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June 30, 2001

SPECIAL PURPOSE FINANCIAL STATEMENTS OF THE INTERNATIONAL DEVELOPMENT ASSOCIATION

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On May 25, 2001, the Interim Trust Fund (ITF) was terminated, and all of its assets and liabilities were transferred to the International Development Association (IDA). Accordingly, the information in the Special Purpose Financial Statements and related notes reflect the combined results of IDA and ITF as if the transfer had been in effect for all periods presented.

STATEMENT OF SOURCES AND APPLICATIONS OF DEVELOPMENT RESOURCES

June 30, 2001 and June 30, 2000

Expressed in millions of U.S. dollars

	<i>2001</i>	<i>2000^a</i>
Applications of Development Resources		
<i>Net Resources Available For Development Activities</i>		
<i>Due from Banks</i>		
Unrestricted currencies	\$ 49	\$ 73
Currencies subject to restriction	19	20
	68	93
<i>Investments—Notes B and F</i>		
Investments—Trading (including securities transferred under repurchase or security lending agreements of \$4,573 million—June 30, 2001; \$3,106 million—June 30, 2000—Note A)	12,187	11,106
Net payable on investment securities transactions	(445)	(282)
	11,742	10,824
<i>Receivable from the HIPC Debt Initiative Trust Fund—Note I</i>	647	590
<i>Nonnegotiable, Noninterest-bearing Demand Obligations on Account of Member Subscriptions and Contributions</i>	9,238	11,620
<i>Receivable from the International Bank for Reconstruction and Development—Note D</i>	896	650
<i>Payable for HIPC Grants—Note I</i>	(70)	—
<i>Other Resources, Net</i>	620	518
Total net resources available for development activities	23,141	24,295
<i>Resources Used For Development Credits</i>		
(see Summary Statement of Development Credits, Notes E, F and I)		
Total development credits	107,014	107,476
Less undisbursed balance	20,442	20,833
Development credits outstanding	86,572	86,643
Less accumulated allowance for HIPC Debt Initiative	8,579	8,071
Total resources used for development credits outstanding	77,993	78,572
<i>Total Applications of Development Resources</i>	\$101,134	\$102,867

Sources of Development Resources	<u>2001</u>	<u>2000^a</u>
<i>Member Subscriptions and Contributions</i> (see Statement of Voting Power, and Subscriptions and Contributions, Note C)		
Unrestricted	\$107,923	\$108,415
Restricted	<u>288</u>	<u>289</u>
Subscriptions and Contributions Committed	108,211	108,704
Less subscriptions and contributions receivable and unamortized discounts on contributions—Note C	<u>3,278</u>	<u>6,627</u>
Subscriptions and Contributions Paid In	104,933	102,077
<i>Deferred Amounts Receivable to Maintain Value of Currency Holdings</i>	(236)	(233)
<i>Payments on Account of Pending Membership—Note C</i>	<u>—</u>	<u>7</u>
	104,697	101,851
<i>Transfers from the International Bank for Reconstruction and Development—Note D</i>	6,693	6,427
<i>Accumulated Other Comprehensive Loss—Note J</i>	(4,968)	(738)
<i>Retained Deficit</i> (see Statement of Changes in Retained Earnings)	<u>(5,288)</u>	<u>(4,673)</u>
<i>Total Sources of Development Resources</i>	<u><u>\$101,134</u></u>	<u><u>\$102,867</u></u>

a. Restated to include Interim Trust Fund balances at June 30, 2000, see Note A.

The Notes to Special Purpose Financial Statements are an integral part of these Statements.

