments. A few examples of these could be, for example, risk sharing instruments (to enable PPPs), experimentation on innovative financing instruments, and creating facilities to finance infrastructure projects.

The World Bank report, *Financing for Development Post-2015* (October 2013), is available for download from the Bank's homepage.

Box 5: Results of the 2011 International Comparison Program: Need to Reconfigure Poverty Numbers?

The International Comparison Program (ICP) was implemented as a global initiative for the second time, with the reference year 2011. It built upon well-programmed activities of a wide network of national, regional, and international institutions that engaged in methodological research, survey activities and data processing and analysis in the areas of price statistics and national accounts, and estimated purchasing power parities (PPPs) of the world's principal economies. The summary of results and findings of the 2011 round of the International Comparison Program (ICP) were published in May 2014.

Some major findings of the ICP 2011 round were that in 2011, the world economy produced goods and services worth of over US$90 trillion measured in purchasing power parity (PPP), compared to US$70 trillion measured by exchange rates. This nearly one-third increase from the previous round came from the middle-income countries. Middle-income economies' share of global GDP is thus 48% when using PPPs and 32% when using exchange rates, and six of the world's twelve largest economies were in the middle income category (based on the WB's definition). Combined, the twelve largest economies account for two-thirds of the world economy, and 59 % of the world population.

The low-income economies, as a share of global GDP, were more than two times larger based on PPPs than respective exchange rate shares in 2011. Chief Economist of the Bank, Mr. Kaushik Basu, emphasized that results of the ICP however do not directly apply to poverty numbers. Countries' PPP-based GDPs are computed using the average baskets of consumer goods, but the average baskets (of goods for consumption) of poor people are very different from the average basket. Therefore, one should not jump directly into poverty numbers based on the ICP figures, and more work, including checks and balances, is needed to better understand the applicability of PPP-adjusted GDP figures for poverty incidences. More information of the ICP and the 2011 round can be found at http://icp.worldbank/org.

12.2. Doing Business

The Doing Business Report 2014 was published in October 2013. The report measures important factors for establishing, running and closing a small to medium size local business in 189 member states of the WBG. Our Nordic-Baltic Constituency countries were within the top 25 places. Compared to Doing Business 2013, Lithuania had made a substantial improvement in ranking, from 27 to 17. Amongst European emerging economies, Georgia continued to rank as high as eight, and Ukraine was also making visible improvements.

The review of the Doing Business is to be concluded in 2014. The review was launched by the President of the Bank in 2013 when he invited and Independent Panel of Experts to come up with recommendations. Since then, the Bank's Chief Economist had taken the lead on the report and proposed a package of reforms to the report in early 2014. The package provides for a variety of improvements, such as improving the way of calculating ranking of ease of doing business, expanding data samples by adding additional cities in larger economies, as well as adding new indicators for more qualitative measurement of the business environment.

Our Constituency remains a strong advocate of the Doing Business Report. We believe that with the analysis and country rankings, it works as a guiding and benchmarking instrument for many governments of countries around the world, and for the smaller economies in particular. Our Chair welcomed the proposed reforms allowing improvement of the report. At the same time, we commended the decision to sustain the aggregated ranking for ease of doing business in the report as we see importance of this instrument for motivating governments to pursue reforms and rewarding the most successful countries.

Annex A: The World Bank and the Nordic-Baltic Office at a Glance

The World Bank was established in 1944 primarily to help rebuild Europe after the Second World War. Today, the Bank's mission has shifted to help reduce poverty in the developing world through economic and social development and reconstruction. The Bank is formally one of the UN specialized agencies, entirely with its own autonomous financing and decision-making, with 188 member countries as shareholders. Along with the rest of the development community, the World Bank focuses its efforts on supporting countries in the challenge to reach the Millennium Development Goals (MDGs) by 2015. The World Bank Group consists of five separate organizations: IBRD and IDA provide low-interest loans, interest-free credit, and grants to developing country governments; IFC promotes private sector investment by co-investing with equity and loans to companies in developing countries as well as providing advisory services, both to companies and the public sector; MIGA provides guarantees against political risk to investors in and lenders to developing countries; and ICSID settles investment disputes between foreign investors and their host countries.[1]

