



REPORT ON

OPERATIONS UNDER

THE BRETTON WOODS

AND RELATED

AGREEMENTS ACT

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Prepared by:
International Trade and Finance Branch
April 2002



Copies of this annual report may be obtained from the:

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Also available on the Internet at
<http://www.fin.gc.ca/>

Cette publication est également disponible en français.

Cat. No.: F1-28/2001E
ISBN 0-662-31998-2



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INTRODUCTION

The Bretton Woods institutions – the International Monetary Fund (the IMF or the Fund) and the World Bank¹ – were founded at a conference held in Bretton Woods, New Hampshire, in 1944. The IMF was established to promote the smooth functioning of the international monetary system, encourage international trade and support high rates of sustainable economic growth. To achieve these goals, it exercises a surveillance function by monitoring members' economic policies, provides policy advice and technical assistance, and extends short- and medium-term financial assistance to countries faced with balance of payments difficulties.

The World Bank's goal is to reduce poverty by raising living standards and promoting sustainable development in developing countries. As the premier development institution in the world, it provides a wide range of assistance to developing countries, including lending and technical assistance for projects that promote sustainable growth and an improved quality of life, and economic policy advice.

Canada is the eighth largest member of the IMF, along with China, after the six other Group of Seven (G-7) countries and Saudi Arabia, and it is the sixth largest member of the World Bank. On the Executive Boards of the two institutions, Canada also represents Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Grenada, Ireland, Jamaica, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines. On the Bank's Executive Board Canada also represents Guyana. Canada's formal participation in the two institutions is authorized under the Bretton Woods and Related Agreements Act. Section 13 of the Act states that:

The Minister of Finance shall cause to be laid before Parliament, on or before March 31 next following the end of each calendar year or, if Parliament is not then sitting, on any of the first thirty days next thereafter that either House of Parliament is sitting, a report containing a general summary of operations under this Act and details of all those operations that directly affect Canada, including the resources and lending of the World Bank Group, the funds subscribed or contributed by Canada, borrowings in Canada and procurement of Canadian goods and services.

¹ In this document "World Bank" and "Bank" refer to the International Bank for Reconstruction and Development and the International Development Association. "World Bank Group" and "Bank Group" refer to the broader group of World Bank institutions that includes the International Finance Corporation and the Multilateral Investment Guarantee Agency, as well as the two institutions of the World Bank proper. For more details see the box on page 33.

This report has been prepared in accordance with this provision. The sections that follow review the activities and operations of first the IMF and then the Bank for the year 2001. A final section deals with issues common to both institutions. The annexes contain detailed numerical summaries of the year's activities.

Roles of the International Monetary Fund and World Bank

International Monetary Fund

- Oversees the international monetary system and promotes international monetary co-operation.
- Promotes orderly exchange rate relations among member countries.
- Provides short- to medium-term financial support to members facing balance of payments difficulties.
- Provides support for poverty reduction through promotion of economic stability.
- Draws its financial resources primarily from the quota subscriptions of its members.

World Bank

- Provides support for poverty reduction in developing countries through investments in such areas as health and education.
- Promotes economic development and structural reform in developing countries.
- Assists developing countries through long-term financing of development projects and programs.
- Provides special financial assistance to the poorest developing countries through the International Development Association.
- Stimulates private enterprise development and private investment in developing countries primarily through its affiliates, the International Finance Corporation and the Multilateral Investment Guarantee Agency.
- Enhances the flow of capital and technology for productive purposes to developing countries by providing investment insurance against non-commercial risks for investments in developing countries.
- Secures most of its financial resources by borrowing on international capital markets.

INTERNATIONAL MONETARY FUND

Overview

As a major trading nation, Canada benefits from a strong international monetary system that facilitates the free movement of goods, services and capital. The IMF promotes international financial stability and economic growth through the provision of policy, financial and technical assistance to countries experiencing unsustainable external imbalances and related economic difficulties.

Benefits of Membership

IMF membership provides a number of specific benefits:

- The Minister of Finance is a Governor of the Fund and elects an Executive Director to its 24-member Executive Board. This representation allows Canada to have high-level influence on decisions taken by the IMF on specific country assistance programs and major policy issues affecting the world financial system.
- The IMF, through its regular surveillance of the Canadian economy, provides Canada with an independent source of policy advice on macroeconomic policies and engages in regular dialogue on these policies with Canadian officials at the Department of Finance, other government agencies and the Bank of Canada.
- The efforts of the IMF to make sure that countries abide by their obligations, including those under Fund-supported programs, help ensure that they repay Canadian bilateral loans and use our bilateral development assistance effectively.
- Canada earns a market rate of return on its financial position in the IMF.
- Were Canada to experience severe balance of payments difficulties, it would have the right to draw on IMF financial assistance.

How the IMF Works

The IMF works like a credit union. It has a large pool of liquid assets, or resources, comprising national currencies, special drawing rights,¹ and other widely used international currencies provided by its members, which it makes available to help members finance temporary balance of payments problems.

Members provide resources to the IMF in amounts determined by “quotas” reflecting each country’s relative importance in the world economy. A country’s quota in turn helps determine the amount of Fund resources that it may use should it experience economic difficulties. At the end of 2001 the total quotas for the Fund’s 183 members was SDR 212.4 billion.

A member country uses the general resources of the IMF by purchasing (drawing) other members’ currencies with an equivalent amount of its own currency. A member repurchases (repays) its own currency from the IMF with other members’ currencies over a specified period of time, with interest. In this way, a member country receives credit from other members.

Members seeking financial assistance can draw on four “credit tranches,” each amounting to 25 per cent of their quota. For access to resources beyond the first credit tranche, the member and the IMF have to reach an agreement on a set of economic measures and reforms aimed at removing the source of the country’s balance of payments difficulty and creating the conditions necessary for sustainable non-inflationary growth.

Depending on the prospective duration of the problem, these measures are agreed to as part of a Stand-By Arrangement, which typically lasts 12 to 18 months, or an Extended Fund Facility, which generally runs for three years. Short-term financing for balance of payments difficulties related to crises of market confidence is also available through the Supplemental Reserve Facility, created in December 1997. A precautionary line of defence is available through Contingent Credit Lines, established in April 1999, to countries that are pursuing sound policies but are nonetheless vulnerable to contagion.

Members can also use financial facilities created for specific purposes, including the Compensatory Financing Facility, which provides financial support to members experiencing temporary export shortfalls or other unforeseen adverse external shocks.

Concessional financing to low-income developing countries under the Poverty Reduction and Growth Facility (formerly the Enhanced Structural Adjustment Facility) is made available in the form of low-interest loans with extended maturity periods.

¹ The special drawing right (SDR) is an international reserve asset created by the IMF and allocated periodically to its members as a supplement to their foreign currency and gold reserves. The SDR is also the standard unit of account for the IMF’s operations. It represents a weighted basket of four major currencies: the US dollar, the Japanese yen, the pound sterling and the euro. At the end of 2001 the exchange rate was SDR 1 = C\$2.00.

Canada's Priorities at the IMF

Global Economic and Financial Stability

Recent emerging market financial crises have underscored the need to strengthen the global financial architecture – the global institutions and rules that govern international economic and financial co-operation. In the past year work continued on ways to increase the effectiveness of the IMF in a world of large-scale private capital flows to help ensure that the benefits of globalization are shared as widely as possible.

In co-operation with its international partners, Canada has played an active role in identifying areas where reforms are required and taking steps to implement those reforms. In 1999 and 2000 G-7 finance ministers made a number of recommendations intended to help reduce the risk of financial crises and make it easier to manage future crises more effectively. In their July 2001 Report to Leaders for the Genoa Summit, the G-7 finance ministers noted the substantial progress achieved over the last year in a number of areas, and highlighted in particular that the IMF had:

- completed a major review of IMF lending facilities to enable a more efficient use of resources;
- resolved to put crisis prevention at the heart of its activities;
- undertaken important initiatives to strengthen financial sector surveillance;
- considerably intensified its efforts to increase collaboration with the World Bank in the financial sector to identify countries' vulnerabilities and, in the poorest countries, to fight poverty;
- made progress in operationalizing a framework for private sector involvement in crisis prevention and resolution; and
- taken significant measures to enhance its transparency and accountability, especially through the establishment of an Independent Evaluation Office.

Progress was also made in defining and adopting a more focused role for the IMF by concentrating on the promotion of macroeconomic and financial stability. While these efforts were welcome, G-7 finance ministers noted that substantial work remained to be done on private sector involvement, the implementation of internationally agreed standards and codes, and the process of opening access to capital markets.

A new dimension was added to the IMF's activities following the terrorist attacks of September 11. The attacks led to the cancellation of the 2001 Annual Meetings of the IMF and World Bank in Washington in late September and the postponement of the associated meetings of the International Monetary and Financial Committee of the IMF and the joint IMF/World Bank Development Committee. Given the importance of the work of these committees and the need to deal with the new challenges faced by the global economy, Canada hosted meetings of the International Monetary and Financial Committee and Development Committee in Ottawa in November, along with the Annual Meeting of G-20 Finance Ministers and Central Bank

Governors. The meetings were successful in affirming a willingness to take timely action, if necessary, to maintain stability and invigorate growth, and in reaching agreement on an action plan to combat the financing of terrorism.

Looking forward, a key objective for Canada is to ensure that the Fund has the tools to promote international financial stability. To meet this objective, Canada supports:

- strengthened surveillance to prevent crises through greater attention to financial vulnerabilities and increased transparency of information;
- implementation of international codes and standards, with the IMF playing the lead role in assessing countries' observance;
- expanded financial sector work to combat money laundering and terrorist financing;
- appropriate private sector involvement in the prevention and resolution of crises;
- more focused conditionality and greater country ownership of IMF-supported programs;
- safeguarding of IMF resources;
- strengthened governance and accountability of the IMF; and
- adequate technical assistance.

Canada continues to place a high priority on reducing poverty and ensuring that debt relief does indeed go to this purpose. The IMF plays a crucial role in supporting macroeconomic stability as a key tool for poverty reduction in the poorest countries and integrating its efforts with those of the World Bank in working with countries to reduce poverty.

The Fund's involvement in the key areas outlined above, and Canada's priorities related to these efforts, are described in more detail in the section entitled "Efforts to Promote International Financial Stability," which follows the next section.

Economic and Financial Developments in Emerging Markets

Emerging market economies, which were already experiencing a growth slowdown in the first half of 2001, were significantly affected by the events of September 11 and the subsequent deterioration in global economic conditions.

In general, Latin American countries experienced much weaker growth in 2001 compared to 2000 due to weak global demand and low commodity prices. Foreign direct investment flows to the Latin American region dropped on reduced expectations of economic performance. Mexico fell into recession as the country's exports to the U.S., its main trading partner, declined sharply. A drought-induced energy shortage in Brazil constrained its economic performance. Some emerging market economies were already in tenuous

financial situations. Argentina, which had received considerable financial assistance from the IMF and other international financial institutions earlier in the year, announced in December 2001 that it was formally suspending payments on its sovereign obligations.

In 2001 Argentina was in its third year of recession, and investor and depositor confidence in the country continued to deteriorate over the course of the year. Despite the introduction of sweeping fiscal reforms in July, the economic situation worsened and Argentina required further assistance from the IMF. In September the Fund approved a US\$8-billion augmentation to Argentina's existing three-year Stand-By Arrangement/Supplemental Reserve Facility. However, Argentina's commitment to a zero fiscal deficit appeared too difficult to honour, and investor sentiment weakened. As financial pressures mounted in December, limits were placed on withdrawals from the banking system in an attempt to avert a run on commercial banks. A formal default on Argentina's sovereign debt was announced towards the end of the year, and the decade-old peg between the peso and US dollar was broken.

Turkey, which had also received financial assistance from the IMF and the World Bank earlier in the year, fell further into recession and required additional multilateral assistance. Problems in the banking sector were exacerbated by increased political uncertainty early in 2001. As market confidence plummeted, interest rates rose to unprecedented levels. Faced with dwindling foreign reserves, the authorities were forced to abandon the quasi-fixed exchange rate and adopt a freely floating exchange rate in late February 2001. With Turkey's economy in recession and government debt spiralling up, the IMF approved additional financial support of US\$8 billion in May 2001. This additional support was provided as a result of significant progress on economic reform. It augmented the existing Stand-By Arrangement and brought the total amount of IMF financing to US\$19.4 billion. Turkish authorities also held meetings with private sector creditors to encourage them to roll over Turkish debt obligations. Despite the additional assistance, Turkey's economic and financial situation deteriorated in the aftermath of September 11. Negotiations began on a new Stand-By Arrangement, and a facility worth US\$16.3 billion (including amounts undisbursed under previous arrangements) was approved in February 2002.

In East Asia there was a sharp reduction in economic growth in 2001 compared to 2000, with the information technology export-oriented economies the most adversely affected. Despite the slower growth and the negative impact of September 11, financial markets strengthened over the course of 2001. Stock markets recovered during the fourth quarter, and currencies remained stable despite the sharp weakening of the yen and the uncertainty caused by the Argentine debt default. However, corporate and financial sector restructuring in the region remained incomplete. Indonesia in particular appeared to fall behind in its reform objectives through the year. However, after a nine-month delay in disbursements, IMF lending resumed in September 2001 after the Indonesian government made firmer commitments to implement key reforms.

In Russia a large fiscal surplus and growing international reserves, along with announced contingency measures to contain spending, improved the government's ability to meet its debt obligations. As a result, Russia was able to start repaying its past IMF loans at an accelerated rate. Approximately US\$3.9 billion was repaid to the IMF in 2001 and Russia's total debt outstanding to the Fund fell to US\$7.7 billion by year-end.

IMF-Led Packages for Emerging Economies

Contributions (in billions of US dollars)

Donor	Turkey	Argentina
IMF (% of quota)	25.3 (2,050%)	22.0 (800%)
Type of program and approval date	Supplemental Reserve Facility (December 2000), Three-Year Stand-By Arrangement (February 2002)*	Supplemental Reserve Facility (December 2000), Three-Year Stand-By Arrangement (September 2001)**
Other international financial institutions	1.2	
Total	26.5	22.0

* A three-year Stand-By Arrangement worth US\$4 billion was originally approved in December 1999 and was augmented by US\$8 billion in May 2001. A Supplemental Reserve Facility worth US\$7.4 billion was approved in December 2000. A new three-year Stand-By Arrangement worth US\$16.3 billion, which included US\$4.2 billion remaining under the previous Stand-By Arrangement as well as US\$6.2 billion in Supplemental Reserve Facility repayments, was approved in February 2002. Net of these amounts, the new Stand-By Arrangement is worth US\$5.9 billion.

**A three-year precautionary Stand-By Arrangement worth US\$7.2 billion was approved in March 2000. The Stand-By Arrangement was activated and augmented by US\$6.8 billion in December 2000, bringing the size of the program to US\$14 billion, of which US\$3 billion was in the form of a Supplemental Reserve Facility. The Stand-By Arrangement was further augmented by US\$8 billion in September 2001.

Efforts to Promote International Financial Stability

Strengthening Surveillance to Prevent Crises

There is a consensus in the international community that more effective surveillance must be at the centre of the IMF's efforts to strengthen the world economy and the international financial architecture. In light of large-scale private capital flows, the IMF has shifted the nature and scope of its surveillance. Over the past three years the IMF has:

- sharpened its focus on macroeconomic policy, capital flows and structural issues that have an impact on macroeconomic stability, particularly in the financial sector, and on exchange rates;
- developed new analytical tools for assessing external and financial sector vulnerability that will help countries assess reserve adequacy, manage their reserves, and monitor and manage their debt so as to prevent crises; and
- promoted greater transparency and the flow of information, for both member policies and the Fund's own activities.

Canada supports measures to enhance the transparency and accountability of the Fund's own operations. The Fund had responded to the concerns of members regarding transparency by making available significantly more information on its activities. The key initiatives include:

- Publishing more information about IMF surveillance of members, including Public Information Notices (PINs), which provide background information on a member country's economy and the IMF's assessment of the country's policies and prospects. PINs are issued at the country's request following the conclusion of the Fund's regular Article IV consultation with the country. Full Article IV staff reports are now published when the country concerned agrees. Canada's most recent PIN and Article IV report can be found on the IMF Web site at <http://www.imf.org/external/country/can/index.htm>. An increasing number of countries have agreed to the publication of PINs.
- Encouraging countries to publish the "mission statements" that are prepared at the time of the IMF's annual Article IV consultations with member countries. Prior to the preparation of the staff's report to the Executive Board, the IMF mission often provides the authorities with a statement of its preliminary findings at the conclusion of its discussions with them. A number of countries, including Canada, are now releasing these statements. Canada's most recent mission statement can be found on the IMF Web site at <http://www.imf.org/external/country/can/index.htm>.
- Releasing more information about countries' IMF-supported programs and the Executive Board reviews of these programs. The Fund has adopted a policy establishing a presumption in favour of publication of Letters of Intent and other documents that underpin Fund-supported programs.

- Publishing staff papers on key policy issues and issuing PINs of the Board discussions of these papers. In addition, the Fund is increasingly posting draft papers on important policy issues on its Web site so that the views of civil society and other segments of the public can be taken into account. As well, more financial information is being released about the IMF, including the sources of financing for IMF lending (the quarterly financial transactions plan).
- Providing the public with substantially expanded access to the Fund's archival material.

The Fund is also working to deepen its understanding of international capital markets and financial flows. In 2001 it established the International Capital Markets Department in order to enhance its ability to identify crisis symptoms early enough to address them effectively. The new department will also strengthen the Fund's ability to help countries gain access to international capital markets, an important step in helping the poorest countries make a breakthrough in poverty reduction.

A key lesson drawn from recent financial crises is the need for proper sequencing and pace of capital account liberalization. Countries with weak, underdeveloped or poorly regulated financial markets are highly vulnerable to the risks associated with open capital flows. In July 2001 the Fund had a preliminary discussion of some general principles which could be helpful to countries in sequencing and co-ordinating capital account liberalization, including the desirability in most cases of liberalizing long-term flows (particularly foreign direct investment) ahead of short-term flows. Discussions on this issue will continue, including through the Capital Markets Consultative Group, which was established in 2000 to promote a better dialogue between member countries and private investors and creditors.

Implementation and Assessment of International Codes and Standards

To help improve economic policy making and strengthen the international financial system, the international community has called upon the IMF and other standard-setting agencies to develop standards and codes covering a wide range of economic and financial areas. In this effort, the Fund is responsible for its core areas of expertise. For example, in 1998 the Fund adopted a Code of Good Practices on Fiscal Transparency to guide member countries in enhancing the accountability and credibility of fiscal policy. In 1999 the Fund adopted a similar code with respect to monetary and financial policies. Other institutions, such as the World Bank, Organisation for Economic Co-operation and Development and Basle Committee, take responsibility for other areas, including insolvency regimes, corporate governance and banking supervision.