STATEMENT OF INCOME

For the fiscal years ended June 30, 2001, June 30, 2000 and June 30, 1999

Expressed in millions of U.S. dollars

	<u>2001</u>	<u>2000^a</u>	<u>1999^{a,b}</u>
Income			
Income from development credits—Note E	\$ 614	\$ 619	\$ 588
Income from investments, net—Note B	<u>680</u>	<u>406</u>	<u>499</u>
Total income	<u>1,294</u>	<u>1,025</u>	<u>1,087</u>
Expenses			
Administrative Expenses—Notes G and H	427	438	368
Amortization of discount on subscription advances	<u>1</u>	<u>3</u>	<u>2</u>
Total expenses	<u>428</u>	<u>441</u>	<u>370</u>
Operating Income	866	584	717
Effect of exchange rate changes on accumulated income excluding HIPC Debt Initiative	<u>(847)</u>	<u>(289)</u>	<u>(73)</u>
Income before HIPC Debt Initiative	19	295	644
Enhanced HIPC Framework—(Expenses) Income—Notes E and I			
Allowance for principal component of debt relief	(686)	(8,009)	—
Debt service grants	(101)	—	—
Contribution from the HIPC Debt Initiative Trust Fund	<u>177</u>	<u>601</u>	<u>—</u>
Total net expenses for Enhanced HIPC	(610)	(7,408)	—
Original HIPC Framework—Expenses—Note E			
Allowance for write-down on sale of development credits	(24)	(455)	—
Development grants	<u>—</u>	<u>—</u>	<u>(154)</u>
Total expenses for Original HIPC	<u>(24)</u>	<u>(455)</u>	<u>(154)</u>
(Loss) Income after HIPC Debt Initiative	<u>\$ (615)</u>	<u>\$ (7,568)</u>	<u>\$ 490</u>

a. Restated to include Interim Trust Fund activity for the fiscal years ended June 30, 2000 and June 30, 1999, see Note A.

b. Restated to include IDA accounting policy changes related to the HIPC Debt Initiative at June 30, 1999, see Note A.

The Notes to Special Purpose Financial Statements are an integral part of these Statements.

STATEMENT OF COMPREHENSIVE INCOME

For the fiscal years ended June 30, 2001, June 30, 2000 and June 30, 1999

Expressed in millions of U.S. dollars

	<u>2001</u>	<u>2000^a</u>	<u>1999^{a, b}</u>
(Loss) Income after HIPC Debt Initiative	\$ (615)	\$(7,568)	\$490
Other Comprehensive Income—Note J			
Currency translation adjustment on development credits	<u>(4,230)</u>	<u>(532)</u>	<u>195</u>
Total other comprehensive (loss) income	<u>(4,230)</u>	<u>(532)</u>	<u>195</u>
Comprehensive (Loss) Income	<u><u>\$ (4,845)</u></u>	<u><u>\$(8,100)</u></u>	<u><u>\$685</u></u>

a. Restated to include Interim Trust Fund activity for fiscal year ended June 30, 2000 and June 30, 1999, see Note A.

b. Restated to include IDA accounting policy changes related to the HIPC Debt Initiative at June 30, 1999, see Note A.

STATEMENT OF CHANGES IN RETAINED EARNINGS

For the fiscal years ended June 30, 2001 and June 30, 2000

Expressed in millions of U.S. dollars

	<u>2001</u>			<u>2000^a</u>		
	<i>Balance at beginning of the fiscal year</i>	<i>Activity during the fiscal year</i>	<i>Balance at end of the fiscal year</i>	<i>Balance at beginning of the fiscal year</i>	<i>Activity during the fiscal year</i>	<i>Balance at end of the fiscal year</i>
Allowance for Enhanced HIPC	\$(8,009)	\$(686)	\$(8,695)	\$ —	\$(8,009)	\$(8,009)
Debt Service Grants	—	(101)	(101)	—	—	—
Contribution for Enhanced HIPC from HIPC Debt Initiative Trust Fund	601	177	778	—	601	601
Original HIPC	(777)	(24)	(801)	(322)	(455)	(777)
Accumulated income excluding HIPC Debt Initiative	<u>3,512</u>	<u>19</u>	<u>3,531</u>	<u>3,217</u>	<u>295</u>	<u>3,512</u>
Total Retained (Deficit) Earnings	<u><u>\$(4,673)</u></u>	<u><u>\$(615)</u></u>	<u><u>\$(5,288)</u></u>	<u><u>\$2,895</u></u>	<u><u>\$(7,568)</u></u>	<u><u>\$(4,673)</u></u>

a. Restated to include Interim Trust Fund balances at June 30, 2000, see Note A.

The Notes to Special Purpose Financial Statements are an integral part of these Statements.