The World Bank's highest decision making body is its Board of Governors, representing member countries as government shareholders. The Governors, generally finance and development ministers from all member countries, meet once a year for an annual meeting, jointly with the International Monetary Fund (IMF) and twice a year at a 25 member Development Committee meeting providing political guidance for the Bank. The daily decision making is delegated from Governors/Ministers to 25 Executive Directors, representing one or several of the 188 shareholders in the Executive Board. The Nordic and Baltic countries are represented at the Board by one Executive Director (ED). The ED is assisted by the Nordic Baltic Office (NBO) where the following persons worked during the time covered by the report:

Executive Director	Satu Santala (Finland)
Alternate Executive Director	Giedre Balcytyte (Lithuania) until July 1, 2014
	Sanita Bajare (Latvia) from July 1, 2014
Senior Advisor	Jussi Lehmusvaara (Finland)
Senior Advisor	Paul Tharaldsen (Norway)
Senior Advisor	Andzs Ubelis (Latvia) until July 1, 2014
Advisor	Peter Ellehoj (Denmark)
Advisor	Mart Kivine (Estonia)
Advisor	Fridrik Jonsson (Iceland) until July 15, 2014
	Emil Hreggvidsson (Iceland) from July 15, 2014
Advisor	Eivile Cipkute (Lithuania) from July 1, 2014
Advisor	Sara Gustafsson (Sweden)
Sr Executive Assistant	Betsy A. Barrientos
Program Assistant	Susan Giebel

The Nordic Baltic Executive Director is a member of the Committee on Development Effectiveness (CODE). The Alternate Executive Director is the Co-Chair of the Subcommittee on Development Effectiveness.

[1] The International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for Settlement of Investment Disputes (ICSID).

Annex B: IBRD/IDA: Selected Financial Data for Financial Year 2014

In millions of U.S. dollars, except ratio and return data which are in percentages

	2014	2013	2012	2011	2010
Lending Activities					
Commitments	$ 18,604	$ 15,249	$ 20,582	$ 26,737	$ 44,197
Gross disbursements	18,761	16,030	19,777	21,879	28,855
Net disbursements	8,948	6,552	7,798	7,994	17,230
Reported Basis					
Income Statement					
Board of Governors-approved transfers	$ (676)	$ (663)	$ (650)	$ (513)	$ (839)
Net (loss) / income	(978)	218	(676)	930	(1,077)
Balance Sheet					
Total assets	$ 358,883	$325,601	$338,178	$314,211	$282,137
Net investment portfolio	42,708	33,391	35,119	30,324	36,114
Net loans outstanding	151,978	141,692	134,209	130,470	118,104
Borrowing portfolio	154,792	137,008	133,075	122,501	119,775
Allocable Income					
Allocable income	$ 769	$ 968	$ 998	$ 996	$ 764
Allocated as follows:					
General Reserve	-	147	390	401	281
Transfers to International Development Association	[635]	621	608	520	383
Transfer to Surplus	[134]	200		75	100
Usable Equity	$ 40,467	$ 39,711	$ 37,636	$38,689	$ 36,106
Capital Adequacy					
Equity-to-loans ratio	25.7%	26.8%	27.0%	28.6%	29.4%

Development Operations					
Commitments of development credits, grants and guarantees	$22,239	$ 16,298	$ 14,753	$ 16,269	$ 14,550
Gross disbursements of development credits and grants	13,432	11,228	11,061	10,282	11,460
Net disbursements of development credits and grants	9,878	7,371	7,037[a]	7,781	9,111

Annex C: IFC – Selected Financial Data for Financial Year 2014

In millions of U.S. dollars, except ratio and return data which are in percentages
(Data as of June 30, 2104)

