

Over the past year, the World Bank Group Executive Directors have engaged with World Bank Group leadership about persisting global crises and the urgent need for approaches to restore progress toward the Sustainable Development Goals. More than 574 million people are projected to be living in extreme poverty by 2030, most of them in Africa. More broadly, nearly half the world — over 3 billion people — lives on less than \$6.85 per day. Spillover effects from the COVID-19 pandemic, Russia's invasion of Ukraine, and extreme climate events are among the major issues on which the Executive Directors led World Bank Group interventions to support countries, including a focus on opportunities for women and young people. From July 2022 to June 2023, support from the World Bank Group for developing countries totaled \$122.9 billion, including \$38.6 billion from IBRD, \$34.2 billion from IDA, \$43.7 billion (including mobilization) from IFC, and \$6.4 billion in guarantees from MIGA.

At the Annual Meetings in October 2022, Development Committee members asked the World Bank Group to review its vision, mission, and operating and financial models to enhance the institution's capacity to respond to global challenges. In response, the World Bank Group created the Evolution Roadmap, with the aim of better addressing the scale of challenges facing the world today. The Roadmap provides a basis for World Bank Group management and the Board to discuss priorities for the institution's evolution and begin to implement collective reform.

Led by the Boards of Executive Directors in partnership with management, the Evolution Roadmap gained momentum this year. At the 2023 Spring Meetings,

Governors at the Development Committee commended the World Bank Group for identifying measures to increase financial capacity by roughly \$50 billion over the next 10 years and discussed priorities to further strengthen the institution for the next phase of the Roadmap process ahead of the October 2023 Annual Meetings in Marrakech.

The important work of the Evolution comes as the World Bank Group continues to respond at record pace, scale, and impact to help countries address compounding crises and increasingly complex development challenges. In April 2022, the World Bank Group outlined the Global Crisis Response Framework, which focused on responding to food insecurity, protecting people and preserving jobs, boosting resilience, and strengthening policies, institutions, and investments to build back better. Between April 2022 and June 2023, the World Bank Group provided unprecedented crisis financing of \$171.6 billion, including \$53.1 billion from IBRD, \$51.8 billion from IDA, \$57.6 billion from IFC, and \$9.1 billion in guarantees from MIGA.

In addition to its impact on food security, Russia's invasion of Ukraine has exacerbated trends in energy access, international trade, and other major sectors. Recognizing the invasion's potentially long-term consequences, the Board approved several operations to help restore and improve access to essential health care, provide financial protection for the Ukrainian people, and repair Ukraine's energy infrastructure. To date, the World Bank Group has mobilized over \$37.5 billion in emergency financing for Ukraine, including IBRD and IDA loans, IBRD loans guaranteed by partners, donor grants, short and long-term IFC financing, and MIGA guarantees.

Climate action remains a crucial global priority. The Executive Directors welcome the efforts the World Bank Group has made as the world's largest multilateral provider of climate finance for developing countries by mobilizing more public and private finance. The Executive Directors are encouraged that, in addition to work combining country diagnostics, policy advice, financing, and scalable mechanisms to mobilize funding, the World Bank is on track to align 100 percent of new operations with the goals of the Paris Agreement from July 1, 2023. For IFC and MIGA, 85 percent of new operations will be aligned starting July 1, 2023, and 100 percent from July 1, 2025.

The world witnessed devastating natural disasters this year that caused tragic losses of life and widespread destruction. The earthquakes in Türkiye are among the most recent events to which the World Bank Group has responded. The Executive Directors continue to recognize the hardships encountered in fragile and conflict-affected situations around the world, including the challenges and complexities of migration, as discussed in this year's *World Development Report*. The Executive Directors commend the ongoing and coordinated efforts by the World Bank, IFC, and MIGA to swiftly address fragility and disasters, including by leveraging the IDA Private Sector Window and Contingency Emergency Response Components in operations. The Board also recently approved the establishment of an IDA Crisis Facility, which will boost support for the world's poorest countries in tackling urgent development challenges, particularly food security and climate change.

