Multilateral development banks

A short guide

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Contents

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Introduction

This short guide takes stock of the mandates, structures and instruments of some of the most pertinent global, regional and sub-regional multilateral development banks (MDBs). It aims to offer an accessible, up-to-date comparative description of the MDB landscape to help inform bilateral agencies' decisions on allocations to MDBs, and to help partner country governments review and compare financing options.

Four trends have brought more attention to the architecture, operations and future of MDBs:

1. **Developing countries are creating purpose-built bilateral, regional-bilateral and multilateral institutions to provide market-based public lending.** Some have long and successful records of accomplishment, such as the Development Bank of Latin America (CAF) and the Central American Development Bank (CABEI). The two newest, the BRICS'[1] New Development Bank (NDB) and the Asian Infrastructure Investment Bank (AIIB), have had their Articles of Agreement approved by founding members and operations are due to start in 2016. These agencies offer borrowing countries alternative funding choices, and potentially higher combined volumes of funding on terms that are more attractive. They could also potentially make use of different and less demanding processes and standards to lending. These are positive developments, but unlikely to be big enough to address the funding shortfalls in developing countries.

2. **Countries eligible for MDB loans are favouring more expensive, but less conditional, borrowing options,**[2] including from bilateral export credit agencies and sovereign bond markets. However, responses to a survey on 40 developing countries[3] indicate a substantially higher level of satisfaction with multilateral development organisations than with bilateral organisations. The survey identifies multilateral loans as the largest external financing source over a five to ten year period.

3. **As a country graduates to middle-income status, public resources as a share of GDP falls, since international assistance decreases faster than tax revenues rise.** MDB non-concessional resources are in a strong position to fill this 'missing middle' of development finance.[4] Some MDBs (the Asian Development Bank (ADB) and, initially, the World Bank) have developed new ways to leverage receivables from their concessional loans, rather than raising new capital from members.

4. **The 2015 intergovernmental communique on Financing for Development[5] emphasised the critical role of MDBs in financing sustainable development and providing expertise.** In the Addis Ababa outcome document,[6] United Nations member states encouraged multilateral development finance institutions to examine their role, scale and functioning to ensure they are responsive to the sustainable development agenda.

These trends on both the demand and supply side of development finance are challenging the international development finance architecture. They also explain the scale of the task facing existing MDBs.

For the purpose of this guide, we defined as MDBs those with ownership by two or more sovereigns, so sub-regionals (e.g. CAF) are included, but national banks are not. They must have developing countries[7] as an important (if not only) subset of borrowers. As such, we include the large external operations of banks lending mainly to its advanced member countries (e.g. the European Investment Bank (EIB)), but exclude development finance institutions providing loans, equity and guarantees to the private sector without sovereign backing (such as the International Finance Corporation). Since the AIIB and NDB are not operational yet, they are only partially covered in this comparative analysis.

This guide provides a comparison of the main features of the 14 institutions[8] in Table 1 (overleaf) and a summarised factsheet of each MDB.

Table 1: List of Multilateral Development Banks

Global Banks	
World Bank	The International Development Association (IDA) (concessional window) and the International Bank for Reconstruction and Development (IBRD) (non-concessional window)
NDB	New Development Bank
Regional Banks	
ADB	Asian Development Bank, including the Asian Development Fund (ADF) (concessional window) and Ordinary Capital Resources (non-concessional window)
AfDB	African Development Bank (non-concessional window) and the African Development Fund (AfDF) (concessional window)
AIIB	Asian Infrastructure Investment Bank
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
IADB	Inter-American Development Bank (Data in this guide refers to IADB only, and not to the IADB Group, which comprises the IADB and the Inter-American Investment Corporation)
IsDB	Islamic Development Bank
Sub-Regional Banks	
BOAD	Banque Ouest Africaine de Développement/West Africa Development Bank
CABEI	Central American Bank for Economic Integration
CAF	Development Bank of Latin America (formerly known as Corporación Andina de Fomento)
EADB	East African Development Bank
PTA	Eastern and Southern African Trade and Development Bank, or the Preferential Trade Area Bank

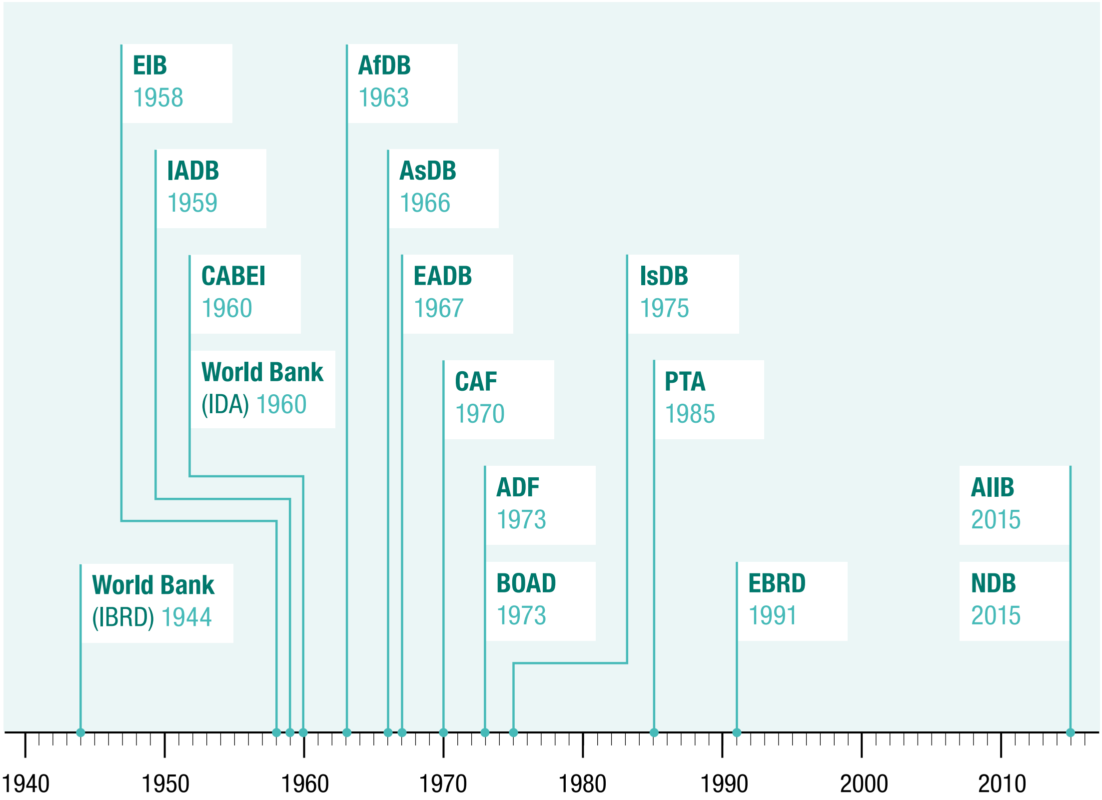
We based our comparisons on each MDB's annual and financial reports, their corporate websites, and data from the Organisation for Economic Co-operation and Development (OECD).[9] Unless otherwise specified, we reported the latest available information. Comparable information across MDBs is not always available. Where relevant, alternative definitions and sources will be noted.

Most developing country governments have expressed a clear preference for speedily negotiated and implemented projects.[10 11 12] Multilateral and regional banks often attract criticism for delays in project negotiations and implementation. Some reports indicate a lapse of between one and ten years,[13] or 12 to 16 months,[14] at the World Bank. The waiting period can be between seven and ten months at IADB, and between three and six months at CAF (although this can be reduced to one-and-a-half months if urgent).[15] However, there are no publicly available data on the time between the start of the project negotiations and the first disbursement of funds.

