

WORLD BANK GROUP FISCAL YEAR HIGHLIGHTS

Innovation and partnership bond the five institutions of the World Bank Group (see page 9): the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA), which together form the World Bank; the International Finance Corporation (IFC); the Multilateral Investment Guarantee Agency (MIGA); and the International Centre for Settlement of Investment Disputes (ICSID). The World Bank Group is one of the world's largest sources of funding and knowledge for developing countries. It uses financial resources and extensive experience to help poor nations reduce poverty, increase economic growth, and improve the quality of life.

The World Bank Group's work focuses on achievement of the eight Millennium Development Goals (see sidebar, page 13). The goals call for eliminating poverty and achieving inclusive and sustainable globalization. The MDGs lay out a blueprint for the World Bank Group, setting its priorities and measuring its results. The World Bank is the world's largest funder of education; the world's largest external funder of the fight against HIV/AIDS; a leader in the fight against corruption worldwide; a strong supporter of debt relief; and the largest international financier of biodiversity, water supply, and sanitation projects.

WORLD BANK GROUP ASSISTANCE

During fiscal 2008, the World Bank committed \$24.7 billion in loans, credits, and grants to its member countries. IDA commitments, to the world's poorest countries, were \$11.2 billion, 5 percent lower than the previous year. IBRD commitments in fiscal 2008 totaled \$13.5 billion, 5 percent higher than the previous year. IFC committed \$11.4 billion for its own account and mobilized an additional \$4.8 billion for 372 private sector investments in developing countries, more than 40 percent of which were in IDA countries. MIGA issued close to \$2.1 billion in guarantees in support of investments in the developing world, an increase of \$730 million over fiscal 2007. Of the total, \$690 million went to IDA-eligible countries.

Africa received the highest Bank Group support, at more than \$7.2 billion in loans, grants, equity investments, and guarantees, which is a record for the region.

COLLABORATING TO ADVANCE AN INCLUSIVE AND SUSTAINABLE GLOBALIZATION

The World Bank, IFC, and MIGA work together and independently to eliminate poverty, foster growth, and ensure that development is inclusive and sustainable. Joint ventures that mitigate or design solutions for today's most pressing issues—the struggle with rising food prices, the impact of greenhouse gas emissions, and the battle against communicable diseases such as HIV/AIDS and malaria—are especially rewarding and serve as a model of cooperation.

The recipients of the World Bank Group's fiscal 2008 financial commitments are using the funds in more than 670 projects, many of them collaborative efforts of two or more of the affiliates. The projects are designed to overcome poverty and enhance growth by improving education and health services, promoting private sector development, building infrastructure, and strengthening governance and institutions. They are practical plans to help developing countries move from poverty and become more competitive in a globalizing world.

IFC contributed a \$500 million grant to IDA in fiscal 2008 as part of an indicative program for grants to IDA15 of up to \$1.8 billion. A new IDA-IFC secretariat has been established to identify and pursue opportunities for increasing joint Bank Group efforts that support private sector development in the countries IDA serves. While IDA will continue to focus on the public sector, it can now draw more readily on IFC's expertise to ensure the private sector does its part to improve lives in IDA countries.

Bank Group coordination is also evident where private investment and public policy are closely interconnected. IFC and IBRD have joint departments covering several aspects of private investment and the government activities that enable it. Joint industry departments focus on information and communication technologies; oil, gas, mining, and chemicals; and subnational finance, principally for infrastructure. IFC and IBRD also collaborate in advising on small and medium enterprises, capital markets, and corporate governance.

Joint efforts to improve the investment climate in developing countries include the annual IFC-Bank publication *Doing Business*, which compares 178 economies on the ease of starting and running a business. IBRD, IFC, and MIGA collaborate through the Foreign Investment Advisory Service, a multidonor service that advises developing and transition governments on ways to improve their investment climates.

The Bank Group is also preparing a Strategic Framework on Climate Change and Development—a plan for integrating climate change and development challenges without compromising growth and poverty reduction efforts. The framework will include priorities, approaches, and a road map for action in helping countries mitigate or adapt to climate change. In addition, the Bank Group has set a goal of scaling up its portfolio of investments in renewable energy and energy efficiency projects by an annual average of 20 percent through 2010.