The Financial Stability Forum has highlighted 12 codes and standards (in the areas of macroeconomic policy and data transparency; corporate governance; and financial regulation and supervision) as key for sound financial systems and deserving priority implementation, depending on country

circumstances. Both the G-7 and Group of Twenty (G-20) have encouraged countries to articulate publicly their adoption of standards, announce their plans of action and participate in IMF-led assessment programs.

Implementation is being encouraged among other things through the provision of targeted technical assistance, in accordance with countries' domestic priorities and circumstances. The G-7 has welcomed the contribution of the IMF, World Bank and national authorities toward addressing resource constraints to implementing standards by providing advice and assistance, and called on the international financial institutions to catalogue and assess these technical resources and demands to ensure that support is channelled effectively.

There is a general consensus that the IMF has a key co-ordinating role in assessing observance of codes and standards through its Reports on the Observance of Standards and Codes (ROSCs), as well as through the joint IMF-World Bank Financial Sector Assessment Program (FSAP). Recent developments regarding FSAPs are covered in the "Joint Issues" section.

The Fund has developed a modular approach to ROSCs whereby comprehensive assessments of members' adherence to a range of internationally recognized standards can be built up over time, standard by standard. ROSCs summarize the extent to which countries observe these standards, focusing primarily on the areas of direct operational concern to the IMF, such as data dissemination and fiscal transparency. ROSC modules for the financial sector are now being derived as a by-product of the FSAP process. Canada was the first country to publicly release as a ROSC the assessment of compliance with international standards conducted during its FSAP. Canada has undertaken ROSCs in the areas of banking and insurance supervision, fiscal policy transparency, monetary and financial policy transparency, payments systems and securities regulation. Canada's ROSCs can be found on the IMF Web site at <http://www.imf.org/external/np/rosc/rosc.asp#c>. Overall, as of December 2001, 201 ROSC modules had been produced for 67 countries.

The Financial Stability Forum

The Financial Stability Forum was established in April 1999 to promote international financial stability through enhanced information exchange and international co-operation in financial market supervision and surveillance. The Forum is well placed to promote this objective as it regularly brings together senior officials from finance ministries, central banks and financial sector supervisory bodies from countries with significant financial centres, as well as representatives of the international supervisors, the Bank for International Settlements, the IMF and the World Bank. The Forum has the role of identifying gaps in the regulation of financial systems and developing solutions to address these vulnerabilities.

At its October 25, 2000, meeting in Montréal, the G-20 reiterated its belief that adherence to international codes and standards can reduce countries' vulnerability to financial crises. A majority of G-20 members have now fulfilled their commitment, made at the inaugural meeting of G-20 ministers and governors in Berlin in December 1999, to undertake the completion of ROSCs and FSAPs. At their November 16-17, 2001, meeting in Ottawa, the G-20 countries reaffirmed their determination to promote the adoption of international standards and codes for transparency, macroeconomic policy, sound financial sector regulation and corporate governance.

The Group of Twenty

The Group of Twenty (G-20) was established in the fall of 1999 to ensure broader participation in discussions on international financial affairs among countries whose size or strategic importance gives them a particularly crucial role in the global economy. The G-20 consists of finance ministers and central bank governors from 19 industrialized and emerging market countries, as well as representatives from the European Union, the European Central Bank, and the IMF and the World Bank and their policy committees. Canada's Minister of Finance, Paul Martin, was named the first chair of the G-20.

Following the 1995 Halifax Summit the Fund initiated work on new data standards to better inform markets of financial and economic developments and to strengthen Fund surveillance. Countries that are capital market borrowers are now making comprehensive data available to the public on a timely basis under the IMF's Special Data Dissemination Standard (SDDS) established in April 1996. Information on the statistical practices of members subscribing to the new standard is posted on the IMF's Dissemination Standards Bulletin Board (DSBB) on the Internet (<http://dsbb.imf.org/>). Canada was one of the first countries to subscribe to the new standard, and information on Canada's statistical practices is posted on the DSBB at <http://dsbb.imf.org/country/cancats.htm>.

In 1999 the Fund strengthened the SDDS by requiring the disclosure of additional information on international reserves on a monthly basis, with weekly disclosure of key reserve assets to be encouraged. In July 1999 Canada became one of the first countries to disseminate the additional data required by the expanded standard. Moreover, Canada releases key data on its international reserves on a weekly basis. In 2000 a new external debt category with quarterly data disclosure was incorporated into the standard. Subscribing countries have a three-year transition period, ending in March 2003, to implement the new data category. The Fund reviewed progress under the SDDS in July 2001 and approved the integration of a data quality assessment framework methodology into the structure of the data module of ROSCs.

Financial Sector Work

The financial crises experienced by emerging market economies in recent years highlighted the critical importance of concerted action to strengthen the international financial system. In the past two years the Fund has developed a comprehensive approach to promoting the stability of members' domestic financial sectors as an element of efforts to safeguard the stability of the international system (the main developments in this area are covered in the "Joint Issues" section).

After September 11, 2001, an action plan was formulated by the Fund to intensify its contribution to global efforts to combat money laundering and the financing of terrorism. At its November meeting in Ottawa, the International Monetary and Financial Committee endorsed the Fund's action plan to intensify its involvement in this area, consistent with its mandate and expertise. The Fund will:

- extend its involvement beyond money laundering to efforts aimed at countering terrorist financing;
- expand its anti-money laundering work, including through FSAPs, to cover legal and institutional frameworks;
- accelerate its program of offshore financial centres, and undertake onshore assessments in the context of the FSAP;
- help countries identify gaps in their anti-money laundering and anti-terrorist financing regimes in the context of Article IV voluntary questionnaires;
- enhance its collaboration with the Financial Action Task Force to develop a mutually acceptable global standard on anti-money laundering; and
- intensify its provision of technical assistance to enable members to implement the agreed international standards and extend it to include help for the creation of financial intelligence units (FIUs).

Moreover, the International Monetary and Financial Committee called for further international action to combat the financing of terrorism and urged all countries to take measures as soon as possible, preferably by February 1, 2002, on:

- establishment of FIUs to receive and process reports of suspicious transactions from the financial sector, and to monitor and analyze suspected terrorist funds;
- provisions to ensure the sharing of information and co-operation between national FIUs; and
- deployment of technical assistance through support provided either bilaterally or through an international trust fund.

An interim report will be made to the International Monetary and Financial Committee in April 2002 on progress in the implementation of the Fund's action plan. The Fund will undertake a full review of its work in this area in time for the next Annual Meetings in the fall of 2002.

Private Sector Involvement in Crisis Prevention and Resolution

Ensuring that private investors are appropriately engaged in the prevention and resolution of international financial crises is generally agreed to be a critical aspect of ongoing initiatives to strengthen the international financial architecture. Indeed, an approach where the official sector finances the massive outflow of capital characteristic of recent crises is neither sustainable, given that the scale of private capital flows dwarfs the resources of the official sector, nor desirable, as it serves to distort the assessment of risk and return in international capital markets.

Canada has been a strong advocate of the important role the IMF should play in establishing an operational framework for improved private sector involvement in crisis management. This reflects the IMF's position at the centre of the international financial system and, more importantly, its ability to help facilitate a more orderly and co-operative resolution of international payment problems.

The IMF has made encouraging progress over the past year on this issue. The most notable development was the proposal by IMF management in November 2001 for a sovereign debt restructuring mechanism, which would be analogous to domestic bankruptcy regimes. This is clearly a welcome initiative, and it will be studied further in 2002. However, establishing a formal bankruptcy mechanism will take time. In the interim, steps must be taken to improve the existing approach to crisis management. Canada attaches priority to strengthening the crisis management framework in the short term by establishing credible limits to official financing, for all but exceptional cases; and developing clearer guidelines for standstills and lending into arrears.

Focusing Conditionality and Fostering Ownership

An important feature of IMF arrangements is the "conditionality" that borrowing countries undertake to correct their underlying balance of payments problems and to restore their ability to repay the Fund. Over time conditionality has broadened in scope and become more complex, leading to concerns about its impact and effectiveness. In the fall of 2000 the Fund's Managing Director proposed ways to streamline and focus Fund conditionality. Critical elements of the strategy include a sharper focus on factors that are relevant to a country's macroeconomic and financial stability. Where structural reforms that are critical to a program's success lie outside the Fund's core areas, the Fund should work with the World Bank and other international financial institutions, which have a comparative advantage in the design and monitoring of these measures. The overall objective is to enhance the success and effectiveness of conditionality without weakening it.

The initial limited experience with streamlining is encouraging – structural measures in recent programs appear to be more prioritized and focused on the Fund's core areas of responsibility. For low-income countries, collaboration with the World Bank has been much improved through the Poverty Reduction Strategy Paper process. In November 2001 the Fund discussed how to

ensure that conditionality in Fund-supported programs be designed and applied in a way that reinforces national ownership and sustained implementation of country economic reforms. Ownership depends on both the content of the program and the process by which the program is negotiated. In this regard, there was a consensus that early involvement of country authorities in the design of a program is important, and that the process should encourage the authorities to consider various policy alternatives.

In early 2002 the Fund reviewed the modalities by which Fund financing is linked to policies, including the scope for basing conditionality on the achievement of specified outcomes, or results, rather than on specified policy actions. The discussion also examined the role of specific tools used to monitor the implementation of Fund-supported programs, such as prior actions, waivers and program reviews. Following a discussion of the lessons distilled from the review of conditionality, the Fund will formulate proposals before the 2002 Annual Meetings on new conditionality guidelines.

Reform of IMF Facilities

The IMF reformed its non-concessional lending facilities in 2000 to better reflect the changing nature of the global economy, ensure more effective use of IMF resources and shift the focus of Fund lending toward crisis prevention. In November 2000 agreement was reached on a streamlined structure of lending facilities that aims to encourage countries to seek private sources of capital and discourage excessively long or large use of IMF resources. The key changes are:

- The **Contingent Credit Lines facility**, which was established in 1999 to provide members that meet strict eligibility criteria with a precautionary line of defence against external contagion, and which has not been used, was enhanced by making resources more readily available. The interest rate charged has been reduced by halving the initial surcharge over the standard rate of charge to 150 basis points and reducing the commitment fee that applies to larger Fund arrangements. In addition, monitoring under the Contingent Credit Lines will be less intensive than under other arrangements.
- The terms of **Stand-By Arrangements** (the Fund's core lending instrument to address temporary payments imbalances) and the **Extended Fund Facility** (the Fund's facility for protracted balance of payments problems) have been adapted to encourage countries to avoid reliance on Fund resources for unduly long periods or in unduly large amounts.
- The problem of unduly long use of Fund resources will be addressed through the introduction of schedules of early repurchase expectations, under which members able to repay before the final maturities of their loans will be expected to do so.
- Interest surcharges have been added for the use of Fund resources above high levels of credit outstanding (i.e. above 200 per cent of quota) to discourage unduly large access.

- Use of the Extended Fund Facility will be confined to those cases where there is a reasonable expectation that a member's balance of payments difficulties will be relatively long-term, including because it has limited access to capital markets. In contrast to recent practice, the strength of the structural reform effort per se will not be considered sufficient reason for use of Extended Fund Facility resources. It is expected that the Extended Fund Facility would be especially appropriate for graduating Poverty Reduction and Growth Facility low-income countries and some transition economies that do not have access to capital markets.
- To provide additional safeguards for Fund resources, and to help ensure that the achievements of arrangements are preserved, it has been agreed there should be more formal post-program monitoring by the IMF of economic developments and policies following the expiration of arrangements. A presumption of more formal post-program monitoring would apply for members with substantial credit outstanding at the end of an arrangement.

In the period ahead it will be important that the Fund monitor its lending to ensure that the new streamlined structure of lending facilities leads to a more efficient use of resources and that it contributes to crisis prevention.

Safeguarding IMF Resources

In 2000 the Fund adopted a multi-faceted approach to strengthening the safeguards on the use of IMF resources. Central banks of member countries making use of Fund resources will have to publish annual financial statements, independently audited in accordance with internationally accepted audit standards. If vulnerabilities are identified in a country's ability to manage its resources, including IMF resources, IMF staff will propose remedies, including measures to be implemented before further disbursements of IMF funds. In 2002 the Fund will consider the experience with, and next steps for, the safeguard assessments of central banks.

Strengthening Governance and Accountability

Better information on the activities of the IMF contributes to greater public understanding of the institution. In addition to supporting measures to enhance the transparency and accountability of the IMF, one of Canada's priorities is the promotion of good governance. The Fund adopted guidelines in 1997 on its role in issues of governance and is more actively emphasizing the links between poor governance and weak economic performance. In February 2001 the Fund reviewed its experience in governance issues and concluded that the guidelines remained appropriate.

With respect to transparency and accountability, in the past year the IMF:

- Announced the initial work program of the Independent Evaluation Office (IEO), which had been established in April 2000 to undertake objective assessments of the IMF's operations, policies and programs. The IEO operates independently of IMF management and at arm's length from the Fund's Executive Board.

- The work program was developed following extensive consultations with government authorities, non-governmental organizations (NGOs), members of the academic community and representatives of the financial sector, as well as the staff, management and Executive Board of the IMF.
 - The first three projects, to be completed over the next year, will consist of: (1) an examination of fiscal adjustment in IMF-supported programs in a select group of low- and middle-income countries; (2) an evaluation of the role of the IMF in three recent capital account crisis cases (Brazil, Indonesia and Korea); and (3) an investigation of the IMF's role in those countries that have been repeat users of Fund financial resources.
 - The IEO intends to consult extensively with external stakeholders in deriving the detailed terms of reference for each study and give them further opportunities to comment when the completed evaluation reports are made public.
- It is also important that the IMF decision-making structure remain accountable. The key challenge is to make IMF quotas more reflective of developments in the world economy and to ensure that Fund governance arrangements are representative of the membership. In the past year the Fund reviewed the formulas that are used to help determine members' quotas, as well as the structure and content of possible alternative formulas. The Fund will give further consideration to the quota formula issue in 2002 and examine the issues for a potential quota increase as part of the next (twelfth) general review of quotas, which is scheduled to be completed by January 30, 2003.

Technical Assistance

In addition to its policy advice and financing, the IMF provides technical assistance to member countries in its areas of expertise – including macroeconomic policy, monetary and foreign exchange policy and systems, fiscal policy management, external debt and macroeconomic statistics. The main objective of technical assistance is to support members' efforts to strengthen their capacity – both human and institutional resources – to formulate and implement sound policies. Technical assistance also helps countries design appropriate macroeconomic and structural reforms, taking into account the lessons learned by other countries in addressing similar economic policy concerns. More recently it has been agreed that technical assistance should play a central role in supporting the work of the IMF in crisis prevention and management, in capacity building in low-income and transition countries, and in restoring macroeconomic stability in countries in the wake of crises.

Since the demand for IMF technical assistance normally exceeds the resources available, the IMF takes a number of considerations into account in setting priorities for country requests. These considerations were revised in 2001, and new guidelines, in the form of "filters," were approved. Under the revised guidelines, priorities for technical assistance will be set in accordance

with the IMF's core areas of specialization, its main program areas and its key policy initiatives, which will enable a more systematic alignment of resource commitments with institutional priorities.

As technical assistance projects have grown both larger and more complex, multiple sources of financing have been needed to underwrite costs. Large projects now commonly involve the IMF and multilateral agencies, such as the United Nations and the World Bank, as well as bilateral donors, including Canada. Canada's technical assistance collaboration with the IMF in the financial sector area in the Caribbean region is covered in the "Joint Issues" section.

The Special Drawing Right

- The special drawing right (SDR) is an international reserve asset created by the IMF and allocated periodically to its members as a supplement to their foreign currency and gold reserves.
- A general SDR allocation requires a determination by the IMF Board of Governors that there is a long-term global need to supplement existing reserve assets.
- SDRs were first allocated to members in 1970. There have been two other general allocations, the most recent undertaken in 1981. The outstanding stock of SDRs currently totals SDR 21.4 billion.
- In September 1997 IMF Governors approved a special one-time allocation of SDR 21.4 billion, which will ensure that all members receive an equitable share of cumulative SDR allocations (the amendment to ratify the allocation has not yet been accepted by a sufficient majority of members).
- Canada has received allocations totalling SDR 779.3 million. Following the special one-time allocation, Canada's allocations will increase to SDR 1,266.5 million.

Consideration of an SDR Allocation

The Fund's Articles of Agreement require that every five years the Fund consult the membership on whether or not there is broad support for a general SDR allocation based on the long-term global need to supplement existing international reserves. The Fund's Executive Board reviewed the issue in December 2001. Although there was substantial interest in considering the usefulness and implications of a general SDR allocation for the period 2002-06, there was not sufficiently broad support to make a specific proposal. While, at the time, the near-term outlook for the world economy was uncertain and could have been viewed as suggestive of the need for an SDR allocation, global growth was expected to pick up over the course of 2002 and balance of payments difficulties and their financing were anticipated to be much less acute than was the case at the time of the decision. In the majority view, the longer-term outlook did not provide strong evidence of a need to supplement global liquidity.

Also at the December discussion, most Executive Directors expressed concern about the delay in implementing the Fourth Amendment of the Articles of Agreement, providing for a special one-time allocation of SDRs, which had been approved by the Board of Governors in 1997. They strongly encouraged members that had not done so to ratify the Fourth Amendment as soon as possible. Canada ratified the amendment in 1998.

How to Access Information at the IMF

A vast array of Fund information – including fact sheets, press releases, speeches, the *IMF Survey*, annual reports, world economic outlooks, staff country reports and working papers – is available on the Fund's Web site at <http://www.imf.org/>. In addition, the IMF's Publications Services provides a wide variety of Fund documents on the policies and operations of the IMF, as well as world financial and economic developments:

- IMF annual reports
- *World Economic Outlook*
- *Global Financial Stability Report*
- IMF staff country reports
- *International Financial Statistics*
- *Annual Report on Exchange Arrangements and Exchange Restrictions*
- press releases
- *IMF Survey*

Publications Services is located at 700 – 19th Street N.W., Washington, DC 20431, USA. Phone: (202) 623-7430; fax: (202) 623-7201. Internet e-mail address: publications@imf.org.

Poverty Reduction and Debt Relief

Canada places a high priority on reducing poverty and ensuring that debt relief does indeed go to this purpose. Although the World Bank is the central institution for poverty reduction, macroeconomic stability – a key condition for achieving poverty reduction and growth – is the responsibility of the IMF. In conjunction with the enhanced debt reduction scheme for heavily indebted poor countries, and as part of its contribution to the global anti-poverty effort, the IMF replaced its concessional facility, the Enhanced Structural Adjustment Facility, with the more focused Poverty Reduction and Growth Facility in 1999. As a consequence, direct anti-poverty measures are playing a central role in programs supported by the IMF, World Bank and other lenders. Programs supported by the Poverty Reduction and Growth Facility (and the World Bank's concessional window – the International Development Association) are consistent with a comprehensive, nationally owned Poverty Reduction Strategy Paper prepared by the borrowing country and based on a process

involving the participation of civil society, NGOs, donors and international institutions. The Fund's role in this area is covered more extensively in the "World Bank" and "Joint Issues" sections.

