

Annex:

Profiles of Multilateral Development Banks

In 2006 the five Multilateral Development Banks (MDBs) disbursed about US\$30.8 billion – \$1.9 billion by the African Development Bank (AfDB), US\$5.4 billion by the Asian Development Bank (AsDB) for project and program loans, US\$4.9 billion by the European Bank for Reconstruction and Development (EBRD), US\$6.3 billion by the Inter-American Development Bank (IADB), and US\$12.3 billion by the WB. Broadly speaking, the core functions and collective dedication to development effectiveness of these MDBs are similar enough to permit a common system to help assess readiness to manage for development results (MfDR). On the other hand, the MDBs exhibit specific characteristics that influence how they respond to the challenge of helping BMCs achieve the MDGs.¹³

Mandate. The AfDB, AsDB, IADB, and WB are each dedicated to the promotion of social and economic development and the reduction of poverty in their developing country members. EBRD promotes transition of its developing country members from centrally planned to market economies, by working mainly with the private sector. EBRD, AfDB, AsDB, and IADB also focus on regional and sub regional development.

Ownership and Management. The MDBs differ in terms of the ownership profile, particularly the percentage of shares of each MDB owned by BMCs. The relevant figures for each MDB are as follows: WB's IDA, 41.4%; EBRD, 12%; AfDB, 60.10%; IADB, 50.01%;¹⁴ AsDB 32.94%. In addition, donor countries (typically non borrowers) influence certain of the MDBs through concessional windows¹⁵ which are heavily supported by those donor countries. In the AfDB concessional lending the African Development Fund – accounts for 62% of total lending; in the WB, IDA accounts for 40% of total lending; and in the AsDB, the Asian Development Fund accounts for 17%¹⁶ of total lending. The IADB has a concessional Fund for Special Operations (FSO) and an Intermediate Financing Facility (IFF) that on average account for 11% of total lending.¹⁷

The heads of the MDBs, the Presidents or chief executive officers, are not identified or appointed on the basis of an executive search process. The President of AsDB has always been from Japan, the President of the EBRD has always been from a European country, and the President of the WB has always been from the U.S. The Presidents of the IADB and the AfDB have always been from a BMC.

¹³In COMPAS, the expressions “developing country member,” “developing member country,” “partner country,” and “borrowing country” are usually used interchangeably.

¹⁴DR-612-11.

¹⁵EBRD does not have a concessional window.

¹⁶This refers to the share of ADF in total AsDB approvals for the year 2006 (the relevant figures are US\$1,279 m and US\$7,396).

¹⁷The IADB has two sources of concessional financing: (i) the Fund for Special Operations (FSO) that lends on average US\$400 million a year; and (ii) the Intermediate Financing Facility (IFF) that provides subsidies to US\$250 million of ordinary capital lending a year. On average, the annual volume of loans and guarantees is US\$6 billion (for period 2001–2005).



Headquarters and Field Offices. The MDBs differ in terms of their presence throughout the world. The headquarters of the EBRD, IADB, and WB, are in G-7 countries, while the AfDB and the AsDB have their headquarters in a BMC.

Each of the MDBs has a strong physical presence in BMCs through a network of field offices. In particular, the MDBs maintain the following field offices: the WB has more than 100 field offices worldwide; the IADB has 26, i.e., one in each BMC; the AfDB has 25 field offices; the EBRD, 33; and the AsDB, 19 resident missions in Asia, 3 subregional offices in the Pacific, representative offices in Frankfurt, Tokyo and Washington, DC and a Special Liaison Office in Timor Leste. Most of these field offices focus on project administration as the key task and, increasingly, on strategy formulation and program design.

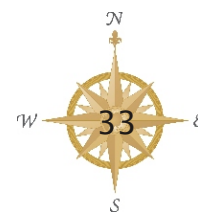
Borrowing Member Country Coverage. Most developing countries throughout the world are eligible to borrow from two of the MDBs: namely, the WB and the relevant regional MDB. However, there are exceptions. Some developing countries in the Pacific are members only of the AsDB (Cook Islands, Nauru, Tuvalu); some developing countries are members only of the WB (Antigua and Barbuda, Dominica, Grenada, Iran, Iraq, Jordan, Lebanon, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Syria, Turkey, Yemen); and some developing countries in Central Asia are members of three MDBs, namely AsDB, EBRD, and WB (Azerbaijan, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, Turkmenistan, Uzbekistan).

differences in the profiles of the MDBs' BMCs translate into very different client bases, and have a dramatic impact on the financing mix and degree of influence exerted by each MDB. Three dimensions illustrate this point: per capita income; the proportion of official development assistance (ODA) to total capital inflows; and size (by population).

As to *per capita income levels*, the largest share of BMCs at AfDB are low-income countries, while the largest share of BMCs at the EBRD and IADB are middle-income countries. The AsDB and the WB have BMCs across a broad range of income levels.

The *proportion of ODA to total capital inflows* in each BMC is important for all MDBs. The relative importance of different funding sources varies for the different categories of clients. For investment grade and other emerging market economies, private financing may provide up to 95% of inflows. For the others the private share is much lower, and hence the importance of ODA is greater. These variations translate into differences across countries in the importance of the MDBs' financing role relative to their policy and catalytic role.

The *population size* in BMCs varies considerably particularly between large states (more than 100 million people) and small states (less than 1.5 million people). There are nine large BMCs, with one in the AfDB (Nigeria), five in the AsDB (Bangladesh, China, India, Indonesia, Pakistan), one in the EBRD (Russia), and two in the IADB (Brazil, Mexico). Small states also cut across the MDBs, accounting for 20–30 percent of developing country members in



the AfDB, IADB, and WB and more than 35 percent in the AsDB, but less than 5% in the EBRD.

In addition to these basic dimensions, the BMCs covered by each of the MDBs vary considerably in terms of their economic indicators, progress on implementation of the Paris Declaration and progress towards achievement of the MDGs. These factors will also influence policy, country programs, project mix and financing decisions.