STATEMENT OF CASH FLOWS

For the fiscal years ended June 30, 2001, June 30, 2000 and June 30, 1999

Expressed in millions of U.S. dollars

	<u>2001</u>	<u>2000^a</u>	<u>1999^{a, b}</u>
Cash Flows from Development Activities			
Cash Flows from Development Credit Activities			
Development credit disbursements	\$(5,492)	\$(5,177)	\$(6,023)
Development credit principal repayments	997	920	814
Development credits sold to the HIPC Debt Initiative Trust Fund	133	354	84
Reimbursement received for principal repayments forgiven	<u>105</u>	<u>11</u>	<u>—</u>
Net cash used in development credit activities	(4,257)	(3,892)	(5,125)
Cash Flows from Grant Activities			
Development grant disbursements	—	—	(149)
Debt service grant disbursements	(31)	—	—
Reimbursements received from the HIPC Debt Initiative Trust Fund for debt service grants disbursed	<u>15</u>	<u>—</u>	<u>—</u>
Net cash used in grant activities	(16)	—	(149)
Net cash used in development activities	(4,273)	(3,892)	(5,274)
Cash Flows from Member Subscriptions and Contributions	5,232	5,320	5,393
Cash Flows from the International Bank for Reconstruction and Development Transfers	19	50	—
Cash Flows from Operating Activities			
Operating income	866	584	717
Net assets previously designated for other postretirement benefits received from the International Bank for Reconstruction and Development	—	—	76
Adjustments to reconcile operating income to net cash provided by operating activities			
Amortization of discount on subscription advances	1	3	2
Net changes in other development resources	<u>(113)</u>	<u>(142)</u>	<u>(183)</u>
Net cash provided by operating activities	754	445	612
Effect of exchange rate changes on unrestricted cash and liquid investments	<u>(838)</u>	<u>(257)</u>	<u>(84)</u>
Net Increase in Unrestricted Cash and Liquid Investments	894	1,666	647
Unrestricted Cash and Liquid Investments at Beginning of the Fiscal Year	<u>10,897</u>	<u>9,231</u>	<u>8,584</u>
Unrestricted Cash and Liquid Investments at End of the Fiscal Year	<u>\$11,791</u>	<u>\$10,897</u>	<u>\$9,231</u>
Composed of:			
Due from banks—Unrestricted currencies	\$ 49	\$ 73	\$ 80
Investments	<u>11,742</u>	<u>10,824</u>	<u>9,151</u>
	<u>\$11,791</u>	<u>\$10,897</u>	<u>\$9,231</u>
Supplemental Disclosure			
(Decrease) increase in ending balances of development credits outstanding, resulting from exchange rate fluctuations	\$(4,230)	\$ (532)	\$ 195
Write-down on sale of development credits—Original HIPC	(97)	(382)	—

a. Restated to include Interim Trust Fund activity for the fiscal years ended June 30, 2000 and June 30, 1999, see Note A.

b. Restated to include IDA accounting policy changes related to the HIPC Debt Initiative at June 30, 1999, see Note A.

The Notes to Special Purpose Financial Statements are an integral part of these Statements.

SUMMARY STATEMENT OF DEVELOPMENT CREDITS

June 30, 2001

Expressed in millions of U.S. dollars

<i>Borrower or guarantor</i>	<i>Total development credits</i>	<i>Undisbursed development credits¹</i>	<i>Development credits outstanding</i>	<i>Percentage of development credits outstanding</i>
Afghanistan	\$ 75	\$ —	\$ 75	0.09%
Albania	512	162	350	0.40
Angola	259	39	220	0.25
Armenia	577	174	403	0.47
Azerbaijan	408	185	223	0.26
Bangladesh	7,707	1,367	6,340	7.33
Benin	666	95	571	0.66
Bhutan	57	29	28	0.03
Bolivia	1,456	355	1,101	1.27
Bosnia and Herzegovina	649	215	434	0.50
Botswana	9	—	9	0.01
Burkina Faso	784	204	580	0.67
Burundi	644	64	580	0.67
Cambodia	379	161	218	0.25
Cameroon	942	191	751	0.87
Cape Verde	139	40	99	0.11
Central African Republic	388	13	375	0.43
Chad	654	145	509	0.59
Chile	7	—	7	0.01
China	9,206	652	8,554	9.88
Colombia	7	—	7	0.01
Comoros	105	34	71	0.08
Congo, Democratic Republic of	1,150	—	1,150	1.33
Congo, Republic of	155	5	150	0.17
Costa Rica	2	—	2	*
Côte d'Ivoire	1,605	289	1,316	1.52
Djibouti	88	37	51	0.06
Dominica	16	3	13	0.02
Dominican Republic	14	—	14	0.02
Ecuador	20	—	20	0.02
Egypt, Arab Republic of	1,634	390	1,244	1.44
El Salvador	16	—	16	0.02
Equatorial Guinea	45	—	45	0.05
Eritrea	299	168	131	0.15
Ethiopia	3,074	1,170	1,904	2.20
Gambia, The	215	49	166	0.19
Georgia	585	237	348	0.40
Ghana	3,424	387	3,037	3.51
Grenada	14	5	9	0.01
Guinea	1,040	90	950	1.10
Guinea-Bissau	252	33	219	0.25
Guyana	196	22	174	0.20
Haiti	471	4	467	0.54
Honduras	1,088	260	828	0.96