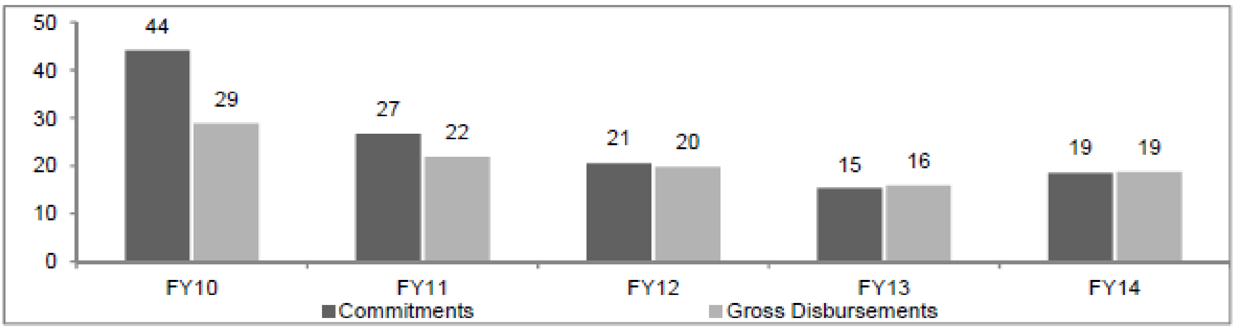
AS OF AND FOR THE YEARS ENDED JUNE 30	2014	2013	2012	2011	2010
Consolidated income highlights:					
Income from loans and guarantees, realized gains and losses on loans and associated derivatives	**$ 1,065**	$ 996	$ 993	$ 802	$ 759
(Provision) release of provision for losses on loans & guarantees	**(88)**	(243)	(117)	40	(155)
Income from equity investments and associated derivatives	**1,289**	732	1,548	1,601	1,595
Income from debt securities and realized gains and losses on debt securities and associated derivatives	**89**	69	71	67	89
Income from liquid asset trading activities	**599**	500	313	529	815
Charges on borrowings	**(196)**	(220)	(181)	(140)	(163)
Other income	**461**	441	448	222	176
Other expenses	**(1,418)**	(1,401)	(1,207)	(981)	(853)
Foreign currency transaction gains (losses) on non-trading activities	**(19)**	35	145	(33)	(82)
Income before net unrealized gains and losses on non-trading financial instruments accounted for at fair value and grants to IDA	**1,782**	909	2,013	2,107	2,181
Net unrealized gains and losses on non-trading financial instruments accounted for at fair value	**(43)**	441	(355)	72	(235)
Income before grants to IDA	**1,739**	1,350	1,658	2,179	1,946
Grants to IDA	**(251)**	(340)	(330)	(600)	(200)
Net income	**1,488**	**1,010**	**1,328**	**1,579**	**1,746**
Less: Net (gains) losses attributable to non-controlling interests	**(5)**	8	-	-	-
Net income attributable to IFC	**$ 1,483**	**$ 1,018**	**$ 1,328**	**$ 1,579**	**$ 1,746**
Consolidated balance sheet highlights:					
Total assets	**$ 84,130**	$ 77,525	$ 75,761	$ 68,490	$ 61,075
Liquid assets, net of associated derivatives	**33,738**	31,237	29,721	24,517	21,001
Investments	**38,176**	34,677	31,438	29,934	25,944
Borrowings outstanding, including fair value adjustments	**49,481**	44,869	44,665	38,211	31,106
Total capital	**$ 23,990**	$ 22,275	$ 20,580	$ 20,279	$ 18,359
Of which					
Undesignated retained earnings	**$ 20,002**	$ 18,435	$ 17,373	$ 16,032	$ 14,307
Designated retained earnings	**194**	278	322	335	481
Capital stock	**2,502**	2,403	2,372	2,369	2,369
Accumulated other comprehensive income (AOCI)	**1,239**	1,121	513	1,543	1,202
Non-controlling interests	**53**	38	-	-	-
Financial ratios:[1]					
Return on average assets (GAAP basis)[2]	**1.8%**	1.3%	1.8%	2.4%	3.1%
Return on average assets (non-GAAP basis)[3]	**1.8%**	0.9%	2.8%	1.8%	3.8%
Return on average capital (GAAP basis)[4]	**6.4%**	4.8%	6.5%	8.2%	10.1%
Return on average capital (non-GAAP basis)[5]	**6.5%**	3.1%	9.9%	6.0%	11.8%
Overall liquidity ratio[6]	**78%**	77%	77%	83%	71%
External funding liquidity level[7]	**359%**	309%	327%	266%	190%
Debt to equity ratio[8]	**2.7:1**	2.6:1	2.7:1	2.6:1	2.2:1
Total reserves against losses on loans to total disbursed portfolio[9]	**6.9%**	7.2%	6.6%	6.6%	7.4%
Capital measures:					
Total Resources Required ($ billions)[10]	**18.0**	16.8	15.5	14.4	12.8
Total Resources Available ($ billions)[11]	**21.6**	20.5	19.2	17.9	16.8
Strategic Capital[12]	**3.6**	3.8	3.7	3.6	4.0
Deployable Strategic Capital[13]	**1.4**	1.7	1.8	1.8	2.3
Deployable Strategic Capital as a percentage of Total Resources Available	**7%**	8%	9%	10%	14%

