

**REPORT TO CONGRESS FROM THE
CHAIRMAN OF THE NATIONAL ADVISORY COUNCIL
ON INTERNATIONAL MONETARY AND FINANCIAL POLICIES**



A Report to Congress

consistent with

Section 1701 of the
International Financial Institutions Act,
as amended by the Omnibus Appropriations Act, 1999

United States Department of the Treasury
2015

EXECUTIVE SUMMARY

This report discusses the participation of the United States in the International Financial Institutions (IFIs) during 2014 and U.S. priorities for the IFIs in 2015. The International Monetary Fund (IMF) and the multilateral development banks (MDBs), including the World Bank and the major regional development banks, continue to play an essential and effective role in the international financial system. The IFIs are vital partners for the United States in furthering U.S. and global security interests, supporting U.S. and global economic growth and jobs, and maintaining open markets and financial stability.

Our ability to advocate effectively for these priorities depends on our ability to meet our financial commitments to the IFIs in a timely fashion, including through passage of the 2010 IMF quota and governance reforms, and having confirmed U.S. Executive Directors in place at these institutions to engage with IFI management and Executive Directors from other member countries.

The IFIs helped advance many U.S. priorities in 2014. The IMF renewed precautionary credit lines for Mexico and Poland and approved new lending agreements for several countries, including Ukraine, Georgia, Honduras, Morocco, and Yemen. The IMF also provided \$130 million in emergency assistance and agreed to debt relief for the Ebola-affected countries. The MDBs approved more than \$105 billion in new financing for developing countries. This financing supports critical areas, such as bolstering Ukraine's economy, responding to the Ebola crisis, improving citizen security in Central America, and expanding access to cleaner, more reliable electricity in Africa, Asia, and Latin America. The United States will look to the IFIs to ensure sustained financial support for these priorities in 2015.

The United States also encouraged the IFIs to undertake a broad range of institutional reforms that will further improve their effectiveness in supporting U.S. priorities. The United States was the lead in proposing governance reforms at the IMF that are awaiting Congressional approval. We have pushed the IMF to maintain a flat budget in real terms improving cost effectiveness. Further, through our efforts the IMF has made significant strides in transparency and last year the Executive Board approved a reduction in release time for detailed minutes of most board meetings from five to three years. The MDBs implemented a range of measures to expand their financial capacity, continue updating their environmental and social safeguards and strengthen accountability, improve how they measure and evaluate results, and provide more effective support for gender, fragile states, and the private sector. Many of these reforms represent a fulfillment of commitments that the MDBs made to the United States and other shareholders during negotiations for concessional window replenishments and general capital increases.

In 2015, we will be urging the IFIs to continue taking steps to improve their ability to deliver effective outcomes and support U.S. goals. Our key priorities at the IMF include continuing support for low-income countries; improving foreign exchange and financial sector surveillance; promoting strong, sustainable, and balanced growth; enhancing transparency and accountability in economic data; and, maintaining budget discipline. At the MDBs, our priorities include strengthening the framework and implementation of the World Bank's environmental and social

safeguards, with special attention on oversight of and compensation for involuntary resettlement; updating procurement policies to create a more level playing field for U.S. businesses and workers; implementing major institutional reorganizations to improve development effectiveness and expand financial capacity; and strengthening independent evaluation.

INTRODUCTION¹

The international financial institutions (IFIs) play an essential role in the international financial system, further U.S. and global security interests, support U.S. and global economic growth and jobs, and help maintain open markets and financial stability. The IFIs fight poverty, address environmental challenges, help enhance food security, and respond to emerging crises and emergency situations. U.S. leadership was instrumental in founding and designing many of these institutions, and the United States continues to use its influence to shape IFI policies and activities today. It is critical to retain America's strong leadership position in these vital institutions, which advance our national security, our economic interests, and our values.

For almost 70 years, the International Monetary Fund (IMF) has served the global community and promoted U.S. national security and economic interests with strong bipartisan support in the United States. The IMF helped Europe and Japan achieve sustained growth in the post-war period. After the demise of the Bretton Woods System, the IMF helped the United Kingdom and Italy overcome their financial crises in the 1970s, supported the resolution of the Latin American debt crisis of the 1980s, and supported economic transition in Eastern Europe and the former Soviet Union in the 1990s. The IMF was also central to the response to the Asian and emerging market financial crisis in the late 1990s and early 2000s.

The IMF remains the foremost international institution for promoting global financial stability. Since 2008, the IMF has been at the center of the global financial crisis response efforts, helping mitigate the impact of the crisis in its member countries and prevent contagion. Through its three main activities—surveillance, technical assistance, and lending—the IMF promotes economic stability and helps prevent and resolve financial crises when they occur, thereby promoting growth, enhancing U.S. national security, and alleviating poverty in its member countries. The IMF is providing critical support to U.S. allies and governments whose instability would jeopardize U.S. national security interests, including Jordan, Morocco, Tunisia, and Yemen in recent years. It is continuing to play a role in the resolution of the crisis in the euro area, and providing financial support to countries in Eastern Europe, including Ukraine, that are working to secure long-term stability and prosperity for their relatively new democracies. The IMF is assisting low-income countries with needed policy advice and financing, actively encouraging transparency and accountability in all of its member countries, and working with the G-20 on policies to foster strong, sustainable, and balanced global growth. The IMF recently provided emergency financial support and debt relief to Guinea, Liberia, and Sierra Leone to help counter the economic impact of the Ebola epidemic. As the world's first responder to financial crises, the IMF continues to play an indispensable role in protecting the U.S. economy

¹ Section 1701 of the International Financial Institutions Act, as amended by the Omnibus Appropriations Act, 1999 (P.L. 105-277, Div. A §101(d) [Title V, §583]), requires the Chairman of the National Advisory Council on International Monetary and Financial Policies (the Secretary of the Treasury, as designated pursuant to Executive Order 11269 of February 14, 1966, as amended) to report annually to Congress on the participation of the United States in the international financial institutions (IFIs).

– and the prosperity of American workers, households, and businesses – from the destabilizing effects of crises abroad.

In 2010, G-20 Leaders and the IMF membership decided on a set of quota and governance reforms designed to strengthen the IMF’s critical role and effectiveness. The 2010 reforms modernize IMF governance to better reflect countries’ economic weights in the global economy and keep emerging economies anchored in the multilateral system that the United States helped design and continues to lead. The reforms preserve U.S. veto power and influence in the IMF, without increasing the current U.S. financial commitment to the IMF. The rest of the world has acted to ratify the 2010 IMF reforms, and only U.S. acceptance is necessary for these important reforms to enter into effect.