Lending Developments in 2001

A core activity of the Fund is to provide short- and medium-term financial assistance to members faced with balance of payments difficulties. The objective is to enable countries facing such difficulties to correct temporary payments imbalances with a minimum of disruption to the international monetary system. The provision of financing from the IMF, as well as the additional financing that an arrangement with the Fund often attracts from other sources, enables countries to undertake smoother economic adjustment.

At the end of 2001 the IMF had lending arrangements worth SDR 57.8 billion in place for 55 member countries (see Annex 1). Drawings under lending commitments more than tripled in 2001 to SDR 24.6 billion. The increase in lending reflected the sharp slowdown in growth in almost all regions of the world, accompanied by a decline in trade growth, lower commodity prices and deteriorating financing conditions in emerging markets. The bulk of the non-concessional lending took place under Stand-By Arrangements, in line with the restructuring of the IMF's lending facilities in 2000 to confine use of the Extended Fund Facility to cases of longer-term balance of payments difficulties. Turkey, Argentina and Brazil received the largest disbursements, some of which were financed through the Supplemental Reserve Facility, the Fund's short-term lending facility that addresses crisis situations. There was an increase in net credit extended in 2001, as purchases exceeded repurchases (repayments). Korea and Russia, which had drawn large amounts during past financial crises, made large repayments.

Table 1
IMF Resource Flows

	2000	2001
	(in SDR billions)	
Total purchases	7.7	24.6
Of which:		
Stand-By Arrangements	5.8	23.0
Extended Fund Facility	1.3	0.7
Compensatory Financing Facility	0.0	0.0
Poverty Reduction and Growth Facility	0.5	0.9
Other	0.1	0.0
Total repurchases	15.8	14.1
Net repurchases	-8.1	10.5

Lending increased slightly under the IMF's concessional facility, the Poverty Reduction and Growth Facility. No drawings were made under the Compensatory Financing Facility, one of the Fund's other special-purpose facilities, which was streamlined and rationalized in early 2000.

Managing Canada's Interests at the IMF

The Minister of Finance is Canada's Governor at the IMF and is responsible for the management of Canadian interests at the Fund. The Minister exercises influence on IMF issues through Canada's Executive Director at the Fund's Executive Board, interventions at the spring and fall meetings of the International Monetary and Financial Committee, his plenary speech at the IMF and World Bank Annual Meetings, and periodic meetings with the Managing Director of the Fund (the Minister's speeches are available on the Department of Finance Web site at <http://www.fin.gc.ca/>). The Governor of the Bank of Canada is Canada's Alternate Governor of the IMF. The Governor also attends the Fund's spring and fall meetings.

The management of Canada's interests in the ongoing work of the IMF is the responsibility of the Executive Director, Ian E. Bennett, Canada's representative on the Executive Board. He is one of 24 Executive Directors. In addition to Canada, he represents 11 other countries (Ireland and 10 Caribbean countries), which form a constituency at the Executive Board. Of the 24 members of the current Executive Board, 12 are from developing or transition countries and 12 from industrialized countries. As the main decision-making body of the Fund, the Board normally meets three times a week.

The Department of Finance co-ordinates Canadian policy advice on IMF issues and Canada's operational interests in the IMF. The Bank of Canada also works closely with the Department of Finance in providing advice on issues of interest to Canada's Executive Director. Other involved government organizations include the Department of Foreign Affairs and International Trade and the Canadian International Development Agency. Within the Department of Finance, the International Trade and Finance Branch is responsible for conducting analyses and preparing advice on the policy issues and specific country programs that are brought before the Executive Board. The Department and Canada's Executive Director's office also work closely with Canada's World Bank Executive Director's office and meet frequently with Canadian NGOs.

Parliament is informed of the activities and operations of the Bretton Woods institutions through the tabling of the annual report on their operations, the communiqués of the International Monetary and Financial Committee and the Development Committee, and appearances of the Canadian Executive Directors and departmental officials before parliamentary committees.

Canada's Voting Record

Since most decisions at the Fund are taken on a consensus basis, formal votes by Governors and the Executive Board are rare. Canada attempts to influence the development of Fund policy proposals before they are brought to the Board (often through the circulation of memoranda outlining Canadian positions) or to influence other members in the course of Board discussions. But in 2001 Canada voted against an increase in the remuneration of IMF Executive Directors and in IMF staff salaries.

Canada's Office at the IMF

In addition to the Executive Director, Canada's office is staffed by two Canadian advisors and a technical assistant. Ireland staffs the Alternate Director's position and the Caribbean countries staff a third advisor's position.

The primary responsibility of the Executive Director's Office is to represent the interests of Canada and the other members of the constituency at the Fund's Executive Board. The office participates in the Board's discussions of a wide variety of policy, operational and administrative matters, including surveillance issues and country assistance requests and reviews.

Members of the Executive Director's Office

Executive Director	Ian E. Bennett
Irish Alternate Executive Director	Nicolas O'Murchu
Canadian Advisor	Paul Fenton
Caribbean Advisor	Peter Whitehall
Canadian Advisor	Frank Vermaeten
Canadian Assistant	Chris Faircloth
Administrative Assistant	Monique Chagnon
Administrative Assistant	Catherine Byrne
Administrative Assistant	Liz Craib
Phone/fax	(202) 623-7778/(202) 623-4712
Address	11-112, 700 – 19th Street N.W., Washington, DC 20431, USA

Canada's Financial Participation

Canada's financial participation in the IMF consists primarily of its quota subscription. Canada's quota following the increase associated with the Eleventh Review is SDR 6,369.2 million, or about 3 per cent of total quotas. Canada's quota subscription is a government asset, which is made available to the Fund partly in Canadian dollars and partly in reserve currencies, such as US dollars or SDRs. These latter non-Canadian dollar amounts continue to be part of Canada's foreign exchange reserves. As an asset, Canada's quota subscription is not recorded as an expenditure item in the budget of the Canadian government.

Only a tiny portion of the Canadian dollar part of its subscription is actually held in cash by the IMF. The balance is held by the Bank of Canada in the form of demand notes, which are available to the Fund in the event it needs to draw upon additional resources. Canada earns interest on its quota subscription when the Canadian dollar is used in Fund lending operations, i.e. is drawn by other member countries. In 2001 Canada received SDR 60.5 million on its net creditor position in the IMF. The net income from Canada's net creditor position with the Fund is paid into the Government of Canada's Exchange Fund Account, adding to the foreign exchange reserves.

Table 2

Canada's Financial Position in the IMF

	December 31, 2001	December 31, 2000
	(in SDR millions)	
Quota	6,369.2	6,369.2
Fund holdings of Canadian dollars	4,090.8*	4,443.4*
Reserve position in the Fund	2,278.4**	1,925.8**

* In accordance with Fund regulations, at least 0.25 per cent of Canada's quota is held by the IMF in a Canadian dollar cash deposit at the Bank of Canada. The Fund's remaining Canadian dollar holdings are in the form of non-interest-bearing demand notes, also kept by the Bank of Canada.

**This is the amount Canada is entitled to draw on demand from the IMF for balance of payments purposes. Canada's reserve position in the Fund is the result of the portion of Canada's quota subscription made available to the Fund over time in reserve currencies, the use of the Canadian dollar in Fund financial transactions with other members, and loans to the IMF under borrowing arrangements such as the General Arrangements to Borrow (GAB) and New Arrangements to Borrow (NAB). As the name suggests, Canada's reserve position in the Fund is a part of Canada's official foreign exchange reserves.

At the end of the year Canada's holdings of SDRs amounted to SDR 489.0 million, or 62.7 per cent of Canada's cumulative allocation of SDRs. In 2001 Canada held SDRs in an amount below its allocation, and so paid net interest of SDR12.3 million.²

Last year, in line with earlier commitments, Canada made further contributions to the IMF's Poverty Reduction and Growth Facility, formerly the Enhanced Structural Adjustment Facility. The facility provides financial support on concessional terms to low-income countries facing protracted balance of payments problems. Canada's total commitment to the Poverty Reduction and Growth Facility is a loan of SDR 700 million and a grant of approximately SDR 190 million. At the end of 2001 loan payments under these arrangements totalled SDR 549.1 million of the SDR 700 million, and subsidy contributions equalled SDR 168.9 million of the SDR 190 million. In 2001 Canada received SDR 9.3 million in interest earned on loans to the Poverty Reduction and Growth Facility.

Further, Canada is a participant in a financing arrangement established to supplement the Fund's regular resources in the event of financial crises, the NAB, which was not activated in 2001 (see box below). Canada is also a participant in the GAB, an earlier credit arrangement established by the G-10. Canada's GAB commitment is the equivalent of SDR 892.5 million. This line of credit was not used in 2001.

New Arrangements to Borrow

The following are the main features of the NAB, which came into force in 1998:

- Participating countries will make loans to the IMF when supplementary resources are needed to forestall or cope with an impairment of the international monetary system, or deal with an exceptional situation that poses a threat to the stability of the system.
- Twenty-five countries have agreed to lend up to SDR 34 billion (about C\$68 billion) to the Fund in the case of financial emergencies.
- Canada's share in the arrangement is 4.1 per cent, in the form of a commitment to provide non-budgetary loans to the IMF from its international reserves.
- The NAB does not replace the GAB, which remains in force. However, the NAB will be the first and principal recourse of the IMF if supplementary resources are needed.

² When a member's holdings of SDRs is greater (lesser) than its cumulative allocation, that member (the Fund) receives interest on the difference.

Challenges Ahead

A key challenge for the Fund is to ensure that its mission meets the needs of an increasingly integrated global economic system. The evolution of the Fund's place in the international financial system must continue to reflect changes in the world economy. In particular, there is a need to assess the role of the Fund in a world of large-scale private capital flows. To meet these challenges:

- The Fund should continue to work in partnership with the World Bank and other global institutions to help countries adopt the policies that will enable them to benefit from globalization. The Fund is well placed to help ensure that the benefits of globalization are as widely shared as possible.
- The Fund also needs to continue its efforts to ensure appropriate private sector involvement in the prevention and resolution of crises. Further work with the international community is required to implement an operational framework for improved private sector involvement in crisis management, including through a new approach to sovereign debt restructuring.
- The Fund should work to make IMF quotas more reflective of developments in the world economy and ensure that Fund governance arrangements are representative.

WORLD BANK

Membership in the World Bank (the Bank) affords Canada an important voice on key development issues in the world's premier multilateral development institution. With 183 members,³ and loans and credits outstanding to 140 developing and transition member countries in fiscal year (FY) 2001⁴ totalling US\$205 billion, the Bank has a far-reaching impact on global development and poverty reduction. It provides policy advice and financial support crucial to improving borrowing members' longer-term development and poverty reduction prospects. It also assists members by providing concessional assistance and improved access to world financial markets for development purposes.

Canada's capital share of about 3 per cent gives it a seat on the Bank's Executive Board and on the Development Committee of the Boards of Governors of the Bank and the IMF. Canada has the opportunity at the Executive Board, in dialogue with Bank staff, and at the Annual Meetings of the Board of Governors (and the Development Committee) to provide direct input into the formulation of Bank policies and operational decisions. Canada and other shareholders help to guide the Bank in improving developing countries' economic, social and environmental performance. Through its engagement with the Bank, Canada's influence in developing countries can be leveraged beyond what can be achieved through bilateral programs. For example, Canada has played a leading role in the Bank's discussion of the implementation of the heavily indebted poor country (HIPC) debt relief initiative. In the context of the effort to combat the financing of terrorism after September 11, 2001, Canada has helped shape the Bank's efforts to strengthen monitoring in developing country financial institutions, including increased Bank technical assistance to these countries. Canada has also been involved in shaping the Bank's approach to post-conflict reconstruction in Afghanistan.

Bank membership also provides the Canadian government with access to the institution's research and policy work, which enriches our own understanding of international development. The Canadian International Development Agency (CIDA), for example, is able to draw on Bank analytic and technical expertise in order to gain a more comprehensive understanding of the social and economic policy environments that are conducive to effective aid delivery. Finally, Canada's membership allows Canadian companies and individuals substantial procurement opportunities – in 2001 they provided goods and services worth US\$120 million under Bank-financed contracts.

³ The Federal Republic of Yugoslavia joined the World Bank on May 8, 2001, becoming the institution's 183rd member.

⁴ The Bank's fiscal year begins on July 1 and ends June 30 the following calendar year.

Overview of Operations in 2001

In FY 2001 the World Bank committed loans and credits of US\$17.3 billion to 85 developing and transition countries (see Annex 2). While higher than the US\$15.3 billion for FY 2000, this amount was considerably below average annual commitments during the 1990s. Most of the decline in lending can be attributed to lower demand from emerging market economies for non-concessional financing through the International Bank for Reconstruction and Development (IBRD), the Bank's non-concessional financing arm. The IBRD committed US\$10.5 billion in new loans in FY 2001, slightly below the US\$10.9 billion committed in FY 2000 and significantly below amounts committed annually over the past 10 years. World Bank concessional lending through the International Development Association (IDA) increased to US\$6.8 billion in FY 2001, compared to US\$4.4 billion in FY 2000. IDA commitments in FY 2001 marked a return to levels of IDA lending consistent with commitments during the 1990s.

Geographic and Sectoral Focus of Lending

New IBRD lending commitments in FY 2001 were highest in the Latin America/Caribbean region at US\$4.8 billion, or 46 per cent of its financing, where some emerging market economies continued to borrow substantial sums. Three large borrowers accounted for the bulk of IBRD financing to the region: Mexico (US\$2 billion), Brazil (US\$1.7 billion) and Argentina (US\$440 million). The next largest area of concentration was the Europe/Central Asia region, where the institution committed US\$2.2 billion, or 21 per cent of its financing. Turkey accounted for roughly US\$1 billion of this amount. The South Asia region accounted for over US\$2 billion, or 19 per cent of new IBRD commitments, all of which was committed to India, which was the IBRD's largest client in FY 2001. The East Asia/Pacific region accounted for US\$1.1 billion, or 11 per cent, of new IBRD lending. China was the IBRD's largest client in this region in FY 2001, with new commitments totalling US\$790 million.

In FY 2001 IDA lending increased in all geographic areas apart from the Middle East/North Africa region, which represented only 2 per cent of IDA commitments. IDA lending to Africa reached the indicative target of 50 per cent of total new IDA commitments set by donors during the negotiations for the 12th IDA replenishment (see box on page 42). Regional lending in response to the HIV/AIDS pandemic, renewed lending to Ethiopia and Nigeria, and support for post-conflict reconstruction boosted IDA financing to the region. The South Asia and East Asia/Pacific regions accounted for 18 per cent and 15 per cent respectively of total IDA lending. The Europe/Central Asia and Latin America/Caribbean regions together accounted for 15 per cent of new loans. Ethiopia was the largest IDA borrower in FY 2001 (US\$667 million), followed by Vietnam (US\$629 million), India (US\$520 million), Kenya (US\$350 million) and Bangladesh (US\$280 million).

The Bank's strong commitment to investing in people is reflected in the sectoral breakdown of both IBRD and IDA lending operations. Support for social sector investments, in particular, remains a high priority for both IBRD and IDA operations. The education, health/nutrition/population and social protection operations accounted for 25 per cent of total World Bank lending in FY 2001, compared to 21 per cent in FY 2000. Such human development projects accounted for 21 per cent and 32 per cent respectively of IBRD and IDA lending in FY 2001. Conversely, the share of oil and gas, mining, and electric power and other energy projects has fallen from an average of 17 per cent of overall World Bank lending over the FY 1992-97 period to 5.4 per cent in FY 2001, reflecting the increased activity of other lenders in the resource and power sectors. The decline in resource lending also reflects a broader trend in Bank lending away from large projects to smaller operations in support of institution building and human development.

Deferred Drawdown Option Introduced

A substantial decline in demand from middle-income countries for IBRD financing after the East Asian financial crisis had subsided prompted Bank management to review the institution's responsiveness to middle-income country borrowers. The review resulted in the introduction by the Bank in 2001 of a "deferred drawdown" contingency financing option as a risk management tool for countries nearing IBRD graduation and enjoying good, yet uneven, access to financial markets. The option allows for a deferral of the disbursement of a loan for up to three years to help borrowers maintain ongoing structural and social investment programs if market borrowing should become difficult.

Non-Lending Operations

In FY 2001 the Bank continued its strong focus on non-lending services in order to enhance the developmental effectiveness of its operations. The Bank provides a wide range of advisory, analytical, training and knowledge-related services in support of building domestic capacities. Through its non-lending activities, the Bank provides valuable policy advice that can bolster the effectiveness of its investment and adjustment lending.

How the World Bank Group Works

The World Bank Group is made up of four complementary but distinct entities: the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the Multilateral Investment Guarantee Agency (MIGA) and the International Finance Corporation (IFC).

The IBRD and IDA (together commonly known as the World Bank) provide funding for investment projects and for adjustment – or economic and sector reform – operations. The IBRD lends on commercial terms (charging an interest rate that is slightly above its own borrowing costs) to better-off borrowing members, while IDA provides 35- and 40-year interest-free credits to the poorest borrowers. IDA is the largest source of development finance for the world's poorest countries. The IBRD raises its funds primarily on international markets on the strength of its triple-A credit rating. In effect, the IBRD on-lends to borrowing countries at a rate of interest much lower than that which they could secure on their own borrowings. IDA, on the other hand, is independent of the IBRD and receives grant funding from donors, loan repayments and allocations from IBRD net income. As of June 2001 outstanding IBRD loans and IDA credits amounted to US\$118.9 billion and US\$86.6 billion, respectively.

The IFC supplements the activities of the IBRD and IDA by undertaking investments on commercial terms in productive private sector enterprises. The IFC provides such services as direct private sector loans, equity investments, resource mobilization and technical assistance. As of June 2001 the total outstanding loans and equity investment of the IFC were equivalent to US\$11 billion. MIGA's mandate complements that of the IFC: it promotes private foreign direct investment in developing countries, primarily by providing insurance against non-commercial risk, such as the risk of currency inconvertibility during civil conflict. MIGA's outstanding portfolio as of June 2001 amounted to US\$5.2 billion.

Each of the 183 shareholders has a seat on the Board of Governors of the World Bank. Most decisions on policy, operational and administrative issues, however, have been delegated to the 24-member Executive Board. Membership on the Executive Board is evenly split between developed and developing countries. Given the Bank Executive Board's constituency representation system, the Executive Director for Canada also represents Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Ireland, Jamaica, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines.