In addition to the many operations and country engagements the Board discussed and approved this year, Executive Directors also visited operations in several client countries. In February and May 2023, Board members traveled to Belize, Guatemala, Panama, the Republic of Congo, and São Tomé and Príncipe. During these missions, the Executive Directors engaged with key government entities, the private sector, civil society, and donor stakeholders and met with World Bank Group staff and the people who have benefited from these operations.

As the World Bank Group's leadership and Boards of Directors prepare for the October 2023 Annual Meetings in Marrakech, the Executive Directors and management are moving forward on the Evolution Roadmap. The Executive Directors extend their sincere gratitude to David Malpass for his strong and steadfast leadership of the World Bank Group through a historically challenging period. His commitment to the mission, diversity and inclusion, debt transparency and sustainability, and country-level development outcomes have seen the institution deliver record commitments for development. The Board warmly welcomes his successor, Ajay Banga, as the 14th President of the World Bank Group. Finally, the Executive Directors extend their thanks to all staff for their tireless dedication and hard work in these challenging times. Thanks to them, the World Bank Group continues to make a difference in the lives of many who deserve a life in dignity.



PHOTO OF IFC EXECUTIVE DIRECTORS

Seated (left to right):

Erivaldo Gomes Brazil, **Cecilia Nahon** Argentina, **Ayanda Dlodlo** South Africa, **Dominique Favre** Switzerland, **Junhong Chang** China – *Co-Dean*, **Koen Davidse** The Netherlands – *Dean*, **Khalid Bawazier** Saudi Arabia, **Adriana Kugler** United States, **Matteo Bugamelli** Italy, **Ernesto Acevedo** Mexico, **Takashi Miyahara** Japan, **Lene Lind** Norway

Standing (left to right):

Wempi Saputra Indonesia, **Parameswaran Iyer** India, **Mansour Alshamali** Kuwait, **Michael Krake** Germany, **Katharine Rechico** Canada, **Roman Marshavin** Russian Federation, **Velavan Gnanendran** United Kingdom, **Il-Young Park** Korea, **Hayrettin Demircan** Türkiye, **Naveed Baloch** Pakistan, **Abdoul Salam Bello** Niger, **Arnaud Buissé** France

Absent: **Floribert Ngaruko** Burundi

LETTER FROM AJAY BANGA

President of the World Bank Group

Deeply intertwined challenges — poverty, pandemics, climate change, debt, conflict, food insecurity, and fragility — are eroding decades of hard-won development progress; the world is looking to us for solutions. Fortunately, the World Bank is built to take on difficult challenges. To truly make a difference, we will need a greater appetite for risk, meaningful private sector financing, and a sense of urgency.

This urgency motivates us to write a new playbook that will drive impactful development and lead to a better quality of life for people everywhere. Pandemics and climate change don't respect lines on a map. If we fail to work together to address these crises, we all lose. Our approach must be inclusive of everyone, including women, young people, and others too often left behind. It must be resilient to shocks, including climate and biodiversity catastrophes, pandemics, and fragility. And it must be sustainable — through economic growth, human development, fiscal and debt management, food security, and access to clean air, water, and affordable energy.

To help countries achieve these goals and address their most urgent development needs, we offer innovative solutions that can be implemented at scale to maximize impact. Through our knowledge and research, we help countries make informed, impactful decisions. Central to these efforts are our partnerships and convening power, which further extend our reach as we work to realize our shared vision.

Under the umbrella of our Evolution Roadmap, we are working to become a better Bank. We will become more efficient and do more in less time — incentivizing output, not input. Keeping focus on how many girls are in school, how many jobs are created, how many tons of carbon dioxide emissions are avoided, and how many private sector dollars are mobilized.

We are digging deep to boost our lending capacity, finding ways to leverage callable capital, and creating new mechanisms like hybrid capital that could unlock untold resources to deliver results. We want to expand and evolve concessional financing to help more low-income countries achieve their development goals, while thinking creatively about how to encourage cooperation across borders and tackle shared challenges.