1

Founding

Date established

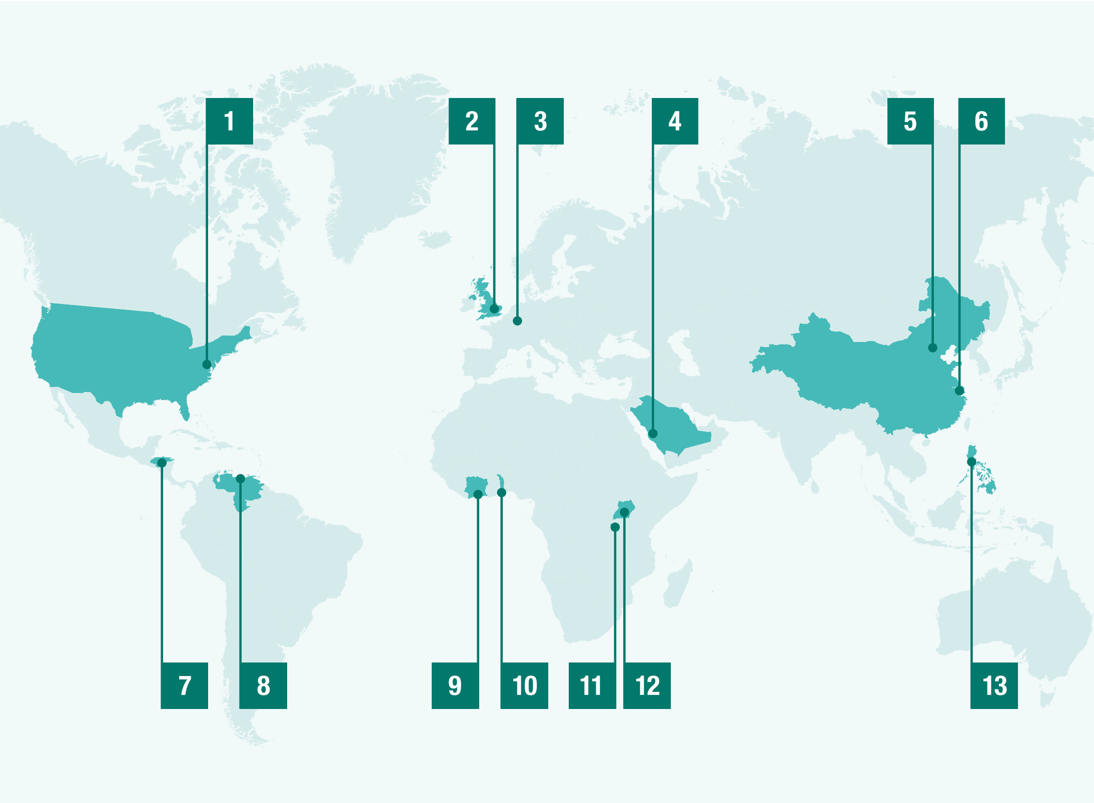


Most MDBs were established during and after decolonisation. There was no major addition to the MDB landscape until the creation of the EBRD following the collapse of the Soviet Union. There has been a gap of 20 years before the establishment any major new regional multilateral banks (AIIB and NDB).

2

Location

Location of headquarters



1	**Washington DC, USA** IDA, IBRD and IADB
2	**London, UK** EBRD
3	**Luxembourg** EIB
4	**Jeddah, Saudi Arabia** IsDB
5	**Beijing, China** AIIB
6	**Shanghai, China** NDB
7	**Tegucigalpa, Honduras** CABEI
8	**Caracas, Venezuela** CAF
9	**Abidjan, Côte d'Ivoire** AfDB, AfDF
10	**Lomé, Togo** BOAD
11	**Bujumbura, Burundi** PTA
12	**Kampala, Uganda** EADB
13	**Manila, Philippines** ADB and ADF

MDBs are present in all continents, but the largest number (in our sample) is in sub-Saharan Africa. These are, however, the smallest organisations.

3

Mandates

Mandates and mission statements

World Bank	End extreme poverty within a generation and boost shared prosperity
ADB	Eradicate poverty in Asia Pacific
AfDB	Promote sustainable economic growth and reduce poverty in Africa
EBRD	Foster the transition towards open market-oriented economies and private and entrepreneurial initiatives in central and eastern European countries committed to the principles of multiparty democracy, pluralism and market economics
EIB	Contribute to the development of the internal market of the European Union
IADB	Promote the economic and social development of the developing member states, individually and collectively
IsDB	Foster economic development and social progress in member countries and Muslim communities, individually as well as jointly, in accordance with the principles of the Shari'ah
BOAD	Promote economic development in member states and economic integration across West Africa
CABEI	Promote economic integration and balanced economic and social development in member states
CAF	Promote sustainable development and regional integration
EADB	Promote sustainable socio-economic development in East Africa
PTA	Finance and foster trade, socio-economic development and regional economic integration across member states

Source: Elaborated from articles of agreements and policy documents.

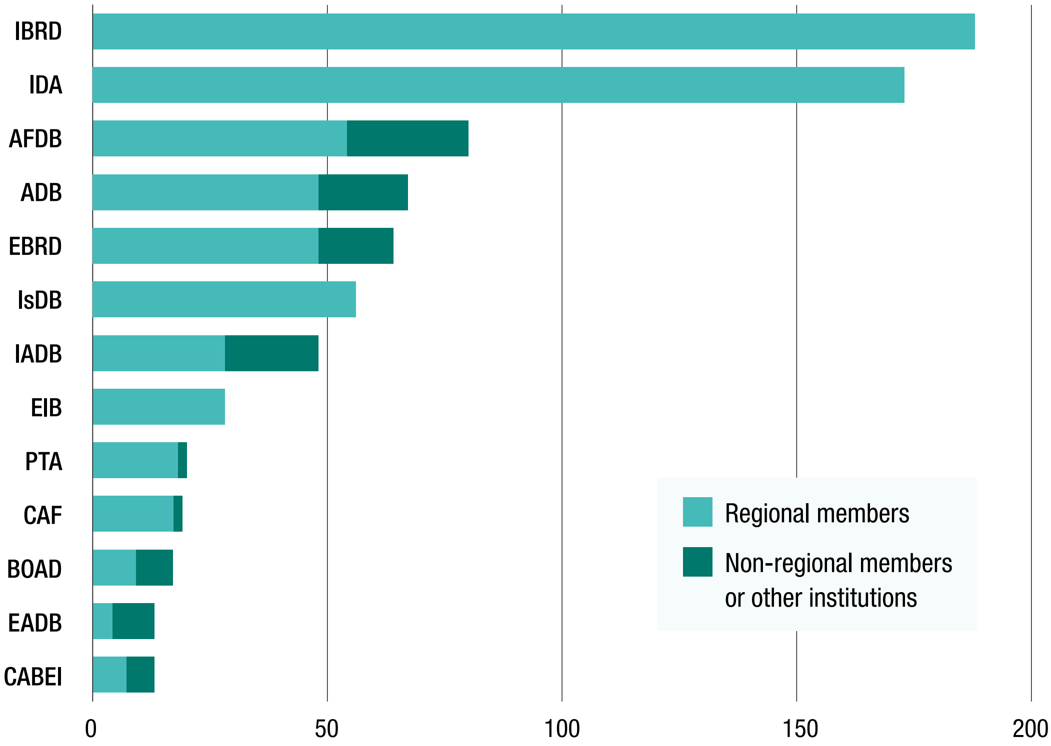
- The common elements in the mandates of most of the MDBs – with the exception of the EBRD, which targets the transition to a market economy – are the economic and social development of its members, and regional economic integration (BOAD, CABEI, CAF and EADB). The EU's External Action policies define specific regional mandates for the EIB's external activities.

- Only the World Bank (IBRD and IDA) and ADB/ADF emphasise poverty eradication as their main goal.