Strengthening the World Bank's Poverty Reduction Focus

Global Economic Slowdown

FY 2001 proved to be a challenging year for many of the Bank's clients. The global economy decelerated following a slowdown in the US economy in mid-2000. Growth in many developing countries slowed as investment contracted in East Asian economies and the effects of the US downturn rippled through Mexico and the rest of Latin America. Weak European and Japanese demand, slumping commodity prices and a sharp contraction in the growth of trade reduced growth in virtually all areas of the developing world. This situation was exacerbated by the terrorist attacks of September 11, 2001. Poverty expanded as developing countries faced falling export income, higher export transportation and insurance costs, increasing borrowing costs, declining tourism revenues and, in some cases, substantial refugee pressures. The Bank moved quickly to assist clients to cope with these sudden shocks by providing loans and technical assistance. On December 20, 2001, for example, the Bank approved a US\$75-million loan to support the Government of Jamaica's emergency economic rehabilitation program designed to help the country cope with the economic fallout stemming from September 11 and other shocks.

The Bank, as a member of the Afghanistan Reconstruction Steering Group (ARSG)⁵ and a vice-chair of its Implementation Group, is playing an important role in the international effort to support post-conflict reconstruction in Afghanistan. Together with the United Nations Development Programme and the Asian Development Bank, the Bank undertook a needs assessment in Afghanistan that will underpin the international community's assistance to the country. Afghanistan will become eligible for concessional Bank lending once its small amount of arrears to IDA is cleared. The Bank will also be working with the Asian Development Bank, UN agencies, bilateral donors and the European Bank for Reconstruction and Development to address economic problems that threaten stability in South and Central Asia.

⁵ Established by donors in November 2001, the ARSG is co-ordinating the international effort to provide assistance to Afghanistan. It is co-chaired by the European Union and the governments of the US, Japan and Saudi Arabia. In January 2002 the ARSG finalized the structure of its Implementation Group (IG). The IG will be chaired by the Afghan Minister of Finance, and representatives of the Bank, United Nations Development Programme, Asian Development Bank, Islamic Development Bank and Afghan Support Group of bilateral donors will serve as vice-chairs.

The World Bank's Response to the Events of September 11

The World Bank's response, which was designed in concert with the IMF and the regional development banks, included:

- increased lending and technical assistance in support of developing country efforts to combat money laundering and the financing of terrorism;
- increasing support for low-income countries, where warranted, through:
 - increased technical assistance and policy advice;
 - increased emergency and adjustment lending;
 - more rapid loan disbursements and short-term expansion of concessional flows in the form of either project or adjustment lending;
 - more focused poverty, economic and financial analysis at the country level by Bank staff; and
 - in exceptional cases, additional assistance at the completion point for HIPC countries; and
- closer co-operation with the UN, regional development banks and bilateral agencies in supporting reconstruction in Afghanistan and promoting regional stability in South and Central Asia.

Stronger Focus on Country Ownership

The Bank continues to assimilate into its operations the principles of country ownership that underpin the Comprehensive Development Framework (CDF).⁶ Under the broad CDF approach, country-designed Poverty Reduction Strategy Papers (PRSPs)⁷ are emerging as the key drivers of development and poverty reduction policies within the poorest countries. PRSPs are very much a work in progress and, in this initial stage of design and implementation, many developing country governments have relied on extensive World Bank support. In late 2001 and early 2002 the World Bank and IMF undertook a comprehensive review of the PRSP process. The results of this review are to be presented at the April 2002 meetings of the International Monetary and Financial Committee and Development Committee (see the "Joint Issues" section for details).

⁶ The CDF, which was launched as a concept by Bank President James Wolfensohn at a meeting of heads of multilateral development banks in January 1999, aims to better balance the social, environmental and governance aspects of development with financial and structural considerations. Under the CDF, the Bank and other development players will take a longer-term view of development and work in closer partnership with developing countries, civil society and the private sector in supporting country-led development programs.

⁷ PRSPs were originally conceived in 1999 as a comprehensive policy mechanism to link HIPC debt relief more closely with poverty reduction initiatives. They are rapidly evolving into the primary statement of the development strategy of the world's poorest countries.

In drafting PRSPs, developing country governments are working towards the types of broadly based consultative processes and development planning that underpin the CDF. In the discussions of the policy framework for the 13th replenishment of IDA, donors and representatives of borrowers agreed that IDA programming should reinforce the national development priorities identified in individual PRSPs.

The main challenges of the CDF and PRSP approach are: enhancing the institutional capacity of developing country governments to both plan and implement comprehensive poverty reduction strategies; ensuring governments are willing and able to sustain, over the medium and longer term, commitments to good governance and the principles of the CDF; ensuring an appropriate balance between CDF/PRSP consultative processes and the legitimate mandate of elected officials in recipient countries to set strategic priorities and make decisions; strengthening expenditure management and audit systems as essential conditions for government accountability; integrating the poverty reduction strategies into national budgetary processes; and aligning and harmonizing donors' programming and procedures with these strategies.

Adjustment Lending

One of the consequences of the shift in Bank operations to support country-owned development and poverty reduction strategies has been a high level of adjustment lending in overall Bank financing. The share of adjustment lending in overall Bank lending remains higher than the 25-per-cent notional level established by the Executive Board. Adjustment operations accounted for 38 per cent of overall World Bank lending in FY 2001, compared to 41 per cent in FY 2000, but down significantly from the 63 per cent registered at the height of the Bank's response to the emerging market financial crisis in FY 1999 (when the mechanism was used to provide social and financial sector support to crisis countries). Adjustment lending is used to support sector-wide reforms and restructuring in a number of areas. In FY 2001 most of the Bank's adjustment operations were provided in the form of Programmatic Structural Adjustment Loans, which are designed to support social and structural reforms implemented by developing country governments that involve continual, incremental policy changes and institution building. In sectoral terms, most of the Bank's adjustment lending supports public sector management, financial sector reforms and improved governance.

The Operations Evaluation Department (OED)⁸ judged that the adjustment lending outcomes strengthened during the 1990s, and in its annual report for FY 2001 concluded that the adjustment lending outcomes remain strong. OED attributes this improvement to the incorporation of lessons from early

⁸ OED is an independent unit within the Bank that assesses the development impact of the Bank's operations. OED reports directly to the Executive Board.

Bank experiences, including increased attention to borrower ownership, fewer loan conditions, and increased use of single-tranche operations that disburse on the basis of policy actions taken rather than policy commitments. OED also attributes the improvement to the increased focus in Bank operations on countries that are committed to and implementing good policies. OED is working with Bank management to improve the framework for monitoring adjustment lending by shifting focus from compliance with loan conditionality and intermediate outcomes to an assessment of final outcomes and impacts.

Late in FY 2001 the Executive Board approved the introduction of a new type of adjustment operation – the Poverty Reduction Support Credit (PRSC) – that provides budgetary financing in support of the implementation of PRSPs. PRSCs will be used in cases where clients have transparent budgetary and fiduciary processes and strong PRSPs in place. Since their introduction in the spring of 2001, PRSCs have been approved for Burkina Faso, Uganda and Vietnam.

Assessing Poverty

To ensure that poverty reduction remains at the heart of the Bank's operations, the Poverty Reduction and Economic Management Network (PREM) was established in 1997. PREM advises Bank country teams on the poverty reduction impacts of emerging policies, programs and individual projects. PREM's country-specific poverty assessments continue to provide valuable support for the Bank's poverty reduction efforts. Given a stronger emphasis on strengthening the rule of law, PREM is also developing institutional and governance assessments to be incorporated into Country Assistance Strategies (CASs). In FY 2001 the Bank completed four country poverty assessments, including an assessment of rural poverty in China, bringing the number of assessments and updates conducted since 1993 to 108. These assessments cover most of the world's poor.

At the same time, the quality of poverty data is uneven, and the Bank continues to work to improve the consistency of these assessments. More work will be done within the context of the regular CAS retrospective exercise to introduce a better time series on the poverty focus on individual CASs. This work will replace, in part, poverty monitoring that had been conducted within IDA's Program of Targeted Interventions (PTI). The PTI was discontinued in June 2001; it has been criticized by OED for not being a good indicator of the poverty focus of the Bank's work.

Africa: A Special Priority

The Bank and its shareholders recognize that the development challenges for African countries are especially daunting and that without extraordinary internal and external efforts, countries on the continent will not be able to reach the Millennium Development Goals. The heads of the IMF and the World Bank therefore committed at the 2000 Annual Meetings to put Africa at the centre of their institutions' activities. As a follow-up, the heads of the two institutions undertook their first joint visit to the region in February 2001,

where they met with leaders of 22 African countries to discuss key development issues. These meetings confirmed African leaders' commitment to far-reaching changes to achieve the levels of economic growth and poverty reduction needed to meet the Millennium Development Goals.

Soon after this visit 53 African Heads of State underscored their commitment to reform and ownership of the development process by adopting what became known as the New Partnership for Africa's Development (NEPAD) at the 2001 Summit of the Organization of African Unity. NEPAD is a comprehensive African-led program of action to end the continent's economic marginalization. G-8 Leaders discussed this initiative in Genoa in July 2001 and committed to focus the 2002 Kananaskis Summit on support for African development.

Millennium Development Goals

At the Millennium Summit in September 2000, world leaders endorsed specific, monitorable development goals. The 10 Millennium Development Goals were published in the September 6, 2001, Report of the UN Secretary General on the road map towards implementing the UN Millennium Declaration. The 10 goals are:

- to halve, between 1990 and 2015, the proportion of people living on less than one US dollar a day;
- to halve, between 1990 and 2015, the proportion of people suffering from hunger;
- to ensure that, by 2015, all children can complete primary schooling;
- to eliminate gender disparity in primary and secondary education, preferably by 2005, and at all education levels no later than 2015;
- to reduce by two-thirds, between 1990 and 2015, the mortality rate for children under 5 years old;
- to reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio;
- to have halted and begun to reverse by 2015 the spread of HIV/AIDS;
- to have halted and begun to reverse by 2015 the incidence of malaria and other major diseases;
- to integrate the principles of sustainable development into country policies and programs and to reverse the loss of environmental resources; and
- to halve by 2015 the proportion of people without sustainable access to safe drinking water.

The World Bank's Response to the HIV/AIDS Pandemic

HIV/AIDS is no longer just a public health issue; it is a development crisis. The high infection rates in developing countries are killing or incapacitating many of the most productive individuals and threaten economic and social stability. In the hardest-hit countries, most of which are in Sub-Saharan Africa, HIV/AIDS threatens to reverse the development gains achieved over the last 30 years.

Most of the Bank's HIV/AIDS programming is delivered through IDA, which has mainstreamed HIV/AIDS into its work. In FY 2001 IDA committed more resources to HIV/AIDS projects than it had in all previous years combined. Since September 2000 IDA's Multi-Country HIV/AIDS Program (MAP) for Africa has made US\$500 million available to governments to combat HIV/AIDS. While IDA initially expected it would take three years to commit the MAP funding, high demand led to the commitment of virtually all of the MAP facility within 15 months. Another 15 projects are expected to be funded through a second US\$500-million MAP loan (MAP 2), which was approved in February 2002. In 2001 the Executive Board also approved the first phase of a US\$155-million Multi-Country HIV/AIDS Prevention and Control Project for the Caribbean, of which over US\$40 million was earmarked for Barbados and the Dominican Republic. There are more than 390,000 people living with HIV/AIDS in the Caribbean region (making it the region with the highest prevalence rate in the world after Sub-Saharan Africa). Finally, IDA continues to support other freestanding HIV/AIDS projects and to integrate HIV/AIDS components into operations in all sectors.

The Bank is also involved in the Global Fund to Fight AIDS, Tuberculosis, and Malaria that was launched at the G-8 Summit in Genoa. The Fund has now received US\$2 billion in pledges from G-7 and other donor countries, corporations, non-profit organizations and private individuals. The Fund became operational in late January 2002, and its first projects are expected to be launched in the spring of 2002. The World Bank will be the Fund's Trustee.

OED Review of IDA10-12

Lessons from IDA operations are especially important in improving the effectiveness of the Bank's poverty reduction efforts. In 1998 IDA donors asked OED to review the evaluation of IDA's performance in implementing the undertakings of the 10th, 11th and 12th replenishment agreements (the FY 1994-2000 period). IDA donors received the nine-volume study in the spring of 2001, in time for their discussions of the 13th replenishment.

OED concluded that IDA's compliance with the long list of replenishment undertakings was satisfactory, though uneven across sectors. IDA has increased the poverty focus of its operations, and the quality of lending and non-lending services has improved. IDA has also made a substantial contribution to poverty data collection and analysis. OED noted that IDA's

actions to increase social sector lending were highly satisfactory over the period reviewed. Social sector lending has increased from 20 per cent of total IDA investment lending in the late 1980s to a sustained level of 40 per cent since 1995.

OED also judged that in 2000 IDA had improved its country focus significantly and paid greater attention to institutional development and the public sector than it did in 1994. IDA has also increased its responsiveness to borrowers. OED stressed, however, that more work needs to be done to strengthen IDA's analytic capability and develop adequate results-based monitoring. Finally, a strong message from the review is that donors need to establish clearer goals for IDA.

The OED review can be accessed on the World Bank's Web site at <http://www.worldbank.org/ida/oed/oeddocs.html>.

IDA13 Replenishment Discussions – Enhancing Support for Country Ownership

In February 2001 representatives (IDA Deputies) of 40 donor governments began negotiations on the scale of the 13th replenishment as well as on the policy framework that will underpin IDA operations for the replenishment period (July 2002 to June 2005). Roughly 60 per cent of the funding for IDA 13 will be provided by donors. Canada expects to maintain its IDA 12 donor share in IDA 13. While negotiations were initially expected to have been completed in December 2001, lack of consensus among donors on the degree to which IDA should be providing grant financing has led to protracted negotiations. At the time of printing, agreement among donors on the 13th replenishment had not been achieved.

During the negotiations on the 13th replenishment, there was agreement among IDA Deputies that IDA should support country-owned poverty reduction strategies. IDA Deputies stressed that IDA needs to focus on results and recommended that the Millennium Development Goals provide a basic framework for results measurement. They also called on IDA to ensure that Bank CASs include specific outcome-based benchmarks for assessing the effectiveness of IDA assistance. Within the framework of support for PRSPs, Deputies have stressed the need for IDA to invest in people, especially through support for expanding education, health and basic infrastructure, and to provide support for strengthening public sector management. They reiterated for IDA13 the objective, established in IDA12, of having Africa account for half of IDA allocations.

IDA Deputies also urged IDA to be more selective in its operations and to work closely with other development partners, on the basis of comparative advantage. They reaffirmed the importance of IDA's performance-based allocation mechanism, and especially the high weight it assigns governance. They also requested that management assess the impact of this allocation mechanism on poverty levels. At the same time, they recommended that IDA show greater flexibility with respect to allocations to post-conflict countries where there has been little opportunity to establish policy track records.

IDA – Focused on the World's Poorest

Established in 1960, IDA is the single most important source of external development support for the world's poorest countries. IDA provides US\$6 billion to US\$7 billion annually in highly concessional long-term financing to 79 countries, home to 2.4 billion people, of which 80 per cent live on less than US\$2 a day and 40 per cent survive on less than US\$1 a day.

Eligibility for IDA concessional lending is based primarily on an assessment of an individual country's per capita income. In FY 2001 the operational cut-off for IDA eligibility was US\$884 per capita. A number of small island states with per capita incomes above this threshold are also eligible for IDA concessional financing given their limited capacity and high vulnerability to external shocks.

IDA helps provide access to improved social services such as schools, hospitals and clinics, and clean water and sanitation services. IDA also supports investments aimed at improving productivity and creating employment.

To ensure that its resources are used effectively, IDA allocations to clients are governed by performance criteria that are heavily focused on good governance.

Canada's Financial Participation in the IBRD and IDA

IBRD

Canada is a fully paid shareholder of the IBRD, with a capital share of 2.79 per cent. A relatively small proportion of this capital is required to be "paid-in"—about 6 per cent overall, but just 3 per cent in the last capital subscription. The remainder is "callable" in the unlikely event that the IBRD needs it from member countries. Callable capital represents a contingent liability for shareholders. The IBRD leverages paid-in capital to raise financing in international capital markets for its lending program. The IBRD's capital adequacy is regularly reviewed and the institution's capital is replenished through occasional general capital increases. The last general capital increase was in 1988.

Canada's Total IBRD Subscriptions and Contributions Committed

	In millions of US dollars
	5,403.8
Of which paid-in	334.9
Of which callable	5,068.9

Canada's Voting Power in the IBRD

	Number of votes	Per cent of total
	45,045	2.79

IDA

As IDA concessional financing does not generate a financial return, its operations are underwritten entirely from donor contributions, loan fees and repayments of principal on its outstanding loans, as well as allocations from IBRD net income. IDA's financial resources are replenished in three-year cycles. In November 1998 donors agreed to an overall funding level of US\$20.5 billion for the 12th replenishment of IDA. Donors agreed to contribute US\$11.7 billion of this amount. Canada's share of donor contributions was 3.75 per cent. To meet these obligations, Canada issued demand notes in 1999, 2000 and 2001. Each of these notes is encashed over a six-year period. The amount and terms of Canada's contribution to the 13th replenishment will be determined once donors agree to the overall financing framework.

Canada's Contribution to IDA12 (July 1999-June 2002)

	In millions of Canadian dollars
	607

Canada's IDA12 Donor Share

	Per cent of total
	3.75

Canada's IDA12 Voting Power

	Number of votes	Per cent of total
	81,592	3.39

Canada's Priorities at the World Bank

While positions that Canada articulates on World Bank issues continue to evolve, they are based heavily on our international development co-operation and foreign policies and our strong interest in maintaining the financial integrity of the World Bank and its instruments.

Poverty Reduction and Human Development

Canada has long been a key player in international efforts to assist the poorest and strongly supports poverty reduction as the overarching objective of the World Bank. As such, Canada endorses the Comprehensive Development Framework, which promotes the basic principles of country ownership, partnerships, a focus on results and a long-term vision for development, and the PRSP process, under which developing country governments develop and implement broad-based poverty reduction strategies in partnership with the donor community. The Bank has increasingly recognized that poverty reduction cannot be addressed in isolation. Private sector development, good governance, monitoring of non-productive expenditures (especially military), external debt and environmentally sustainable policies are just a few of the factors that need to be considered in designing strategies to help improve the living standards of the poor in member countries. In the case of small states, the Bank has to take into account additional factors of economic and physical vulnerability and limited capacity.