SUMMARY STATEMENT OF DEVELOPMENT CREDITS

(continued)

June 30, 2001

Expressed in millions of U.S. dollars

<i>Borrower or guarantor</i>	<i>Total development credits</i>	<i>Undisbursed development credits¹</i>	<i>Development credits outstanding</i>	<i>Percentage of development credits outstanding</i>
India	\$22,466	\$3,653	\$18,813	21.74%
Indonesia	1,075	349	726	0.84
Jordan	56	—	56	0.06
Kenya	2,656	426	2,230	2.58
Korea, Republic of	63	—	63	0.07
Kyrgyz Republic	539	168	371	0.43
Lao People's Democratic Republic	537	131	406	0.47
Lesotho	252	72	180	0.21
Liberia	98	—	98	0.11
Macedonia, former Yugoslav Republic of	304	58	246	0.28
Madagascar	1,893	523	1,370	1.58
Malawi	1,792	188	1,604	1.85
Maldives	57	13	44	0.05
Mali	1,252	289	963	1.11
Mauritania	569	105	464	0.54
Mauritius	13	—	13	0.02
Moldova	144	40	104	0.12
Mongolia	249	113	136	0.16
Morocco	26	—	26	0.03
Mozambique	1,154	404	750	0.87
Myanmar	694	—	694	0.80
Nepal	1,222	111	1,111	1.28
Nicaragua	961	315	646	0.75
Niger	867	150	717	0.83
Nigeria	863	245	618	0.71
Pakistan	4,581	458	4,123	4.76
Papua New Guinea	89	—	89	0.10
Paraguay	27	—	27	0.03
Philippines	218	15	203	0.24
Rwanda	880	176	704	0.81
St. Kitts and Nevis	1	—	1	*
St. Lucia	17	6	11	0.01
St. Vincent and the Grenadines	9	2	7	0.01
Samoa	58	11	47	0.05
São Tomé and Príncipe	69	9	60	0.07
Senegal	1,968	643	1,325	1.53
Sierra Leone	410	41	369	0.43
Solomon Islands	41	4	37	0.04
Somalia	386	—	386	0.45
Sri Lanka	1,827	263	1,564	1.81
Sudan	1,136	—	1,136	1.31
Swaziland	5	—	5	0.01
Syrian Arab Republic	29	—	29	0.03
Tajikistan	242	100	142	0.16
Tanzania	3,092	565	2,527	2.92
Thailand	88	—	88	0.10
Togo	668	86	582	0.67

<i>Borrower or guarantor</i>	<i>Total development credits</i>	<i>Undisbursed development credits ¹</i>	<i>Development credits outstanding</i>	<i>Percentage of development credits outstanding</i>
Tonga	\$ 4	\$ —	\$ 4	*%
Tunisia	38	—	38	0.04
Turkey	98	—	98	0.11
Uganda	2,767	666	2,101	2.43
Vanuatu	16	4	12	0.01
Vietnam	2,907	1,760	1,147	1.33
Yemen, Republic of	1,610	394	1,216	1.41
Zambia	2,232	441	1,791	2.07
Zimbabwe	577	158	419	0.48
Subtotal members ⁶	106,925	20,429	86,496	99.91
West African Development Bank ²	55	8	47	0.05
Caribbean Development Bank ³	24	—	24	0.03
Subtotal regional development banks	79	8	71	0.08
African Trade Insurance Agency ⁴	5	5	—	—
Other ⁵	5	—	5	0.01
Total—June 30, 2001 ⁶	<u>\$107,014</u>	<u>\$20,442</u>	<u>\$86,572</u>	<u>100.00%</u>
Total—June 30, 2000 ⁷	<u>\$107,476</u>	<u>\$20,833</u>	<u>\$86,643</u>	

* Indicates amounts less than \$0.05 million or less than 0.005 per cent.