4

Membership

Number of members



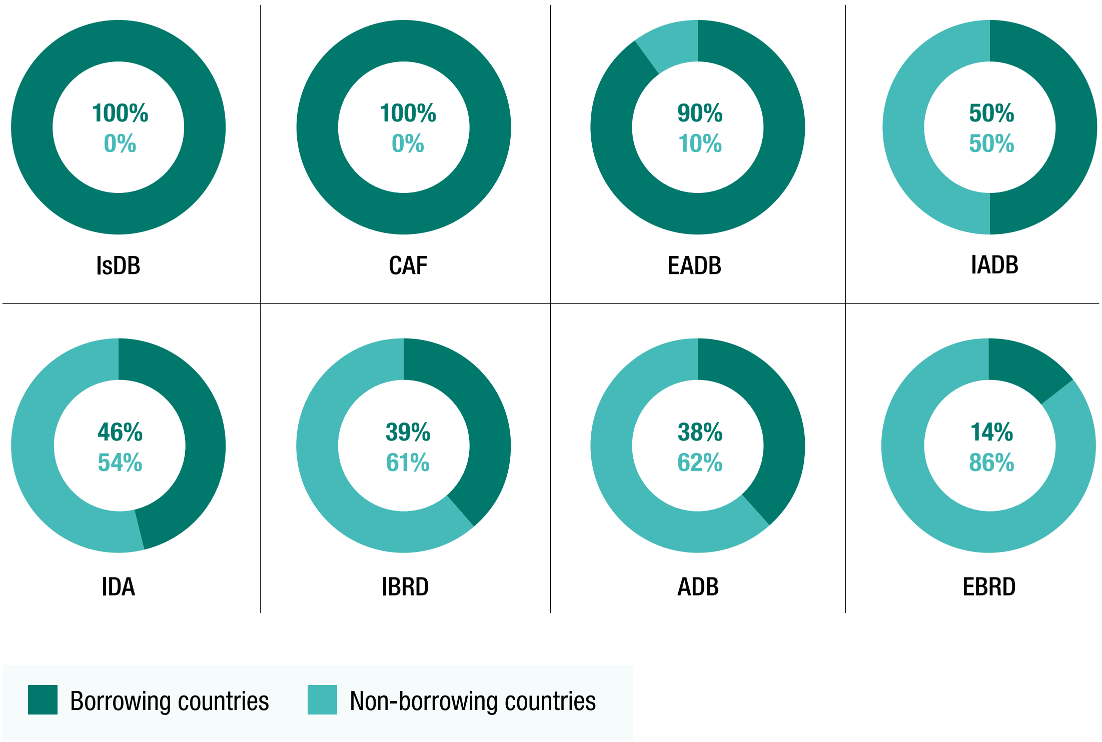
Source: Latest data (2013 or 2014) from annual reports and corporate websites.

- Membership criteria to regional institutions often include affiliation with other regional organisations (for instance the UN Economic and Social Commission for Asia and the Pacific for ADB membership, or the Organisation of American States to join the IADB), the International Monetary Fund or one of the UN bodies for non-regional institutions. In other cases, membership is restricted to a specific group: only members of the Organisation of Islamic Cooperation can join the IsDB, and the EIB is exclusively for European Union member states. The EIB also has a regional organisation (the Commission) on its Board.

- The size of membership ranges between 13 (CABEI) and 188 (IBRD). Regional MDBs have on average 60 members, while sub-regional MDBs usually have less than 20 members.

- Sub-Saharan Africa's sub-regional MDBs (such as BOAD, EADB and PTA) include states, commercial banks and development finance institutions among their members. CAF also has commercial banks as shareholders.

Voting share



Source: Latest data (2013 or 2014) from annual reports and corporate websites.

Note: Figures are rounded. In the case of IADB, borrowers own 50.02% of the voting shares.

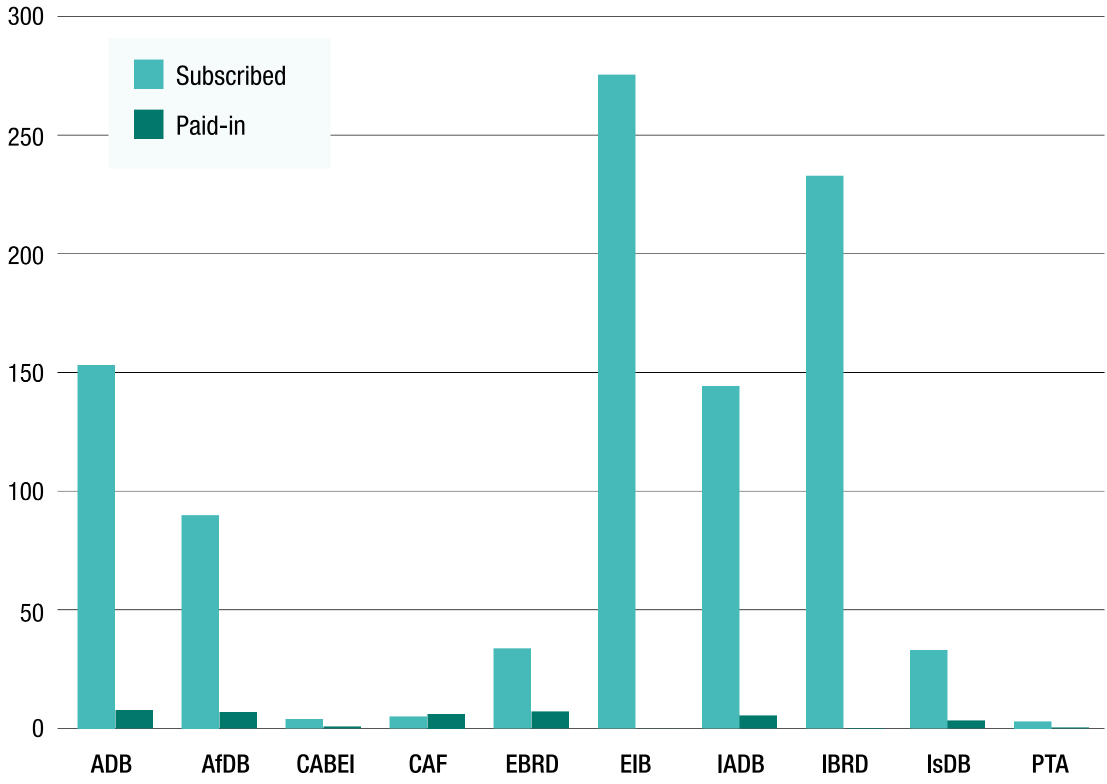
- All CAF, EIB, and IsDB member states are also borrowing countries. EIB, however, also provides funding to non-member states (approximately 10% of its loans).
- The voting share given to borrowing countries varies between 90% (EADB) and 15% (EBRD).
- Borrowing is usually extended to both public and private entities (although some, including IBRD and IDA, require sovereign guarantee). However, comparing client bases is complicated, as MDBs describe their potential clients with different levels of detail (municipalities, local governments, state-owned enterprises, small and medium-sized enterprises and large firms). It is worth noting that both EBRD and PTA mainly lend to the private sector and only IADB specifies that it also provides funding to non-governmental organisations.

The data on sovereign and non-sovereign lending is not comparable, but some findings are worth noting. In 2014, disbursement to the public sector amounted to 83% of ADB's total loans paid. Public sector loans also amounted to a considerable number of outstanding loans: 76% at AfDB, 75% at CABEI, 80% at CAF, 92% at IADB, and 90% at IsDB.

5

Capital

Capital ($ billion)



Source: Latest data (2013 or 2014) from annual reports and corporate websites. Reported data sourced from financial statements.

- Subscribed capital is over $100 billion for ADB, EIB, IADB and IBRD. AfDB and IsDB have subscribed capital between $50 and 100 billion, while other subscribed commitments are negligible or far in the future.
- While the EIB and World Bank have similar levels of subscribed capital, the World Bank has approximately 30% of EIB's lending. A similar argument would apply to a comparison between IADB and ADB.

6

Credit rating

Recent credit ratings

AAA	ADB, AfDB, EBRD, EIB, IADB, IBRD and IsDB
AA-	CAF
A	CABEI
BBB	BOAD
BB	EADB and PTA

Source: Latest data (2013 or 2014) from annual reports and corporate websites. Reported data sourced from financial statements.

- Most MDBs have a credit rating of AAA – especially the large and regional development banks. This applies to MDBs hard windows, and not their soft windows. Note that institutions may retain AAA status even when a majority of their founder-shareholders have lost theirs (e.g. France, Italy, the UK and the US).

- Those MDBs whose main shareholders are developing countries (i.e. BOAD, CABEI, CAF, EADB and PTA) generally have lower credit ratings.

7

Sector focus

Total annual operations allocated to specific sectors (%)

MDB	Economic Infrastructure	Financial sector	Productive sector	Social development and infrastructure	Share of top 2-4 sectors*
ADB	62			16	78
AfDB	58		7	9	74
AfDF	47		7	20	74
ADF	41			38	79
BOAD	63	9			71
CABEI	41	28		11	79
CAF	24	45	9	15	92
EBRD	66		32		98
EIB	41	33	11		85
IADB	31		13	49	93
IBRD	37		10	46	93
IDA	27		11	40	78
IsDB	74		3	18	96

Source: Authors' elaboration based on the OECD's creditor reporting system and annual reports.