Annex D: New IBRD Commitments and Disbursements FY14

(Data as of June 30, 2014)

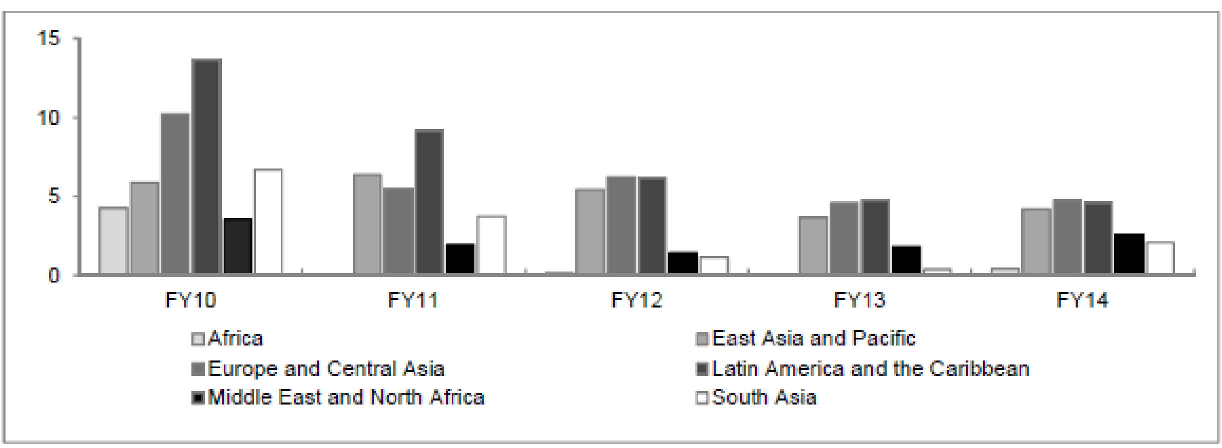
IBRD Commitments and Gross Disbursements

In billions of U.S. dollars



Commitments by Region

In billions of U.S. dollars



Annex E: Summary of the Corporate Scorecard

Goals

Goal	Target	Baseline	Actual	Actual in FCS
Population living on less than US$1.25 a day *(%)***	3 (2030); 9 (2020)	17.7 (2010)	17.7 (2010)	42.0 (2010)
Median of growth rates of average real per capita income of the bottom 40 % *(%)*		Baseline in FY15		

Development Context*

Growth	Baseline	Actual	Actual in FCS
GDP per capita *(constant 2005 US$)*	2,735 (2012)	2,735 (2012)	798
Gross capital formation *(% of GDP)*	30 (2013)	30 (2013)	
Agriculture value added per worker *(constant 2005 US$)*	930 (2013)	930 (2013)	
Adults with financial accounts *(%, age 15+; all/ bottom 40%)*	42/30 (2011)	42/30 (2011)	15/10
-adult women with financial accounts *(%, age 15+)*	37 (2011)	37 (2011)	13

Sustainability and resilience	Baseline	Actual
Countries without wealth depletion *(%)*	45 (2010)	45 (2010)
Countries with low or moderate risk from unsustainable debt *(number)*	63 (2012)	63 (2012)
Countries mainstreaming disaster risk management *(%)*	69 (2013)	69 (2013)
Population living in areas under water stress *(%)*	In FY15	
Population exposed to harmful air pollution (PM2.5) *(%)*	In FY15	
Global environmental sustainability		
- CO_2 emissions *(kg per 2005 PPP$ of GDP)***	0.49 (2010)	0.49 (2010)
- Average annual deforestation change *(%)***	0.11 (2010)	0.11 (2010)
- Climate resilience and climate finance *(tbd)*		