NOTES

1. Of the undisbursed balance at June 30, 2001, IDA has entered into irrevocable commitments to disburse \$209 million (\$153 million—June 30, 2000).
2. These development credits are for the benefit of Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger, Senegal, and Togo.
3. These development credits are for the benefit of Grenada and territories of the United Kingdom (Associated States and Dependencies) in the Caribbean region.
4. Represents development credit extended for the benefit of Burundi, Kenya, Malawi, Rwanda, Tanzania, Uganda and Zambia, to the African Trade Insurance Agency (ATI) as the implementing agency.
5. Represents development credits made at a time when the authorities on Taiwan represented China in IDA (prior to May 15, 1980).
6. May differ from the sum of individual figures shown because of rounding.
7. Restated to include Interim Trust Fund balances at June 30, 2000.

The Notes to Special Purpose Financial Statements are an integral part of these Statements.

SUMMARY STATEMENT OF DEVELOPMENT CREDITS

(continued)

June 30, 2001

Expressed in millions of U.S. dollars

Maturity Structure of Development Credits Outstanding

<i>Period</i>	
July 1, 2001 through June 30, 2002	\$ 1,683
July 1, 2002 through June 30, 2003	1,509
July 1, 2003 through June 30, 2004	1,681
July 1, 2004 through June 30, 2005	1,865
July 1, 2005 through June 30, 2006	2,051
July 1, 2006 through June 30, 2011	13,170
July 1, 2011 through June 30, 2016	16,513
July 1, 2016 through June 30, 2021	18,034
July 1, 2021 through June 30, 2026	15,847
July 1, 2026 through June 30, 2031	10,160
July 1, 2031 through June 30, 2036	3,751
July 1, 2036 through June 30, 2041	<u>308</u>
Total	<u>\$86,572</u>

The Notes to Special Purpose Financial Statements are an integral part of these Statements.

STATEMENT OF VOTING POWER, AND SUBSCRIPTIONS AND CONTRIBUTIONS

June 30, 2001

Expressed in millions of U.S. dollars

<i>Member</i> ¹	<i>Number of votes</i> ²	<i>Percentage of total votes</i> ²	<i>Subscriptions and contributions committed</i> ²
Part I Members			
Australia	171,336	1.32%	\$ 1,810.0
Austria	88,738	0.68	896.1
Belgium	154,450	1.19	1,759.0
Canada	388,290	2.99	4,767.5
Denmark	132,908	1.02	1,457.3
Finland	80,693	0.62	690.7
France	561,248	4.32	7,468.5
Germany	913,474	7.04	12,309.0
Iceland	30,319	0.23	23.2
Ireland	38,673	0.30	140.4
Italy	389,670	3.00	4,410.0
Japan	1,414,996	10.90	24,078.1
Kuwait	78,672	0.61	707.1
Luxembourg	32,849	0.25	65.4
Netherlands	291,388	2.25	4,026.4
New Zealand	37,881	0.29	129.2
Norway	133,646	1.03	1,371.3
Portugal	32,923	0.25	56.7
Russian Federation	35,887	0.28	173.3
South Africa	36,620	0.28	93.2
Spain	81,866	0.63	649.1
Sweden	258,855	1.99	2,770.6
Switzerland ³	132,364	1.02	1,398.6
United Arab Emirates	1,367	0.01	5.6
United Kingdom	641,302	4.94	8,013.1
United States	1,865,737	14.38	25,841.8
Subtotal Part I Members ⁴	8,026,152	61.85	105,111.0
Part II Members			
Afghanistan	13,557	0.10	1.3
Albania	28,789	0.22	0.3
Algeria	27,720	0.21	5.1
Angola	48,362	0.37	7.9
Argentina	134,439	1.04	70.3
Armenia	2,717	0.02	0.5
Azerbaijan	644	0.01	0.9
Bangladesh	73,545	0.57	7.2
Barbados	29,645	0.23	0.6
Belize	1,788	0.01	0.2
Benin	10,176	0.08	0.6
Bhutan	16,929	0.13	0.1
Bolivia	36,363	0.28	1.4
Bosnia and Herzegovina	19,571	0.15	2.3
Botswana	26,854	0.21	1.6
Brazil	224,016	1.73	301.5
Burkina Faso	21,166	0.16	0.7
Burundi	25,706	0.20	1.0