Note: Data refers to the top three or four sectors for each MDB. We used the average 2012-2013 data. Where we use the top three, the fourth largest share was either multi-sector or unallocated. No compatible data were available for EADB and PTA.

*Depending on data availability.

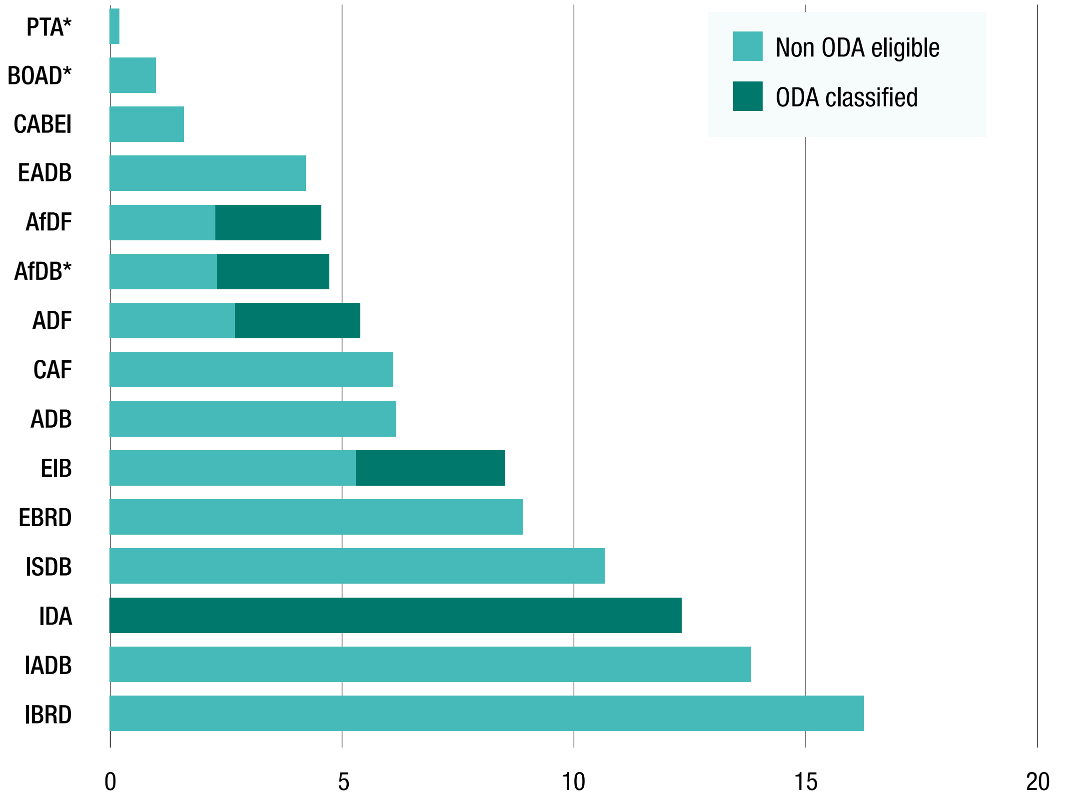
- Most MDBs' operations are highly concentrated in economic infrastructure.
- Financial services are key areas for Latin American regional banks and the EIB. For others, this might be an issue of classification, i.e. funds routed through the financial sector are redeployed to one or more of the remaining categories.

It is interesting to note that IADB dedicates the largest share of its operations to social rather than economic infrastructure. Also, IBRD spends a greater share on social infrastructure than IDA does.

8

Size of operations

Total annual volume of operations ($ billion)



Source: OECD creditor reporting system when available; latest data from annual reports where OECD data is not available. Please note that the discrepancies with the data in the factsheets relate to OECD's reporting on calendar years as opposed to financial years.

Note: EIB figures based on external operations only.

*2013 data.

- Only four MDBs have an annual volume of operations above $10 billion. EIB's operations, at over $100 billion, are by far the largest. It is the only MDB in this guide lending primarily to developed countries. Less than 10% (€7.7 billion or $8.5 billion) goes to developing countries, of which €2.9 billion ($3.2 billion) was classified as official development assistance (ODA) in 2013. The World Bank is the second largest, with annual operations of $30 billion.

- A large share of MDBs' annual lending operations is not classified as ODA. Although more than 50% of AfDB's operations count as ODA, only 39% of the World Bank (IDA and IBRD), 12% of ADB, and 4% of EIB operations are classified as such. Furthermore, operations within MDBs' hard windows are classified as other official flows, and not ODA.

9

Instruments

MDB	Grants	Loans	Lines of credit	Technical assistance	Guarantees	Equity
IDA	■	■		■	■	
IBRD	■	■		■	■	
ADB	■	■		■	■	■
ADF	■	■		■	■	
AfDB	■	■	■	■		■
AfDF	■	■		■	■	■
EBRD		■			■	■
EIB		■			■	■
IADB	■	■		■	■	■
IsDB		■	■	■		■
BOAD		■				■
CABEI		■	■	■	■	■
CAF		■	■	■	■	■
EADB		■				■
PTA		■	■		■	

Source: Authors' elaboration based on information from annual reports and corporate websites.

Note: For IADB, equity instruments are only available through the Multilateral Investment Fund and not directly from ordinary capital resources.

- MDBs apply a broad range of instruments, including grants, loans, lines of credit, technical assistance and equity. Note that none of the banks offers all of these.
- Loans are the most common instrument, followed by technical assistance, guarantees and equity.

10

Terms and conditions

MDB	Instrument	Maturity (years)	Grace period (years)	Interest and other features
IDA	Regular credit	38	6	No interest. 0.75 % service charge (Special Drawing Rights (SDR)).
	Blend	25	5	1.25% interest. 0.75 % service charge (SDR).
	Hard-term lending	25	5	1.08% interest. 0.75 % service charge (SDR).
IBRD	Flexible loan, variable and fixed spread and development policy loans	8 to 15/20	N/A	6-month Libor, plus contractual spread of 0.5%. Front-end and commitment fee of 0.25% each.
	Special Development Policy Loan	5 to 10	3 to 5	6-month Libor plus a minimum of 2%. Front-end fee of 1% of the principal loan.
ADB	Libor-based loans	Varies	N/A	Floating 6-month Libor rate; contractual spread and maturity premium fixed.
	Local currency loan	Varies	N/A	Floating or fixed rate, contractual spread and maturity premium fixed.
ADF	Group A (ADF-only): Project loans	32	8	1% during grace period; 1.5% beyond grace period. Equal amortisation; no commitment fee.
	Group A (ADF-only): Programme loans	40	8	1% during grace period; 1.5% beyond grace period. Equal amortisation; no commitment fee.
	Group B (Blend)	25	5	2%. Principal repayment at 2% per year for the first 10 years after the grace period and 4% per year thereafter; no commitment fee.
	Emergency assistance loans	40	10	1%. Principal repayment at 2% per year for the first 10 years after the grace period and 4% per year thereafter; no commitment fee.
AfDB	Loans	20	5	Interest rate variable and reflects the direct market cost of funds. Commitment charge on disbursement balance: 1%.
AfDF	Loans	30 to 40	5 to 10	None for Development Fund countries; 1% for blend, gap and graduating countries. Service charge commitment fee: 0.75% per annum on outstanding balance; 0.50% per annum on undisbursed amount.
	Technical assistance loans	50	10	None for Development Fund countries; 1% for blend, gap and graduating countries. Service charge commitment fee: 0.75% per annum on outstanding balance; 0.50% per annum on undisbursed amount.

Continued overleaf

Terms and conditions continued

MDB	Instrument	Maturity (years)	Grace period (years)	Interest and other features
EBRD	Loans	1 to 15	N/A	Fixed or floating rate.
IADB	Flexible financing facility	20 to 25	12.75 to 15.25	Libor-based.
	Development sustainability credit line	6	3	Libor-based.
IsDB	Concessional loans under ordinary capital resources	15 to 25	3 to 7	Service fee up to 1.5%.
	Islamic Solidarity Fund for development loans	15 to 30	3 to 10	No interest rate applied in compliance with Islamic Finance. Service fee varies from 0.75 to 2%.

