

INTERNATIONAL DEVELOPMENT ASSOCIATION  
(World Bank)

IDA extends interest free credits for economic development to member countries with a per capita income of \$300 or less.

Purpose and Work

1. IDA credits are made to the poorest nations, 55% of the total population of the developing countries. In FY76 and FY77 90% of IDA credits will flow to countries with per capita incomes of less than \$200. In the current year 60% of IDA's projects are aimed directly at the poorest in those target countries, the largest target being the rural poor. In FY75 and FY76 IDA lending will benefit approximately 18 million of the rural poor, at least doubling the income of project participants and substantially increasing food production.
2. IDA seeks via effective deployment of capital to make the poor more productive. In FY75 IDA projects had an average rate of return of 24.4%. Higher yields (average 28%) were gained in the agriculture sector. The amount of food generated by IDA lending over the past two years, given continuing favorable conditions, is projected at 6 million tons of food grains with a value of \$1.5 billion annually. One project in Bangladesh alone will increase grain production by 400 thousand tons.
3. The IDA process is succeeding, in reaching a significant portion of the 700 million rural poor in the developing countries, increasing their standard of living, making them active participants in the world's economy, and cutting into the local food deficit, which can no longer be covered solely by transfers from North America. Other aid agencies in the United Kingdom, Canada, Germany, Sweden and elsewhere are following IDA's lead in reaching out to the rural poor.
4. IDA was created with the initiative of the United States as a means of sharing the aid burden with all developed countries. 25 nations now participate in IDA (including Switzerland). Discussion of a Fifth Replenishment is now beginning and includes representatives of capital-surplus oil exporting countries. Other nations have consistently expanded their efforts in IDA, now providing 67% of IDA funds. They have allowed the U. S. to delay and to stretch out its payments under the Fourth Replenishment.

The U. S. Share

5. The U. S. share of IDA at \$1.5 billion (to be paid in four instalments of \$375 million each) represents an aid effort on a per capita income well below that of other donors. Based on 1975 GNP figures other donors are contributing .043% of GNP to IDA, while the U. S. contribution comes to .034%, i.e. the U. S. share in IDA would be nearly 30% larger were it sharing the burden equitably in terms of GNP.

Current Legislation: Administration is expected to make two appropriations requests: (1) \$55 million in a supplemental bill to make up for the shortfall in the FY76 appropriation; (2) \$375 million as 3rd installment of fourth replenishment.

Committee Jurisdiction:

Senate

Foreign Operations Subcommittee

Daniel Inouye, Chairman  
Ed Brooke, Ranking GOP

House

Foreign Operations  
Subcommittee

Clarence Long, Chairman

Negotiations are under way for 5th IDA replenishment of up to \$8 billion. U. S. share is expected to be \$2.4 billion. Authorizing Committees:

Senate

Foreign Relations Committee  
Subcommittee on Foreign  
Assistance

Hubert Humphrey, Chairman  
Clifford Case, Ranking GOP

House

Banking Committee  
Subcommittee on Inter-  
national Development  
Institutions

Henry Gonzales, Chairman

If authorizing legislation is approved this year, the Administration could request an appropriation of \$800 million.

## WORLD BANK

The International Bank for Reconstruction and Development (World Bank) assists in the reconstruction and development of its member countries by facilitating the investment of capital for productive purposes. Currently lending at an annual level of five billion dollars, the World Bank is considered an indispensable source of capital for the developing countries. It derives the great bulk of its ordinary capital resources from capital markets. As a consequence, its loans are usually at or near market rates, currently 8.5%.

Legislation is expected to be introduced, on behalf of the Administration, early in the 95th Congress which would authorize the Secretary of the Treasury as the United States Governor of the World Bank to vote for an increase of \$8.4 billion in the authorized capital stock of the Bank. The legislation will authorize the appropriation of \$1.568 billion for the increase in the United States subscription. Only 10% of the total increase is required to be paid in, beginning with a FY 1978 request for \$52.3 million. The "callable portion" guarantees owners of World Bank Bonds. These bonds have a Triple A rating.

Committee jurisdiction: Same as IDA.