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) (see p. 1576), the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for Settlement of Investment Disputes (ICSID). On 1 June, Paul Wolfowitz (United States) became the World Bank’s tenth President.

In fiscal 2005 (1 July 2004–30 June 2005), the World Bank continued to promote sustainable economic development by providing loans, guarantees and related technical assistance for projects and programmes in developing countries. It also maintained a leading role in the debt relief process under the Heavily Indebted Poor Countries Initiative, in order to increase resources for poverty reduction. The second Global Monitoring Report, published by the Bank and IMF in April, assessed progress towards achieving the Millennium Development Goals (MDGs) [YUN 2000, p. 51]. The Bank had committed more than $2.5 billion to fighting HIV/AIDS in 67 countries. It provided support for expanding prevention, care, treatment, and advisory services to countries and promoted leadership through its global partnerships, especially as a co-sponsor of the Joint United Nations Programme on HIV/AIDS.

At the end of fiscal 2005, IBRD membership remained at 184.

Lending operations

IBRD continued to promote sustainable development through loans, guarantees, risk management products and non-lending, including analytical and advisory services. As at 30 June, its cumulative lending totalled $407.4 billion.

IBRD’s lending in fiscal 2005 totalled $13.6 billion for 118 new operations in 37 countries, compared to $11 billion in 2004 for 87 operations in 33 countries. The figure represented the highest volume of IBRD lending in the previous six fiscal years. IBRD lending commitments were highest in Latin America and the Caribbean ($4.9 billion), followed by Europe and Central Asia ($3.6 billion) and South Asia ($2.1 billion). Public administration, including law and justice, received the highest volume of IBRD lending, with $3.4 billion, followed by transportation, with $2.1 billion, and water, sanitation, and flood protection, with $1.6 billion.

In fiscal 2005, the four largest borrowers were Brazil, China, Colombia, India and Turkey, which collectively accounted for 53 per cent of total IBRD 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 2005, IDA commitments totalled $8.7 billion for 160 operations in 66 countries, compared with $9 billion for 158 operations in 62 countries in fiscal 2004 [YUN 2004, p. 1492]. In addition, IDA provided $2 billion in grants and a guarantee for $0.1 billion. Africa received the largest commitment of IDA resources with $3.9 billion, constituting 45 per cent of total IDA commitments. South Asia and East Asia and the Pacific followed, with $2.9 billion and $1.1 billion, respectively.

In fiscal 2005, about 21 per cent of total IDA financing was provided in the form of grants to the following clients and projects: debt-vulnerable poorest countries ($897 million); post conflict countries ($463 million); poorest countries ($316 million); HIV/AIDS projects ($135 million); and natural disaster reconstruction projects ($49 million).

Public administration, including law and justice, was the leading sector receiving IDA support, with $2.2 billion, or 26 per cent of the total.

At the end of fiscal 2005, IDA membership remained at 165 countries.

International Centre for Settlement of Investment Disputes

ICSID, established in 1966, continued to encourage foreign investments by providing international facilities for coordination and arbitration of investment disputes. In fiscal 2005, 25 cases were registered with the Centre. ICSID also conducted research and publishing activities in arbitration and foreign investment law.

In 2005, ICSID membership increased to 142.
**Multilateral Investment Guarantee Agency**

The 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. It 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 2005, MIGA issued $1.2 billion in guarantee coverage, for a cumulative total of $14.7 billion. Its membership remained at 165 countries.

**World Bank Institute**

The World Bank Institute continued to provide client countries with capacity development programmes, and used knowledge economy, governance and other diagnostic tools to assess critical country capacities. In fiscal 2005, the Institute helped civil society organizations from Benin, Guatemala, Guinea, Sierra Leone and Zambia to develop governance and anti-corruption assessments. Nearly 110,000 clients participated in more than 900 Institute activities, many through distance and e-learning.

**Co-financing**

Co-financing constituted an arrangement under which funds from the Bank were associated with funds provided by sources outside the recipient country for a specific lending project or programme. Major co-financing partners included the Inter-American Development Bank and the United Kingdom’s Department for International Development. By region, most of the co-financing went to Latin America and the Caribbean ($3.3 billion), followed by Africa ($1.7 billion) and South Asia ($1.7 billion).

**Financial activities**

During fiscal 2005, IBRD raised $13 billion in medium- and long-term debt, roughly the same as in fiscal 2004. IBRD was able to borrow high volumes for long maturities on favorable terms, as a result of its prudent financial policies and practices. Debt securities, with a wide range of maturities and structures, were issued in 15 currencies. As at 30 June, IBRD’s outstanding borrowings from capital markets were about $91.5 billion (net of swaps). Total disbursed and outstanding loans were $104.4 billion.

**Capitalization**

As at 30 June, the total authorized capital of IBRD was $190.811 billion, of which $189.718 million had been subscribed. Of the subscribed capital, $11.483 million had been paid in and $178.235 million was callable.

**Income and reserves**

IBRD’s net income was $1.3 billion in fiscal 2005, down from $2.4 billion in fiscal 2004. As at 30 June 2005, the Bank’s liquid asset portfolio was $26.4 billion, down from $31 billion in fiscal 2004.

**Secretariat**

In 2005, the work of IBRD and IDA was performed by some 8,700 staff working in Washington, D.C., and in more than 100 country offices worldwide. A growing proportion of the Bank’s work was being done in country offices.

**NOTE:** For further details regarding the Bank’s activities, see The World Bank Annual Report 2005.