- The terms and conditions for BOAD, CABEI, CAF, EADB and PTA are either not publicly available, or agreed on case-by-case bases. EIB also has to comply with the confidentiality requirements of private borrowers.

- The terms and conditions are very diverse and depend on the status of the borrowing country and the type of instrument. Terms can vary from a minimum maturity of five to 40 years, or a minimum grace period of between three and ten years. Interest rates are fixed for concessional windows (up to 2.81% for countries eligible in the blend window), but floating/variable for non-concessional windows (i.e. Libor+ contractual spread, but usually below 2% when the information has been published).

Glossary

Amortisation is the scheduled repayments of the principal debt on a loan, excluding the interest payments.

Bilateral organisations represent individual governments (also referred to as official or sovereign organisations).

Blending or blended finance combine market (or concessional) loans and other financial instruments with accompanying grant (or grant equivalent) components. The objective is to leverage additional non-concessional public and/or private resources with a variety of financial terms and characteristics.

Callable capital are the contributions due to the MDB, subject to payment as and when required to meet the bank's obligations on borrowing of funds for inclusion in its ordinary capital resources, or guarantees chargeable to such resources. This acts as protection for holders of bonds and guarantees issued by the Bank in the unlikely event that it is not able to meet its financial obligations.

Concessionality is a measure of the 'softness' of a loan, reflecting the benefit to the borrower compared to a loan at market rate. Technically, it is calculated as the difference between the nominal value of a credit and the present value of the debt service at the date of disbursement, calculated at a discount rate applicable to the currency of the transaction and expressed as a percentage of the nominal value. Concessional or soft loans are those that include at least a 25% grant element.

Credit rating is the current opinion of the creditworthiness, where creditworthiness includes the likelihood of default and credit stability (and in some cases recovery) (Standard and Poor's definition).[16]

Development finance institutions are specialised institutions that invest in developing countries. They are usually controlled by their governments and invest in private sector companies and projects with the aim of generating development impact while at the same time delivering a financial return.[17]

Equity is the purchase of a company's (or MDB's) shares.

Floating rate is the variable interest rate on any debt instrument, including loans.

Grace period of a loan is the period between the date of signature and the first repayment towards the principal. Note that in most cases, interest is paid during the grace period (the period up to the first repayment). The repayment period is the phase between the first and last repayment of the principal. Maturity refers to the sum of both periods, i.e. the grace and repayment periods.

The grant element measures the concessionality of a loan, expressed as the percentage by which the present value of the expected stream of repayments falls short of the repayments that would have been generated at a given reference rate of interest. In December 2014, DAC statistics applied the IMF 5% discount rate as the reference rate. The size of the grant element corresponds with the length of the grace period, the interest rate and the length of maturity.

Guarantees are a specialised form of insurance related to financial transactions, in which the risk of noncompliance by one of the two sides in a transaction is taken on by a third party external to the original transaction.

Instalment sale is a credit sale of an asset, delivered on the spot, in which the purchaser can pay the price of the asset at a future date, either in lump sum or instalments.

Istisna'a is a sale where an asset is transacted before it comes into existence.

Libor is the London inter-bank lending rate. It provides a benchmark of interest rates at which banks can borrow from one another.

Lines of credit provide a guarantee that funds will be made available, but no financial asset exists until funds are actually advanced.

Loans are financial transfers for which repayment is required.

Maturity is the date at which the final repayment of a loan is due; by extension, a measure of the scheduled life of the loan.

Multilateral development banks are institutions that provide financial support and professional advice for economic and social development activities in developing countries (World Bank definition).

Official development assistance is grants or loans to countries and territories on the DAC List of ODA Recipients (developing countries) and to multilateral agencies. ODA is: (a) undertaken by the official sector, (b) with promotion of economic development and welfare as the main objective, and (c) at concessional financial terms (i.e. loans have a grant element of at least 25%). Technical cooperation in included, in addition to financial flows. Grants, loans and credits for military purposes are excluded. Transfer payments to private individuals (e.g. pensions, reparations or insurance pay-outs) are generally not included.

Other official flows are transactions by the official sector with countries on the DAC List of ODA Recipients which do not meet the conditions for eligibility as ODA, either because they are not primarily aimed at development, or because they have a grant element of less than 25%.

Restricted Mudarabah is a profit-sharing loss-bearing contract in which one party provides capital and the other party provides expertise to manage a business enterprise.

Paid-in capital is the amount of capital paid by shareholders.

Special Drawing Rights is an international reserve asset created by the IMF in 1969 to supplement member countries' official reserves. Its value is based on a basket of four key international currencies, and SDRs can be exchanged for freely usable currencies.

Subscribed capital is the amount of capital (out of authorised capital) for which a company or MDB has received applications from the shareholders.

Technical assistance includes both grants to nationals of aid recipient countries receiving education or training at home or abroad, and payments to consultants, advisers (or similar), teachers and administrators serving in recipient countries (including the cost of associated equipment). Technical assistance provided specifically to facilitate the implementation of a capital project is included indistinguishably in bilateral project and programme expenditures, and is not separately identified as technical cooperation in statistics of aggregate flows.

End notes

[1] The BRICS are Brazil, Russia, India, China and South Africa

[2] Greenhill, R., Mustapha, S. and Prizzon, A. (forthcoming) An 'Age of Choice' for external development finance? What it means for post-2015 national financing strategy, London: Overseas Development Institute.

[3] Davies, R. and Pickering, J. (2015) 'Making Development Co-operation Fit for the Future: A Survey of Partner Countries'. OECD Development Co-operation Working Papers, No. 20. Paris: Organisation for Economic Co-operation and Development.

[4] As described by Kharas, H., Prizzon, A. and Rogerson, A. (2014) Financing post-2015 Sustainable Development Goals: A Rough Roadmap. London: Overseas Development Institute.

[5] United Nations (2015) 'Addis Ababa Action Agenda of the Third International Conference on Financing for Development (Addis Ababa Action Agenda). (http://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf)

[6] Ibid.

[7] As defined by the Organisation for Economic Co-operation and Development's Development Assistance Committee

[8] This list is not exhaustive and we limited our review to the most pertinent actors. Other MDBs include the Caribbean Development Bank, Black Sea Trade and Development Bank, Nordic Development Bank and North American Development Bank.

[9] See http://stats.oecd.org/

[10] Greenhill, R., Prizzon, A. and Rogerson, A. (2013) 'The Age of Choice: Developing countries in the new aid landscape'. ODI Working Paper 364. London: Overseas Development Institute.

[11] Schmaljohann, M. and Prizzon, A. (2015) Age of Choice: How developing countries are managing the new aid landscape? A summary. London: Overseas Development Institute.

[12] OECD (2014) 'The New Development Finance Landscape: emerging and preliminary perspectives from the cases of Ghana, Senegal and Timor-Leste'. Paris: Organisation for Economic Co-operation and Development.

[13] IFC (2011) The World Bank Group Framework and IFC Strategy for Engagement in the Palm Oil Sector. Washington D.C.: The World Bank Group.

[14] Humphrey, C. and Michaelowa, K. (2013) 'Shopping for Development: Multilateral Lending, Shareholder Composition and Borrower Preferences', World Development, Volume 44: 142-155.

[15] Ibid.

[16] Schineller, L. (2014) 'Sovereign Rating Methodology & Debt Management.' McGraw Hill Financial (http://treasury.worldbank.org/documents/LisaSchineller.pdf)

[17] See The Growing Role of the Development Finance Institutions in International Development Policy. (http://www.sifem.ch/med/221-dalberg-report.pdf)

Factsheets

1 World Bank
2 Asian Development Bank (ADB)
3 African Development Bank (AfDB)
4 European Bank for Reconstruction and development (EBRD)
5 European Investment Bank (EIB)
6 Inter-American Development Bank (IADB)
7 Islamic Development Bank (IsDB)
8 Banque Ouest Africaine de Développement (BOAD)
9 Central American Bank for Economic Integration (CABEI)
10 Development Bank of Latin America (CAF)
11 East African Development Bank (EADB)
12 Eastern and Southern African Trade and Development Bank (PTA)

World Bank

International Bank for Reconstruction and Development (IBRD)
International Development Association (IDA)
Established: 1944 | Headquarters: Washington D.C., United States

MEMBERSHIP AND GOVERNANCE

Mandate and priorities

End extreme poverty within a generation and boost shared prosperity.

