



We live in a world so rich that global income is more than \$31 trillion a year. In this world, the average person in some countries earns more than \$40 000 a year. But in this same world, 2.8 billion people—more than half the people in developing countries—live on less than \$700 a year. Of these, 1.2 billion earn less than \$1 a day. As a result, 33 000 children die every day in developing countries. In these countries, each minute more than one woman dies during childbirth. Poverty keeps more than 100 million children, most of them girls, out of school.

The challenge of reducing these levels of poverty, while the population continues to grow—by an estimated 3 billion people over the next 50 years—is enormous. The World Bank works to bridge this divide and turn rich country resources into poor country growth. One of the world's largest sources of development assistance, the World Bank supports the efforts of developing country governments to build schools and health centres, provide water and electricity, fight disease, and protect the environment.

Not a bank, but rather a specialized agency. The World Bank is not a “bank” in the common sense. It is one of the United Nations' specialized agencies, and is made up of 184 member countries. These countries are jointly responsible for how the institution is financed and how its money is spent. Along with the rest of the development community, the World Bank centres its efforts on the reaching the Millennium Development Goals, agreed to by UN members in 2000 and aimed at sustainable poverty reduction.

The "World Bank" is the name that has come to be used for the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). Together these organizations provide low-interest loans, interest-free credit, and grants to developing countries. Some 10 000 development professionals from nearly every country in the world work in the World Bank's Washington DC headquarters or in its 109 country offices.

\$8.1 billion in assistance. The world's low-income countries generally cannot borrow money in international markets or can only do so at high interest rates. In addition to direct contributions and loans from developed countries, these countries receive grants, interest-free loans, and technical assistance from the World Bank to enable them to provide basic services. In the case of the loans, countries have 35-40 years to repay, with a 10-year grace period.

Interest-free credit and grant financing comes from IDA, the world's largest source of concessional assistance. Some 40 rich countries provide the money for this funding by making contributions every four years. The fund was replenished most recently in 2002, with nearly \$9 billion from donors and another \$6.6 billion from the Bank's resources. At that time, donors agreed on increased use of IDA grants—up to 21 percent of resources—to help address the special difficulties, such as the HIV/AIDS epidemic, faced by the poorest and most vulnerable countries. IDA credits make up about one-quarter of the Bank's financial assistance. Aside from IDA funds, very little of the Bank's income is provided by its member countries.

\$11.5 billion in loans. Higher-income developing countries—some of which can borrow from commercial sources, but generally only at very high interest rates—receive loans from the IBRD. Countries that borrow from the IBRD have more time to repay than if they borrowed from a commercial bank—15 to 20 years with a three-to-five-year grace period before the repayment of principal begins. Developing country governments borrow money for specific programs, including poverty reduction efforts, delivery of social services, protection of the environment, and promotion of economic growth that will improve living standards. In fiscal 2002 IBRD provided loans totaling \$11.5 billion in support of 96 projects in 40 countries.

Raising capital. The IBRD raises almost all its money in the world's financial markets—\$23 billion in fiscal 2002. With a AAA credit rating, it issues bonds to raise money and then passes on the low interest rates to its borrowers.

The World Bank Group. In addition to IBRD and IDA, three other organizations make up the World Bank Group. The International Finance Corporation (IFC) promotes private sector investment by supporting high-risk sectors and countries. The Multilateral Investment Guarantee Agency (MIGA) provides political risk insurance (guarantees) to investors in and lenders to developing countries. And the International Centre for Settlement of Investment Disputes (ICSID) settles investment disputes between foreign investors and their host countries.

Global goods. Over the past few years, the World Bank has put significant resources into activities meant to have global impact. One is debt relief, and under the enhanced Heavily Indebted Poor Countries (HIPC) Initiative, 26 poor countries have received debt relief which will save them \$41 billion over time. The money these countries save in debt repayments will instead be put into housing, education, health, and welfare programs for the poor.

The World Bank, along with 189 countries and numerous organizations, has committed to an unprecedented global partnership to fight poverty. The Millennium Development Goals define specific targets in terms of school enrolments, child mortality, maternal health, disease, and access to water to be met by 2015.

Among numerous other global partnerships, the World Bank has put supporting the fight against HIV/AIDS at the top of its agenda. It is the world's largest long-term financier of HIV/AIDS programs. Current Bank commitments for HIV/AIDS amount to more than \$1.3 billion, with half of that for sub-Saharan Africa.

The variety of work on the ground. The Bank is currently involved in more than 1,800 projects in virtually every sector and developing country. These are as diverse as providing microcredit in Bosnia Herzegovina and raising AIDS awareness in communities in Guinea, supporting education of girls in Bangladesh and improving health care delivery in Mexico, helping East Timor rebuild upon independence or India to rebuild Gujarat after a devastating earthquake.