Inclusiveness	Baseline	Actual	Actual in FCS
Opportunities: Countries with growth concentrated in the bottom 40% *(%)*	In FY15		
Access to electricity *(%, bottom 40%/gap to average)*	64/9 (2013)	64/9 (2013)	27/9
Employed persons remaining extremely poor *(%)*	15 (2013)	15 (2013)	38
Countries with equal economic opportunities for women in law *(number)*	13 (2013)	13 (2013)	4
Education: Primary school completion *(%, ages 15-19: bottom 40%/gap to average)*	73/9 (2013)	73/9 (2013)	48/12
Quality of learning *(tbd)*			
Health: Access to essential health, nutrition and population services *(%, bottom 40%)*	In FY15		
Under 5 mortality rate *(per 1,000 live births)*	53 (2012)	53 (2012)	92
Malnutrition, height for age *(%, children under 5)*	26 (2012)	26 (2012)	
Access to safe water within a household *(%, bottom 40%/gap to average)*	45/7 (2013)	45/7 (2013)	13/13
Access to improved sanitation *(%, overall population)*	58 (2012)	58 (2012)	42

*Development Context indicators will be reviewed to align with the results of post-2015, UNFCCC and other key global development agendas. **Global - reported for all countries.

Results: Client results Supported by World Bank Group Operations

Growth	Baseline (FY13)	Actual (FY13)	Actual in FCS (FY13)	Female beneficiaries (FY13)
Private sector investments catalyzed *(tbd)*				
Farmers reached with agricultural assets and services *(millions)*	3.9	3.9	0.2	
People, microenterprises and SMEs reached with financial services *(millions)*	33.0	33.0	1.1	3.8
Transport indicator *(tbd)*				
Expanded conventional/renewable power generation *(gigawatt hours, annual)*	25,491/13,405	25,491/13,405	1,080	
People reached with ICT *(tbd)*				
Inclusiveness				
Jobs *(tbd)*				
People provided with new or improved electricity service *(millions)*	32.7	32.7	3.8	
Students reached *(millions)*	15.9	15.9		
People who have received essential health, nutrition and population (HNP) services *(millions)*	257.4	257.4	12.7	55.1
People provided with access to an improved water source *(millions)*	38.4	38.4	4.9	
People provided with access to improved sanitation facilities *(millions)*	12.9	12.9	0.6	
Sustainability and resilience				
Countries with strengthened public management systems *(number)*	105	105	23	
Countries institutionalizing disaster risk reduction as a national priority *(number)*	29	29	3	
Climate change mitigation and adaptation *(tbd)*				

Performance: World Bank Group Performance

DEVELOPMENT IMPACT	Target (FY17)	Baseline (FY13)	Actual (FY13)	Actual in FCS (FY13)
Development outcomes ratings				
Satisfactory completion of country strategies *(%, IEG rating)*	70	55	55	50
Satisfactory outcomes of WBG operations				
- World Bank *(%, IEG rating), FY12*	75	72	72	71
- IFC *(%, IEG rating), CY12*	65	65	65	
- MIGA *(%, IEG rating), FY12*	--	78	78	
Bank knowledge and advisory services objectives accomplished *(%, client rating)*	In FY15	61	61	63
IFC advisory services successful development effectiveness rating *(%, self-rating)*	65	76	76	70
Client feedback				
Stakeholder feedback *(scale: 1-10)*				
- on WBG effectiveness and impact on results	7.0	6.4	6.4	6.0
- on WBG knowledge	7.0	6.8	6.8	6.7
Client feedback/ satisfaction				
- WB effectiveness & impact on results *(scale: 1-10)*	7.0	6.9	6.9	6.5
- IFC investment/advisory services *(% satisfied)*	85	85/90	85/90	87/85
STRATEGIC CONTEXT				
Alignment with the Strategy (tbd)				
Mainstreaming of priorities				
Climate related WBG commitments *(US$ billions)*	--	8.4	8.4	0.3
Gender integrated country strategies *(%)*	100	74	74	75

Working as one WBG	Target (FY17)	Baseline (FY13)	Actual (FY13)	Actual in FCS (FY13)
Measure of joint engagement *(tbd)*				
Staff working across institutional boundaries *(tbd)*				
Staff perception of WBG collaboration *(%), FY14*	66	23	23	--
OPERATIONAL DELIVERY FOR CLIENTS				
Satisfactory WBG performance for country strategies *(%, IEG rating)*	75	72	72	83
WBG commitments *(US$ billions)*	--	52.9	52.9	3.8
Capital mobilized on commercial terms *(US$ billions)*	--	11.1	11.1	1.6
Time for operational delivery				
- WB: concept to first disbursement *(months) FY12*	Cut by 1/3	28	28	
- IFC and MIGA *(tbd)*				
Measure of knowledge flow *(tbd)*				
FINANCIAL SUSTAINABILITY				
Total revenue *(US$ billions)*	--	8.6	8.6	
Average annual growth of WBG business revenue *(%, starting FY15)*	>5 (FY15-24)	n/a	n/a	
Gross expenditure reduction *(US$ millions)*	400	n/a	n/a	
MANAGING TALENT				
Employee engagement *(%), FY14*	76	71	71	
Managerial effectiveness *(%), FY14*	71	67	67	
Staff diversity *(index), FY14*	1.00	0.88	0.88	
Inclusion index *(%), FY14*	68	63	63	