As the United States has delayed approving the 2010 reforms, other countries have sought to increase their influence in the institution bilaterally, outside of the IMF’s quota-based financial and governance structures in which the United States exercises its leadership role. In 2012, due to the U.S. delay, the IMF secured bilateral borrowing agreements with countries such as China (\$43 billion), Korea (\$15 billion), India (\$10 billion), Mexico (\$10 billion), and Russia (\$10 billion). Emerging economies are proposing new and parallel financial institutions such as the New Development Bank (the “BRICS Bank”) and the Asian Infrastructure Investment Bank. Congressional approval of the 2010 reforms is necessary to reaffirm the U.S. leadership position and reinforce the IMF’s central position in the global financial system.

Alongside the IMF, the multilateral development banks (MDBs), which include the World Bank and the major regional development banks, are essential instruments to promote U.S. national security, support broad-based and sustainable economic growth and job creation, and address key global challenges like environmental degradation, while fostering private sector development and entrepreneurship. MDB concessional lending windows are an important source of financing for the development needs of fragile and post-conflict states and for combating extreme poverty and hunger. MDB projects promote global stability, prosperity, infrastructure development, and private sector growth.

MDB investments in developing and emerging economies – in infrastructure, health, and education – foster private sector development in these countries, which creates new markets for U.S. exports and jobs for American workers. The MDBs, often alongside the IMF and as complements to U.S. bilateral assistance, have been key partners on important priorities such as responding to the Ebola outbreak, bolstering Ukraine’s economy against the effects of conflict, increasing citizen security in Central America, and expanding infrastructure in Asia, Africa, and Latin America.

This report covers the period from January 2014 to January 2015 and looks at prospects for the remainder of 2015. It also includes the Report to Congress on the International Development Association’s Contributions to Graduation, consistent with 22 U.S.C. § 262r-6(b)(2).

INTERNATIONAL MONETARY FUND (IMF)

Major Issues Affecting U.S. Participation in the IMF

Background: The United States participates in the IMF through a quota subscription. Quotas are the metric used by the IMF to assign voting rights, to determine contributions to the IMF's general resources, and to determine access to IMF financing. The IMF's recent efforts to modernize its governance started during the Bush Administration. In 2006, the IMF membership approved an ad hoc quota increase for the most underrepresented emerging market countries (China, Korea, Mexico, and Turkey). In April 2008, IMF members reached agreement on a broader quota reform package as a further step to modernize the IMF's governance structure to keep pace with the rapid growth and greater economic weight of dynamic emerging market countries in the global economy. This agreement included a small increase in the U.S. quota to maintain our share and veto power as other members' quotas were increased. On June 24, 2009, the Supplemental Appropriations Act, 2009 (Public Law 111-32), was enacted, providing authorization and appropriations for an increase in the U.S. quota in the IMF by the dollar equivalent of 4.97 billion Special Drawing Rights (SDRs) (about \$7.71 billion as of June 24, 2009), as well as an increase in the U.S. participation in the New Arrangements to Borrow (NAB; discussed below).

At the Pittsburgh Summit in September 2009, G-20 Leaders agreed to further reform IMF quotas. At the summit in Seoul in fall 2010, G-20 Leaders agreed on a package that secured significant reform of the IMF's governance structure and voting rights. This agreement better reflects today's global economy, thereby enhancing the IMF's legitimacy and effectiveness. In particular, the reform will double total IMF quotas, with a corresponding rollback of the NAB; amend the IMF's Articles of Agreement to move to an all elected Executive Board;² shift more than 6 percent of quota shares to dynamic and underrepresented emerging market and developing countries; and preserve the quota and voting shares of the poorest member countries.

2010 Quota and Governance Reforms: In the 2010 IMF reform agreement, the United States successfully achieved its negotiating priorities: (1) an increase in the U.S. quota alongside an equivalent reduction in U.S. financial participation in the NAB, for no change in the overall U.S. financial commitment to the IMF; and (2) the preservation of the U.S. leadership position and veto power over major institutional and financial decisions.

U.S. leadership in the IMF promotes American core interests in three ways; first, the IMF strengthens our national security; second, the IMF protects the U.S. economy by serving as a first responder when financial crises abroad threaten jobs and growth at home; and third, the IMF helps design and promote rules for an open global trade and financial system. The IMF is an important partner in strengthening our national security. For example, by helping to anchor economic stability in the Middle East—in Jordan, Morocco, and Tunisia. As the world's first responder to financial crises, the IMF helps our trading partners stabilize and heal their economies. By preventing crises in other countries from spreading to the United States, the IMF protects U.S. jobs, exports, and household savings. In Ukraine, the IMF is playing a key role in supporting a financial stability and reform program that was expected to be extended and increased on March 11, in a clear example of the importance of the IMF in promoting American core interests. No other entity could provide the IMF's level of financing along with essential

² Under an all-elected Board, the U.S. would retain its current seat.

policy advice. The IMF program is also a catalyst for unlocking additional bilateral and multilateral support for Ukraine as it undertakes important reforms to strengthen its economy.

The United States is the largest shareholder in the IMF and the only country that has the ability to veto major institutional decisions. Maintaining the unique U.S. leadership position is more important than ever. The reforms will advance U.S. interests by strengthening the IMF's central role in the international financial system and preserving U.S. leadership in the IMF so that we can continue to shape the norms and practices that ensure an open, resilient global economy. The vast majority of the IMF membership has now acted, and U.S. approval is the only remaining step for these important reforms to go into effect.³ The failure of the United States to approve these reforms led the G-20 and the IMF's International Monetary and Financial Committee to ask the IMF to consider options for moving forward on quota and governance reforms without an increase in the U.S. quota. In January 2015, the IMF Executive Board informally discussed possible next steps. The G-20 will discuss these options at its meeting in April 2015. That is why we have asked Congress to safeguard U.S. leadership in the IMF by acting expeditiously to approve the 2010 quota and governance reforms. **The reforms do not increase the current overall level of U.S. financial participation in the IMF.**

New Arrangements to Borrow (NAB): In addition to quota subscriptions, the IMF maintains standing borrowing arrangements with 38 financially strong members, including the United States. The NAB was designed as a pool of emergency resources for use when the IMF's ordinary quota resources are substantially drawn down in the rare circumstances that threaten the stability of the international monetary system, such as those seen during the 2009 global financial crisis. As a result of Congress' failure to approve the 2010 quota and governance reforms, the IMF has become reliant on the NAB for its lending programs. Currently, for every \$4 in IMF loans, \$3 comes from the NAB and only \$1 from quota resources. Moreover, unlike quota resources the IMF does not have automatic access to NAB resources. The availability of NAB resources requires "activation" by an 85 percent vote of the shares of NAB participants every six months. This requirement gives the BRICs (Brazil, Russia, India, and China) control over the NAB's resources as the BRIC countries hold more than 15 percent of the NAB's voting power, which is enough to block NAB activation.

