

Summary: The World Bank Group

International Development Association (IDA)

Request: \$950.0M

IDA is the concessional lending and grant-making affiliate of the World Bank. It extends highly concessional loans and grants to the world's poorest countries to finance priority investments in health, education, sanitation, and infrastructure required for lasting poverty reduction. It also promotes basic economic policy and institutional reforms needed for sustainable economic growth and development. IDA operations are financed by replenishments from donor countries once every three years (at which time donors negotiate funding amounts and reforms for IDA), repayment reflows from past loans (including a 0.75% charge paid by borrowers on outstanding loans), and direct transfers from the World Bank's earnings on its market rate lending. The U.S. is the largest cumulative contributor (\$25.8 billion committed, or 23.6% of total contributions committed), and thus has the largest share of voting power (14.3%; voting share is determined by a combination of a base number of votes per shareholder, additional votes proportional to the shareholder's initial subscription, and additional subscriptions as determined by the Board of Governors).

Agreement on the most recent IDA replenishment (IDA-14) was reached in February 2005. The agreement provides \$34 billion for development, primarily in the poorest countries, for FY06-FY08. The U.S. committed \$2.85 billion to IDA-14 (\$950 million for each year, FY06-FY08). Major policy initiatives that emerged in the IDA-14 agreement include: a significant expansion of the results measurement system; a sharp increase in the provision of grants; promotion of private sector development; and expanded transparency. Treasury will be closely working with IDA to ensure that the performance and other reform commitments agreed to in the replenishment negotiations are implemented in a timely and effective manner.

For FY06, the Administration is requesting \$950 million for the first of three scheduled contributions under IDA-14.

Note: Internet website: www.worldbank.org/ida

International Bank for Reconstruction and Development (IBRD)

Request: \$0

The IBRD lends at market-based rates to lower and middle income developing countries to finance economic development, notably through poverty reduction investments and economic policy reforms. IBRD lending operations are financed by bond issues on international markets, on the basis of the IBRD's AAA credit rating, and by repayments of and interest earnings on existing loans and investments. The IBRD's charter limits lending to entities covered by a sovereign guarantee. The IBRD loaned \$11.0 billion in the World Bank FY04 (beginning July 03, and ending June 04), down from \$11.2 billion in FY03. The U.S. is the largest shareholder, with \$1.998 billion in paid-in capital, \$29.966 billion in callable capital, and 16.4% of voting power.

For FY06, the Administration has no funding request for the IBRD.

Note: Internet website: www.worldbank.org

Multilateral Investment Guarantee Agency (MIGA)

Request: \$1.7M

The Multilateral Investment Guarantee Agency (MIGA) was established in 1988 to promote economic development by providing investment insurance to foreign direct investors against non-commercial risks in developing countries at market rates. To date, MIGA has issued 656 guarantees worth \$12.8 billion and has facilitated over \$50 billion in foreign direct investment in 85 developing countries. MIGA operations are financed by premium income, capital subscriptions from its 162 member countries and partnerships with national and private insurers.

For FY06, the Administration is requesting \$1.7 million to clear a portion of U.S. arrears to MIGA.

Note: Internet website: www.worldbank.org or www.miga.org

International Finance Corporation (IFC)

Request: \$1.7M

The IFC is the private sector investment arm of the World Bank. It makes debt and equity investments in private projects to promote private sector development, foreign investment, privatization, and efficient financial markets in developing countries. The IFC lends without sovereign guarantees and is fully exposed to the commercial risks of its investments. The IFC finances its operations by issuing bonds on international capital markets on the basis of its AAA credit rating. In World Bank FY04, IFC's Board approved \$5.6 billion in new investments in 217 projects; its income totaled \$993 million.

For FY06, the Administration is requesting \$1.7 million to clear a portion of U.S. arrears to IFC.

Note: Internet website: www.worldbank.org or www.ifc.org

Note: All institutions in the World Bank Group use the World Bank Fiscal Year: July 1- June 30