Goals and Development Context – see World Bank Group Corporate Scorecard

Client results supported by World Bank operations

Results

Growth	Baseline (FY13)	Actual (FY13)	Actual in FCS (FY13)	Female beneficiaries (FY13)
Private sector investments catalyzed *(tbd)*				
People, microenterprises and SMEs reached with financial services *(millions)*	15.3	15.3	0.9	0.4
Farmers adopting improved agricultural technology *(millions)*	1.8	1.8	0.1	0.6
Area provided with irrigation services *(hectares, millions)*	1.2	1.2	0.2	--
Roads constructed and rehabilitated *(kilometers, thousands)*	95	95	10	--
Additional transport indicator *(tbd)*				
Generation capacity of conventional/renewable energy *(megawatts)*	1,430/904	1,430/904	17/83	--
Inclusiveness				
Jobs *(tbd)*				
People provided with direct/inferred access to electricity *(millions)*	6.9/2.3	6.9/2.3	0.1/1.2	
Students that have benefitted from learning assessments *(millions)*	15.5	15.5		
Teachers recruited or trained *(millions)*	1.0	1.0	0.1	
People who have received essential health, nutrition and population (HNP) services *(millions)*	250.9	250.9	12.6	54.1
People provided with access to an improved water source *(millions)*	35.3	35.3	4.9	
People provided with access to improved sanitation facilities *(millions)*	6.8	6.8	0.6	
Beneficiaries covered by social safety net programs *(millions)*	37.4	37.4	1.5	20.6
Sustainability and resilience				
Countries with strengthened public management systems in				
- Civil service and public administration *(number)*	25	25	4	--
- Tax policy and administration *(number)*	23	23	2	--
- Public financial management *(number)*	57	57	12	--
- Procurement *(number)*	13	13	3	--
Emission reductions with support of special climate instruments *(annual, million tons CO_2 equivalent)*	903	903	--	--
Projected lifetime energy and fuel savings *(MWh and MJ)*	in FY16			
Countries institutionalizing disaster risk reduction as a national priority *(number)*	29	29	3	--
Data quality: Countries supported on statistical capacity *(number)*	51	51	7	--

World Bank Performance

Performance

DEVELOPMENT IMPACT	Target (FY17)	Baseline (FY13)	Actual (FY13)	Actual in FCS (FY13)
Development outcomes ratings				
Satisfactory outcomes for IBRD/IDA operations*				
- as a share of operations *(%, IEG rating), FY12*	75	72	72	71
- as a share of commitments *(%, IEG rating), FY12*	80	83	83	77
Knowledge and advisory services objectives accomplished *(%, client rating)*	in FY15	61	61	63
Client feedback				
Client feedback *(scale: 1-10)*				
- on WB effectiveness and impact on results	7.0	6.9	6.9	6.5
- on WB responsiveness and staff accessibility	7.0	6.6	6.6	5.9
STRATEGIC CONTEXT				
Alignment with the Strategy - tbd				
Incorporating citizen and beneficiary feedback				
Projects with beneficiary feedback during implementation *(%)*	in FY15	32	32	45
Resolved registered grievances *(%)*	--	75	75	
Mainstreaming of priorities				
Projects with gender-informed analysis, action and monitoring *(%)*	66	54	54	59
Projects with gender monitoring at design reporting on it during implementation *(%)*	75	55	55	67
Commitments with climate co-benefits *(US$ billions)*	--	5.9	5.9	0.2
Projects with climate change co-benefits implementing agreed climate actions *(%)*	in FY16			
OPERATIONAL DELIVERY FOR CLIENTS				
Financing for clients				
IBRD/IDA commitments *(US$ billions)*	--	31.5	31.5	2.4
Private capital mobilized *(US$ billions)***	--	1.1	1.1	
IBRD/IDA disbursements *(US$ billions)*	--	27.1	27.1	1.8

