



# WHY THE WORLD BANK MATTERS TO THE UNITED STATES



THE WORLD BANK



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# INTRODUCTION

Owned by 187 member governments, the World Bank is dedicated to promoting global stability, opening markets, increasing economic growth, and helping developing countries overcome poverty. The United States was a leading force in establishing the World Bank in 1944 and remains the largest shareholder of the Bank today. As the only member that retains veto power over changes to the Bank's structure, the United States plays a unique role in influencing and shaping development priorities.

The original arm of the World Bank, the International Bank for Reconstruction and Development (IBRD), was established to function as a self-sustaining business, and lends to middle-income and credit-worthy poor countries. In addition to covering administrative and operating costs, the small profits generated by IBRD are largely directed as contributions to the International Development Association (IDA), the Bank's fund for the poorest.

# JOBS

## EXPANDING MARKETS FOR U.S. EXPORTS

Nearly 50 percent of U.S. exports are to countries where the World Bank has lending programs that are helping to open markets. The U.S. Treasury estimates that exports to emerging markets where the World Bank operates are responsible for creating or sustaining millions of U.S. jobs each year.

Together with its partners in emerging and developing economies, the Bank has worked to promote economic growth and expand opportunities for the poor. Real gross domestic product in Africa, for instance, rose by 4.9 percent a year from 2000 through 2008. Real consumer spending has grown by 3 to 5 percent annually since 2000, and 90 percent of all households have some discretionary income. As a result, the size and purchasing power of the middle class have helped to lift many people out of poverty, while also expanding the number of reliable consumers for U.S. products.

Workers offloading rice imports in  
Maputo, Mozambique. ▶





# LEVEL PLAYING FIELD

## FOSTERING A TRANSPARENT, COMPETITIVE BUSINESS CLIMATE

The World Bank actively cultivates an economic and business climate which allows U.S. companies to effectively compete in the developing world. A growing and robust private sector is a critical driver of economic growth and poverty reduction. To better attract private investments, the World Bank helps developing countries pursue measures for strengthening governance and legal frameworks—including respect for rule of law and property rights- and developing infrastructure and logistics. For example, the Bank assists client countries in setting up well functioning customs procedures with built-in accountability mechanisms that provide businesses with predictable and speedy clearance of goods.

The World Bank is a champion of open, transparent and fair global standards for procurement. Public procurement is an important aspect of international trade, accounting for 10–15 percent of the gross domestic product in the world economy. The World Bank procurement guidelines provide a tool to achieve value for money as they optimize competition among suppliers. This levels the playing field for U.S. businesses to compete for contracts in emerging and developing economies.

# NATIONAL SECURITY

## PROMOTING GLOBAL STABILITY

The terrorist attacks of September 2001 reminded Americans that problems in distant lands can become problems at home. By encouraging development and creating opportunities for people to improve their lives and those of their families, the World Bank recognizes that economic growth and poverty reduction are crucial to strengthening global security.

Support to fragile states and those in transition from conflict to peace is one of the World Bank's priority areas. Threats to global stability have frequently come from the world's weakest states. Fragile and conflict affected countries can attract and provide sanctuary to criminal and terrorist organizations which can affect the security and well-being of Americans at home and abroad. The Bank plays multiple roles—including financial administrator of multi-donor trust funds and convener of financial and policy experts—in vulnerable countries such as Afghanistan, Liberia, Sierra Leone, and South Sudan.

"I should...also highlight the critical work of the World Bank and the Asian Development Bank...We need these critical enabling institutions, and further U.S. support for them will ensure that they are able to continue to contribute as significantly as they have in the past"

**General David Petraeus**

Former Commander, NATO International Security Assistance Force and Commander,  
U.S. Forces-Afghanistan

