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

In fiscal 2003 (1 July 2002–30 June 2003), 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 the environment, and public sector management.

In April, the Bank and three partner organizations launched the Investment Partnership for Polio, an innovative financing programme that supported the eradication of poliomyelitis worldwide by 2005. In December, the Bank sponsored the first Urban Research Symposium, which focused on urban poverty in developing and transition countries.

At the end of fiscal 2003, IBRD membership had increased to 184.

Lending operations

IBRD continued to promote sustainable development through loans, guarantees and non-lending, including analytical and advisory services. As at 30 June 2003, its cumulative lending totalled $383 billion.

IBRD’s loan commitment for fiscal 2003 totalled $11.2 billion for 99 new operations in 37 countries, compared to $11.5 billion in 2002 for 96 new operations. The share of adjustment lending totalled $419 billion in fiscal 2003, down from $738 billion in 2002.

In fiscal 2003, IBRD lending commitments were highest in Latin America ($5.7 billion), followed by Europe and Central Asia ($2 billion) and East Asia and the Pacific ($1.8 billion). Law, justice and public administration was the leading sector for IBRD lending, receiving $2.6 billion, or 23 per cent of the total, followed by lending to health and other social services, representing $2.1 billion, or 18 per cent of the total. In fiscal 2003, Argentina, Brazil, China, Colombia and Mexico had combined commitment volume equalling 49 per cent of total lending.

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 fiscal 2003, IDA commitments totalled $7.3 billion in grants, compared to $8.1 billion in 2002. Although below the previous year’s record high, IDA lending commitments in fiscal 2003 represented the third highest on record and were above the average annual total for the previous five years. Lending to Africa constituted 51 per cent of total IDA commitments, with $3.7 billion financing 60 new operations. South Asia followed with $2.1 billion for 29 operations. Bangladesh, the Democratic Republic of the Congo, Ethiopia, India and Uganda represented the largest single recipients of IDA financing.

In fiscal 2003, about 17 per cent of total IDA operational financing came in the form of grants in the following categories: operations benefiting the poorest countries ($241 million); poorest and debt-vulnerable countries ($406 million); post-conflict countries ($306 million); HIV/AIDS projects and components ($204 million); and natural disaster reconstruction projects ($65 million). Health, social services, law and justice and public administration were the leading sectors for IDA support, each receiving 19 per cent of the total ($1.4 billion).

Fiscal 2003 marked the first year of IDA-13, which funded commitments for fiscal years 2003 through 2005. IDA-13 provided a total of 18 billion special drawing rights (about $24 billion) of concessional resources to IDA-eligible borrowers over the three-year period.

At the end of fiscal 2003, IDA membership increased to 164 countries.

International Centre for Settlement of Investment Disputes

ICSID, established in 1966, continued to encourage foreign investments by providing international facilities for coordination and arbitra-
tion of investment disputes. It also conducted research and publishing activities in the areas of arbitration law and foreign investment law. In 2003, 26 new cases were registered with the Centre. In 2003, ICSID membership totalled 139.

**Multilateral Investment Guarantee Agency**

MIGA, established in 1988, continued to encourage foreign direct investment in developing countries by providing guarantees to foreign investors against losses caused by non-commercial risks. MIGA also provided technical assistance and advisory services to help developing countries strengthen the capacity of investment promotion intermediaries and disseminate information on investment opportunities. In fiscal 2003, MIGA had 162 members and issued $1.4 billion in guarantee coverage, for a cumulative total of $12.4 billion.

**World Bank Institute**

In 2003, the World Bank Institute continued to organize global training activities in an effort to empower people through knowledge- and capacity-building. The Institute adopted a country-focused business model, customizing its capacity-building programmes to countries’ priority needs, applying best-practice pedagogy, maintaining a sustained presence at the country level, and collaborating with key figures who could implement policy decisions. To increase its reach, the Institute helped clients gain access to information resources through e-learning, web-casting facilities, web sites and the Global Development Learning Network, which reached more than 36,000 participants in fiscal 2003 via video conferencing–based distance learning.

**Co-financing**

In fiscal 2003, co-financing amounted to $3 billion, a decrease of $1.7 billion from 2002. Major co-financing partners included the International American Development Bank, the Global Environment Facility and the European Investment Bank. By region, the majority of co-financing went to Latin America and the Caribbean ($0.87 billion), followed by Africa ($0.85 billion) and Asia and the Pacific ($0.64 billion).

**Financial activities**

During fiscal 2003, IBRD raised $19 billion in medium- and long-term debt, compared to $22 billion in fiscal 2002. The decrease in funding was primarily attributed to lower borrowing requirements. IBRD followed a strategy of selective bond issuance, composed of cost-effective private placements, public issues placed with large institutional investors, and public issues targeted to retail investors. During fiscal 2003, IBRD repurchased or called $6 billion of its outstanding borrowings (net of unamortized discounts, premiums and issuance costs).

**Capitalization**

As at 30 June 2003, the total subscribed capital of IBRD was $190.8 billion, of which $189.5 billion had been subscribed. Of the subscribed capital, $11.4 billion had been paid in and $178.1 billion was callable.

**Income and reserves**

IBRD’s net income rose to $5.34 billion in fiscal 2003, from $2.78 billion in fiscal 2002. As at 30 June 2003, the Bank’s liquid asset portfolio was $27 billion, up from $25 billion in fiscal 2002.

**Secretariat**

At the end of fiscal 2003, IBRD’s regular, fixed-term and long-term consultants and long-term temporary staff in Washington, D.C., and local offices numbered 8,800.

**NOTE:** For further details regarding the Bank’s activities, see *The World Bank Annual Report 2003.*

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The World Bank also maintained offices in Brussels, Belgium; Frankfurt, Germany; Geneva; London; Paris; Sydney, Australia; and Tokyo, Japan.

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