Quality and timeliness of lending operations	Target (FY17)	Baseline (FY13)	Actual (FY13)	Actual in FCS (FY13)
Satisfactory Bank performance *(%, IEG rating)**				
- at entry *(% of commitments) FY12*	80	75	75	72
- during supervision *(% of commitments) FY12*	80	84	84	68
Time from the concept note to the first disbursement *(months) FY12**	Cut by 1/3	28	28	
Disbursement ratio *(%)**	20	20.5	20.5	24.2
Quality and efficiency of knowledge products				
Quality of knowledge and advisory services *(scale: 1-10)*	in FY15	8.0	8.0	8.0
Knowledge and advisory services delivered in a timely manner *(%)*	80	68	68	61
External funding attracted for knowledge and advisory services *(US$ millions)*	--	156	156	11
Knowledge and science of delivery for results				
Measure of knowledge flow *(tbd)*				
Operations design drawing lessons from evaluative approaches *(%)*	100	50	50	
Projects with baseline data for all PDO indicators in the first ISR *(%)*	100	69	69	49
FINANCIAL SUSTAINABILITY AND EFFICIENCY				
Total revenue *(US$ billions)*	--	5.4	5.4	
Average annual growth of IBRD business revenue *(%, starting FY15)*	Contrb. to WBG>5%	n/a	n/a	--
IBRD maximum loan exposure *(US$ billions)*	Positive growth	173	173	--
Expense to business revenue ratio *(%)*	≤100	113	113	--
Support cost ratio *(%)*		1.0	1.0	--
MANAGING TALENT				
Employee engagement *(%), FY14*	77	71	71	--
Managerial effectiveness *(%), FY14*	71	67	67	--
Staff diversity *(index), FY14*	1.00	0.89	0.89	--
Inclusion index *(%), FY14*	67	62	62	--

** Data show three-year rolling average. ** "Private capital mobilized" is a subset of "Capital mobilized on commercial terms" reported in the World Bank Group scorecard.*

Annex F: Nordic and Baltic Staff in WBG

Staff Distribution by Organization

	IBRD			IFC		MIGA	GEF		
	Core	Other*	Temporary	Core	Other*	Core	Core	Other*	Total
Denmark	49	-	2	15	-	-	2	1	69
Estonia	3	-	1	-	-	-	-	-	4
Finland	28	1	-	4	-	-	3	-	36
Iceland	1	-	-	1	-	-	-	-	2
Latvia	9	-	1	1	-	1	-	-	12
Lithuania	6	2	2	3	-	-	-	-	13
Norway	28	-	2	5	-	-	-	-	35
Sweden	49	1	2	8	-	1	2	-	63
Grand Total	**173**	**4**	**10**	**37**	**-**	**2**	**7**	**1**	**234**

* Includes externally funded appointments, Junior Professional Associates (JPA), Special Assignments, and Staff Exchange Program participants

Staff Distribution by Grade Level

Grades	Denmark	Estonia	Finland	Iceland	Latvia	Lithuania	Norway	Sweden	Total
GC-GD	-	-	-	-	-	1	-	2	3
GE (eg Analyst)	-	-	-	-	-	3	1	3	7
GF (eg Economist/Specialist)	10	-	13	1	5	-	6	12	47
GG (eg Sr Economist/Specialist)	33	2	13	-	4	5	14	25	96
GH (eg Lead Economist/Specialist)	19	1	6	1	2	-	8	10	47
GI (eg Manager, Director)	1	-	-	-	-	-	-	3	4
GJ (eg Vice President)	1	-	-	-	-	-	-	1	2
GK (eg Executive Vice President)	-	-	-	-	-	-	-	-	-
UC (eg externally funded, JPAs)	3	-	4	-	-	2	4	5	18
ETC/ETT	2	1	-	-	1	2	2	2	11
Grand Total	**69**	**4**	**36**	**2**	**12**	**13**	**35**	**63**	**234**

Grades GA-GD refer to administrative and office support positions with specialized functions in a given unit.

GE-GK refers to professional-level positions responsible for a variety of operational tasks (e.g. participating as a full member of a multi-disciplinary team; undertaking assignments of project preparation, appraisal and supervision in field of expertise).