The World Bank Group also has a shared commitment to results-oriented development, through the Independent Evaluation Group (IEG), which assesses the relevance, efficacy, and efficiency of Bank Group programs and their contribution to development effectiveness. IEG has evaluation units at the World Bank, IFC, and MIGA, which independently evaluate their respective institutions' financial and advisory services operations with a particular focus on accountability.

The Bank Group increasingly undertakes innovative joint initiatives. One of the farthest-reaching is a regional integration assistance strategy for Sub-Saharan Africa that seeks to strengthen collaboration among the region's countries with a focus on cross-border challenges: infrastructure; economic cooperation and harmonization; and regional approaches for addressing climate change, agricultural productivity, shared water resources, and health.

One key project is a fiber-optic cable that will connect 21 East African countries to each other and the rest of the world with high-quality broadband Internet access and international communications services. Widely considered a model for cooperation among major development finance institutions, the East African Submarine Cable System has raised a total of

\$70.7 million in long-term financing. The cable is expected to reduce the cost of the area's broadband services, currently among the highest in the world, and to stimulate development of new knowledge-based industries, call centers, and similar ventures.

Another joint initiative is the Bujagali Hydropower Project, designed to alleviate a severe power shortage in Uganda that daily affects the lives and livelihoods of millions. The largest independent power project in Africa, the plant will generate electricity by recycling water released from nearby hydropower facilities. The financing package includes a \$130 million IFC loan, a partial risk guarantee of up to \$115 million from IDA, and an investment guarantee of up to \$115 million from MIGA. Seven other development finance institutions are supporting the project in recognition of its expected development impact.

The Global Emerging Markets Local Currency (Gemloc) bond program is an innovative effort through which the Bank Group promotes local currency bond markets using market-based incentives. Gemloc was designed in response to numerous governments that wanted to strengthen their bond markets and better support economic growth with stability. Under the program, PIMCO, a leading private investment manager, is developing investment strategies for local bonds. Markit, a private sector index company, has collaborated with IFC to create a new, transparent bond index, and the World Bank is providing advisory services to strengthen local markets, improve their "investability," and attract more foreign and domestic investors.

A \$1 billion rehabilitation and expansion of the Queen Alia International Airport in Amman represents the largest private investment in Jordan's history and illustrates the way the Bank Group links its advisory and investment work. IFC advised the government on the competitive bidding process and more recently helped mobilize funding for the project through a syndication that attracted six European and Middle Eastern banks. The World Bank and the Islamic Development Bank also provided significant funding.

THE WORLD BANK GROUP INSTITUTIONS



The International Bank for Reconstruction and Development (IBRD) lends to governments of middle-income and creditworthy low-income countries. This affiliate promotes sustainable development through loans, guarantees, risk-management products, and nonlending analytical and advisory services. IBRD's financial strength enables it to borrow in capital markets at low cost and to offer clients favorable borrowing terms.

Established 1944 | 185 Members
Cumulative lending: \$446 billion*
Fiscal 2008 lending: \$13.5 billion for 99 new operations in 34 countries

* Effective fiscal 2005, includes guarantees.

IBRD KEY FINANCIAL INDICATORS | FISCAL 2004–2008

MILLIONS OF DOLLARS

	2004	2005	2006	2007	2008
Operating income ^a	1,696	1,320	1,740	1,659	2,271
Loans outstanding	109,610	104,401	103,004	97,805	99,050
Total assets	228,910	222,008	212,326	208,030	233,599
Total equity	35,463	38,588	36,474	39,926	41,548

a. Reported in IBRD's financial statements as net income before Board of Governors-approved transfers and net unrealized gains (losses) on nontrading derivatives, loans, and borrowings measured at fair value, per Financial Accounting Standard No. 133 as amended.



The International Development Association (IDA) provides interest-free, long-term loans—called credits—and grants to governments of the world's 82 poorest countries, which have little or no capacity to borrow on market terms. IDA's lending is financed by contributions to IDA from donor countries, IBRD's net income transfers, grants from IFC, and IDA's credit reflows. (For information about the 15th Replenishment of IDA, see page 4.)