The U.S. commitment under the NAB is currently SDR 69 billion (about \$97 billion), which includes U.S. participation in the General Arrangements to Borrow.⁴ When the 2010 quota reform enters into effect, U.S. participation in the NAB will be reduced by SDR 40.8 billion (about \$58 billion), the same amount as the U.S. quota increase.

Promoting International Financial Stability

³ Before the quota increase can take effect, the amendments on reform of the Executive Board must be approved by three-fifths of the IMF's 188 members (or 113 members) having 85 percent of the IMF's total voting power. As of January 27, 2015, 146 members having 77.1 percent of total voting power had accepted the amendment, and 163 members having 79.6 percent of total quota had consented to the quota increase.

⁴ The General Arrangements to Borrow is a standing borrowing arrangement that preceded the NAB and totals about \$26 billion, of which the U.S. share is about 25 percent.

The IMF plays a vital role in safeguarding the international financial system and promoting financial stability. It also promotes the key U.S. goal of strong, stable global growth through effective surveillance of the international monetary and financial system as well as individual country economies. As the world's first responder to financial crises, the IMF works to help protect the U.S. recovery and promote increased global growth and stability, which supports U.S. jobs and exports, foreign investment in the United States, our financial markets and our economic health.

Effective Crisis Response: The IMF plays a central role in international efforts to resolve and prevent the spread of global economic and financial crises by providing its members with timely policy advice and financing if needed to address balance of payments problems. New IMF lending commitments totaled approximately \$67 billion from May 2014 to January 2015, of which \$63 billion was for a renewal of multi-year precautionary Flexible Credit Lines (FCL) to provide a buffer against external risks for Mexico and Poland. Since April 2014, new IMF lending arrangements have been agreed in seven additional countries: Georgia, Honduras, Seychelles, Morocco, Chad, Grenada, and Yemen.

While the IMF was critical in helping Europe to avoid an economic meltdown, the Europeans provided the lion's share of the financing and bore the brunt of the financial risk. Moreover, the IMF's investments in Europe are proving effective, as Ireland and Portugal have emerged from crisis and are making early repayments to the IMF. The IMF continues to engage positively with Greece as it continues to strive to reform its economy to ensure lasting stability and long-term growth.

The IMF's crisis-response in the Middle East and North Africa (MENA) region has been crucial to encouraging macroeconomic stability in a number of countries that are significant to our national security. A stable and more prosperous MENA region helps promote peace and facilitates more orderly democratic transitions, and thereby opens up opportunities for American businesses in the region's emerging economies. The IMF is closely engaged in the region through analytical and technical advice, as well as through substantial financial support. For instance, in July 2014, the IMF extended a successor \$5 billion precautionary credit line to Morocco to support its economic reform program and provide insurance against external shocks.

U.S. Policy Goals and the IMF

The IMF serves as a critical forum for multilateral consultation and cooperation on international monetary and financial policy issues, as well as for promoting global economic and financial stability. The sections below discuss the IMF's functions in supporting low-income countries; working with the G-20 to promote strong, sustainable, and balanced growth; enhancing transparency and accountability in economic data; maintaining budget discipline; and, improving foreign exchange and financial sector surveillance.

Support for Low-Income Countries: The IMF plays a key role in assisting low-income countries (LICs) to achieve macroeconomic stability, a necessary condition for poverty reduction and higher long-term growth. In calendar year 2014, the IMF Board approved three lending arrangements for low-income country members under the Poverty Reduction and Growth Trust (PRGT) facilities (Chad, Grenada, and Yemen). In September 2014, the IMF provided a total of

\$130 million of emergency financial assistance in the form of highly concessional loans to Guinea (\$41 million), Liberia (\$48 million), and Sierra Leone (\$40 million) through its Rapid Credit Facilities and augmentations to the program countries with Extended Credit Facilities. These funds have helped counteract the revenue shortfall and unplanned Ebola containment spending that all three countries have faced as a result of the epidemic. In response to a U.S. leadership request, the IMF has provided debt relief to these three Ebola-stricken countries by reforming its Post Catastrophe Debt Relief (put in place after the Haitian earthquake) to enhance Fund support for low-income countries hit by public health disasters. The IMF will provide approximately \$95 million in debt service relief (\$30 million to Guinea, \$36 million to Liberia, and \$29 million to Sierra Leone). The amounts will free the three countries from debt service obligations to the IMF falling due over the next two to four years.

The United States has been a strong advocate for enhancing the IMF's support for LICs. Since 2009, the IMF Board has taken steps to boost the PRGT's concessional subsidy resources for lending to LICs. With strong U.S. leadership, in 2009, the IMF Board agreed to extend interest rate relief (zero interest) on all PRGT loans through the end of 2012. U.S. leadership has been instrumental in securing IMF Executive Board approval to extend the zero percent interest rate on PRGT loans through the end of 2016. These initiatives have helped put the PRGT on a more sustainable footing and safeguard the IMF's role in promoting macroeconomic stability, higher long-term growth, and poverty reduction in LICs.

Strong, Sustainable, and Balanced Growth: The IMF provides critical analytical support to the G-20 Framework for Strong, Sustainable, and Balanced Growth, where the overarching goal is to put the global economy on a robust growth path. In addition to providing regular surveillance reports on current and future economic prospects, the IMF also provides assessments of individual members' progress in implementing past policy commitments, with special focus on exchange rate, fiscal, and structural reform commitments. A key contribution of the IMF to the G-20 cooperative policy process is its annual assessment of the collective consistency of G-20 members' policies and the ability of those policies to achieve the goals of strong, sustainable, and balanced global growth. It will also play a critical role in monitoring progress towards achieving the G-20 collective aspiration of boosting global growth through implementation of country growth strategies.