Objectives by 2030: End extreme poverty by decreasing the percentage of people living on less than $1.25 a day to no more than 3%, and promote shared prosperity by fostering the income growth of the bottom 40% for every country.

Members

IBRD

188

IDA

173

Voting share

IBRD share of borrowers

39%

IDA (part I countries, 31 advanced economies)

55%

IDA (part II countries, remaining 142 members)

46%

Eligibility criteria

Under the IBRD Articles of Agreement, a country must first join the International Monetary Fund (IMF).

Who can borrow?

Economies are divided into IDA, IBRD, and blend countries based on the operational policies of the World Bank. Countries with low per capita incomes and lacking the financial ability to borrow from IBRD, can borrow from IDA. Blend countries are eligible for IDA loans but are also eligible for IBRD loans because they are financially creditworthy.

FINANCIAL STATEMENT

Credit rating (2014/15)

AAA

Financing sources

IBRD: international financial markets, capital subscription.
IDA: replenishments.

Capital (IBRD)

Subscribed	Paid-in	Reserves (2013)
$232 billion	$14 billion	$147 million

OPERATIONS

Annual grants and loans disbursed

2013
$27 billion

2014
$32 billion

Main instruments

IDA: Grants, loans (concessional) and debt relief, guarantees.

IBRD: loans, guarantees and risk management products.

Priority sectors

Sector share of top 4 priority sectors

IBRD	IDA
Social Infrastructure and Services; 46%	Social Infrastructure and Services; 40%
Economic Infrastructure and Services; 37%	Economic Infrastructure and Services; 27%
Production Sectors; 10%	Production Sectors;11%
Multi-Sector/Cross-Cutting; 6%	Action Relating to Debt; 11%

Geographic focus of operations (% of total)

- Sub-Saharan Africa 26%
- East Asia and Pacific 15%
- Europe and Central Asia 14%
- Latin America and Caribbean 12%
- Middle East and North Africa 7%
- South Asia 26%

Safeguards and procurement policies

Environmental: Environmental Assessment, Natural Habitats, Forests, Pest Management, Physical Cultural Resources, Safety of Dams. Social: Involuntary Resettlement, Indigenous Peoples. Legal: International Waterways, Disputed Areas.

Typical terms and conditions of lending instruments

MDB	Instrument	Maturity	Grace period	Interest and other features
IDA	Regular credit	38 years	6 years	No interest. 0.75 % service charge (Special Drawing Rights (SDR)).
	Blend	25 years	5 years	1.25% interest. 0.75 % service charge (SDR).
	Hard-term lending	25 years	5 years	1.08% interest. 0.75 % service charge (SDR).
IBRD	Flexible loan, variable and fixed spread and development policy loans	8 to 15/20 years	N/A	6-month Libor, plus contractual spread of 0.5%. Front-end and commitment fee of 0.25% each.
	Special Development Policy Loan	5 to 10 years	3 to 5 years	6-month Libor plus a minimum of 2%. Front-end fee of 1% of the principal loan.

Asian Development Bank (ADB)

Asian Development Fund (ADF) and Ordinary Capital Resources
Established: 1966 | Headquarters: Manila, Philippines

MEMBERSHIP AND GOVERNANCE

Mandate and priorities

Aiming for an Asia and Pacific free from poverty. Fostering inclusive growth.

Eligibility criteria

Members of UNESCAP and other regional countries and non-regional developed countries which are members of the UN.

Members

67

Regional membership

Members

48

Voting share

65%

Who can borrow?

Public and private sector – 83% of disbursements in 2014 were to sovereign lenders.

FINANCIAL STATEMENT

Credit rating

AAA

Financing sources

Market borrowing, special funds, shareholder capital.

Capital

Subscribed
$153 billion

Paid-in
$7.8 billion

Reserves
$11 billion

OPERATIONS

Annual grants and loans disbursed

$22.3 billion

Main instruments

Loans, technical assistance, grants, guarantees and equity investments.

Geographic focus of operations (% of total)

- Central and West Asia 23%
- East Asia 13%
- Pacific 1%
- South Asia 29%
- Southeast Asia 31%
- Other

Priority sectors

Sector share of top priority sectors (2012-2013 averages)

Sector	ADB	ADF
Economic infrastructure and services	62%	41%
Social infrastructure and services	16%	38%
Unallocated/ unspecified	12%	0%
Multi-sector/ cross-cutting	6%	9%
Production sectors	3%	11%

Safeguards and procurement policies

Environmental, involuntary resettlement and indigenous peoples safeguards.

Typical terms and conditions of lending instruments

MDB	Instrument	Maturity	Grace period	Interest and other features
ADF	Group A (ADF-only): Project loans	32 years	8 years	1% during grace period; 1.5% beyond grace period. Equal amortisation; no commitment fee.
	Group A (ADF-only): Programme loans	40 years	8 years	1% during grace period; 1.5% beyond grace period. Equal amortisation; no commitment fee.
	Group B (Blend)	25 years	5 years	2%. Equal amortisation; no commitment fee.
	Emergency assistance loans	40 years	10 years	1%. Principal repayment at 2% per year for the first 10 years after the grace period and 4% per year thereafter; no commitment fee.
ADB	Libor-based loans	Varies	N/A	Floating rate 6-month Libor, contractual spread and maturity premium fixed.
	Local currency loan	Varies	N/A	Floating or fixed rate, contractual spread and maturity premium fixed.

African Development Bank (AfDB)

African Development Bank (AfDB) | African Development Fund (AfDF)
Established: 1963 | Headquarters: Abidjan, Côte d'Ivoire

MEMBERSHIP AND GOVERNANCE

Mandate and priorities

Promote sustainable economic growth and reduce poverty in Africa by mobilising and allocating resources for investment in regional member countries as well as by providing policy advice and technical assistance to support development efforts.

Members

80

Regional membership

Members

54

Shareholding

60%

Eligibility criteria

Members of the UN or International Justice Court with approval from the Board of Governors if they are not founding member states.

Who can borrow?

Governments, private sector, national, subregional development finance institutions, public sector enterprises – 76% of sovereign lending exposure in 2014 (AfDB).

FINANCIAL STATEMENT

Credit rating

AAA

Financing sources

Shareholder capital, replenishment, net income and bond issuance.

Capital

Subscribed **$90 billion**

Paid-in **$7 billion**

Reserves **$4 billion**

OPERATIONS

Annual grants and loans disbursed

ADB (2013)
$2.3 billion

ADF (2013)
$2.3 billion

Main instruments

Project loans, lines of credit, sector investment and rehabilitation loan investments, sector and structural adjustment loans, technical assistance, equity investment and guarantees.

Priority sectors

Sector share of top 2 priority sectors

Sector	AfDB	ADF
Economic infrastructure	58%	47%
Social development and social infrastructure	9%	20%

Geographic focus of operations (% of total)

- West Africa 28%
- Multiregional 25%
- Southern Africa 17%
- East Africa 17%
- Central Africa 7%
- North Africa 6%

Safeguards and procurement policies

Environmental and social assessment; involuntary resettlement, land acquisition, population displacement and compensation; biodiversity and ecosystem services; pollution prevention and control, hazardous materials and resource efficiency; and labour conditions, health and safety.

Typical terms and conditions of lending instruments

MDB	Instrument	Maturity	Grace period	Interest and other features
AfDB	Loans	20 years	5 years	Variable and reflects the direct market cost of funds. Commitment charge on disbursement balance: 1%.
AfDF	Loans	30 to 40 years	5 to 10 years	None for Development Fund countries, 1% for blend, gap and graduating countries. Service charge commitment fee: 0.75% per annum on outstanding balance; 0.50% per annum on undisbursed amount.
	Technical assistance loans	50 years	10 years	None for Development Fund countries, 1% for blend, gap and graduating countries. Service charge commitment fee: 0.75% per annum on outstanding balance; 0.50% per annum on undisbursed amount.

European Bank for Reconstruction and Development (EBRD)

Established: 1991 | Headquarters: London, United Kingdom

MEMBERSHIP AND GOVERNANCE

Mandate and priorities

Foster the transition towards open market-oriented economies and promote private and entrepreneurial initiatives in the Central and Eastern European countries committed to and applying the principles of multiparty democracy, pluralism and market economics.