Canada strongly supports the Bank's efforts to increase the prominence of social sector issues in macroeconomic stabilization programs. Good macroeconomic policy is key to boosting growth and reducing poverty. At the same time, adequate attention to social issues must be an essential part of macroeconomic stabilization and sustainable development goals.

Canada's Voting Record

World Bank Executive Board decisions are usually taken on a consensus basis, without resorting to a formal vote. On occasion, however, individual Executive Directors have been unable to join the Board consensus for various reasons. Over the April-December 2001 period, the Canadian Executive Director did not join the Board consensus on 33 occasions.

- Canada registered its abstention in the cases of 22 World Bank and IFC loans and investments in India and Pakistan as, in Canada's view, these operations were inconsistent with the internationally agreed sanctions applied against the two countries following their testing of nuclear weapons devices in May 1998. Recognizing the economic impact of the events in Afghanistan on both Pakistan and India, Canada modified its position in the fall of 2001 and has since indicated its support for all categories of multilateral development bank lending to these two countries.
- Canada opposed 7 Bank Group operations in Indonesia, given strong concerns about the weakness of corporate governance and adherence to the rule of law.
- Canada opposed an IFC operation in support of a steel project with the Grupo Peixoto de Castro in May 2001 given concern about overcapacity in the global steel market.
- In June 2001 Canada opposed management's recommendations regarding increases in World Bank staff compensation. In December 2001 Canada opposed management's proposal to increase, by one professional staff member, the number of positions in Executive Directors' offices. (Under this new policy, multi-country constituencies and single-country offices can have up to 14 positions and 9 positions, respectively).
- In addition, in July 2001 the Minister of Finance, as Canada's Governor at the World Bank, voted against an increase in the remuneration of World Bank Executive Directors and their Alternates.

Education

Canada considers education to be a critical factor in development. The Minister for International Cooperation represented Canada at the Education for All (EFA) world conference in Dakar, Senegal, in April 2000, where bilateral and multilateral donors committed to assisting developing countries undertaking education reform and with realistic plans to meet the EFA goals.⁹ The Minister of Finance reinforced Canada's support for EFA in his statements to the April and November 2001 meetings of the World Bank/IMF Development Committee.

⁹ At Dakar, Senegal, in April 2000, education and development ministers from across the globe established the six education goals: gender equality in primary and secondary schooling by 2005 and gender equality in all education by 2015; universal primary education of good quality by 2015; a 50-per-cent improvement in adult literacy by 2015; an expansion of early childhood care and education; equitable access by youth and young adults to appropriate learning and life skills programs; and improved education quality.

The Bank increased its lending programs for education in FY 2001 to US\$1.1 billion – a 50-per-cent increase from the FY 2000 level. The Bank also provides important non-lending support for the education sector. In FY 2001 Bank staff undertook analysis and gave policy advice on education issues to developing countries, with a particular focus on girls' education. Under a Bank-funded project in Guinea, for example, girls' enrolment increased to 49 per cent in 2001 from 44 per cent one year earlier.

Bank staff are working closely with the G-8 Education Task Force¹⁰ to assess the financial requirements for achieving the 2005 and 2015 EFA goals. The Bank's role in supporting international education efforts will be discussed at the April 2002 meeting of the Development Committee.

Development Effectiveness

Ensuring the effectiveness of the Bank's operations has long been a key Canadian objective. This entails more than just reducing costs and saving money. Effectiveness requires selectivity, clear priority setting and efficient service delivery. The Bank needs to operate in those areas where its assistance can be productively used and where it has a clear comparative advantage. The Bank is exercising greater selectivity by focusing on reforming states and good performers. In the case of IDA credits, allocations are based on performance criteria. In order to monitor country performances in a meaningful manner, the Bank is focusing on incorporating poverty-related outcome indicators to measure real results, including such indicators as child malnutrition and child and maternal mortality.

The Bank continues to strengthen its efforts to improve development effectiveness through a renewed emphasis on the quality of its project portfolio. More vigilance is now exercised at the project preparation and supervision stages, and this has led to an improvement in the number of projects that are meeting their development objectives. In the first half of FY 2001 OED assessed that 82 per cent of projects had satisfactory ratings in terms of meeting their objectives. Recent OED evaluations point to a particular improvement in the performance of projects in Africa, following a determined effort by Bank management to improve project management.

Co-ordination and harmonization of programs is another critical element of effective development assistance. Canada has consistently urged the Bank to forge stronger partnerships with other multilateral organizations – including the UN – and bilateral donors on the basis of comparative advantage.

Gender Issues

Canada actively promotes gender issues as a priority for World Bank operations. World Bank lending in almost all sectors includes activities that specifically benefit women and girls. Following a review of its gender strategy, management committed to integrate gender issues into Bank CASs and to work

¹⁰A task force of senior officials established by G-8 leaders at the 2001 Genoa Summit to review means of improving international support for the Millennium Development Goals for education.

with developing countries and external partners to identify appropriate strategies to promote gender equality. In FY 2001 the Bank published a major policy research report, *Engendering Development – Through Gender Equality in Rights, Resources, and Voice*. The report, which will inform the Bank's gender strategy, concluded that there is strong empirical evidence that gender inequalities tend to slow development and that gender equality helps to lower infant mortality, improve nutrition, and lower fertility and HIV/AIDS transmission rates. CIDA is currently working closely with the Bank to improve the Bank's capacity in gender equity. To expand exchange of knowledge with its development partners, the Bank provides a number of statistical indicators on gender on its Web site.

Private Sector Development

The private sector plays an important role in addressing virtually all development challenges, from protecting the environment to assisting in privatization in transition economies. Canada has maintained that the Bank Group's fundamental priority for private sector development is to create an enabling environment for investment and sound regulatory frameworks for the private sector to develop and flourish in a sustainable fashion. Canada has encouraged the increasingly co-ordinated approach to private sector development that has grown within the Bank Group over the past three years. In June 2001 the Bank Group prepared a paper entitled *Private Sector Development Issues and Options* for consultation with government, the private sector, NGOs and multilateral agencies. Based on the consultative process, the paper evolved into the Bank Group's draft *Private Sector Development Strategy*, which was informally discussed by Executive Directors in November 2001. The strategy relates to two broad themes: extending the reach of markets and improving the delivery of basic services. The key elements of the strategy include: fostering a sound investment climate; providing direct support for private firms; supporting private participation in infrastructure; increasing the role of the private sector in assisting public sector efforts to achieve universal and affordable access to social services; and creating a new approach to more effectively target subsidies to the poor to improve service delivery.

Altogether, in FY 2001 the IBRD and IDA provided over US\$550 million in lending in direct support of private sector development. An important example of the private sector's role in development is the growing impact of microcredit operations (relatively small loans made to the poor by grassroots organizations such as the Grameen Bank in Bangladesh). With a small investment, these organizations have been successful in improving the living conditions of the poor, particularly women, in developing countries. Evidence from these operations is compelling; it shows that the poor can be very good entrepreneurs as well as very good credit risks.

The Consultative Group to Assist the Poorest (CGAP), which includes the Bank, Canada, 25 other multilateral and bilateral donors and 2 private organizations, was established in 1995 to support the development and expansion of sustainable institutions that provide microfinancing services to the poor. In FY 2001 CGAP considerably expanded the scope of its training hubs in Africa, Asia and Europe.

Microcredit: The Consultative Group to Assist the Poorest

Microcredit is an important development instrument in the world's poorest countries. In FY 2001 CGAP committed US\$6.7 million to expand microcredit operations in the world's poorest countries. Canada strongly supports CGAP efforts to expand microcredit.

Through its work, CGAP seeks to strengthen the ability of microfinance organizations with a proven track record and to provide assistance to the poor. The Bank contributed US\$30 million to the first phase of the facility and provided a further US\$7 million for the first year of the second phase (which runs until June 2003). CIDA contributed C\$1.5 million to the first phase and C\$1 million to the second.

For CGAP's second phase, donors have adopted the following strategies:

- support microfinance institutional development through the creation of tools and the delivery of capacity-building activities;
- support changes in the practices of CGAP members, especially as they relate to the management of microfinance portfolios;
- increase understanding of the impact of microfinancing on poverty reduction;
- improve the legal and regulatory framework for microfinance; and
- facilitate the commercialization of the microfinance sector.

Good Governance and Anti-Corruption

Canada is an advocate of strong Bank support for improved public and corporate sector governance. Over the last decade governance has been mainstreamed into the Bank's adjustment and investment lending, and more recently in its country analytical work. In November 2000 the Bank published its governance strategy, *Reforming Public Institutions and Strengthening Governance*, which stressed the need for the Bank to strengthen its tools for evaluating the quality of a country's institutions and for assessing a country's readiness to initiate specific governance reforms. The Bank's Public Expenditure Reviews (PERs) and Financial Accountability Assessments (FAAs) in individual countries will focus increasingly on institutions responsible for budget decision making and implementation, while the more recently introduced Institutional and Governance Reviews (IGRs) will facilitate institutional analysis in other areas of public sector reform. In FY 2001 the Bank conducted 12 PERs, 13 FAAs and 7 IGRs.

The Bank also incorporates anti-corruption measures into its own procedures. Since 1997 anti-corruption activities have been integral components of the Bank's public sector management portfolio, which represented 12 per cent of the Bank's loan commitments in FY 2001. The Bank has helped put in place more than 600 anti-corruption programs in nearly 100 borrowing countries and has mainstreamed anti-corruption issues into its CASs. The Bank has amended its procurement guidelines to strengthen the procedures for disqualifying bidders, temporarily or permanently, from future Bank-financed projects if it finds evidence of fraud or corruption. Since the inception of its anti-corruption policy, the Bank has debarred 72 firms or individuals from receiving Bank contracts because of their involvement in corruption or the misuse of Bank funds. Nineteen companies or individuals were debarred in FY 2001. In April 2001 the Bank appointed Maarten de Jong as its first Director for Institutional Integrity. Mr. de Jong provides advice to senior management on business ethics and the Bank's anti-corruption investigative strategies and policies.

The Bank's governance work is not limited to the public sector. In March 2001 the Bank joined with the Organisation for Economic Co-operation and Development to establish the Global Corporate Governance Forum. This institution aims to improve the investment climate in developing countries by addressing specific weaknesses in corporate governance.

Canada has been particularly outspoken and concerned about unproductive expenditures, particularly excessive military expenditures. It has spoken strongly at the Bank to highlight the need to be tough on those countries that are receiving international assistance and in which defence expenditures crowd out social sector spending. The Bank is requesting better information from borrowers on military-related aggregate expenditures to aid in its PERs.

In its efforts to promote better governance practices, the World Bank Institute has established close working relations with the Parliamentary Centre in Canada and with international organizations.

The Toronto Centre

Recognizing the need to strengthen financial sector regulation and supervision in crisis economies, in 1997 the Government of Canada and the World Bank established the Toronto International Leadership Centre for Financial Sector Supervision. The Toronto Centre provides experience-based training for senior financial supervisors and regulators in emerging markets, putting them in a stronger position to fulfill their responsibilities and thereby reducing the severity and frequency of financial crises. It focuses on the leadership dimension of the supervisory function, offering pragmatic programs based on the premise that experience is the best teacher. The Toronto Centre has provided training to nearly 400 senior public servants from more than 100 countries. In 2000 it began joint programs with the Financial Stability Institute in Basle, Switzerland, and initiated regionally focused programs in regional settings.

The Bank has provided US\$1.25 million in funding to the Toronto Centre over the past three years. The IMF contributed US\$500,000 in 2000 and US\$300,000 in 2001. The Bank for International Settlements announced a contribution of US\$500,000 in 2000 and provided US\$350,000 of this amount in 2001. Canadian funding for the Toronto Centre has been provided by CIDA and several Canadian banks (Canadian Imperial Bank of Commerce, The Bank of Nova Scotia, Royal Bank of Canada and TD Bank Financial Group).

The Toronto Centre can be reached through its Web site at <http://www.torontocentre.org/>.

Environmentally Sustainable Development

The Canadian government, alongside Canadian NGOs, has long been a vocal advocate of the need for the Bank to better integrate environmental considerations into its operations. The Bank has estimated the economic costs of environmental degradation in many developing countries to be the equivalent of 4 to 8 per cent of GDP. In July 2001, following extensive consultations between the Bank, civil society and governments, Executive Directors approved a revised Bank environment strategy. The revised strategy aims to improve the Bank's environmental safeguard system and to mainstream environmental policies and issues into the loan and policy dialogue work of the Bank. To ensure compliance with its environmental safeguard policies, in FY 2001 the Bank appointed regional safeguard co-ordinators, established a safeguards help desk for staff and upgraded its internal safeguard training. The Bank also works closely with clients to help them introduce and implement their own environmental safeguard systems to help them manage their resources more sustainably.

While the Bank is mainstreaming environmental considerations into the broad range of its operations, the number of direct environmental investments varies from year to year. In FY 2001 the share of direct environmental lending in overall Bank lending operations decreased to 4.5 per cent from 6 per cent in FY 2000. At the end of FY 2001 there were 95 active stand-alone environmental projects (7 of which were approved during the year) worth US\$5.1 billion in addition to sector projects with strong environmental objectives that totalled US\$11 billion.

The Bank has been particularly active in the area of climate change. As an implementing agency of the Montreal Protocol's Multilateral Fund, the Bank supports projects in 20 countries and has committed US\$445 million in financing since 1991 for some 558 projects to assist enterprises in developing countries convert to ozone-friendly technologies.

In FY 2000 the Bank launched the US\$145-million Prototype Carbon Fund (PCF), which finances projects that produce high-quality greenhouse gas emission reductions that could be registered with the United Nations Framework Convention on Climate Change for the purposes of the Kyoto Protocol. PCF resources are provided by both the public and private sectors (including a contribution from CIDA). In FY 2001 the PCF funded a solid waste management project in Liepaja, Latvia.

Together with the United Nations Development Programme and United Nations Environment Programme, the Bank is an implementing agency of the Global Environment Facility (GEF). Through the GEF, the Bank supports projects in four key areas: climate change, biodiversity conservation, phase-out of ozone-depleting substances and protection of international waters.

Trade and Development

Canada recognizes that the capacity of small nations, emerging economies and other developing countries to participate effectively in the global trading system is an important component of a comprehensive approach to growth and poverty reduction. Canada has stressed the need to incorporate trade sector capacity building in Bank CASs and nationally developed PRSPs.

In April 2001 the Development Committee reviewed the Bank's strategy paper *Leveraging Trade for Development*, which focused on the institution's role in assisting developing countries to better integrate into the global trading system. The Bank is focusing on three broad objectives:

- helping developing countries use the multilateral system to expand trade by concentrating on priority areas such as market access, trade in services, and intellectual property and product standards, and preparing countries for World Trade Organization accession;
- helping developing countries use regional arrangements more efficiently to expand trade and regional integration; and
- working with governments to design and implement reforms that will expand trade and transmit benefits to low-income groups.

In addition, the Bank is working with five other institutions in the context of the Integrated Framework for Trade-Related Technical Assistance (IF).¹¹ The IF has evolved into the primary vehicle for mainstreaming trade into country development strategies in a co-ordinated fashion, with the World Bank playing the role of lead institution. The Bank's intellectual and financial commitment to this project is critical to the success of the IF in both the short and long term. Canada is a strong supporter of the IF and, in addition to providing policy advice, announced a C\$1-million contribution to the IF Trust Fund in May 2001 (contributions from various contributors totalled C\$9 million by the end of 2001). This Trust Fund supports trade-related diagnostic studies in three pilot countries (Cambodia, Mauritania and Madagascar) in collaboration with the IF agencies.

Transparency and Accountability

Recognizing that transparency and accountability are fundamental to ensuring the longer-term sustainability of the Bank Group's operations and that the "demonstration effect" of the Bank's own policies is important for developing country governments, Canada has been a major proponent of increased openness at the Bank. Canada and other donors have pushed the Bank and borrowing countries to find ways to improve consultations with local people – civil society organizations (CSOs) and NGOs – in borrowing countries, not only in the design and implementation of projects but also in the preparation of key policy documents, such as CASs. The Bank has responded to concerns from shareholders by making public a growing

¹¹The other participants in the IF are the IMF, International Trade Centre, United Nations Conference on Trade and Development, United Nations Development Programme and World Trade Organization.

number of documents. In August 2001, following extensive Bank consultations with governments, civil society, the private sector and the media, Executive Directors approved revisions to the Bank's disclosure policy and these revisions became effective in January 2002.

Under its revised policy, the Bank now discloses to the public:

- documentation outlining key actions supported by a Poverty Reduction Support Credit following loan approval by Executive Directors;
- program documents for other adjustment loans, with the consent of the borrower, following Executive Board approval of the operation;
- a broad range of Operations Evaluation Department reports after they have been released to Executive Directors;
- environmental safeguard assessments for all projects before project appraisal begins;
- concluding remarks of the Executive Board chair on CASs, Transitional Support Strategies and CAS Progress Reports that are themselves disclosed;
- concluding remarks on policy and strategy papers on a case-by-case basis; and
- archived documents after 20 years (or 5 years for types of documents now routinely disclosed).

Substantial headway was made during the 13th IDA replenishment negotiations in expanding transparency and policy dialogue with borrowers and civil society. For the first time six representatives of IDA borrowers participated in the formal discussion of the IDA policy framework. IDA donors also met with representatives of African borrowers and civil society when they convened at the headquarters of the United Nations Economic Commission for Africa in Addis Ababa, Ethiopia, in June 2001. At their meeting in October 2001 IDA donors met with a number of NGOs from borrowing countries to discuss IDA priorities and the PRSP process. IDA donors also decided in 2001 to release all of their background policy discussion papers to the public in draft form and took the unprecedented step of seeking public comment on their draft report, which defines the IDA13 policy framework.

Transparency also requires better consultation with those affected by projects that the Bank supports. Under President James Wolfensohn, the Bank was the first multilateral organization to establish an independent panel to consider outside complaints. Any group that may be affected by a Bank-supported project has the right to request that the panel investigate whether the Bank has abided by its policies and procedures. Canada has been one of the major supporters of the work of the Inspection Panel. Since its inception in 1994 the panel has received 25 formal requests for inspections. It received 4 requests for inspections during FY 2001. On January 1, 2002, chairmanship of this body passed from Canadian Jim MacNeill to Ghanaian Edward S. Ayensu.

The Bank engages with civil society in a broad range of activities, including providing input for poverty assessments, national environmental action plans and other key Bank analytical tools. President Wolfensohn has been a major catalyst behind the Bank's outreach program with CSOs and NGOs; particular emphasis has been placed on expanding partnerships with outside groups as more Bank operations are framed in the context of PRSPs. PRSPs embody participatory approaches at the macro level. CSO/NGO representatives from developing countries are now consulted regularly in the preparation of Bank CASs. Although the intensity of these consultations still varies from country to country, civil society involvement in CAS preparation rose from 20 per cent of CASs in FY 1998 to 80 per cent in FY 2000 and FY 2001. Starting in FY 2000 detailed information on the participation of CSOs/NGOs has been included in Bank project appraisal documents.