STATEMENT OF VOTING POWER, AND
SUBSCRIPTIONS AND CONTRIBUTIONS *(continued)*

June 30, 2001

Expressed in millions of U.S. dollars

<i>Member</i> ¹	<i>Number of votes</i> ²	<i>Percentage of total votes</i> ²	<i>Subscriptions and contributions committed</i> ²
Cambodia	10,322	0.08%	\$ 1.3
Cameroon	22,684	0.17	1.3
Cape Verde	4,916	0.04	0.1
Central African Republic	13,620	0.11	0.6
Chad	10,990	0.08	0.6
Chile	31,782	0.25	4.5
China	247,345	1.91	40.8
Colombia	43,080	0.33	24.4
Comoros	13,141	0.10	0.1
Congo, Democratic Republic of	12,164	0.09	3.8
Congo, Republic of	8,385	0.06	0.6
Costa Rica	12,480	0.10	0.3
Côte d'Ivoire	23,069	0.18	1.3
Croatia	36,430	0.28	5.5
Cyprus	33,817	0.26	1.1
Czech Republic	60,645	0.47	35.3
Djibouti	532	*	0.2
Dominica	16,749	0.13	0.1
Dominican Republic	27,780	0.21	0.6
Ecuador	32,886	0.25	0.9
Egypt, Arab Republic of	60,884	0.47	6.8
El Salvador	6,244	0.05	0.4
Equatorial Guinea	6,167	0.05	0.4
Eritrea	25,295	0.20	0.1
Ethiopia	23,053	0.18	0.7
Fiji	9,423	0.07	0.7
Gabon	2,093	0.02	0.6
Gambia, The	19,444	0.15	0.4
Georgia	25,723	0.20	0.9
Ghana	23,831	0.18	3.0
Greece	55,946	0.43	40.3
Grenada	20,627	0.16	0.1
Guatemala	30,750	0.24	0.5
Guinea	28,087	0.22	1.3
Guinea-Bissau	6,790	0.05	0.2
Guyana	20,860	0.16	1.0
Haiti	22,271	0.17	1.0
Honduras	24,270	0.19	0.4
Hungary	98,029	0.76	45.3
India	405,142	3.12	55.7
Indonesia	115,860	0.89	14.3
Iran, Islamic Republic of	15,455	0.12	5.7
Iraq	9,407	0.07	1.0

<i>Member</i> ¹	<i>Number of votes</i> ²	<i>Percentage of total votes</i> ²	<i>Subscriptions and contributions committed</i> ²
Israel	42,408	0.33%	\$ 14.4
Jordan	24,865	0.19	0.4
Kazakhstan	806	0.01	1.9
Kenya	33,882	0.26	2.2
Kiribati	6,477	0.05	0.1
Korea, Republic of	66,818	0.52	301.7
Kyrgyz Republic	2,700	0.02	0.5
Lao People's Democratic Republic	16,967	0.13	0.6
Latvia	614	*	0.7
Lebanon	8,562	0.07	0.6
Lesotho	28,677	0.22	0.2
Liberia	22,467	0.17	1.0
Libya	7,771	0.06	1.3
Macedonia, former Yugoslav Republic of	18,707	0.14	1.0
Madagascar	11,600	0.09	1.2
Malawi	31,515	0.24	1.0
Malaysia	48,929	0.38	3.5
Maldives	27,547	0.21	0.1
Mali	24,808	0.19	1.2
Marshall Islands	4,902	0.04	*
Mauritania	15,285	0.12	0.7
Mauritius	34,730	0.27	1.2
Mexico	99,997	0.77	137.2
Micronesia, Federated States of	18,424	0.14	*
Moldova	612	*	0.7
Mongolia	24,389	0.19	0.3
Morocco	57,674	0.44	4.8
Mozambique	12,217	0.09	1.7
Myanmar	44,697	0.34	2.9
Nepal	31,410	0.24	0.7
Nicaragua	29,845	0.23	0.4
Niger	19,302	0.15	0.7
Nigeria	12,657	0.10	4.3
Oman	26,927	0.21	1.3
Pakistan	116,830	0.90	13.4
Palau	504	*	*
Panama	7,550	0.06	*
Papua New Guinea	15,750	0.12	1.1
Paraguay	14,119	0.11	0.4
Peru	20,428	0.16	2.2
Philippines	16,583	0.13	6.4
Poland	296,927	2.29	58.2
Rwanda	20,312	0.16	1.0
St. Kitts and Nevis	7,888	0.06	0.2
St. Lucia	24,503	0.19	0.2
St. Vincent and the Grenadines	2,214	0.02	0.1
Samoa	15,761	0.12	0.1
São Tomé and Príncipe	6,414	0.05	0.1
Saudi Arabia	458,383	3.53	2,158.2
Senegal	35,224	0.27	2.2
Sierra Leone	14,367	0.11	1.0
Slovak Republic	38,250	0.29	12.6
Slovenia	18,956	0.15	3.0