Transparency/Accountability: The IMF promotes transparency through its strong data standards. Effective bilateral and multilateral IMF surveillance requires provision of timely, full, and accurate data. Transparency is necessary to assess the IMF's effectiveness in contributing to global monetary and financial stability and in building broader economic knowledge. The IMF's collection and publication of comparable data – including on exchange rates and reserves – remains a top U.S. priority. The IMF has begun collecting and disseminating comparable cross-country data in new areas, such as the Financial Soundness Indicators, but more progress is needed.⁵ The IMF is conducting a review of its Data Standards Initiatives, which will focus on increasing the number of member countries participating. In November 2014, China announced its intention to subscribe to the IMF's Special Data Dissemination Standard (SDDS), which will help provide better information across a number of data categories, including China's reserve holdings.

⁵ See <http://fsi.imf.org>.

In February 2015, the United States became one of the first countries to adhere to the IMF's SDDS Plus, enhancing the transparency of our economic data. We will urge other countries to join us in subscribing.

Budget Discipline: The IMF has maintained a relatively tight budgetary framework, and is working toward making more efficient use of existing resources. The IMF's medium-term budget framework includes a nominal 1.9 percent increase in FY 2015⁶, with no increase in the annual budget in real terms in 2016 and 2017. The United States continues to be a strong advocate of IMF budgetary stringency, and supports the IMF's strategy of offsetting expenditures for new activities with a reduction in spending in other areas.

Effective Surveillance: Surveillance of members' exchange rates is at the core of the IMF's mandate. For the IMF to fulfill its central role in the international monetary system, it must continue to strengthen its efforts to exercise firm surveillance over IMF members' exchange rate policies, and it must be prepared to make tough judgments, especially when evaluating large countries that have systemic implications. Without firm surveillance, the global imbalances that contributed to the global financial crisis could go unaddressed and pose a threat to future global economic stability. Going forward, the United States will continue to advocate for increased candor, transparency, and evenhandedness in IMF exchange rate surveillance. In the IMF Executive Board, the U.S. Executive Director will also continue to urge the IMF to address instances of excessively delayed Article IV reviews (as these reviews are the primary vehicle for bilateral surveillance).

The IMF continues to refine and expand its guidance on international reserves issues. In December 2015, the IMF Executive Board discussed proposed guidelines for its new reserves adequacy metric, which measures the level of foreign exchange reserves needed for precautionary purposes.

In September 2014, the IMF completed the 2014 Triennial Surveillance Review (TSR), designed to strengthen the effectiveness and traction of IMF surveillance. The 2014 TSR built upon the recommendations of the 2011 TSR recommendations, which included regularly analyzing spillovers and cross-country issues, conducting in-depth risk assessments in bilateral and multilateral surveillance products, improving financial sector surveillance, and publishing assessments of external balances. It also examined evenhandedness and consistency in IMF policy advice.

The IMF works with other international organizations to promote stronger financial systems around the world. The joint IMF-World Bank Financial Sector Assessment Program (FSAP) has emerged as a critical instrument for financial sector surveillance and advice. The FSAP assessments are designed to gauge the stability of the financial sector and to assess its potential contribution to growth and development. Since the FSAP was launched in 1999, around 140 countries have completed the program (many more than once), and more than 25 assessments are currently under way or in the pipeline. In September 2010, it was agreed that financial stability assessments for jurisdictions with systemically important financial sectors, which include the

⁶ The IMF's fiscal year runs from May 1 through April 30. FY 2015 is from May 1, 2014 to April 30, 2015.

United States, should take place at least once every five years as a mandatory part of IMF surveillance. The IMF is expected to release its second FSAP review of the United States in July 2015.

MULTILATERAL DEVELOPMENT BANKS (MDBs)

This section addresses key U.S. policy goals that are advanced by the MDBs and details developments in institutional reforms, priorities, performance and effectiveness at the MDBs since the previous NAC Report was issued.

The United States works through the MDBs to: (i) foster U.S. national security by supporting engagement by the MDBs with fragile and conflict-affected states (e.g., Liberia and Ukraine) and providing assistance that can address the root causes of instability; (ii) promote U.S. economic growth through exports by helping the MDBs cultivate emerging markets; (iii) respond to global crises, such as the Ebola epidemic in Guinea, Liberia, and Sierra Leone, and build countries' resilience to future crises; and (iv) address critical global priorities, such as energy security, renewable energy, environmental degradation, and food security.

The U.S. contributions to the MDBs leverage significant additional contributions from other shareholders and the MDBs themselves, allowing for a level of assistance that is significantly higher than what the United States could achieve bilaterally. Meeting the U.S. commitments to the capital increases for the MDBs and replenishments of their concessional windows, including paying down our unmet commitments, is important for expanding the MDBs' financial capacity. This expanded financial capacity is critical, as we are pressing the MDBs to ramp up their already substantial support in a number of areas, including the Ebola response, assisting Ukraine's government, bolstering citizen security in Central America, and co-financing projects as part of the President's Power Africa initiative.

The United States is the largest or joint largest shareholder at all of the MDBs, except the African Development Bank, where we are the largest non-African shareholder, and our shareholding at the Asian Development Bank will permanently fall below Japan's unless we fully fund our commitments to the general capital increase. We are able to use this status to press MDB management for institutional reforms and for financial and political support for major U.S. priorities. Meeting our commitments to the MDBs is critical to preserve this shareholding and maintain our credibility and leadership at a time when new players are challenging U.S. leadership in the multilateral system.

There are several themes that we have prioritized across all of the MDBs over the past year. We have urged the MDBs to make more efficient use of their balance sheets to expand the level of resources available to developing countries, in accord with recommendations from leaders of the G-20. We have pressed the MDBs to update their policies and practices on evaluation to build a stronger culture of learning and accountability. We have encouraged stronger attention to environmental and social safeguards, with special attention on those related to the environmental and resettlement impacts of the construction of large dams. The MDBs are examining options for improving their governance structures, including how to reflect the growing weight of emerging markets in the global economy and more transparent selection processes for senior

management. In line with President Obama's Executive Order to incorporate climate resilience considerations into U.S. development assistance, we are working with the MDBs to mainstream climate resilience considerations in their activities and promote collection and sharing of climate resilience data.

Below we summarize the major developments and our upcoming priorities for each MDB.

World Bank

World Bank Performance in 2014: During the World Bank's fiscal year 2014 (FY 2014, covering July 2013 – June 2014), the World Bank committed \$61.3 billion in loans, technical assistance, concessional credits, grants, equity investments, and guarantees.