Established 1960 | 167 Members
Cumulative commitments: \$193 billion*
Fiscal 2008 commitments: \$11.2 billion for 199 new operations in 72 countries

* Effective fiscal 2005, includes guarantees.

IDA KEY FINANCIAL INDICATORS | FISCAL 2004–2008

MILLIONS OF DOLLARS

	2004	2005	2006	2007	2008
Operating income (loss)	(1,684)	(986)	(2,043)	(2,075)	1,818
Development credits outstanding	115,743	120,907	127,028	102,457	113,542
Total development resources/Equity ^a	127,930	130,378	102,871	110,212 ^b	123,619

a. Up to the fiscal year ended June 30, 2007, IDA prepared special-purpose financial statements. Effective July 1, 2007, IDA's financial statements are prepared in conformity with accounting principles generally accepted in the United States (U.S. GAAP). Going forward, this line will report IDA's equity as determined under U.S. GAAP, and the June 30, 2007, amount has been restated accordingly.

b. As restated.



The International Finance Corporation (IFC) provides long-term loans, equity, structured and securitized products, and advisory and risk mitigation services to private enterprises in developing and transition countries, helping reduce poverty and improve people's lives. IFC seeks to reach businesses in regions and countries with limited access to capital and markets that are considered too risky by commercial investors in the absence of IFC participation. IFC provides services without accepting government guarantees.

Established 1956 | 179 Members

Committed portfolio: \$32.2 billion (IFC's account), plus \$7.5 billion in syndicated loans

Fiscal 2008 commitments: \$11.4 billion committed and \$4.8 billion mobilized for 372 projects in 85 countries

IFC KEY FINANCIAL INDICATORS | FISCAL 2004–2008

MILLIONS OF DOLLARS

	2004	2005 ^b	2006 ^b	2007 ^b	2008
Operating income ^a	982	1,953	1,409	2,589	1,438
Liquid assets net of associated derivatives	13,055	13,325	12,730	13,269	14,622
Loans, equity investments, and debt securities, net	10,279	11,489	12,787	15,796	23,319
Total capital	7,782	9,821	11,141	14,017	18,261

a. Effective 2005, income after expenditures for advisory services, performance-based grants, and grants to IDA and before net unrealized gains (losses) on other nontrading financial instruments.

b. As restated.



The Multilateral Investment Guarantee Agency (MIGA)

provides political risk insurance or guarantees to promote foreign direct investment into developing countries. MIGA also works to resolve disputes between investors and host governments to keep guaranteed investments, and their benefits, on track. The agency's knowledge sharing and technical assistance activities help countries define and implement strategies to promote investment, and provide information on business opportunities, investment climate conditions, and political risk insurance.

Established 1988 | 172 Members

Cumulative guarantees issued: \$19.5 billion*

Fiscal 2008 guarantees issued: \$2.1 billion

*Includes amounts leveraged through the Cooperative Underwriting Program.

MIGA KEY FINANCIAL INDICATORS | FISCAL 2004–2008

MILLIONS OF DOLLARS

	2004	2005	2006	2007	2008
Operating income	26	24	17	49	55
Operating capital ^a	811	830	863	950	1,019
Net exposure	3,259	3,138	3,310	3,209	3,578
Net exposure in IDA-eligible countries	1,139	1,341	1,435	1,411	1,477

a. Operating capital includes paid-in capital, retained earnings, and the insurance portfolio reserve net of corresponding reinsurance recoverable.



The International Centre for Settlement of Investment Disputes (ICSID)

provides facilities for conciliation and arbitration of international investment disputes between foreign investors and host states. As evidenced by its large membership, considerable caseload, and the numerous references to its arbitration facilities in investment treaties and laws, ICSID plays an important role in the field of international investment and economic development. ICSID also conducts research and publishing activities in the areas of international arbitration and foreign investment law.

Established 1966 | 144 Members

Total cases registered | 268

Fiscal 2008 cases registered | 32