*Senate Armed Services Committee hearing, March 15, 2011*

Students in a war torn classroom in East Timor. ►



Photo: Alex Baluyut/World Bank

# REPAYMENT

Exp	Date	Pay
1860	02/1	1080
1180	02/1	1120
1200	02/1	1120
1220	02/1	1120
1240	02/1	1140
1260	02/1	1160
1280	02/1	1180
1300	02/1	1200
1320	02/1	1220
1340	02/1	1240
1360	02/1	1260
1380	02/1	1280
1400	02/1	1300
1420	02/1	1320
1440	02/1	1340
1460	02/1	1360
1480	02/1	1380
1500	02/1	1400
1520	02/1	1420
1540	02/1	1440
1560	02/1	1460
1580	02/1	1480
1600	02/1	1500
1620	02/1	1520
1640	02/1	1540
1660	02/1	1560
1680	02/1	1580
1700	02/1	1600
1720	02/1	1620
1740	02/1	1640
1760	02/1	1660
1780	02/1	1680
1800	02/1	1700
1820	02/1	1720
1840	02/1	1740
1860	02/1	1760
1880	02/1	1780
1900	02/1	1800
1920	02/1	1820
1940	02/1	1840
1960	02/1	1860
1980	02/1	1880
2000	02/1	1900
2020	02/1	1920
2040	02/1	1940
2060	02/1	1960
2080	02/1	1980
2100	02/1	2000
2120	02/1	2020
2140	02/1	2040
2160	02/1	2060
2180	02/1	2080
2200	02/1	2100
2220	02/1	2120
2240	02/1	2140
2260	02/1	2160
2280	02/1	2180
2300	02/1	2200
2320	02/1	2220
2340	02/1	2240
2360	02/1	2260
2380	02/1	2280
2400	02/1	2300
2420	02/1	2320
2440	02/1	2340
2460	02/1	2360
2480	02/1	2380
2500	02/1	2400
2520	02/1	2420
2540	02/1	2440
2560	02/1	2460
2580	02/1	2480
2600	02/1	2500
2620	02/1	2520
2640	02/1	2540
2660	02/1	2560
2680	02/1	2580
2700	02/1	2600
2720	02/1	2620
2740	02/1	2640
2760	02/1	2660
2780	02/1	2680
2800	02/1	2700
2820	02/1	2720
2840	02/1	2740
2860	02/1	2760
2880	02/1	2780
2900	02/1	2800
2920	02/1	2820
2940	02/1	2840
2960	02/1	2860
2980	02/1	2880
3000	02/1	2900

# LOAN REPAYMENT

No	Exp	Date	Pay	Exp
1017	20	1720	02/1	20
1017	20	1740	02/1	20
1017	20	1760	02/1	20
1017	20	1780	02/1	20
1017	20	1800	02/1	20
1017	20	1820	02/1	20
1017	20	1840	02/1	20
1017	20	1860	02/1	20
1017	20	1880	02/1	20
1017	20	1900	02/1	20
1017	20	1920	02/1	20
1017	20	1940	02/1	20
1017	20	1960	02/1	20
1017	20	1980	02/1	20
1017	20	2000	02/1	20
1017	20	2020	02/1	20
1017	20	2040	02/1	20
1017	20	2060	02/1	20
1017	20	2080	02/1	20
1017	20	2100	02/1	20
1017	20	2120	02/1	20
1017	20	2140	02/1	20
1017	20	2160	02/1	20
1017	20	2180	02/1	20
1017	20	2200	02/1	20
1017	20	2220	02/1	20
1017	20	2240	02/1	20
1017	20	2260	02/1	20
1017	20	2280	02/1	20
1017	20	2300	02/1	20
1017	20	2320	02/1	20
1017	20	2340	02/1	20
1017	20	2360	02/1	20
1017	20	2380	02/1	20
1017	20	2400	02/1	20
1017	20	2420	02/1	20
1017	20	2440	02/1	20
1017	20	2460	02/1	20
1017	20	2480	02/1	20
1017	20	2500	02/1	20
1017	20	2520	02/1	20
1017	20	2540	02/1	20
1017	20	2560	02/1	20
1017	20	2580	02/1	20
1017	20	2600	02/1	20
1017	20	2620	02/1	20
1017	20	2640	02/1	20
1017	20	2660	02/1	20
1017	20	2680	02/1	20
1017	20	2700	02/1	20
1017	20	2720	02/1	20
1017	20	2740	02/1	20
1017	20	2760	02/1	20
1017	20	2780	02/1	20
1017	20	2800	02/1	20
1017	20	2820	02/1	20
1017	20	2840	02/1	20
1017	20	2860	02/1	20
1017	20	2880	02/1	20
1017	20	2900	02/1	20
1017	20	2920	02/1	20
1017	20	2940	02/1	20
1017	20	2960	02/1	20
1017	20	2980	02/1	20
1017	20	3000	02/1	20