Members

64

Plus the European Union and the EIB.

Regional membership

Members

Shareholding

Eligibility criteria

European countries, non-European countries that are members of the IMF, the European Economic Community (i.e. the EU) and the EIB.

Who can borrow?

Mainly the private sector, but also municipal entities and publicly owned companies. In 2014, 24% of loans, undrawn loan commitments and guarantees were to the public sector.

FINANCIAL STATEMENT

Credit rating

AAA

Financing sources

Capital, borrowing and net income.

Capital

Subscribed
$33.7 billion

Paid-in
$7 billion

Reserves
$9 billion

OPERATIONS

Annual grants and loans disbursed

2013
$4.2 billion

Main instruments

Loans, equity investments, guarantees, co-financing and syndicated loans.

Priority sectors

Sector share of top 2 priority sectors

Sector	Share
Economic infrastructure and services	66%
Production sectors	32%

Geographic focus of operations

- Central Europe and the Baltic states
- South-eastern Europe Eastern Europe and the Caucasus
- Central Asia
- Southern and eastern Mediterranean
- Others (Russia, Turkey and Cyprus)

Safeguards and procurement policies

10 different performance requirements: assessment and management of environmental and social impact and issues; labour and working conditions; resource efficiency and pollution prevention and control; health and safety; land acquisition; involuntary resettlement and economic displacement; biodiversity conservation and sustainable management of living natural resources; indigenous peoples; cultural heritage; and financial intermediaries.

Typical terms and conditions of lending instruments

A minimum amount of €5 million (approximately $6.7 million), although this can be lower in some countries

Instrument	Maturity	Grace period	Interest and other features
Loans	1 to 15 years	N/A	Fixed or floating rate.

European Investment Bank (EIB)

Established: 1958 | Headquarters: Luxembourg

MEMBERSHIP AND GOVERNANCE

Mandate and priorities

Contribute to the balanced and steady development of the internal market in the interest of the European Union (EU). Operating on a non-profit-making basis, the EIB grants loans and give guarantees which facilitate the financing of projects in all sectors of the economy.

Members

28

Voting share

Each member's voting share in the EIB's capital is based on its economic weight within the EU (in term of the relative size of its GDP) at the time of its accession, although it was capped so that the four largest economies (France, Germany, Italy and the UK) all have the same shareholding. Together with Spain, they represent more than 74% of the EIB's capital.

Eligibility criteria

EU member states.

Who can borrow?

Public bodies, large corporations or small businesses in EIB member countries EIB also provides financing to projects in third countries that support the EU's external cooperation and development policies. Disbursed sovereign exposures: €38 billion ($50.4 billion). Sovereign-guaranteed exposures: €82 billion ($108.8 billion) (in 2014).

FINANCIAL STATEMENT

Credit rating

AAA

Financing sources

Mainly international capital markets through bond issuance.

Capital

Subscribed
$275 billion

Reserves
$41 billion

OPERATIONS

Annual grants and loans disbursed

2013
$102 billion

2014
$95 billion

Main instruments

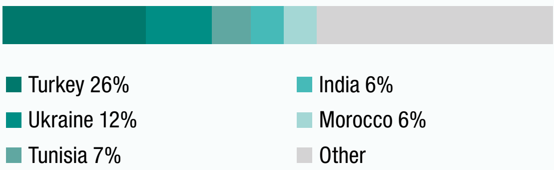
Loans, guarantees, microfinance, equity investment and blended finance.

Priority sectors

Sector share of top 4 priority sectors

Sector	Share	$ million
Banking and financial services	33%	2,254
Transport and storage	23%	1,560
Energy generation and supply	18%	1,184
Industry	11%	737

Geographic focus of operations (% of total)



Safeguards and procurement policies

Charter of Fundamental Rights of the European Union
Environmental and Social Principles and Standards.

Typical terms and conditions of lending instruments

Loans run from approximately four to 20 years. Loan rates vary from project to project according to specific aspects such as currencies borrowed, amount, duration and timing of disbursement. The EIB does not publish information on the financing terms and conditions of its loans, such as maturity, interest rates and grace period. This information typically forms part of the EIB's confidential relationship with its business partners.

Inter-American Development Bank (IADB)

Established: 1959 | Headquarters: Washington D.C., USA

MEMBERSHIP AND GOVERNANCE

Mandate and priorities

Foster the economic and social development in the developing member countries of Latin America and the Caribbean. Devote at least 50% of operations and 40% of resources to programmes promoting social equity and reducing poverty. The IADB lends to two country groupings based on GNP per capita.

Members

48

Regional membership

Members

28

Voting share

84%

Eligibility criteria

Members of the Organization of the American States (regional) or International Monetary Fund (non-regional); subscription of shares of the Ordinary Capital and contribution to the Fund for Special Operations.

Who can borrow?

Any member country (political subdivision or government organisation, independent agency, semi-public enterprise), private enterprise in the territory of a member country, regional organisations composed of member countries, and to the Caribbean Development Bank. Outstanding loans as of 2014: $68.6 billion (sovereign); $5.97 billion (non-sovereign).

FINANCIAL STATEMENT

Credit rating (2014)

AAA

Financing sources

Member countries' subscriptions and contributions, borrowings on the financial markets, trust funds administered through co-financing.

Capital

Subscribed
$144 billion

Paid-in
$5 billion

Reserves
$16 billion

OPERATIONS

Annual grants and loans disbursed

2012
$6.5 billion

2013
$9.8 billion

Main instruments

Loans, grants and technical assistance. Concessional window: Fund for Special Operations.

Priority sectors

Sector share of top 4 priority sectors

Sector	Share	$ million
Social infrastructure and services	49%	3,974
Economic infrastructure and services	31%	2,534
Production sectors	13%	1,138
Multi-sector/cross-cutting	6%	438

Geographic focus of operations (% of total)

- Brazil 20%
- Mexico 18%
- Argentina 13%
- Ecuador 6%
- Colombia 5%
- Other

Safeguards and procurement policies

Environment, policy on indigenous peoples, gender equality in development, involuntary resettlement.

Typical terms and conditions of lending instruments

Instrument	Maturity	Grace period	Interest and other features
Flexible financing facility	20 to 25 years	12.75 to 15.25 years	Libor-based.
Development sustainability credit line	6 years	3 years	Libor-based.

Islamic Development Bank (IsDB)

Established: 1975 | Headquarters: Jeddah, Saudi Arabia

MEMBERSHIP AND GOVERNANCE

Mandate and priorities

To foster economic development and social progress in member countries and Muslim communities individually as well as jointly in accordance with the principles of the Shari'ah. To promote comprehensive human development, with a focus on the priority areas of alleviating poverty, improving health, promoting education, improving governance and prospering the people.

Members

56

The top 10 members own 86.5% of the Bank's capital: Saudi Arabia, Libya, Iran, Nigeria, United Arab Emirates, Qatar, Egypt, Kuwait, Turkey and Algeria.

Eligibility criteria

Members of the Organisation of Islamic Cooperation that contribute to the Bank and accept the terms and conditions defined by the IsDB Board of Governors.

Who can borrow?

Both public and private sectors, large and medium sized projects, and small enterprises in member countries. Over 90% of all financing is sovereign guaranteed.

FINANCIAL STATEMENT

Credit rating

AAA

Financing sources

Shareholders capital, retained earnings, funds generated internally through its foreign trade and project financing operations and ordinary capital re-sources (equity, Islamic capital market).

Capital

Subscribed
$33 billion

Paid-in
$7.1 billion

Reserves
$3.5 billion

OPERATIONS

Annual grants and loans disbursed

2014-15
$5.2 billion

2013-14
$6.6 billion

Main instruments

Concessional: grants and loans.

Ordinary: Leasing, Istisna'a, instalment sale, restricted Mudarabah.

Priority sectors

Sector share of top 4 priority sectors

Sector	Share	$ million
Social Infrastructure and services	30%	1,214
Economic Infrastructure services	53%	2,166
Production Sectors	11%	447
Multi-sector/cross-cutting	4%	175

Geographic focus of operations (% of total)

- Egypt 19%
- Bangladesh 17%
- Morocco 7%
- Pakistan 7%
- Turkey 4%
- Other

Safeguards and procurement policies

Some environmental and social safeguards.

