

Chapter VI

World Bank (IBRD and IDA)

The World Bank consisted of the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA) (see below). Collectively, the following five institutions were known as the World Bank Group: IBRD, IDA, the International Finance Corporation, the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for Settlement of Investment Disputes (ICSID).

In fiscal 2001 (1 July 2000–30 June 2001), the World Bank continued to promote sustainable economic development by providing loans, guarantees and related technical assistance for projects and programmes in developing nations. Within the context of the Bank's central objective of poverty reduction, key focal points of its assistance were human development, infrastructure, finance and private sector development, agriculture and environment, and public sector management.

In collaboration with partners, the Bank launched the multi-country HIV/AIDS programme (MAP) for Africa, the first of its kind. Under MAP, flexible and rapid funding would be committed, on IDA terms, to individual HIV/AIDS projects developed by countries. The Bank also developed and presented to the Board of Executive Directors in 2001 a new Strategic Framework Paper and a Strategic Directions Paper that set out two inter-related objectives: building the climate for investment, jobs and sustainable growth; and empowering poor people to participate in development.

By the end of fiscal 2001, IBRD membership had increased to 183 countries.

Lending operations

In 2001, IBRD continued to promote sustainable development through loans, guarantees and non-lending, including analytical and advisory services. As at 30 June 2001, its cumulative lending totalled \$360 billion.

Gross IBRD disbursement in fiscal 2001 totalled \$11.8 billion, a decrease of nearly 12 per cent from fiscal 2000. The Bank's loan commitment decreased to \$10.5 billion in 2001 for 91 new operations compared to \$10.9 billion in 2000 for 97 new operations. The share of adjustment lending declined to 38 per cent in fiscal 2001, down

from 41 per cent in 2000 and 63 per cent in 1999, approaching pre-East Asia crisis levels. However, the quality of IBRD operations continued to improve, with fewer ongoing projects at risk of not achieving their development objectives.

IBRD lending commitments in fiscal 2001 were highest in Latin America and the Caribbean (\$4.8 billion), followed by Europe and Central Asia (\$2.2 billion). The share of education, health/nutrition/population and social protection lending increased to 21 per cent (\$2.2 billion) from 16 per cent (\$1.7 billion) in fiscal 2000. Lending also helped to strengthen the financial sector (\$1.7 billion), improve public sector management (\$1.4 billion), meet infrastructure needs (\$2.7 billion, including \$2.4 billion in the transport sector) and support the environment and rural development (\$1.3 billion).

The five largest borrowers were China (\$19.1 billion), Mexico (\$14.7 billion), Indonesia (\$13.4 billion), India (\$11.3 billion) and Argentina (\$11.1 billion).

International Development Association

Established in 1960 as the Bank's concessional lending arm, IDA provided interest-free loans and other services to low-income countries to reduce poverty and improve the quality of life. In 2001, 78 countries were eligible for IDA assistance; IDA credits totalled \$6.8 billion for 134 new operations in 57 countries compared with \$4.4 billion in 2000. Contributing to that rise was \$1.4 billion in new commitments to three countries (Ethiopia, Kenya, Pakistan) that had not received new IDA financing in fiscal 2000. In 2001, adjustment lending increased to 27 per cent from 16 per cent in 2000 as a result of large adjustment loans, including the first two poverty reduction support credits (PRSCs) approved for Uganda and Viet Nam. The Bank introduced PRSCs to help low-income countries implement policy and institutional reforms drawn from their poverty reduction strategy papers (PRSPs).

At the end of fiscal 2001, IDA membership had increased to 162 countries.

Fiscal 2001, was the second of the three years of the twelfth replenishment of IDA, which provided resources for new financing commitments during fiscal 2000-2002 [YUN 2000, p. 1421].

In fiscal 2001, lending increased in all regions except the Middle East and North Africa. Of the total new commitments of \$6.8 billion, the African region received 50 per cent (\$3.4 billion), as a result of several new programmes that included a concerted response to HIV/AIDS and post-conflict reconstruction support. Ethiopia was the largest IDA borrower (\$667 million), followed by Viet Nam (\$629 million) and India (\$520 million). IDA support for human development, including education, health/nutrition/population and social protection, reached \$2.2 billion, representing a \$600 million increase compared to fiscal 2000. Other priorities were economic reform and public sector management (\$1.3 billion), infrastructure development (\$0.9 billion), finance and private sector development (\$1 billion) and rural development and the environment (\$1 billion).