STATEMENT OF VOTING POWER, AND
SUBSCRIPTIONS AND CONTRIBUTIONS *(continued)*

June 30, 2001

Expressed in millions of U.S. dollars

<i>Member</i> ¹	<i>Number of votes</i> ²	<i>Percentage of total votes</i> ²	<i>Subscriptions and contributions committed</i> ²
Solomon Islands	518	*%	\$ 0.1
Somalia	10,506	0.08	1.0
Sri Lanka	51,188	0.39	4.0
Sudan	22,484	0.17	1.3
Swaziland	12,773	0.10	0.4
Syrian Arab Republic	10,351	0.08	1.2
Tajikistan	20,568	0.16	0.5
Tanzania	35,867	0.28	2.2
Thailand	48,488	0.37	4.1
Togo	23,243	0.18	1.0
Tonga	14,144	0.11	0.1
Trinidad and Tobago	770	0.01	1.6
Tunisia	2,793	0.02	1.9
Turkey	87,904	0.68	112.4
Uganda	23,121	0.18	2.2
Uzbekistan	746	0.01	1.5
Vanuatu	13,821	0.11	0.2
Vietnam	15,454	0.12	1.9
Yemen, Republic of	37,025	0.29	2.1
Yugoslavia, Federal Republic of	25,109	0.19	6.8
Zambia	28,568	0.22	3.4
Zimbabwe	15,057	0.12	5.0
Subtotal Part II Members ⁴	<u>4,951,104</u>	<u>38.15</u>	<u>3,613.1</u>
Total—June 30, 2001 ^{3,4}	<u>12,977,256</u>	<u>100.00%</u>	<u>\$108,724.1</u>
Total—June 30, 2000 ³	<u>12,268,862</u>		<u>\$109,216.3⁵</u>

* Indicates amounts less than \$0.05 million or less than 0.005 percent.

NOTES

1. See Notes to Special Purpose Financial Statements—Note A for an explanation of the two categories of membership.
2. See Notes to Special Purpose Financial Statements—Note A for a brief description of the termination of the Interim Trust Fund.
3. \$512.3 million of Switzerland's subscription and contributions have not been included in the Statement of Sources and Applications of Development Resources at June 30, 2001 and June 30, 2000 since this represents the difference between the total cofinancing grants of \$580.1 million provided by Switzerland directly to IDA borrowers as cofinancing grants between the fourth and the ninth replenishments of IDA resources, and the July 1992 contribution by Switzerland of \$67.8 million.
4. May differ from the sum of individual figures shown because of rounding.
5. Restated to include Interim Trust Fund balances at June 30, 2000.

The Notes to Special Purpose Financial Statements are an integral part of these Statements.

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE A—ORGANIZATION, OPERATIONS AND SIGNIFICANT ACCOUNTING AND RELATED POLICIES

Purpose and Affiliated Organizations

The International Development Association (IDA) is an international organization established on September 24, 1960. IDA's main goal is reducing poverty through promoting economic development in the less developed areas of the world included in IDA's membership, by providing financing on concessionary terms. IDA has three affiliated organizations, the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA). Each of these other organizations is legally and financially independent from IDA, with separate assets and liabilities, and IDA is not liable for their respective obligations. The principal purpose of IBRD is to promote the economic development of its member countries, primarily by providing loans and related technical assistance for specific projects and for programs of economic reform in developing member countries. IFC's purpose is to encourage the growth of productive private enterprises in its member countries through loans and equity investments in such enterprises without a member's guarantee. MIGA was established to encourage the flow of investments for productive purposes among member countries and, in particular, to help developing member countries by providing guarantees against noncommercial risks for foreign investment in its developing member countries.

Termination of the Interim Trust Fund

The Interim Trust Fund (ITF) was established by IDA's Board of Governors on June 26, 1996 as part of the Eleventh Replenishment, and became effective on November 14, 1996. The ITF was a trust fund administered by IDA to help fund operations approved during the period July 1, 1996 to June 30, 1997, as well as certain operations approved after July 1, 1997.

