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 2002 (1 July 2001–30 June 2002), the World Bank continued to promote sustainable economic development by providing loans, guarantees and related technical assistance for projects and programmes in developing nations. It maintained its leading role in supporting the debt relief process under the Heavily Indebted Poor Countries Initiative in order to increase their resources for poverty reduction. The Bank’s new commitments to HIV/AIDS projects amounted to $300 million. In 2002, the Bank approved a second phase of the multi-country HIV/AIDS programmes, established in 2001 [YUN 2001, p. 1412] to provide flexible and rapid funding, on IDA terms, to individual HIV/AIDS projects developed by countries. In April, the Bank approved its first operation in Afghanistan since 1979 and, in May, opened its Afghan office and launched the Afghanistan Reconstruction Trust Fund. The Bank studied development assistance over the past 50 years and recorded its findings in The Role and Effectiveness of Development Assistance: Lessons from World Bank Experience.

At the end of fiscal 2002, IBRD membership remained at 183.

Lending operations

IBRD continued to promote sustainable development through loans, guarantees and non-lending, including analytical and advisory services. As at 30 June 2002, its cumulative lending totalled $371 billion.

Gross IBRD disbursement in fiscal 2002 totalled $11.3 billion, a decrease of $0.5 billion from fiscal 2001. The Bank’s loan commitment increased to $11.5 billion in 2002 for 96 new operations compared to $10.5 billion in 2001 for 89 new operations. The share of adjustment lending increased to 64 per cent in fiscal 2002, up from 38 per cent in 2001 and 47 per cent and 63 per cent during the East Asian crisis years of fiscal 1998 and 1999.

In fiscal 2002, IBRD lending commitments were highest in Europe and Central Asia ($4.9 billion), followed by Latin America and the Caribbean ($4.2 billion) and East Asia and the Pacific ($1 billion). Public administration was by far the leading sector for IBRD lending, receiving $3.6 billion, or over 30 per cent of the total, followed by lending to the finance sector, representing $2.1 billion, or about 18 per cent of the total. Lending also helped to strengthen the transportation sector ($1.5 billion) and to improve the health and social services sector ($1.4 billion).

The five largest borrowers were China ($18.1 billion), Mexico ($13.9 billion), Indonesia ($12.6 billion), Brazil ($12 billion) and India ($11.2 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 2002, IDA credits totalled $8.1 billion for 133 new operations in 62 countries, compared with $6.8 billion for 134 operations in 2001. Lending to Africa constituted nearly one half of total IDA lending, with $3.8 billion financing 63 new operations.

The largest borrowers included the Democratic Republic of the Congo ($500 million), Nigeria ($427 million) and the United Republic of Tanzania ($402 million). Lending to South Asia totalled 32 per cent ($2.6 billion). The largest borrowers in that region were India ($1.3 billion) and Pakistan ($800 million). A significant portion of IDA lending supported operations in the social sectors, where $2 billion financed 44 projects in the areas of education, health, social services, and water and sanitation. Lending in the area of public sector administration was also substantial ($1.6 billion), reflecting the focus on supporting IDA countries in their efforts to establish the efficient and accountable public sector institutions needed for growth and poverty reduction.

Fiscal 2002 was the third of the three-year twelfth replenishment of IDA (IDA-12), which provided resources for new financing commitments during fiscal 2000-2002. The thirteenth replenishment of IDA (IDA-13), which stressed working
with other development partners and a strong focus on results, represented an 18 per cent increase over IDA-12. At the end of fiscal 2002, IDA membership remained at 162 countries.

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 2002, 16 new cases were registered with the Centre. ICSID also undertook research and publishing activities in arbitration and foreign investment law.

In 2002, ICSID membership remained at 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 losses caused by non-commercial risks. It also provided technical assistance to help developing countries disseminate information on investment opportunities.

In fiscal 2002, MIGA had 157 members and issued $1.4 billion in guarantee coverage, for a cumulative total of $10.5 billion.

World Bank Institute
In 2002, the World Bank Institute continued to organize global training activities in an effort to empower people through knowledge- and capacity-building. It also expanded its partnerships with the International Monetary Fund and the United Nations Development Programme. The Global Development Learning Network (GDLN), a rapidly expanding network of distance-learning centres, used videoconferencing and other technologies to share learning activities worldwide. By the end of fiscal 2002, 37 GDLN sites were operating and an additional 42 were under development.

Co-financing
In fiscal 2002, co-financing amounted to $4.7 billion, a decrease of over $0.7 billion from 2001. Major co-financing partners included the Inter-American Development Bank, the African Development Bank, the Global Environment Facility and the Japan Bank for International Cooperation. By region, the majority of co-financing went to Latin America and the Caribbean ($2.3 billion), followed by Africa ($1.3 billion) and the Middle East and North Africa ($0.4 billion).

Financial activities
During fiscal 2002, IBRD raised $23 billion in medium- and long-term debt, compared to $17 billion the previous year. It issued loans in 10 currencies and in a wide range of maturities and structures. Diversification helped IBRD to expand its investor base and to reduce lending rates on its loans. As at 30 June 2002, outstanding borrowings totalled $111.2 billion, after swaps.

Capitalization
As at 30 June 2002, the total subscribed capital of IBRD was $189.5 billion, or 99 per cent of its authorized capital of $190.8 billion. Outstanding loans totalled $121.6 billion, or 64 per cent of IBRD’s statutory lending limit.

Income, expenditures and reserves
IBRD’s gross revenues totalled $7.9 billion in fiscal 2002, a decrease of $2.1 billion compared to fiscal 2001. Net income amounted to $2.78 billion, up from $1.49 billion in fiscal 2001. Expenses decreased to $6 billion, compared to $8.9 billion a year earlier. At the end of fiscal 2002, the Bank’s liquid asset portfolio was $25 billion, up from $24.2 billion in fiscal 2001.

Secretariat
As at 30 June 2002, IBRD’s regular staff, fixed-term and long-term consultants, and long-term temporary staff in Washington, D.C., and local offices numbered 8,450.

NOTE: For further details regarding the Bank’s activities, see The World Bank Annual Report 2002.