As we face a new era in development, we remain committed to creating a world free of poverty on a livable planet.

Ajay Banga

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



Photo: World Bank Group President Ajay Banga visits Jamaica's Kirkvine Community Council Greenhouses, June 2023.

WE OFFER INNOVATIVE SOLUTIONS THAT CAN BE IMPLEMENTED AT SCALE TO MAXIMIZE IMPACT. THROUGH OUR KNOWLEDGE AND RESEARCH, WE HELP COUNTRIES MAKE INFORMED, IMPACTFUL DECISIONS.



LETTER FROM MAKHTAR DIOP

IFC MANAGING DIRECTOR

This year brought a continued wave of challenges with global growth slowing sharply, extreme poverty increasing, the climate crisis intensifying, and new conflicts emerging. As these overlapping crises continued to intensify, IFC responded with scale and speed. Most importantly, we recognized that business as usual wouldn't do, and we raised our ambition to meet the moment.

And in FY23, we delivered. We made over \$43 billion in total investment commitments — the largest volume in our history. We set a record for climate commitments, which surpassed \$14 billion. We exceeded our gender targets. And we mobilized over \$15 billion from external partners — another record.

These are impressive numbers, but what they really represent is jobs created, women entrepreneurs getting access to financial services, greenhouse gas emissions being slashed, and much more. Our achievements this year also speak to how we are reshaping IFC. We have made several changes to how we work that cut bureaucracy and empower frontline staff to take more risks and respond to emerging needs faster. The result? Bold interventions that disrupt crises and drive impact.

Across the world, we are deploying our full arsenal of tools to achieve scale: setting standards, developing innovative financial solutions, using public-private partnerships to build sustainable infrastructure, and mobilizing capital. We are supporting the ingenuity of entrepreneurs who form the backbone of economies around the world — helping small businesses from Cameroon to the Kyrgyz Republic get access to financing. We are focusing on the massive untapped potential of female entrepreneurs in our efforts to address a more than \$5 trillion financing gap for micro, small, and medium enterprises (MSMEs).

To ensure the most vulnerable have access to food, we launched a \$6 billion Global Food Security Platform and have worked to stabilize volatile food markets and provide much-needed finance to companies along the food supply chain.

In tackling global challenges — from food security to climate change — we must bridge the gap for private investors to access emerging markets and developing economies by mitigating the risks of pioneering investments. That's why we deployed a record level of blended concessional finance to de-risk high-impact investments, and we continue to launch new facilities to address emerging needs in middle-income countries. IFC now has over 30 different mobilization vehicles, including MCCP One Planet, the world's first portfolio of emerging market loans aligned with the Paris Agreement.

The World Bank Evolution Roadmap calls on us to do more to address intertwined global challenges. This year we continued retooling IFC to help unlock innovation and deliver more sustainable private sector solutions that lift people up. I am especially heartened by our team, who are behind the projects and initiatives detailed in this report. With talent, passion, and purpose on our side, I am confident that a more virtuous cycle — one that ends poverty, protects the planet, and creates inclusive growth — is within reach.

Makhtar Diop
Managing Director



Photo above: Ildys Karazhieva, in the Chuy region of Kyrgyz Republic, has relied on micro loans from Elet-Capital to support her business raising chickens. IFC's loan to Elet-Capital is under IFC's Base of the Pyramid program, which helps financial services providers deliver funding to help MSMEs, informal enterprises, and low-income households.



**WE ARE CONTINUING
TO RETOOL IFC TO HELP
UNLOCK INNOVATION
AND DELIVER MORE
SUSTAINABLE PRIVATE
SECTOR SOLUTIONS
THAT LIFT PEOPLE UP.**

Photo: Ngo Thi Xuyen harvests peppercorns on a farm in Vietnam. An IFC partnership with McCormick & Co. is helping build a more sustainable, traceable, certified, and quality-compliant pepper supply chain through capacity development and the empowerment of women farmers.