- *The International Bank for Reconstruction and Development (IBRD) approved \$18.6 billion in loans and technical assistance to middle-income countries. Latin America and the Caribbean (25 percent) and Europe and Central Asia (25 percent) received the largest portion of the IBRD's new lending, followed by East Asia and Pacific (22 percent).*
- *The International Development Association (IDA) committed \$22.2 billion in highly concessional credits and grants to the 77 poorest countries. Nearly half of IDA's annual commitments (\$10.2 billion) went to countries in Sub-Saharan Africa, followed by South Asia (38 percent), and East Asia and Pacific (10 percent).*
- *The International Finance Corporation (IFC), the private sector arm of the World Bank, approved \$17.3 billion in investments. In FY 2014, IFC mobilized an additional \$5.1 billion from other investors for development projects. Roughly half of IFC projects went to the world's poorest countries.*
- *The Multilateral Investment Guarantee Agency provided \$3.2 billion in guarantees for political risk insurance. The FY 2014 level of guarantees represents a record high issuance. Fifty percent of MIGA's FY 2014 projects were in IDA-eligible countries, with 29 percent of new guarantees supporting fragile and conflict-affected countries.*
- *For IBRD and IDA, public administration, law, and justice was the sector that received the largest commitment (22 percent), followed by transportation (17 percent), and energy and mining (16 percent).*
- *The World Bank provided notable support in the following areas: providing \$2.0 billion to Ukraine for policy, health and infrastructure support; approval of nearly \$1 billion for Guinea, Liberia, and Sierra Leone for Ebola response; and establishment of the Global Infrastructure Facility to support infrastructure project preparation and catalyze private infrastructure investment with an initial contribution from the World Bank of \$15 million.*

IDA Replenishment: In 2014, World Bank management began implementing the current replenishment of IDA resources (IDA-17), including the policy commitments that management

agreed to with IDA donors. IDA-17 was finalized in December 2013, allowing IDA to commit up to \$17 billion per year over the next three years. As part of the IDA-17 negotiations, the United States successfully pressured World Bank management to (i) “raise the bar” on gender equality, (ii) increase private sector development in IDA countries, (iii) target additional resources for fragile states that are on a path towards stability, and (iv) enhance IDA’s focus on climate resilience. We will continue to press World Bank management on the implementation of these IDA-17 policy commitments. We are also co-chairing a working group on IDA’s long-term vision and financial sustainability, which will make policy and financial recommendations to improve IDA’s future effectiveness based on projected economic and development trends in IDA countries.

Key Institutional Reforms: In 2014, the World Bank transitioned to a new organizational structure, reviewed its budget and financial capacity, and advanced a number of major policy reviews in addition to carrying out its regular lending activities.

- *Restructuring:* The World Bank’s restructuring included the creation of “global practices,” departments organized around technical specialties, such as education, water, and agriculture, and “cross-cutting solutions areas” to address climate change, fragility, gender, and jobs. The purpose of the new global practices is to improve knowledge sharing about specific sectors across different units of the World Bank and strengthen the World Bank’s focus on results.
- *Financial Capacity:* The World Bank has taken measures to boost revenue flows, increase the leverage of the IBRD’s and IFC’s capital base, and reduce administrative costs by \$400 million. The United States supports these measures because they respond to many of our key financial objectives (e.g., increasing loan charges for borrowers and better leveraging of existing capital), and will improve both the World Bank’s lending capacity and long-term financial sustainability without requiring additional funding from shareholders.
- *Safeguards Review:* The World Bank is undergoing a multi-year review of its environmental and social safeguards to develop a strengthened and integrated policy framework. The review and update is scheduled to conclude this year. The U.S. objective is an up-to-date, integrated safeguards policy framework that improves the clarity, coherence, efficiency, and effectiveness of the World Bank’s safeguards.

The United States believes that the World Bank’s safeguards policies are an integral part of its comparative advantage and add value beyond the financing that the World Bank provides. The safeguards are an essential tool for avoiding or mitigating environmental and social risks in World Bank-financed projects, and are a key component of borrower and World Bank risk management efforts. Historically, the World Bank has been a global leader in safeguards, and the review should result in the establishment of a new and comprehensive institutional approach that recognizes safeguards as critical for advancing the World Bank’s development goals and meeting developing countries’ needs. The World Bank is including several new important areas in the updated

safeguards regime, including labor, and is strengthening its approach to social assessments.

In addition, given the recent reporting on serious weaknesses in the World Bank's implementation of its involuntary resettlement policy, we are encouraging World Bank management to markedly improve the World Bank's performance in this area. Management has produced an action plan that outlines the steps that the World Bank will take to strengthen the application of the involuntary resettlement policy. Some of the steps include significantly increasing the budget for supervising the implementation of involuntary resettlement in World Bank-financed projects, introducing better tracking tools in order to monitor the status of involuntary resettlement, and providing technical assistance to borrowing countries with limited capacity to manage involuntary resettlement. While we welcome these steps, we are also considering additional steps that will help hold World Bank management accountable for implementing the action plan.

- *Procurement Review*: The World Bank launched an extensive review of its procurement policies in 2012, which it is aiming to conclude in 2015. The procurement review is assessing how the World Bank should modernize its procurement policies in light of an evolution in its lending portfolio, changes in global procurement practices, and development of country capacity to manage procurement processes. Proposed improvements include enhanced methodologies for supporting value for money in procurement, a more robust complaints mechanism for bidders, greater engagement by World Bank staff across the entire contract cycle, and a commitment to strengthen the capacity of both borrowing countries' and the World Bank's procurement staff. We will continue to engage with U.S. businesses, civil society organizations, and experts across the United States Government so that the World Bank maintains high standards in order to safeguard its resources, creates a level playing field for all bidders, and supports capacity building in client countries.
- *Program for Results (P4R)*: P4R is a relatively new World Bank financing instrument that pays clients for the achievement of outcomes or results, such as the number of children immunized, rather than for inputs, such as the number of vaccine doses purchased. We see P4R as an innovation in development finance that can build the capacity of borrowing countries, if done correctly. We also support the concept behind P4R, which is to link payments to the achievement of development results that are tangible, transparent, and verifiable. There has been strong demand for P4R thus far. World Bank management recently completed an early implementation review of P4R. The review was positive overall, indicated that the World Bank respected all of the conditions that the Board set when P4R was approved, and recommended eliminating a cap on the percentage of World Bank annual commitments for which P4R can be used. We view P4R as still in a pilot phase. While we believe that there is scope to continue rollout of the instrument, we believe that the pace of the rollout should be based on experience, including the findings of an independent evaluation. We remain in active discussions with World Bank management about this initiative.