The NGO-World Bank Committee, a formal mechanism for policy dialogue established in 1982, has evolved into the World Bank-Civil Society Thematic Forum, which will convene a broader range of CSOs, including representatives from NGOs, trade unions, community organizations, small farmers' groups, religious institutions and women's organizations. An annual report is published on the Bank's relations with civil society, and the Bank maintains a Web site (<http://wbln0018.worldbank.org/essd/essd.nsf/NGOs/home>).

Within Canada NGOs have participated in a regular series of government meetings and conferences on such issues as multilateral debt, the environment, IDA and Africa. The Canadian government has benefited greatly from the expertise and advice offered by Canadian NGOs on a broad range of development issues. Through this collaborative process, the views of Canadian NGOs have helped shape Canada's position in Bank project and policy discussions.

The World Bank Business Plan and Administrative Budget

In FY 2001 Bank management undertook an assessment of the Strategic Compact, an administrative reform implemented over three years starting in April 1997 to make the Bank more poverty-focused and responsive to client needs. The review concluded that client responsiveness has improved considerably as has the quality of the Bank's operations. Substantial decentralization of Bank operations to the field over the last four years has reinforced this trend. While management was able to return the Bank's administrative budget to its FY 1997 level in real terms by FY 2001 (US\$1,442.2 million), efficiency gains under the Compact proved difficult, as management has faced increased operational pressures over the past four years.

Drawing on the experience of the Strategic Compact as well as on the recognition that its corporate planning needs to be more closely aligned with efforts to achieve the Millennium Development Goals, in the spring of 2001 the Bank moved to a three-year budgetary and corporate-planning cycle. Recognizing the stress that returning to FY 1997 administrative budget levels

has imposed on the Bank, the Executive Board approved a 10-per-cent nominal increase in the Bank's administrative budget in FY 2002 over FY 2001 to US\$1,589.7 million. This increase, however, was considered within the context of the three-year FY 2002-04 planning period, which will see much smaller increases in the final two years.

FY 2001 IBRD Financial Results

IBRD net income in FY 2001 was US\$1,489 million,¹² US\$502 million lower than in FY 2000. The decline was due mainly to increased loan loss provisioning in the face of both increased arrears and a deterioration in the credit quality of loans disbursed to some borrowers. In FY 2001 loans to two developing country borrowers totalling US\$921 million were placed in non-accrual status. However, agreement was reached in May 2001 with the government of the Federal Republic of Yugoslavia (FR Yugoslavia) to clear US\$1.9 billion in arrears of the former Socialist Federal Republic of Yugoslavia for which the FR Yugoslavia has accepted liability. On December 17, 2001, six consolidation loans were signed by the FR Yugoslavia to formalize this arrangement.

As a development institution, the IBRD does not maximize profit. Instead, it aims to earn a return on its assets that is sufficient to ensure its financial strength and sustain its development activities on an ongoing basis. The IBRD usually earns a net return on its assets of about 1 per cent per annum. In FY 2001, however, increased loan loss provisioning reduced the IBRD's net return on assets to less than 1 per cent. The IBRD's main financial risk rests with the credit quality of its disbursed loan portfolio. At the end of FY 2001 the IBRD's equity-to-loans ratio, which is a summary measure of the institution's risk-bearing capacity, was 21.42 compared to 21.23 in FY 2000, but down from 22.06 in FY 1997. These levels are considered sustainable.

In FY 2001 the IBRD raised US\$17.033 billion, before swaps, in medium- and long-term debt on international capital markets to fund its operations. The IBRD issued debt in nine currencies and in a range of maturities. The Bank follows very conservative borrowing and hedging policies.

Allocation of FY 2001 Net Income

IBRD net income supports development objectives. In July of each year Executive Directors recommend to Governors specific allocations from the previous year's net income. IBRD "allocable" net income, after reserves and interest waivers, was US\$931 million in FY 2001. Governors approved allocations from FY 2001 net income of US\$302 million to IDA and US\$100 million to the HIPC Trust Fund. The remainder of FY 2001 net income was transferred to the Bank's general reserve.

¹²The World Bank (IBRD) prepares its financial statements in accordance with generally accepted accounting principles and international accounting standards. The Bank's financial statements are reviewed by an external auditor. The IBRD's financial statements and IDA's special-purpose statements for FY 2001 were reviewed by Deloitte Touche Tohmatsu and are included in the World Bank's Annual Report for 2001.

How to Access Information at the World Bank

The World Bank's Public Information Centres, which became operational in early 1994 in Washington and in many of the Bank's regional offices, provide a wide range of Bank documents, including:

- project information documents;
- project appraisal documents (after approval by the Board of Executive Directors);
- country economic and sector work documents and sectoral policy papers;
- the annual report and the *World Development Report*;
- *Monthly Operational Summary* and *International Business Opportunities*;
- environmental data sheets, assessments, analyses and action plans;
- *World Debt Tables* and *Global Development Finance*; and
- Operations Evaluation Department précis.

These materials and a variety of World Bank and World Bank Institute special studies are available through the Bank's InfoShop, which is located at:

1776 G Street N.W., Washington, DC 20433, USA

Phone: (202) 458-5454

Fax: (202) 522-1500

E-mail address: pic@worldbank.org

Additional up-to-date information is also available on the Internet at <http://www.worldbank.org/html/pic/PIC.html>.

Development Gateway

In 2001 the Bank established a "Development Gateway" Web site to allow those in the development field to access information, resources and tools, as well as to provide a forum for the exchange of knowledge and experience. A collaborative initiative by the Bank Group and civil society (including the private sector) is underway to build the Gateway. The Gateway has been initially funded by the Bank, but will be transferred to the Development Gateway Foundation, an independent non-profit organization dedicated to reducing poverty and helping to bridge the digital divide by promoting development-related information and communications technology initiatives.

The Development Gateway can be accessed at <http://www.developmentgateway.org/>.

Managing Canada's Interests at the World Bank

Finance Minister Paul Martin, as Canada's Governor at the World Bank, is responsible for the management of Canada's interests at the Bank. Minister Martin exercises his influence through exchanges of views at the Development Committee and Annual Meetings of the Board of Governors of the Bank, and through discussions with the President of the Bank. For example, in 2001 in two Development Committee meetings, Governors addressed means of improving donor co-ordination, support for the education sector, leveraging trade for development, assisting developing countries cope with the impacts of September 11, 2001, and the Bank's role in the International Conference on Financing for Development. Within the Development Committee, Minister Martin represents the interests of Canada and all other members of the Canada/Ireland/Commonwealth Caribbean constituency at the Bank.

Because of the September 11, 2001, terrorist attack in Washington, the fall meeting of the Development Committee, originally planned for that city on October 1, was postponed to November 18 and took place in Ottawa. The Annual Meeting of the Bank's Board of Governors was rescheduled to December 4, 2001, and was held in Washington. Most Governors, including Minister Martin, were represented on an exceptional basis by their Executive Directors.

The Department of Finance consults closely with the Department of Foreign Affairs and International Trade and CIDA in formulating Canadian policies related to Bank issues. Len Good, the President of CIDA, is Canada's Alternate Governor for the World Bank.

Governors have delegated decision making for a wide variety of day-to-day operational, policy and administrative matters to the Bank's Executive Board. The Executive Board formally approves all loans, credits, projects and World Bank policies, discusses CASs and provides strategic advice to Bank management as appropriate. Of 24 Executive Directors on the Board, 12 are from developing and transition countries and 12 from developed countries. Terrie O'Leary, who was elected Executive Director in October 1998, represents Canada and 12 other countries (Ireland and 11 Caribbean countries) at the Executive Board. One of the important functions of the Executive Director in 2001 was her oversight of the Bank's staffing policy through her membership on the Board of Directors' Personnel Committee.

Canada's Office at the World Bank

In 2001 the Canadian Executive Director's office continued to support the activities of Canadian businesses seeking opportunities with the Bank. One of the key roles of the office is to provide advice and assistance to Canadian individuals and businesses on doing business with the Bank. The Executive Director's office helped introduce roughly 1,000 Canadian businesses to such opportunities through seminars and workshops held across the country and by organizing direct contacts in Washington. Beyond its formal work, the

office provides a valuable bridge between the Bank and Canadian constituents – individuals, NGOs, federal and provincial agencies, associations, the academic community and parliamentarians, among others.

In addition to the Canadian Executive Director's office, the Canadian Embassy in Washington has established an Office for Liaison With International Financial Institutions that can advise Canadians on how to participate in Bank-financed projects. The office can be reached at (202) 682-7719.

Another point of contact for Canadian businesses is the Bank's Business World Web page at <http://www.worldbank.org/business/>. Canadian firms, organizations and institutions that are interested in pursuing opportunities created by Bank-financed projects should consult the Bank's Web site on a regular basis.

Organization of the Office

The Executive Director is supported in her daily work by a Caribbean Alternate Executive Director, three senior advisors (two Canadian and one Irish), three advisors (two Canadian and one Caribbean) and three locally hired administrative staff. The office works closely with the Canadian government – not only with the Department of Finance, but also with CIDA and the Department of Foreign Affairs and International Trade. The Department of Finance co-ordinates Canada's policy advice and channels it to the Executive Director, and through her to World Bank management.

Structure of the Executive Director's Office:

Executive Director	Terrie O'Leary
Caribbean Alternate Executive Director	Sharon Weber
Canadian Senior Advisor	Grant Cameron
Canadian Senior Advisor	François Pagé
Irish Senior Advisor	Donal Cahalane
Canadian Advisor	Ian Wright
Canadian Advisor	Hieu Tom Bui
Caribbean Advisor	Barrington O'Neil Bryce
Executive Assistant	Deborah Wooldridge
Program Assistant	Monica Morris
Team Assistant	Danielle Pierre
Phone/fax	(202) 458-0082/(202) 477-4155
Address	MC-12-175, 1818 H St. N.W., Washington, DC 20433, USA toleary@worldbank.org dwooldridge@worldbank.org

Canadian Procurement at the World Bank

Canadian firms benefit from Canada's World Bank membership by accessing procurement opportunities under World Bank-financed loans. Canadian expertise in the power, environmental, engineering, human resources, health, education, telecommunications, financial and transportation sectors has led to procurement opportunities for Canadian firms for developing country projects around the globe. In FY 2001 Canadian companies provided US\$120 million in goods and services under Bank-funded projects. Consulting fees represented more than half of this amount. Canadian companies were most active in Bank-financed projects in the transportation sector, with Systec Instrument Canada, LEA International and Tecslult International providing goods and services. Canadian firms with environmental expertise, such as Lomex International, Cowater International, Groupe Progestic, Wardrop Engineering and others, were also very active in FY 2001. Tecslult International and Canam Pipe & Supply were also active in Bank-financed projects in the mining sector. KPMG Consultants, The Governance Network and Cowater International are involved in the implementation of a public sector modernization project in Jamaica. Gowlings Consulting Inc. was awarded a contract under a component of the Bank's Legal and Judicial Reform Project to work on institution building, training and enhancing the legislative framework pertaining to alternative dispute resolution. Canadian research centres have also benefited from Bank-financed contracts. The Canadian Centre of Disability Studies was awarded a US\$226,000 contract to conduct a study in eight countries on disability and development.

The outstanding Canadian success story for 2001 was Montréal-based Tecslult International. Tecslult won seven contracts in the mining, forestry, transportation and environment sectors, with the total volume of business generated by these contracts exceeding US\$11 million. Like many other Canadian companies, Tecslult's bids are often made in partnership with companies based in other countries. Thus, the actual number of Bank contracts that benefit Canadian suppliers and consultants is understated in the Bank's reporting on procurement.

Trust Fund Activities

Consultant trust funds, financed by CIDA and administered by the Bank, are a significant source of funds for identifying and preparing Bank projects, programs or analytical work focused on poverty reduction. These trust funds are intended to support the participation of Canadian consultants with limited prior involvement in activities funded by the Bank. In June 1995 CIDA concluded an agreement with the Bank that governs all of its trust fund arrangements with the Bank, World Bank Institute and Global Environment Facility. CIDA has established specific trust funds for persistent organic pollutants (C\$20 million), the Prototype Carbon Fund (US\$10 million), the Public-Private Infrastructure Advisory Facility (C\$500,000) and the Cities Alliance (C\$800,000). CIDA has established a separate C\$5-million trust fund with the World Bank Institute that enables the organization to engage

Canadian expertise in the preparation and delivery of its training programs in countries eligible for Canadian Official Development Assistance. Allocations are made annually to five or six World Bank Institute programs, based on their compatibility with Canadian development assistance priorities.

For further information on Canadian trust funds, contact Stéphane Charbonneau, Commercial Counsellor at the Canadian Embassy in Washington (phone [202] 682-7719; fax [202] 682-7789) and François Pagé, Senior Advisor at the Executive Director's office (phone [202] 458-0082; fax [202] 477-4155).

International Finance Corporation

The IFC, created in 1956, supplements the activities of the IBRD and IDA by providing financing on commercial terms for productive private sector enterprises that lack access to private capital markets. The institution is the largest multilateral source of loan and equity financing for the private sector in the developing world. Through its co-financing arrangements, it leverages over five dollars of finance for every dollar it provides. By investing alongside the IFC, as Canadian financial institutions have done since the mid-1990s through their participation in the IFC loan syndication program, investors gain valuable access to potential new customers, attain a high-yielding asset and, given the IFC's good relations with developing country governments, benefit from a degree of implicit political risk coverage.

In FY 2001 the IFC approved financing commitments of US\$3.9 billion for 205 projects in the developing world. Of this amount, US\$1.2 billion was mobilized through loan syndications. Of the US\$2.7 billion of the IFC's own financing, US\$1.5 billion was provided in the form of loan guarantees, US\$570 million was provided in the form of other types of guarantees and risk management products, US\$386 million was provided as equity investments and US\$251 million was provided as quasi-equity investments.

While the bulk of the IFC's financing is provided to middle-income countries, the institution is increasingly targeting frontier markets (countries, such as those in Africa, traditionally of little interest to private investors). In FY 2001 the IFC increased the share of its activities in such higher-risk markets to 40 per cent of its overall activities. Of this, new financing commitments to Sub-Saharan Africa increased to US\$642 million from US\$345 million in FY 2000, with a strong increase in loan syndications and guarantees. The committed portfolio to this region also rose to US\$1.8 billion from US\$1.5 billion in FY 2000. In total, the IFC finances nearly 10 per cent of all private investment in Africa. Canada supports this stronger focus on frontier markets, while recognizing the difficulties from higher business costs and financial risks.

Canada maintains a 3.4-per-cent share of IFC capital. It has paid-in US\$81.3 million to the IFC's capital stock. Given the risks associated with its financial operations, all of the IFC's authorized capital is paid-in.

Canada's Financial Participation in the IFC

Subscriptions		Voting Power	
Total	Per cent of total	Number of votes	Per cent of total
US\$81.3 million	3.45	81,592	3.39

Multilateral Investment Guarantee Agency

MIGA was created in 1988 to encourage foreign investment in developing countries by providing viable investment insurance against non-commercial risks (e.g., expropriation, transfer restrictions, breach of contract, and war and civil disturbance), thereby improving or creating investment opportunities. MIGA's Canadian clients include Barrick Gold, Hydro-Québec International and The Bank of Nova Scotia.

In FY 2001 MIGA approved 66 guarantees totalling US\$2 billion for 46 projects in 26 developing countries. MIGA estimates that its guarantees facilitated US\$5.2 billion in foreign direct investment. Of this total, 18 projects worth US\$396 million were approved for IDA countries, consistent with MIGA's objective of focusing more of its activities in poorer countries. During FY 2001 MIGA also increased its support for investors from developing countries – it signed 12 contracts for 8 projects involving sponsors from the developing world. MIGA also provides technical assistance services to developing countries. In FY 2001 it offered 59 technical assistance or advisory programs that benefited 38 countries, of which 20 were IDA-eligible (including 8 in Africa).

On March 31, 1998, MIGA's Board of Directors agreed on a general capital increase of US\$850 million. At the end of FY 2001, 51 countries had subscribed a total of US\$330 million, of which US\$279 million was in cash and the remainder in callable capital. Canada contributed to its share of the capital increase in March 2001. Therefore, as of June 30, 2001, Canada held 5,225 shares, with a paid-in portion of US\$10.7 million, and had increased its callable portion by US\$20.1 million. Canada's voting share in MIGA increased slightly to 3.4 per cent.

Canada's Financial Participation in MIGA

Subscriptions		Voting Power	
Total	Per cent of total	Number of votes	Per cent of total
US\$56.5 million	3.45	81,592	3.39
Of which paid-in 10.7			
Of which callable 45.8			

Future Challenges

That millions of the world's poorest are unable to share in the benefits of globalization is both an economic and moral issue, and has made development a prominent theme of G-8 meetings and of policy discussions in other multilateral fora (e.g., in the UN system, regional summits and World Trade Organization negotiations). Development in general, and support for Africa in particular, will be the dominant theme of the G-8 Summit in Canada in 2002.

Effective use of scarce resources is central to international discussions of development issues. At the International Conference on Financing for Development in March 2002, developed and developing country leaders agreed that more must be done to channel resources in support of development and that, for their part, developing countries have a responsibility to ensure that these resources are used effectively. Donors, conscious of the uneven results of decades of Official Development Assistance, want to ensure that scarce assistance resources produce quantifiable results. This requires stronger efforts by developing countries to create sound policy and institutional environments. The Bank, as the world's largest provider of development financing, will play a crucial role in providing advisory and financial assistance to countries to help strengthen their economic, social and governance policies.

Recognizing the importance of country-owned development strategies, the major challenge for the future will be to orient the Bank's operations towards those clients that have strong economic and governance frameworks in place and to help convince countries with weak policy frameworks of the need to alter their policies. The Bank's central role, however, will remain supporting development programs that reduce poverty across and within countries. As the Bank moves increasingly to support nationally owned development strategies, its key challenge will be to work with developing country governments and civil society to ensure that there is sufficient capacity on the ground to develop and implement these strategies. The Bank will also have to work increasingly with other partners, both multilateral and bilateral, on the basis of their comparative institutional strengths, to improve the quality and effectiveness of development assistance within individual countries.

While the Bank has made significant progress in improving the development impact of its operations, it is clear that more needs to be done to strengthen its monitoring of the results and sustainability of its lending and advisory work. Canada will continue to stress the importance of results-based indicators. Moreover, without careful attention to the unique needs of individual countries, the Bank will be unable to meet its objectives of improving the quality of its operations and strengthening its development impact. The Bank will also have to strengthen its development co-operation partnerships with bilateral donors and international organizations, and especially with UN agencies, as it becomes increasingly involved in the global public goods agenda.