# ACCOUNTABILITY

## FIGHTING CORRUPTION AND PROTECTING THE POOR

Corruption is among the greatest obstacles to economic and social development. It cripples fair competition, erodes the public's trust, undermines donor confidence, weakens the rule of law, encourages conflict, and stifles growth. Most of all, it steals from the poor who are the most vulnerable and the least capable of paying the extra costs associated with bribery and fraud.

The World Bank is a global leader in the fight against corruption. The Bank's Integrity Vice Presidency (INT), the 'corruption hunters', protects the poor, as well as U.S. investments in the Bank, by uncovering fraud and corruption in Bank financed projects. Since 1999, the Bank has blacklisted more than 400 firms and individuals from participating in contracts. In 2010 INT conducted 117 investigations, debarring 45 firms and referring 32 investigations to governments and anti-corruption agencies. Most recently, the Bank successfully negotiated a cross-debarment agreement with other multilateral development banks. The message to potential crooks: steal and cheat from one, get punished by all. For all these reasons, an investment in the World Bank is an investment in the global fight against corruption.

◀ Community loan and repayment schedule in  
Mumbai, India.

# CLEANER, HEALTHIER WORLD

## CONFRONTING BORDERLESS THREATS

Many of the issues developing countries face—armed conflict and terrorism, water and air pollution, climate change, the food crisis and diseases such as HIV/AIDS—do not respect borders. By helping address these problems in developing countries, the World Bank supports U.S. security, health and business interests by confronting these transnational threats before they migrate to or affect the U.S.

**Biodiversity:** The World Bank is a key funder of biodiversity initiatives, which support conservation, promote sustainable development, improve natural resource management and protect communities most vulnerable to climate change.

**HIV/AIDS:** The World Bank was a pioneer in the global fight against HIV/AIDS and is one of the world's largest funders of HIV/AIDS programs. Since 1988, the Bank has provided over \$3 billion dollars to 67 countries to help fight HIV/AIDS.

**Low Carbon Growth:** The World Bank is helping developing countries get access to clean energy, transition to a lower carbon development path, and adapt to climate variability and change.

**Food Security:** The World Bank has been a leader in responding to the global food crisis and has helped nearly 40 million vulnerable people in 44 countries.

Doctors and scientists run tests on Avian Flu in a laboratory in Hanoi, Vietnam. This World Bank-funded project helped the Government of Vietnam respond quickly to the Avian flu. ▶





# INFLUENCE

## U.S. LEADERSHIP IN THE WORLD

The World Bank is the biggest financier of basic health, education, infrastructure, environmental as well as governance and anti-corruption programs in the developing world. As the largest shareholder, and the only member with veto power over changes to the Bank's structure, the United States plays an important role in influencing development priorities at the Bank.

The World Bank works together with governments of developing economies by providing vital technical and financial assistance to help these countries become modern market economies. From fighting poverty in developing countries, to establishing key trading partners in emerging markets, to influencing policies in post-conflict countries like Afghanistan and newly-established South Sudan, U.S. leadership at the Bank has a wide and far-reaching impact.

◀ **Robert B. Zoellick, President of the World Bank, speaking at the Civil Society Roundtable on Food Price Volatility during the World Bank/IMF Spring Meetings, 2011.**

# IMPACT

## DELIVERING MEASURABLE RESULTS

Helping countries achieve results is at the heart of the World Bank's work. Through financial assistance and global knowledge, the Bank works with country partners to evaluate what is being achieved and to increase accountability to our clients, donors and their respective citizens.

The World Bank's International Development Association (IDA) is one of the world's largest sources of aid for the poorest countries. IDA provides support for economic and institutional development as well as programs focused on health, education, infrastructure and agriculture for the 2.5 billion people living in the 79 poorest countries, the majority of whom survive on less than \$2 a day. In the past decade, IDA financing has immunized 310 million children; provided access to water and sanitation for 177 million people; helped more than 47 million people receive health services; provided nutrition supplements to 98 million children; and brought better education to more than 100 million children each year.