2015 Priorities: The key U.S. priorities for 2015 are: (i) helping to ensure that the implementation of the institutional reform strategy, introduced in late 2013, results in a more efficient and effective World Bank; (ii) pressing for a more effective and up-to-date environmental and social safeguards framework; (iii) pushing for a comprehensive and satisfactory update of the World Bank's procurement policy to maintain a level playing field for U.S. firms; (iv) maintaining a reasonable cap on use of P4R, pending completion of an independent evaluation, and (v) further advancing U.S. climate resilience objectives at the World Bank, including refining climate resilience indicators.

African Development Bank (AfDB)

Performance in 2014:

- *Total AfDB financing commitments were \$7.6 billion. Commitments from the AfDB's non-concessional window were \$4.8 billion. Financing commitments from the concessional window, the African Development Fund (AfDF), totaled \$2.4 billion.*
- *Of the total AfDB commitments, sovereign loans and grants accounted for \$4.6 billion (61 percent) and private sector projects, investments, and guarantees accounted for \$3.0 billion (39 percent). New financing operations continued to reflect the AfDB's selectivity in its choice of project sectors, with approximately half of total projects addressing infrastructure (of which energy is the dominant subsector, followed by transportation, water supply and sanitation, and communications).*
- *The distribution of total AfDB loan and grant approvals by sub-region was as follows: West Africa – 27 percent; Southern Africa – 26 percent; East Africa – 14 percent; Central Africa – 8 percent; and North Africa – 7 percent. Loan and grant approvals for multinational projects and programs amounted to 18 percent.*
- The AfDB provided notable support in the following areas: financing \$221 million for the response to Ebola, including an innovative program to recruit African doctors and health workers to help combat the epidemic, and longer-term support to strengthen public health systems in West Africa; committing more than \$2.2 billion for energy projects (of which 24 percent was financing to the private sector), including support to Power Africa projects across the continent; and promoting financial sector development and small and medium enterprises (SMEs), including approval of a flagship project to support a Nigerian bank that specializes in SME financing and serves over one million clients, 90 percent of whom are women.

AfDF Replenishment: In 2014, the AfDB began implementing the reform commitments that the United States and other donors advocated for as part of the AfDF's thirteenth replenishment (AfDF-13). Negotiation of AfDF-13 concluded in September 2013 and resulted in an overall replenishment of \$7.3 billion. During the AfDF-13 negotiations, the United States urged the AfDF to build on its strong track record in infrastructure by increasing its focus on mobilizing private sector financing for viable infrastructure projects. Key reform commitments during AfDF-13 include: (i) developing new concessional risk mitigation and credit enhancement

instruments to catalyze private finance for infrastructure, (ii) strengthening support for gender objectives through better use of gender-disaggregated data and indicators, and implementation of a revised gender framework that tracks gender outcomes, (iii) improving the effectiveness of assistance to fragile states that demonstrate the political will to implement key reforms, and (iv) strengthening the financial sustainability of the AfDF by changing concessional loan terms. In 2014, the United States also participated in preliminary working group discussions about policy and financial innovations for the next AfDF replenishment.

Key Institutional Reforms: The AfDB adopted a number of new policies in 2014, in particular three key strategy documents to guide implementation of AfDF-13 commitments in the areas of gender, fragile states, and governance. The AfDB strengthened its approach to gender in 2014 by appointing a special envoy for gender, and by adopting and implementing an institution-wide Gender Policy. The AfDB adopted a new strategy and operational guidelines for addressing fragility in Africa, including the incorporation of an innovative “fragility lens” across all programming, to help fragile states achieve more resilient and inclusive development. Throughout 2014, the United States also engaged with the AfDB on core governance priorities, such as reviewing the AfDB’s Independent Review Mechanism (IRM), which provides recourse to people adversely affected by projects; updating the AfDB’s evaluation policy to strengthen the independence and effectiveness of the AfDB’s independent evaluation unit; and ensuring a successful return of the AfDB’s headquarters from Tunis, Tunisia to Abidjan, Cote d’Ivoire (from which the AfDB moved in 2003 due to civil strife), including putting in place a detailed business continuity plan and an Ebola response plan.

2015 Priorities: Our key priorities for the AfDB in 2015 include (i) electing a new AfDB president who possesses both a strong vision for the AfDB and the capacity and managerial talent to implement that vision; (ii) continuing the AfDB’s strong partnership on key U.S. priorities such as the Power Africa Initiative and supporting Ebola-affected countries, and (iii) encouraging the AfDB to continue building its capacity to promote African private sector growth.

Asian Development Bank

Performance in 2014:

- *The AsDB committed \$10.4 billion in non-concessional resources for public and private sector activities. The Asian Development Fund (AsDF) committed \$3.1 billion in concessional resources.*
- *Top recipients of funds were India (21 percent), China (13 percent), Pakistan (10 percent), Vietnam (8 percent), and the Philippines (7 percent).*
- *Total AsDB commitments focused primarily on infrastructure projects (74 percent), mainly in transportation (30 percent), energy (27 percent), and water supply and sanitation (14 percent).*

- The AsDB provided notable support in the following areas: continuing assistance to the Philippines to assist with the recovery from Typhoon Yolanda; providing \$400 million to Pakistan to implement energy sector reforms; and financing support to repair infrastructure damaged by flooding in Afghanistan.

AsDF Replenishment: In 2011, donors agreed on a replenishment level of \$12.4 billion for the AsDF’s tenth replenishment (AsDF-11), which covers the four-year period from 2013-2016. While the overall size of the replenishment represented a 10 percent increase from AsDF-10, the U.S. contribution declined by 22 percent, reflecting a multi-year plan to clear U.S. unmet commitments to the AsDF. Under AsDF-11, donors and the AsDB agreed to focus efforts on inclusive growth that reduces poverty. AsDB management also agreed to changes to increase lending capacity, including hardening loan terms for wealthier AsDF countries. AsDF-12 negotiations will begin in the fall of 2015.

Key Institutional Reforms: Our reform priority has been the design of the proposed merger of the AsDB’s concessional and non-concessional lending resources. This major reform is historic and very promising. Merging all lending (whether concessional or non-concessional) into the AsDB’s Ordinary Capital Resources increases the ability of the AsDB to leverage its equity. This, in turn, allows the AsDB to boost its lending capacity from approximately \$13 billion annually to \$17 billion over the next decade, with no need for additional capital from shareholders. The merger will also reduce the level of donor resources required for AsDF replenishments. The United States and other donors successfully pressed for assurances that the increased lending capacity from the merger would primarily benefit the poorest countries in Asia. We also received third-party external validation that the merger would not harm the AsDB’s AAA credit rating or financial standing.