Thus, establishing clear development priorities and being more selective in its operations will be key to future success. Canada will continue to stress the need for the Bank to be much more selective and transparent in its operations.

JOINT ISSUES

Overview

The IMF and the World Bank are important institutions for Canada, each playing a unique role in the international economic and financial system. Nevertheless, there are key areas where the mandates of the two Bretton Woods institutions overlap, or where there is a requirement for close co-operation and co-ordination of activities. Indeed, at the Halifax Summit in 1995 G-7 leaders asked that efforts be made to increase co-operation and co-ordination between the IMF and the World Bank. The heads of both institutions have put considerable effort into fulfilling that objective. Two particular examples – the joint preparation of a proposed program of assistance for HIPCs and co-operation on addressing financial sector reform – are examined below. In 1999, given the global community's recognition of the importance of country ownership to the development process in general and of the need to ensure that HIPC debt relief is translated into poverty-reducing social expenditures in particular, the Bank and Fund became active in assisting poor countries draft and implement PRSPs. In 2002 both institutions are undertaking a comprehensive review of the PRSP process (which is summarized below).

Both the IMF and the World Bank were actively involved with the United Nations and governments in the process of planning the United Nations International Conference on Financing for Development, held in Monterrey, Mexico, from March 18-22, 2002. Details are provided in a separate section below.

Strengthening Financial Sectors

Problems in the financial sector, especially the banking system, can disrupt growth and macroeconomic stability and can spill over regionally and internationally, as highlighted by the emerging market financial crises of the late 1990s. In response to concerns about such problems, the IMF and World Bank are devoting increasing attention to financial sector issues. Discussions in both institutions in the past couple of years have focused on how they can assist member countries to establish and maintain sound financial systems.

The special Financial Sector Liaison Committee, composed of senior staff from the IMF and the World Bank, helps ensure effective collaboration between the two institutions on financial sector issues and enhance operational co-ordination on work in the financial sector in individual countries.

To help identify and evaluate vulnerabilities in financial systems, and assess observance of core principles, standards and good practices by member countries, the IMF and World Bank introduced the joint Financial Sector Assessment Program (FSAP) on a one-year pilot basis in May 1999. All 12 FSAP pilot missions were completed by April 2000. After a review of the experience with the FSAP pilot, the IMF and World Bank agreed to extend the FSAP and expand the coverage to up to 24 countries per year. By the end of 2001, 26 FSAPs had been completed and an additional 44 countries had committed to participate in the program.

Information on financial system standards assessed under the FSAP is used to support Fund surveillance through the Financial System Stability Assessments (FSSAs), which are provided to the Executive Board as background to the Article IV consultation process. The summary assessments of standards contained in FSSAs become the Reports on the Observance of Standards and Codes modules.

The FSSAs include a form of “peer review” in that they are prepared with the participation of outside experts drawn from national supervisory agencies. This represents the operationalization of Canada’s financial sector peer review proposal made at the IMF meetings in April 1998.

Canada was the first industrialized country to undergo an FSSA. IMF and World Bank staff members and outside specialists from Australia, Brazil, Germany, Sweden and the United States conducted a pilot review of Canada’s financial system in October 1999. The results of the peer review were released in the staff report for the 2000 Article IV consultation with Canada. Overall, the assessment found Canada’s financial system to be among the soundest in the world (see <http://www.imf.org/external/pubs/cat/longres.cfm?sk=3420.0>).

The international financial institutions’ mandate to strengthen financial systems, promote good governance and fight corruption encompasses the enhancement of a country’s capacity to combat money laundering and financial abuse. At the Prague IMF/World Bank Annual Meetings in 2000, the International Monetary and Financial Committee recognized that the Fund has to play its role as part of international efforts to protect the integrity of the international financial system against financial abuse, including through its efforts to promote sound financial sectors and good governance. It asked the Fund to explore how to incorporate work on financial abuse, particularly with respect to international efforts to fight money laundering, into its activities. It called on the Fund to prepare a joint paper with the World Bank on their respective roles in combatting money laundering and financial crime for discussion by their Boards. As a result, in April 2001 the Fund’s Executive Board agreed the IMF would take the following steps to enhance the international efforts to counter money laundering:

- intensify its focus on anti-money laundering elements in all relevant supervisory principles, in particular by developing a methodology for enhancing the assessment of financial standards relevant to countering money laundering;
- work more closely with major international anti-money laundering groups;
- increase the provision of technical assistance in this area;
- include anti-money laundering concerns in its surveillance and other operational activities when relevant to macroeconomic issues; and
- undertake additional studies and publicize the importance of countries acting to protect themselves against money laundering.

The Fund and Bank have produced a draft methodology designed to enhance the assessment of financial standards relevant to countering money laundering, and the Fund assessments using this methodology on a pilot basis in some FSAPs have begun. In addition, the Fund and Bank have recognized the Financial Action Task Force 40 Recommendations as the appropriate international anti-money laundering standards and have agreed to adapt those Recommendations that are relevant to their mandates. As indicated earlier in the “Financial Sector Work” section, it was agreed following the events of September 11 that the Fund would extend its involvement beyond money laundering to efforts aimed at countering terrorist financing.

Following the recommendation of the Financial Stability Forum, the IMF also agreed to carry out assessments of offshore financial centres (OFCs) to help them identify and reduce vulnerabilities in their financial systems. The IMF completed nine OFC assessments in 2001. To help provide technical assistance in the Caribbean region, the Fund, in close collaboration with Canada, established the Caribbean Regional Technical Assistance Centre (CARTAC), which became operational in September 2001. Canada is the largest single donor to CARTAC, which is designed to strengthen the region’s technical capability in financial sector regulation and supervision, tax administration and other areas.

Multilateral Debt Relief

In September 1996 the IMF and World Bank launched the Heavily Indebted Poor Countries Initiative (HIPC Initiative) to reduce the unsustainable debt burdens of the world’s poorest countries. After a review of the HIPC Initiative in 1999, a number of modifications were approved to provide faster, deeper and broader debt relief and to strengthen the links between debt relief, poverty reduction and social policies. Currently 42 countries are being considered for assistance under the HIPC Initiative. Of these, it is likely that 38, including Guyana – a member of Canada’s constituency at the Bank – will benefit from the initiative.

Good progress has been made: as of the end of December 2001, 24 countries were benefiting from debt relief under the HIPC Initiative. Four of these countries (Bolivia, Mozambique, Tanzania and Uganda) have completed the HIPC process and received irrevocable debt relief. By the time these 24 countries complete the HIPC process, their total debt stocks will be cut by more than half, from US\$54 billion, in net present value terms, to US\$21 billion. On average, the debt service due in 2001-03 is roughly 30 per cent less than the amount paid before HIPC debt relief. In 2002 social expenditures are expected to increase by an average of 40 per cent from 1999 levels, with savings on debt relief accounting for a sizable proportion of this increase.

With the relatively stronger HIPC cases making good progress, further progress on the overall initiative will require closer examination of how best to bring the eight conflict-affected HIPC countries¹³ to the decision point, or into

¹³ Burundi, Central African Republic, Congo (Democratic Republic of), Congo (Republic of), Liberia, Sierra Leone, Somalia and Sudan.

the process. Their special circumstances could merit flexible treatment. Canada, for example, has expressed its willingness to consider, on a case-by-case basis, a relaxation of the time frame normally required for the completion of reforms. However, many countries emerging from conflict have serious governance problems that could undermine assistance efforts; these governance issues will need to be addressed before the international community can engage meaningfully with them.

Maintaining long-term debt sustainability in HIPCs will also be a challenge, given the global economic slowdown and the impact of the terrorist attacks on September 11th. The economic weakness of many HIPCs leaves them vulnerable to exogenous shocks, such as a fall in primary commodities' prices, which could alter their debt sustainability prognosis. At the November 2001 meeting of the Development Committee in Ottawa, Bank and Fund Governors agreed that, where warranted and on an exceptional basis, additional debt relief could be provided at the completion point in order to ensure a lasting exit from debt problems. Canada was a strong supporter of these measures.

Canada's Actions in Support of the HIPC Initiative

Canada has been at the forefront of international efforts for a swift and decisive approach to the debt burdens of the world's poorest countries, both multilaterally and bilaterally. Multilaterally, Canada has consistently advanced the debt relief agenda by:

- leading efforts in the G-7 for the enhanced HIPC debt initiative (announced in September 1999);
- contributing C\$215 million to the debt relief trust funds at the IMF (C\$65 million) and World Bank (C\$150 million) to ensure timely debt relief for deserving countries;
- calling on all bilateral creditors to put in place a moratorium on debt payments from reforming HIPCs; and
- calling for flexibility in linking HIPC debt relief to the PRSP process to avoid delaying debt relief to deserving countries.

Bilaterally, Canada is helping the poorest countries by:

- as of January 1, 2001, introducing a debt moratorium stopping the collection of debt payments from 11 reforming HIPCs on loans outstanding as of March 31, 1999;
- forgiving C\$1.3 billion in Official Development Assistance (ODA) debt to 46 developing countries since 1978, including all of its ODA debt to 22 HIPCs, at a cost of C\$900 million; of the HIPCs, only Myanmar (formerly Burma) currently has ODA debt to Canada; and
- providing development assistance since 1986 on a grant basis so as to avoid worsening the debt problems in the poorest countries.

Poverty Reduction Strategy Paper Review

A key element of the HIPC process is the commitment of recipients to channel the resources freed by debt relief to support poverty reduction. Country-owned PRSPs have helped provide a strategic framework to do so. By the end of December 2001, 41 countries had prepared interim strategies and 8 had completed their first full PRSP.

However, it is clear that the PRSP process is not perfect – a wide variation in quality exists. Canada, other donors and NGOs alike have noted the trade-off between the time needed to produce a quality PRSP and the promise under the enhanced HIPC debt initiative of “faster” debt relief (e.g., some HIPCs are experiencing delays in preparing full PRSPs, which will delay the completion point). The Bank and Fund are undertaking a comprehensive review of the PRSP process with a view to making it a more effective development tool.

As part of this review, the Bank and Fund jointly hosted an international conference in January 2002. The key conclusions of the conference will be presented to Bank and Fund Governors at the International Monetary and Financial Committee and Development Committee meetings in April 2002. Discussion focused on process (particularly mainstreaming country ownership, ensuring meaningful participatory processes take place, and the perceived tension between speed of preparation and the quality of the strategy), content (including the expected scope of the PRSP) and implementation (including appropriate monitoring and evaluation, the frequency of progress reports and updates, and alignment of donor strategies with the priorities outlined in the PRSPs).

Leading up to the January conference, the Bank and Fund organized four regional PRSP forums in the fall of 2001 to feed into the review process. These fora provided those from the developing world involved with an important vehicle for sharing experiences and expressing concerns about the PRSP process. PRSP review consultations were also undertaken with developed country governments, including Canada, and NGOs. The inclusion of this broad range of stakeholders in the review process allowed for an atmosphere of openness that greatly enriched the debate.

Monterrey Conference on Financing for Development

The International Conference on Financing for Development, hosted by Mexico in Monterrey from March 18-22, 2002, was attended by over 180 countries, with representation by over 60 heads of government or state, including Prime Minister Jean Chrétien. The heads of the World Bank, IMF and other international institutions, as well as representatives of civil society and the private sector, also participated. The conference resulted in the adoption of the “Monterrey Consensus” by participating governments, a document that embodies a new development compact among developed and developing countries.

The cornerstone of this compact is that developing countries should strive for good governance, sound economic policies and market-oriented economies in order to attract investment and aid resources and use them effectively. The Consensus also calls for increased co-operation among all the major international institutions – the World Bank, IMF, World Trade Organization and United Nations.

The Consensus asserts that Official Development Assistance and other resources must increase substantially if internationally agreed development goals, including those in the Millennium Declaration, are to be met. It notes that in many cases trade is the single most important source of development financing, and it reaffirms the commitment of all countries to trade liberalization. It also recognizes the value of exploring innovative sources of financing and putting in place a clear set of principles for the management and resolution of financial crises based on public/private burden sharing. Finally, it recognizes an urgent need to enhance the coherence, governance and consistency of the international monetary, financial and trading systems. While the Consensus has been criticized by some for being short on concrete commitments, in the run-up to the Monterrey conference some developed countries committed to increase their development assistance for developing countries that can use it effectively.

ANNEX 1**Active IMF Lending Arrangements – As of December 31, 2001**

Member	Date of arrangement	Expiration date	Amount approved	Undrawn balance
			(in SDR millions)	
Stand-By Arrangements – Total			45,573.70	20,134.28
Argentina ¹	March 10, 2000	March 9, 2003	16,936.80	7,180.49
Brazil ¹	September 14, 2001	December 13, 2002	12,144.40	8,468.82
Croatia	March 19, 2001	May 18, 2002	200.00	200.00
Gabon	October 23, 2000	April 22, 2002	92.58	79.36
Latvia	April 20, 2001	December 19, 2002	33.00	33.00
Lithuania	August 30, 2001	March 29, 2003	86.52	86.52
Panama	June 30, 2000	March 29, 2002	64.00	64.00
Peru	March 12, 2001	March 11, 2002	128.00	128.00
Romania	October 31, 2001	April 29, 2003	300.00	248.00
Sri Lanka	April 20, 2001	June 19, 2002	200.00	96.65
Turkey ¹	December 22, 1999	December 21, 2002	15,038.40	3,299.44
Uruguay	May 31, 2000	March 31, 2002	150.00	150.00
Yugoslavia, Fed. Rep.	June 11, 2001	March 31, 2002	200.00	100.00
Extended Fund Facility arrangements – Total			7,971.93	5,551.14
Columbia	December 20, 1999	December 19, 2002	1,957.00	1,957.00
Indonesia	February 4, 2000	December 31, 2002	3,638.00	2,477.20
Jordan	April 15, 1999	April 14, 2002	127.88	60.89
Kazakhstan	December 13, 1999	December 12, 2002	329.10	329.10
Ukraine	September 4, 1998	August 15, 2002	1,919.95	726.95

¹ Includes amounts under the Supplemental Reserve Facility.

ANNEX 1**Active IMF Lending Arrangements – As of December 31, 2001** (*cont'd*)

Member	Date of arrangement	Expiration date	Amount approved	Undrawn balance
			(in SDR millions)	
Poverty Reduction and Growth Facility arrangements – Total			4,257.62	2,781.97
Armenia	May 23, 2001	May 22, 2004	69.00	59.00
Azerbaijan	July 6, 2001	July 5, 2004	80.45	72.40
Benin	July 17, 2000	July 16, 2003	27.00	12.12
Bolivia	September 18, 1998	June 7, 2002	100.96	37.10
Burkina Faso	September 10, 1999	September 9, 2002	39.12	11.17
Cambodia	October 22, 1999	October 21, 2002	58.50	25.07
Cameroon	December 21, 2000	December 20, 2003	111.42	79.58
Central African Republic	July 20, 1998	January 19, 2002	49.44	24.96
Chad	January 7, 2000	January 6, 2003	42.00	18.20
Djibouti	October 18, 1999	October 17, 2002	19.08	10.00
Ethiopia	March 22, 2001	March 21, 2004	86.90	52.14
Georgia	January 12, 2001	January 11, 2004	108.00	81.00
Ghana	May 3, 1999	May 2, 2002	228.80	105.17
Guinea	May 2, 2001	May 1, 2004	64.26	51.41
Guinea-Bissau	December 15, 2000	December 14, 2003	14.20	9.12
Honduras	March 26, 1999	December 31, 2002	156.75	48.45
Kenya	August 4, 2000	August 3, 2003	190.00	156.40
Kyrgyz Republic	December 6, 2001	December 5, 2004	73.40	61.68
Lao People's Dem. Republic	April 25, 2001	April 24, 2004	31.70	27.17
Lesotho	March 9, 2001	March 8, 2004	24.50	17.50
Madagascar	March 1, 2001	February 29, 2004	79.43	56.74
Malawi	December 21, 2000	December 20, 2003	45.11	38.67
Mali	August 6, 1999	August 5, 2003	51.32	19.65
Mauritania	July 21, 1999	July 20, 2002	42.49	12.14
Moldova	December 21, 2000	December 20, 2003	110.88	92.40
Mongolia	September 28, 2001	September 27, 2004	28.49	24.42
Mozambique	June 28, 1999	June 27, 2002	87.20	25.20
Nicaragua	March 18, 1998	March 17, 2002	148.96	33.64
Niger	December 22, 2000	December 21, 2003	59.20	42.28
Pakistan	December 6, 2001	December 5, 2004	1,033.70	947.54
Rwanda	June 24, 1998	April 30, 2002	71.40	9.52
São Tomé and Príncipe	April 28, 2000	April 27, 2003	6.66	4.76
Senegal	April 20, 1998	April 19, 2002	107.01	19.54
Sierra Leone	September 26, 2001	September 25, 2004	130.84	84.00
Tanzania	April 4, 2000	April 3, 2003	135.00	55.00
Vietnam	April 13, 2001	April 12, 2004	290.00	207.20
Zambia	March 25, 1999	March 28, 2003	254.45	149.63
Total			57,803.25	28,467.39

ANNEX 2**IBRD Loans and IDA Credits –
Fiscal Year 2001 (July 1, 2000 – June 30, 2001)**

	IBRD	IDA	Total	
	Amount	Amount	No.	Amount
(in millions of US dollars)				
By area				
Africa	0.0	3,369.6	60	3,369.6
East Asia/Pacific	1,136.1	997.7	24	2,133.8
Europe and Central Asia	2,154.1	539.0	54	2,693.1
Latin America and the Caribbean	4,806.7	493.4	50	5,300.1
Middle East and North Africa	355.2	152.3	14	507.5
South Asia	2,035.0	1,211.5	24	3,246.5
Total	10,487.1	6,763.5	226	17,250.6
By purpose				
Agriculture	674.0	782.9		1,456.9
Economic policy	98.5	1,225.3		1,323.8
Education	381.6	412.5		794.1
Electric power and energy	732.0	92.4		824.4
Environment	488.9	27.0		515.9
Finance	1,800.2	431.1		2,231.3
Health, nutrition and population	483.6	564.2		1,047.8
Mining	18.0	18.0		36.0
Multisector	5.1	45.0		50.1
Oil and gas	–	81.6		81.6
Private sector development	20.3	487.0		507.3
Public sector management	1,904.5	666.1		2,570.6
Social protection	873.3	799.2		1,672.5
Telecommunications	65.0	–		65.0
Transportation	2,422.0	547.9		2,969.9
Urban development	319.2	230.3		549.5
Water supply and sanitation	201.0	353.0		554.0
Total	10,487.1	6,763.5		17,250.6