International Centre for Settlement of Investment Disputes

ICSID, established in 1966, continued to encourage foreign investment by providing international facilities for conciliation and arbitration of investment disputes. In 2001, 12 new cases were registered with the Centre. ICSID also undertook research and publishing activities in arbitration and foreign investment law.

In 2001, ICSID membership totalled 134.

Multilateral Investment Guarantee Agency

MIGA, established in 1988, continued to encourage the flow of foreign direct investment to its developing member countries by providing investment guarantees against non-commercial risks. The Agency also provided technical assistance to help developing countries disseminate information on investment opportunities.

In fiscal 2001, MIGA had 154 members and issued \$2 billion in guarantee coverage, for a cumulative total of \$9.1 billion.

World Bank Institute

In 2001, the World Bank Institute reached some 48,000 participants in nearly 150 countries through some 600 training activities in its efforts to empower people through knowledge- and capacity-building. It scaled up its programmes through distance learning, global knowledge networks and extended partnerships, and by harnessing the newest learning technologies. A new initiative, the Attacking Poverty Programme, supported the building of national capacity to prepare and implement PRSPs.

Scholarships

The joint Japan/World Bank Graduate Scholarship Programme awarded 130 scholarships to individuals applying for advanced studies in fields related to public policy-making.

In 2001, the Robert S. McNamara Fellowship Programme awarded 25 postgraduate fellowships for study in such areas as collaborative approaches to forest management in Indonesia and options for developing educational opportunities for the disabled in urban communities in Bangladesh.

Co-financing

In fiscal 2001, co-financing amounted to \$5.47 billion, a decrease of \$3.83 billion compared to the previous year. Bilateral and multilateral partners continued to be the largest source of co-financing, accounting for 85 per cent of the total share. Major co-financing partners included the Inter-American Development Bank (\$1.9 billion), the Japan Bank for International Cooperation (\$0.53 billion) and Kreditanstalt für Wiederaufbau (\$0.3 billion). By region, the majority of co-financing went to Latin America and the Caribbean (\$3.4 billion), followed by Africa (\$1.12 billion) and Europe and Central Asia (\$0.46 billion). The major sectors that attracted co-financing were public sector management (\$1.2 billion), finance (\$1 billion) and oil and gas (\$0.9 billion).

In addition to co-financing of \$5.47 billion, \$2 billion was committed under the Strategic Partnership with Africa Framework.

Financing activities

During fiscal 2001, IBRD raised \$17 billion in medium- and long-term debt, compared to \$15.8 billion the previous year. It issued debt in nine currencies and in a wide range of maturities and structures. Diversification helped lower borrowers' funding costs and expanded IBRD's investor base.

As at 30 June 2001, outstanding borrowings totalled \$111.5 billion, after swaps.

Capitalization

As at 30 June 2001, the total subscribed capital of IBRD was \$189.5 billion, or 99 per cent of its authorized capital of \$190.8 billion. Outstanding loans and callable guarantees totalled \$118.9 billion, or 62 per cent of IBRD's statutory lending limit.

Income, expenditures and reserves

IBRD's gross revenues totalled \$10 billion in fiscal 2001, equalling fiscal 2000. Net income

amounted to \$1.49 billion, down from \$1.99 billion in fiscal 2000. Expenses increased to \$8.9 billion, compared to \$8.1 billion a year earlier. Administrative costs fell to \$859 million, from \$935 million in 2000. At the end of fiscal 2001, the Bank's liquid asset portfolio was \$24.2 billion, equalling fiscal year 2000.

Secretariat

As at 30 June 2001, IBRD's regular, fixed-term and long-term consultants, and long-term temporary staff in Washington, D.C., and local offices numbered 8,507.

NOTE: For further details regarding the Bank's activities, see *The World Bank Annual Report 2001*.

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The World Bank also maintained offices in Brussels, Frankfurt, Geneva, London, Paris, Sydney and Tokyo.