The AsDB also continued to implement reforms negotiated in 2009 as part of its general capital increase, including implementing “Strategy 2020,” its medium-term strategy, which aims to improve institutional effectiveness.

2015 Priorities: Our key priorities for the AsDB in 2015 include: (i) approving and implementing the merger of the AsDB’s concessional and market rate lending windows; (ii) continuing to work with the AsDB to implement its Strategy 2020, including strengthening the AsDB’s focus on poverty reduction; and (iii) beginning negotiations for the next replenishment of the AsDF.

European Bank for Reconstruction and Development (EBRD)

Performance in 2014:

- *EBRD investments in 2014 reached \$10.8 billion.*
- *Top recipients of investments were Turkey (16 percent), Ukraine (14 percent), Russia (7 percent), Poland (7 percent), and Egypt (7 percent).*

- *EBRD business volume in 2014 was concentrated in the following sectors: financial institutions (32 percent), corporate (26 percent), infrastructure (23 percent), and energy (19 percent).*
- The EBRD provided notable support in the following areas: \$1.5 billion in approvals for Ukraine to support the government’s reform efforts; allocation of \$427 million of net income for completion of the new safe confinement at Chernobyl; significantly increased levels of assistance for Jordan, Egypt, Morocco, and Tunisia; and approval of temporary assistance for Cyprus.
- In response to strong guidance from the United States and other key shareholders, EBRD management has not brought forward any new projects for Russia since July 2014.

Key Institutional Reforms: In 2014, the EBRD completed reviews of three important governance policies: Environmental and Social Policy (ESP), Public Information Policy (PIP), and Project Complaint Mechanism (PCM). The United States worked to obtain key improvements in all three policies. Among the wide range of improvements to the ESP, the EBRD agreed that “all relevant direct and indirect impacts” will now be covered in environmental and social assessments. In the PIP, we achieved substantial improvement in disclosure of information on all projects. We also secured a key change that extends the period during which an affected stakeholder can submit a complaint to the PCM.

The EBRD also continued to increase the proportion of its investments in the early (less advanced) transition countries (ETCs), such as Armenia, Georgia, and Moldova. Projects in the ETCs accounted for 33 percent of the overall number of EBRD projects, with business volume of \$1.34 billion in the ETCs.

2015 Priorities: Key U.S. priorities for the EBRD in 2015 include: (i) reaching agreement on an effective Strategic and Capital Framework for the 2016 – 2020 period, including clear analysis of the EBRD’s capital capacity and a compelling case for the use of its capital as the EBRD seeks to reenergize the transition to market economies in its borrower countries; (ii) providing continued support to Ukraine; (iii) achieving further improvements in EBRD gender and inclusion policies; and (iv) strengthening the EBRD’s results measurement and the independent evaluation function, including the EBRD’s capacity to measure transition impact.

Inter-American Development Bank (IDB)

Performance in 2014:

- *The IDB committed \$13.8 billion in loans and grants in 2014.*
- *Top recipients of IDB lending in 2014 were Brazil (22 percent), Mexico (18 percent), Peru (9 percent), and Colombia (7 percent). Small and vulnerable borrowing countries received 37 percent of new loan approvals.*

- *IDB lending was spread across many sectors, with the largest amounts going to financial markets (19 percent), transportation (17 percent), reform/modernization of the state (16 percent), and social investment (5 percent).*
- The IDB provided notable support in the following areas: approval of \$200 million in new grants and disbursement of \$206 million for critical projects in Haiti; engagement with Caribbean countries, especially those reliant on Petrocaribe, on diversifying energy supplies; and \$723 million in commitments for the Northern Triangle countries (El Salvador, Guatemala, and Honduras), coupled with advice for the governments on the design of reform programs to address the root causes of migration.

Key Institutional Reforms: The IDB continues to make progress in implementing the commitments that the United States and other shareholders negotiated in conjunction with the IDB's ninth general capital increase. IDB management and the Board of Directors continue to work together to strengthen implementation, including through a periodic update of the IDB's Institutional Strategy and a policy review of country strategies.

- *Private Sector Reform:* The IDB is working to finalize proposals for a restructuring of its private sector activities, which we expect will address many of the shortcomings of the current disjointed approach to the private sector that spreads private sector activities across four different windows. A major focus of the restructuring is increasing the development impact of private sector activities. The United States is advocating for efficient use of the IDB's capital, improved development effectiveness, and greater operational efficiency for the new private sector entity, while protecting the IDB's credit rating and current levels of sovereign lending.
- *Capital Adequacy:* IDB Governors approved a new capital adequacy mandate in October 2014, reaffirming the goal of maintaining the IDB's AAA credit rating. Following approval of the mandate, IDB management presented new capital adequacy regulations that will define the means of achieving that goal, including creating buffers for credit and market risk and a buffer to provide capacity for countercyclical lending. The revised regulations proposed by the IDB quantify the major financial risks and determine the capital requirements needed for each type of risk in order for the IDB to maintain a AAA rating.
- *Multilateral Investment Fund (MIF) Replenishment:* The current MIF agreement expires at the end of 2015. Due to a change in accounting procedures to bring the MIF's accounts into line with the rest of the IDB, MIF resources are now projected to last through the end of 2017. MIF donors are discussing the future of the MIF within the context of the private sector reform. The United States is pressing for a solution that will provide a more sustainable financing model for the MIF and an increased role in the financing of the MIF from regional borrowing members.
- *Presidential Elections and Term Limits:* We negotiated an agreement to limit the current IDB president to no more than one additional term and limit future IDB presidents to two terms. The agreement also strengthens the vetting process for presidential candidates.

2015 Priorities: Key U.S. priorities for the IDB are: (i) successfully enhancing the IDB's private sector work through the consolidation of its activities into one entity, (ii) strengthening the IDB's capital adequacy policy, (iii) working closely with IDB management to provide enhanced support for the Northern Triangle countries in carrying out their Plan for Prosperity; and (iv) deciding on the MIF's future financing and its role in relation to the new private sector entity.