Typical terms and conditions of lending instruments

Instrument	Maturity	Grace period	Interest and other features
Concessional loans under ordinary capital resources	15 to 25 years	3 to 7 years	Service fee up to 1.5%.
Islamic Solidarity Fund for development loans	15 to 30 years	3 to 10 years	No interest rate applied in compliance with Islamic Finance. Service fee varies from 0.75 to 2%.

Banque Ouest Africaine de Développement (BOAD)

Established: 1973 (operational since 1976) | Headquarters: Lomé, Togo

MEMBERSHIP AND GOVERNANCE

Mandate and priorities

Promote balanced development in member states; foster economic integration in West Africa.

Members

17

Regional membership

Members

9

Shareholding

93%

Eligibility criteria

Members of the West African Economic and Monetary Union (WAEMU).

Who can borrow?

WAEMU member countries, their communities and government institutions; agencies, businesses and private individuals contributing to the economic development or integration of member countries; countries of the sub-region which are non-WAEMU members, their agencies or businesses.

FINANCIAL STATEMENT

Credit rating

BBB

Financing sources

Capital subscriptions by shareholders, appropriations from members, reserves, mobilisation of regional savings and resources outside the Union.

Capital

Subscribed
$2.3 billion

Paid-in
$507,641

Reserves
$364 million

OPERATIONS

Annual grants and loans disbursed

$1 billion

Excluding the Energy Development Fund.

Main instruments

Medium- and long-term loans, equity investment in the share capital of companies or national financial institutions, financing of short-term operations.

Priority sectors

Sector share of top 4 priority sectors

Sector	Share
Rural development	14%
Basic infrastructure	6%
Modern infrastructure	57%
Financial institutions & SME promotion boards	9%

Geographic focus of operations

WAEMU countries.

Typical terms and conditions of lending instruments

Terms	
Currency	CFA franc
Interest rate	Interest rates are fixed over the life of the loans. Variable rates can be applied on demand and depending on the Bank's available resources. Interest rates are determined each year in line with the financial outlook.
Maturity and grace period	Maximum loan term is 12 years with a grace period of up to three years.

Central American Bank for Economic Integration (CABEI)

Established: 1960 | Headquarters: Tegucigalpa, Honduras

MEMBERSHIP AND GOVERNANCE

Mandate and priorities

Promote the economic integration and the balanced economic and social development of founding member countries. Attend to and allign with the interests of member countries.

Members

13

Regional membership

Members

7

Eligibility criteria

Countries and public organisations with an international scope in accordance with the regulations established by the Board of Governors.

Who can borrow?

Public financial and corporate private sector.

FINANCIAL STATEMENT

Credit rating

A

Financing sources

Capital subscription, loans and bond issuances.

Capital

Subscribed
$4 billion

Paid-in
$0.7 billion

Reserves
$1.6 billion

OPERATIONS

Annual grants and loans disbursed

2014
$1.6 billion

Main instruments

Loans, co-financing, syndicated loans, guarantees, credit lines, working capital loans, trade finance, technical assistance and leasing.

Priority sectors

Sector share of top 4 priority sectors

Sector	Share
Financial intermediation	28%
Energy	27%
Industry	16%
Productive infrastructure	14%

Geographic focus of operations

Central America and other non-founding members.

Safeguards and procurement policies

Information not publicly available.

Typical terms and conditions of lending instruments

Not publicly available or defined on a case-by-case basis.

Development Bank of Latin America (CAF)

Established: 1970 | Headquarters: Caracas, Venezuela

MEMBERSHIP AND GOVERNANCE

Mandate and priorities

Promote sustainable development and regional integration by providing multiple financial services to clients in the public and private sectors of shareholder countries.

Members

19

Regional membership

Members

17

Who can borrow?

Public and private sector (banks and companies). In 2014, 80% of the loan portfolio were to sovereign borrowers.

FINANCIAL STATEMENT

Credit rating

AA-

Financing sources

Capital subscription, medium- and long-term debt issuances, deposits from central banks and other member government institutions.

Capital

Subscribed and paid-in
$4.9 billion

Reserves
$2.5 billion

OPERATIONS

Annual grants and loans disbursed

ADB (2013)
$6.1 billion

Main instruments

Medium and long-term loans, credit lines, equity investments, syndicated loans, guarantees, trade finance and grants.

Priority sectors

Sector share of top 3 priority sectors

Sector	Share
Financial systems	45%
Infrastructure	24%
Social and environment development	15%

Geographic focus of operations

Shareholders in Latin America, loans to banks in Portugal and Spain.

Safeguards and procurement policies

Policy Guidelines for the Compliance of Environmental and Social Safeguards. Time from negotiation to first disbursement are three to five months.

Typical terms and conditions of lending instruments

The minimum amount of an A/B loan should be $50 million. The maximum amount is based on the project and the capacity to attract investors within the framework of the norms set forth by CAF. Generally, CAF has to maintain a minimum of 25% of the total amount of an A/B Loan, by financing the A Tranche.

East African Development Bank (EADB)

Established: 1967 | Headquarters: Kampala, Uganda

MEMBERSHIP AND GOVERNANCE

Mandate and priorities

Promote sustainable socio-economic development in East Africa by providing development finance, support and advisory services.

Members

4

Plus 9 public/private banking institutions (3 development finance institutions and 6 commercial banks).

Voting share

Member states

90%

Eligibility criteria

Member states of the East African Community, or other institutions with similar objectives for purposes of strategic partnerships.

Who can borrow?

Public and private entities in member states.

FINANCIAL STATEMENT

Credit rating

BB

Financing sources

Capital, lines of credits, bond issuance and co-financing arrangements.

Capital

Authorised
$1,080 million

Paid-in
$173 million

Reserves
$11 million

OPERATIONS

Annual grants and loans disbursed

$42.2 million

Main instruments

Medium-, long- and short-term loans, asset leasing, equity investment, loan guarantees and technical assistance.

Priority sectors

Sector share of top 4 priority sectors

Sector	Share
Agriculture, marine and food processing	19%
Commercial banks	18%
Education, health and other community services	16%
Electricty and water	15%

Geographic focus of operations

Regional member countries only.

Safeguards and procurement policies

Corporate social responsibility guidelines and an environmental policy.

Typical terms and conditions of lending instruments

Both foreign and local currency loans have a floating interest rate based on the EADB Reference Rate for each currency, plus a risk margin. The margin depends on the perceived risk of the borrower. The Bank's Reference Rate is based on the average cost of funds per currency.

Eastern and Southern African Trade and Development Bank (PTA)

Established: 1985 | Headquarters: Bujumbura, Burundi

MEMBERSHIP AND GOVERNANCE

Mandate and priorities

Extend development capital and services to advance regional growth and integration through customer focused and innovative financing instruments. Finance and foster trade, socio-economic development and regional economic integration across member states.

Members

24

Regional membership

Eligibility criteria

Membership is open to Common Market for Eastern and Southern Africa (COMESA) and non-COMESA states, non-regional countries, as well as institutional shareholders (e.g. African Development Bank).

Who can borrow?

PTA limits its lending to the corporate sector; companies may have links to governments (e.g. parastatals) in member countries.

FINANCIAL STATEMENT

Credit rating

BB

Financing sources

Callable capital, paid-in capital and reserves to borrow additional funds.

Capital

Subscribed
$3 billion

Paid-in
$307 million

Reserves
$314 million

OPERATIONS

Annual grants and loans disbursed

2012
$160.5 million

2013
$210.9 million

Main instruments

Project and infrastructure finance to public and private sector projects in most sectors of the economy.

Priority sectors

Sector share of top 4 priority sectors

Trade Finance	Project & infrastructure
Petrochemical 52%	Energy 37%
Agribusiness 37%	Transport and logistics 15%
Banking and financial services 5%	Real estate 14%
Aviation 3%	Manufacturing and heavy industries 9%

Geographic focus of operations (% of total)

- Kenya 36%
- Mauritius 20%
- Ethiopia 14%
- Rwanda 10%
- Tanzania 10%
- Other

Typical terms and conditions of lending instruments

Interest rates for direct financing and lines of credit are determined by the PTA, reflecting the cost of funds, risk exposure and margin. Rates can be fixed or floating depending on nature and source of funds.

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