ETT refers to Extended Term Temporary (ETT), who is hired at levels GA through GD for a minimum of 12 months. This term is renewable and is subject to a lifetime maximum of two years.

ETC refers to Extended Term Consultant (ETC), who is hired at level GE and above for a minimum of 12 months. This term is renewable and is subject to a lifetime maximum of two years.

Annex G: Nordic and Baltic Countries* Procurement Data
Fiscal Years 2012-2014

	Overall Results Fiscal Years 2012-2014								Constituency Total
	Denmark	Estonia	Finland	Iceland	Lithuania	Latvia	Norway	Sweden	
Country Total	**$288,520,929**	**$7,157,331**	**$72,662,388**	**$1,248,900**	**$19,534,391**	**$1,288,257**	**$7,087,708**	**$106,065,221**	**$503,565,125**
Average of WB Totals (%)	0.71%	0.018%	0.18%	0.0031%	0.05%	0.0032%	0.02%	0.26%	1.24%

	Fiscal Year 2012				FY Total	Percentage of WB Total
	Consultant Services	Civil Works	Goods	Other		
Denmark	$22,377,167	$616,801	$11,392,045		$34,386,013	0.22%
Estonia	$771,060				$771,060	0.005%
Finland	$6,660,756		$2,826,521	$1,825,558	$11,312,835	0.07%
Iceland	$52,500				$52,500	0.00%
Lithuania	$963,934	$951,018			$1,914,952	0.01%
Latvia	$223,920				$223,920	0.001%
Norway	$1,690,314		$770,074		$2,460,388	0.02%
Sweden	$5,946,651	$23,174,239	$12,546,214		$41,667,104	0.26%
Constituency Totals	$38,686,302	$24,742,058	$27,534,854	$1,825,558	$92,788,772	0.58%
Bank-wide Total	$1,722,721,612	$9,475,915,272	$4,439,553,937	$324,909,104	$15,963,099,925	
Constituency % of Total	2.25%	0.26%	0.62%	0.56%		

	Fiscal Year 2013				FY Total	Percentage of WB Total
	Consultant Services	Civil Works	Goods	Other		
Denmark	$12,700,943	$204,454,978	$7,048,555		$224,204,476	1.59%
Estonia	$281,469		$2,025,175		$2,306,644	0.02%
Finland	$4,211,276		$4,073,482		$8,284,758	0.06%
Iceland	$811,400				$811,400	0.01%
Lithuania	$109,347	$13,435,077	$1,614,967		$15,159,391	0.11%
Latvia	$880,217			$21,004	$901,221	0.006%
Norway	$201,876		$2,085,396		$2,287,272	0.02%
Sweden	$11,092,915	$13,011,070	$111,934,364		$136,038,349	0.96%
Constituency Totals	$30,289,443	$230,901,125	$128,781,939	$21,004	$389,993,511	2.76%
Bank-wide Total	$1,752,624,435	$9,526,195,342	$2,666,155,945	$184,907,202	$14,129,882,924	
Constituency % of Total	1.73%	2.42%	4.83%	0.01%		

	Fiscal Year 2014				FY Total	Percentage of WB Total
	Consultant Services	Civil Works	Goods	Other		
Denmark	$19,566,692		$10,363,748		$29,930,440	0.29%
Estonia	$211,859		$3,867,768		$4,079,627	0.039%
Finland	$5,378,587	$47,686,208			$53,064,795	0.51%
Iceland	$385,000					
Lithuania	$59,935		$2,400,113		$2,460,048	0.02%
Latvia					$0	0.00%
Norway	$6,787,837		$159,871		$6,947,708	0.067%
Sweden	$9,400,123		$1,829,258		$11,229,381	0.11%
Constituency Totals	$41,790,033	$47,686,208	$18,620,758		$108,096,999	1.04%
Bank-wide Total	$1,658,512,940	$7,020,325,447	$1,759,996,232		$10,438,834,619	
Constituency % of Total	2.52%	0.68%	1.06%			

These figures capture only contracts awarded *above* WB's prior review thresholds under IDA-IBRD investment lending operations. Therefore, the data in these reports should be used only as a proxy. Also note that the nationality of the firms considered in this reports indicate place of registration of the firm, which may or may not be the actual nationality of the firm. For instance, if Siemens (DK) wins a contract, then the database show it as a Danish award, although Siemens is of course German.