International Fund for Agricultural Development (IFAD)

Performance in 2014:

- *Total IFAD approvals were \$902 million. This includes \$852 million for new projects and additional financing for ongoing projects and \$50 million for grants under IFAD's global, regional, and country grant program.*
- *The regional distribution of IFAD commitments was: Asia and the Pacific – 38 percent; Near East, North Africa, and Europe – 26 percent; Western and Central Africa – 22 percent; Eastern and Southern Africa – 13 percent; and Latin America and the Caribbean – 0.6 percent.*
- *Top funding priorities included integrating rural poor into value chains, rural financial services, and climate adaptation activities, each of which received 16 percent of resources, followed by improved agricultural technologies (13 percent), natural resource management (13 percent), support for producers' organizations (10 percent), rural enterprise development (10 percent), and vocational skills development (6 percent).*
- IFAD provided notable support in the following areas: approval of a \$63 million loan to Egypt to assist with sustainable agricultural and livestock practices, a \$50 million loan to Uganda to support farmer livelihoods in northern areas affected by conflict, as well as grant support to the World Food Program to assist with the emergency response to the Ebola crisis in Liberia, Sierra Leone, and Guinea.

IFAD Replenishment: Negotiations for the tenth replenishment of IFAD (IFAD-10) concluded in December 2014. As part of the replenishment, the United States and other donors urged IFAD to consolidate and build upon reforms over the past 10 years to improve efficiency, strengthen delivery of results, and improve the long-term sustainability of project outcomes. Key commitments from IFAD management include: (i) mainstreaming climate adaptation across 100 percent of IFAD programs by end-2018; (ii) continuing to improve performance on incorporating gender and nutrition into projects; (iii) increasing IFAD's focus on scaling up successful projects; and (iv) enhancing IFAD's engagement with the private sector.

Key Institutional Reforms: IFAD introduced proposals to improve financial sustainability in 2014. IFAD collaborated with member states, including the United States, to develop a framework to guide sovereign loans through a comprehensive approach that takes into account programmatic, administrative, financial, and legal considerations. IFAD also released an update

of its social, environmental and climate procedures in 2014, which were revised to include new guidelines for climate risk screening and to better align with the safeguard practices of other multilateral institutions.

2015 Priorities: Our key priorities for IFAD in 2015 include: (i) reaching agreement on IFAD's sovereign borrowing framework; (ii) working with other member states to initiate a review of IFAD's governance arrangements; (iii) continuing IFAD's strong partnership on key U.S. food security priorities, including gender, nutrition, and climate adaptation; (iv) preparing for the selection of the next IFAD president in 2016; and (v) initiating a review of IFAD's performance-based allocation model and potentially updating IFAD's middle-income country lending policy. We will also review the results of IFAD's impact evaluation initiative, which are expected to become available in late 2015, as well as the findings of the Office of Independent Evaluation's study on IFAD's performance in fragile and conflicted-affected states.

North American Development Bank (NADB)

Performance in 2014:

- *NADB commitments totaled \$324 million, which reflects continued growth in private sector investments in sectors such as renewable energy.*
- *Wind energy constituted 60 percent of lending, followed by solar energy (13 percent), air quality and paving (14 percent), water infrastructure (10 percent), and public transportation (3 percent).*

Key Institutional Reforms: In 2014, the Board of Directors of NADB and the Border Environment Cooperation Commission (BECC) passed a resolution that recommended the merger of the two institutions. NADB and BECC already have plans to implement joint project development and technical assistance measures, as well as to foster closer staff collaboration. The two institutions work together on common projects and will function more efficiently as one institution, including requiring fewer resources from the United States and Mexico for administrative budgets. The NADB and BECC are also combining and modernizing their procurement standards. In addition, NADB has started to perform comprehensive results measurement studies of its completed projects, and the United States will continue to work with NADB to further promote the use of robust impact evaluations.

2015 Priorities: In 2015, key priorities for NADB are: (i) finalizing commitments on a general capital increase to allow the NADB to continue its strong support for projects on both sides of the border; (ii) negotiating and implementing the merger of the NADB and BECC; (iii) implementing changes to NADB's management structure following the merger, including appointment of a chief environmental officer; and (iv) developing a strategic direction plan for the NADB's core and emerging sectors in coming years, including continuing to build results measurement and evaluation capabilities.

Report on IDA Contribution to Graduation

The U.S. Department of the Treasury presents this report consistent with 22 U.S.C. § 262r-6(b)(2). That section directs the Secretary of the Treasury to report to Congress on how the World Bank's IDA-financed projects contribute to the eventual graduation of a representative sample of countries from reliance on financing on concessionary terms and international development assistance.

IDA provides highly concessional funds to the poorest countries, and ideally supports growth and development that ultimately allows these countries to graduate from IDA. The United States believes strongly that IDA should direct its scarce concessional resources to the poorest countries that have the most limited access to other sources of finance. Reviewing the process by which IDA helps its richer, more creditworthy clients sustainably graduate from reliance on concessional resources is an important priority within the working group that the United States is co-chairing during IDA-17 on IDA's long-term vision and financial sustainability.

The IDA graduation process is normally triggered when a country's per capita income exceeds the "operational" graduation threshold (currently \$1,215) for at least two consecutive years and the country is deemed creditworthy enough to receive loans from the World Bank's IBRD. The process involves a phasing out of IDA lending and phasing in of IBRD lending. Before graduation, there is typically an intermediate stage of undetermined length, known as "blend" status, during which countries can access both IDA and IBRD resources. There are currently 18 blend countries: Bolivia, Cabo Verde, Cameroon, Republic of Congo, Dominica, Grenada, Moldova, Mongolia, Nigeria, Pakistan, Papua New Guinea, Sri Lanka, St. Lucia, St. Vincent and the Grenadines, Timor-Leste, Uzbekistan, Vietnam, and Zimbabwe.

IDA's goal is to help countries achieve levels of growth and institutional capacity that allows them to finance their own development needs. To date, 32 countries have graduated from IDA. Angola, Armenia, Bosnia and Herzegovina, and Georgia graduated in 2014. India also graduated in 2014, but since there is a constraint on its additional access to IBRD lending (as it has already reached its sustainable borrower limit), India will remain eligible for a limited amount of transitional assistance from IDA during IDA-17 to avoid a precipitous drop in development resources. During IDA-17, IDA management plans to form a graduation task force that will evaluate the following countries' readiness and help the countries' authorities prepare for graduation: Bolivia, Moldova, Mongolia, Nigeria, Pakistan, Papua New Guinea, Sri Lanka, Timor-Leste, and Uzbekistan. Vietnam is expected to graduate at the beginning of IDA-18 in 2017.