Students study under the trees near their school building in northeastern Badakhshan Province, Afghanistan. Project received funding from the National Solidarity Program (NSP).



Photo: Imal Hashemi/World Bank

## SAMPLE RESULTS FROM OVER THE LAST DECADE

### **Afghanistan**

22 percent reduction in infant mortality rate and 26 percent reduction in child mortality, in just three years

### **Bangladesh**

20 million people benefitted from microfinance over the last 12 years

### **Burkina Faso**

94 percent of Ouagadougou's population—1,480,000 people—now have access to safe water

### **Cote d'Ivoire**

15,000 ex-combatants and at-risk youths provided with jobs

### **Ethiopia**

61.5 percent rural access to potable water in 2009, up from 46 percent in 2005

### **Ghana**

79 percent immunization coverage in 2008, up from 69 percent in 2003

### **Haiti**

50,000 solar lanterns purchased and distributed, increasing safety, reducing fire hazard, and benefitting more than 200,000 people

### **Kenya**

25 percent reduction in malaria-related deaths among children in Western Kenya as a result of bed net usage

### **Liberia**

842 kilometers of roads—almost one-tenth of Liberia's road network—worked on during the last several years, and major road corridors rehabilitated or repaired

### **Mali**

803 public institutions, including 172 schools and 139 health centers, provided with access to off-grid electricity

### **Mongolia**

69 percent increase in the kindergarten enrollment rate since 2002

### **Nigeria**

2.4 million beneficiaries from the agricultural sector were able to increase their income by about 63 percent

### **Pakistan**

62 percent net enrollment in primary schools in Punjab in 2007, up from 45 percent in 2001; primary net enrollment of girls during the same period increased from 43 percent to 59 percent, and girls' enrollment in rural areas increased from 38 percent to 55 percent

### **Rwanda**

Time to start a business cut from 14 days to 3 days, the number of procedures reduced from 8 to 2, and the cost of starting a business dropped from 109 percent to 10 percent of income per capital between 2008 and 2009

### **South Africa**

Reforms to budgeting and financial management systems were implemented in 41 municipalities between 2003 and 2008

### **Tajikistan**

71,000 food-insecure households benefitted from wheat seed and fertilizer distribution in 2008

### **Vietnam**

91 percent of the majority Kinh population and 80 percent of the ethnic minority population residing in rural areas were living within 2 kilometers of an all-weather road by 2006; in 1998 almost half the rural ethnic minority population experienced considerable isolation during wet seasons

### **Yemen**

30,000 girls attend school as a result of innovative conditional cash transfer programs introduced in 2008 and 2009

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**Results for every Bank-supported country are available at [www.worldbank.org/results](http://www.worldbank.org/results)**

\$1 from the U.S. → \$26 in development aid



# LEVERAGE

## “BANG FOR THE BUCK”

“...our investments in institutions like the World Bank are among the most powerful and cost-effective ways we have to promote U.S. interests... Our contributions to these institutions account for only 5 percent of the entire U.S. foreign assistance budget, but they mobilize funds that total more than one-and-a-half times the entire U.S. foreign assistance budget.”

**U.S. Treasury Secretary Timothy Geithner**

Senate Foreign Relations Committee hearing, March 3, 2011

The U.S. contribution to the World Bank is pooled together with contributions from other countries, creating a larger capital base, which increases the ability of the Bank to borrow from the markets. The business model of the Bank allows it to raise funds on the capital markets by issuing bonds, prudently invest its capital base, and offer loans at lower than market rates. Because of burden-sharing with contributions from other countries, the impact of an investment in the Bank far exceeds the amount of one country’s contribution. In short, every dollar invested in the World Bank from the U.S. is combined with \$5 in additional capital from other countries, which allows the Bank to provide \$26 in development aid. Particularly at a time when funding is scarce, financial support to the World Bank maximizes the U.S. impact on reform in developing countries.

Please visit [www.worldbank.org](http://www.worldbank.org) to learn more

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