ANNEX 3**IBRD Loans and IDA Credits to Developing Countries**

	IBRD		IDA		Total	
	No.	Amount	No.	Amount	No.	Amount
(in millions of US dollars)						
By fiscal year (July-June)						
Cumulative to 1968	549	11,418.1	116	1,831.8	665	13,249.9
Total 1969-1973	374	8,917.8	273	3,931.6	647	12,849.4
Total 1974-1978	666	24,372.3	376	7,947.4	1,042	32,319.7
Total 1979-1983	711	44,908.0	518	16,368.1	1,229	61,276.1
1983-1984	129	11,947.2	106	3,575.0	235	15,522.2
1984-1985	131	11,356.3	105	3,028.1	236	14,384.4
1985-1986	131	13,178.8	97	3,139.9	228	16,318.7
1986-1987	127	14,188.2	108	3,485.8	235	17,674.0
1987-1988	118	14,762.0	99	4,458.7	217	19,220.7
1988-1989	119	16,433.2	106	4,933.6	225	21,366.8
1989-1990	121	15,179.7	101	5,522.0	222	20,701.7
1990-1991	126	16,392.2	103	6,293.3	229	22,685.5
1991-1992	112	15,156.0	110	6,549.7	222	21,705.7
1992-1993	122	16,944.5	123	6,751.4	245	23,695.9
1993-1994	124	14,243.9	104	6,592.1	228	20,836.0
1994-1995	134	16,852.6	108	5,669.2	242	22,521.8
1995-1996	129	14,656.0	127	6,864.0	256	21,520.0
1996-1997	141	14,525.0	100	4,622.0	241	19,147.0
1997-1998	151	21,086.2	135	7,507.8	286	28,594.0
1998-1999	131	22,182.3	145	6,811.8	276	28,994.1
1999-2000	97	10,918.6	126	4,357.6	223	15,276.2
2000-2001	91	10,487.1	134	6,763.5	225	17,250.6
Total	4,534	360,106.0	3,320	127,004.4	7,854	487,110.4

ANNEX 4**Disbursements by IBRD and IDA Borrowers –
Goods and Services From Canada – To June 30, 2001**

	IBRD Amount	IDA Amount	Total Amount
	(in millions of US dollars)		
By calendar year			
Cumulative to December 1960	133.5	–	133.5
1961	8.2	–	8.2
1962	3.7	–	3.7
1963	5.6	7.4	13.0
1964	4.7	1.8	6.5
1965	5.4	2.7	8.1
1966	11.6	5.3	16.9
1967	13.2	14.7	27.9
1968	6.3	7.8	14.1
1969	4.4	11.0	15.4
1970	7.6	1.3	8.9
1971	11.1	2.2	13.3
1972	10.5	2.3	12.8
1973	12.4	5.1	17.5
1974	15.8	8.4	24.2
1975	22.1	15.0	37.1
1976	25.7	10.8	36.5
1977	34.5	4.8	39.3
1978	26.1	5.5	31.6
1979	44.4	8.1	52.5
1980	51.5	7.8	59.3
1981	94.3	14.5	108.8
1982	75.0	17.6	92.6
1983	82.3	26.9	109.2
1984	92.6	54.3	146.9
1985	94.3	39.7	134.0
1986	184.8	46.8	231.6
1987 (January – June)	92.8	23.4	116.2

ANNEX 4**Disbursements by IBRD and IDA Borrowers –
Goods and Services From Canada – To June 30, 2001 (cont'd)**

	IBRD Amount	IDA Amount	Total Amount
	(in millions of US dollars)		
By fiscal year			
1987 – 1988	182.1	47.4	229.5
1988 – 1989	197.0	45.0	242.0
1989 – 1990	164.0	41.0	205.0
1990 – 1991	139.0	34.0	173.0
1991 – 1992	131.0	38.0	169.0
1992 – 1993	151.0	41.0	192.0
1993 – 1994	115.0	69.0	184.0
1994 – 1995	123.0	48.0	171.0
1995 – 1996	169.0	56.0	225.0
1996 – 1997	113.0	42.0	155.0
1997 – 1998	82.0	32.0	114.0
1998 – 1999	69.0	37.0	106.0
1999 – 2000	73.0	22.0	95.0
2000 – 2001	45.0	15.0	60.0
Total	2,878.0	886.0	3,765.0
Per cent of total disbursements	2.36	1.84	2.21
Per cent of FY 2001 disbursements	2.76	1.38	2.22

ANNEX 5**IBRD Loans and IDA Cumulative Lending by Country –
As of June 30, 2001**

	IBRD loans	IDA loans	Total loans	
	Amount	Amount	No.	Amount
(in millions of US dollars)				
Borrower or guarantor				
Afghanistan	–	230.1	20	230.1
Africa region	259.8	50.5	13	310.3
Albania	–	569.4	42	569.4
Algeria	5,697.7	–	67	5,697.7
Angola	–	310.8	11	310.8
Argentina	18,212.4	–	110	18,212.4
Armenia	12.0	644.8	24	656.8
Australia	417.7	–	7	417.7
Austria	106.4	–	9	106.4
Azerbaijan	–	461.6	16	461.6
Bahamas	42.8	–	5	42.8
Bangladesh	46.1	9,592.4	170	9,638.5
Barbados	118.3	–	12	118.3
Belarus	192.8	–	4	192.8
Belgium	76.0	–	4	76.0
Belize	86.2	–	9	86.2
Benin	–	743.5	51	743.5
Bhutan	–	64.3	9	64.3
Bolivia	299.3	1,669.2	78	1,968.5
Bosnia and Herzegovina	–	709.5	35	709.5
Botswana	280.7	15.8	25	296.5
Brazil	30,379.4	–	266	30,379.4
Bulgaria	1,533.1	–	26	1,533.1
Burkina Faso	1.9	1,063.9	53	1,065.8
Burundi	4.8	788.5	51	793.3
Cambodia	–	430.1	16	430.1
Cameroon	1,347.8	1,120.5	72	2,468.3
Cape Verde	–	154.4	15	154.4
Caribbean region	83.0	43.0	6	126.0
Central African Republic	–	431.5	26	431.5
Chad	39.5	771.9	40	811.4
Chile	3,585.9	19.0	60	3,604.9
China	25,566.3	9,946.7	234	35,513.0
Colombia	10,017.1	19.5	160	10,036.6
Comoros	–	113.1	17	113.1
Congo, Democratic Republic of	330.0	1,151.5	66	1,481.5
Congo, Republic of	216.7	183.6	20	400.3
Costa Rica	921.5	5.5	39	927.0
Côte d'Ivoire	2,887.9	1,830.5	86	4,718.4
Croatia	781.6	–	17	781.6
Cyprus	418.8	–	30	418.8
Czech Republic	776.0	–	3	776.0
Denmark	85.0	–	3	85.0
Djibouti	–	100.6	13	100.6
Dominica	3.1	14.1	4	17.1
Dominican Republic	896.7	22.0	34	918.7

ANNEX 5**IBRD Loans and IDA Cumulative Lending by Country –
As of June 30, 2001 (cont'd)**

	IBRD loans	IDA loans	Total loans	
	Amount	Amount	No.	Amount
	(in millions of US dollars)			
Eastern Africa region	–	45.0	1	45.0
Ecuador	2,656.3	36.9	74	2,693.2
Egypt, Arab Republic of	4,497.5	1,984.0	104	6,481.5
El Salvador	820.6	25.6	34	846.2
Equatorial Guinea	–	45.0	9	45.0
Eritrea	–	320.4	9	320.4
Estonia	150.7	–	8	150.7
Ethiopia	108.6	3,569.5	79	3,678.1
Fiji	152.9	–	12	152.9
Finland	316.8	–	18	316.8
France	250.0	–	1	250.0
Gabon	227.0	–	14	227.0
Gambia	–	228.2	26	228.2
Georgia	–	647.1	28	647.1
Ghana	207.0	3,685.9	108	3,892.9
Greece	490.8	–	17	490.8
Grenada	8.9	13.8	3	22.7
Guatemala	1,140.6	–	35	1,140.6
Guinea	75.2	1,148.2	57	1,223.4
Guinea-Bissau	–	259.9	22	259.9
Guyana	80.0	307.6	29	387.6
Haiti	2.6	626.5	37	629.1
Honduras	717.3	1,218.1	61	1,935.4
Hungary	4,333.6	–	40	4,333.6
Iceland	47.1	–	10	47.1
India	28,797.4	27,548.1	424	56,345.5
Indonesia	27,340.1	1,397.6	294	28,737.7
Iran, Islamic Republic of	2,290.1	–	41	2,290.1
Iraq	156.2	–	6	156.2
Ireland	152.5	–	8	152.5
Israel	284.5	–	11	284.5
Italy	399.6	–	8	399.6
Jamaica	1,401.0	–	63	1,401.0
Japan	862.9	–	31	862.9
Jordan	2,036.7	85.3	67	2,122.0
Kazakhstan, Republic of	1,883.6	–	22	1,883.6
Kenya	1,200.7	3,221.0	123	4,421.7
Korea, Republic of	15,647.0	110.8	119	15,757.8
Kyrgyz Republic	–	606.4	24	606.4

ANNEX 5**IBRD Loans and IDA Cumulative Lending by Country –
As of June 30, 2001 (cont'd)**

	IBRD loans	IDA loans	Total loans	
	Amount	Amount	No.	Amount
(in millions of US dollars)				
Lao People's Democratic Republic	–	617.7	29	617.7
Latvia	393.7	–	17	393.7
Lebanon	940.1	–	18	940.1
Lesotho	155.0	331.8	31	486.8
Liberia	156.0	114.5	33	270.5
Lithuania	448.4	–	15	448.4
Luxembourg	12.0	–	1	12.0
Macedonia, Former Yugoslav Republic of	252.0	343.7	22	595.7
Madagascar	32.9	2,120.7	84	2,153.5
Malawi	124.1	1,948.1	78	2,072.2
Malaysia	4,150.6	–	87	4,150.6
Maldives	–	64.9	7	64.9
Mali	1.9	1,451.8	63	1,453.7
Malta	7.5	–	1	7.5
Mauritania	146.0	614.2	49	760.2
Mauritius	417.8	20.2	35	438.0
Mexico	33,161.0	–	178	33,161.0
Moldova	302.8	156.0	16	458.8
Mongolia	–	271.7	14	271.7
Morocco	8,540.4	50.8	130	8,591.2
Mozambique	–	1,991.6	38	1,991.6
Myanmar	33.4	804.0	33	837.4
Nepal	–	1,612.0	71	1,612.0
Netherlands, The	244.0	–	8	244.0
New Zealand	126.8	–	6	126.8
Nicaragua	233.6	1,057.6	57	1,291.2
Niger	–	922.1	48	922.1
Nigeria	6,248.2	1,157.2	103	7,405.4
Norway	145.0	–	6	145.0
Organization of Eastern Caribbean States countries	10.4	7.1	2	17.5
Oman	157.1	–	11	157.1
Pakistan	6,614.2	5,842.4	194	12,456.7
Panama	1,262.7	–	44	1,262.7
Papua New Guinea	729.3	113.2	42	842.5
Paraguay	807.9	45.5	42	853.4
Peru	5,298.2	–	87	5,298.2
Philippines	11,008.7	294.2	159	11,302.9
Poland	5,284.8	–	36	5,284.8
Portugal	1,338.8	–	32	1,338.8

ANNEX 5**IBRD Loans and IDA Cumulative Lending by Country –
As of June 30, 2001 (cont'd)**

	IBRD loans	IDA loans	Total loans	
	Amount	Amount	No.	Amount
(in millions of US dollars)				
Romania	5,438.4	–	64	5,438.4
Russia	12,209.0	–	49	12,209.0
Rwanda	–	1,048.0	53	1,048.0
Samoa	–	66.0	10	66.0
São Tomé and Príncipe	–	68.9	10	68.9
Senegal	164.9	2,118.2	98	2,283.0
Seychelles	10.7	–	2	10.7
Sierra Leone	18.7	472.2	28	490.9
Singapore	181.3	–	14	181.3
Slovak Republic	135.0	–	2	135.0
Slovenia	177.7	–	5	177.7
Solomon Islands	–	49.9	8	49.9
Somalia	–	492.1	39	492.1
South Africa	287.8	–	12	287.8
Spain	478.7	–	12	478.7
Sri Lanka	210.7	2,353.7	88	2,564.4
Saint Kitts and Nevis	15.6	7.0	2	22.6
Saint Lucia	10.0	12.7	4	22.7
Saint Vincent and the Grenadines	1.4	6.4	2	7.8
Sudan	166.0	1,352.9	55	1,518.9
Swaziland	104.8	7.8	14	112.6
Syrian Arab Republic	613.2	47.3	20	660.5
Taiwan, Province of China	329.4	15.3	18	344.7
Tajikistan	–	261.3	14	261.3
Tanzania	318.9	3,508.6	115	3,827.5
Thailand	7,979.1	125.1	124	8,104.2
Togo	20.0	733.5	42	753.5
Tonga	–	5.0	2	5.0
Trinidad and Tobago	313.6	–	21	313.6
Tunisia	4,701.6	74.6	119	4,776.2
Turkey	16,567.9	178.5	141	16,746.4
Turkmenistan	89.5	–	3	89.5
Uganda	9.1	3,220.7	79	3,229.8
Ukraine	2,892.5	–	19	2,892.5
Uruguay	1,754.6	–	47	1,754.6
Uzbekistan	463.0	–	10	463.0
Vanuatu	–	18.9	5	18.9
Venezuela	3,328.4	–	40	3,328.4
Vietnam	–	3,269.4	31	3,269.4
Western Africa region	6.1	61.9	5	68.0
Yemen, Republic of	–	1,918.1	122	1,918.1
Yugoslavia, Federal Republic of	6,114.7	–	90	6,114.7
Zambia	679.1	2,485.6	78	3,164.7
Zimbabwe	983.2	661.9	36	1,645.1
Bank-wide total	360,020.1	126,997.2	7,834	487,017.4

ANNEX 6**Projects Approved for IBRD and IDA Assistance in Fiscal Year 2001,
by Country (July 1, 2000 – June 30, 2001)**

	IBRD loans	IDA loans	Total loans	
	Amount	Amount	No.	Amount
(in millions of US dollars)				
Borrower or guarantor				
Africa region	–	5.0	1	5.0
Albania	–	28.0	3	28.0
Algeria	41.7	–	2	41.7
Argentina	440.7	–	5	440.7
Armenia	–	61.4	2	61.4
Azerbaijan	–	50.4	3	50.4
Bangladesh	–	279.6	5	279.6
Barbados	15.1	–	1	15.1
Belarus	–	22.6	1	22.6
Belize	14.4	–	1	14.4
Benin	–	10.0	1	10.0
Bolivia	–	100.0	3	100.0
Bosnia and Herzegovina	–	124.3	7	124.3
Brazil	1,676.6	–	10	1,676.6
Bulgaria	102.4	–	4	102.4
Burkina Faso	–	136.7	2	136.7
Burundi	–	47.5	2	47.5
Cambodia	–	45.0	1	45.0
Cameroon	–	57.8	1	57.8
Cape Verde	–	5.0	1	5.0
Chad	–	67.0	1	67.0
China	787.5	–	7	787.5
Colombia	185.5	–	2	185.5
Comoros	–	11.4	1	11.4
Croatia	18.9	–	2	18.9
Djibouti	–	10.0	1	10.0
Dominican Republic	28.4	–	2	28.4
Ecuador	32.0	–	1	32.0
Egypt, Arab Republic of	50.0	–	1	50.0
Eritrea	–	170.0	3	170.0
Ethiopia	–	666.8	7	666.8
Gambia	–	15.0	1	15.0
Georgia	–	89.9	4	89.9
Ghana	–	141.0	2	141.0
Grenada	5.1	5.0	1	10.1
Guatemala	82.5	–	2	82.5
Honduras	–	206.2	5	206.2

ANNEX 6**Projects Approved for IBRD and IDA Assistance in Fiscal Year 2001,
by Country (July 1, 2000 – June 30, 2001) (cont'd)**

	IBRD loans	IDA loans	Total loans	
	Amount	Amount	No.	Amount
(in millions of US dollars)				
India	2,035.0	520.3	12	2,555.3
Indonesia	283.8	209.4	4	493.2
Jamaica	75.0	–	1	75.0
Jordan	120.0	–	1	120.0
Kazakhstan, Republic of	64.5	–	1	64.5
Kenya	–	350.2	5	350.2
Kyrgyz Republic	–	72.0	3	72.0
Lao People's Democratic Republic	–	41.7	2	41.7
Latvia	38.4	–	2	38.4
Lebanon	20.0	–	1	20.0
Lesotho	–	28.6	1	28.6
Lithuania	98.5	–	1	98.5
Macedonia, Former Yugoslav Republic of	46.5	49.9	5	96.4
Madagascar	–	267.6	2	267.6
Malawi	–	73.6	2	73.6
Mali	–	70.4	1	70.4
Mauritania	–	18.3	1	18.3
Mexico	1,982.2	–	5	1,982.2
Moldova	–	10.0	1	10.0
Mongolia	–	64.0	2	64.0
Morocco	97.6	–	2	97.6
Mozambique	–	18.0	1	18.0
Nicaragua	–	182.2	5	182.2
Niger	–	95.2	2	95.2
Nigeria	–	174.3	2	174.3
Pakistan	–	374.3	3	374.3
Peru	150.0	–	2	150.0
Philippines	64.8	–	2	64.8
Poland	154.5	–	3	154.5
Romania	130.0	–	2	130.0
Russia	397.5	–	5	397.5
Rwanda	–	118.6	3	118.6
Samoa	–	5.0	1	5.0
São Tomé and Príncipe	–	10.0	2	10.0
Senegal	–	255.0	3	255.0
Sierra Leone	–	13.5	1	13.5
Sri Lanka	–	37.3	3	37.3

ANNEX 6**Projects Approved for IBRD and IDA Assistance in Fiscal Year 2001,
by Country (July 1, 2000 – June 30, 2001) (cont'd)**

	IBRD loans	IDA loans	Total loans	
	Amount	Amount	No.	Amount
(in millions of US dollars)				
Tajikistan	–	53.1	1	53.1
Tanzania	–	75.8	2	75.8
Tunisia	75.9	–	3	75.9
Turkey	1,027.8	–	2	1,027.8
Uganda	–	358.4	6	358.4
Ukraine	52.5	–	2	52.5
Uruguay	6.0	–	1	6.0
Uzbekistan	–	–	–	–
Vanuatu	–	3.5	1	3.5
Venezuela	30.0	–	1	30.0
Vietnam	–	629.1	4	629.1
Western Africa region	–	9.4	1	9.4
Yemen, Republic of	–	142.3	4	142.3
Zambia	–	99.5	3	99.5
Bank-wide total	10,487.1	6,763.5	225	17,250.6