With the agreement of a majority of ITF contributors representing a majority of the aggregate ITF contributions, the Executive Directors on May 25, 2001 decided to terminate the ITF. Upon termination, ITF credits became part of IDA's regular lending portfolio, and all of ITF's assets and liabilities were transferred to IDA as shown on the following table of ITF Sources and Applications of Development Resources as of May 31, 2001 and June 30, 2000 prior to the transfer.

The Board of Governors, in the ITF resolution, authorized the allocation of voting rights in IDA to ITF contributors on account of their contributions upon termination. The ITF resolution provided that voting rights were to be calculated "on the basis of the then-current voting rights system." Accordingly, upon the final decision to terminate ITF, voting rights, including preemptive rights under Article III, Section 1(c) of IDA's Articles of Agreement, were calculated and handled in accordance with the same model and procedures as used in regular replenishments.

Summary of Significant Accounting and Related Policies

Due to the nature and organization of IDA, these financial statements have been prepared for the specific purpose of reflecting the sources and applications of member subscriptions and contributions and other development resources. These financial statements are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America or with International Accounting Standards. These special purpose financial statements have been prepared to comply with Article VI, Section 11(a) of the Articles of Agreement of IDA, and are prepared in accordance with the accounting policies outlined below.

The preparation of these special purpose financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Significant judgements have been used in the computation of estimated fair values of development credits and allowances for the HIPC Debt Initiative.

Reclassifications

Certain reclassifications of the prior years' information have been made to conform to the current year's presentation. In prior years, the Interim Trust Fund was presented on a stand alone basis and therefore, such assets and liabilities were not included as part of IDA's financial statements. The prior years' IDA balances and activity have been restated to include the Interim Trust Fund at June 30, 2000 and June 30, 1999 due to the Interim Trust Fund termination discussed above.

The effect has been to increase the following in IDA's accounts:

In millions of U.S. dollars equivalent

	<i>May 31, 2001 (Prior to transfer)</i>	<i>June 30, 2000</i>
Statement of Sources and Applications of Development Resources		
Applications of Development Resources		
Due from banks—Unrestricted currencies	\$ —	\$ 10
Investments—Trading	1,441	1,346
Receivable from the HIPC Debt Initiative Trust Fund	10	17
Nonnegotiable, noninterest-bearing demand obligations on account of contributions	233	711
Other Resources, net	—	2
Net resources available for development activities	<u>1,684</u>	<u>2,086</u>
Total Interim Fund Credits	<u>2,518</u>	<u>2,680</u>
Less undisbursed balance	<u>1,431</u>	<u>1,889</u>
Interim Fund Credits outstanding	<u>1,087</u>	<u>791</u>
Less accumulated allowance for HIPC Debt Initiative	<u>54</u>	<u>51</u>
Resources used for Interim Fund Credits outstanding	<u>1,033</u>	<u>740</u>
Total applications of development resources	<u><u>\$2,717</u></u>	<u><u>\$2,826</u></u>
Sources of Development Resources		
Subscriptions and Contributions paid in	\$2,738	\$2,777
Accumulated other comprehensive income	(72)	(20)
Retained earnings	<u>51</u>	<u>69</u>
Total sources of development resources	<u><u>\$2,717</u></u>	<u><u>\$2,826</u></u>

Basis of Accounting

IDA's special purpose financial statements are prepared on the accrual basis of accounting. That is, the effects of transactions and other events are recognized when they occur (and not as cash or its equivalent is received or paid) and are recorded in the accounting records and reported in the financial statements of the periods to which they relate.

Translation of Currencies

IDA's special purpose financial statements are expressed in terms of U.S. dollars solely for the purpose of summarizing IDA's financial position and the results of its operations for the convenience of its members and other interested parties.

IDA is an international organization which conducts its operations in Special Drawing Rights (SDRs) and U.S. dollars. Applications of development resources and sources of development resources are translated at market exchange rates in effect at the end of the accounting period, except Member Subscriptions and Contributions which are translated in the manner described below. Income and expenses are translated at either the market exchange rates in effect on the dates of income and expense recognition, or at an average of the market exchange rates in effect during each month. Translation adjustments relating to the revaluation of development credits denominated in SDRs are charged or credited to Accumulated Other Comprehensive Income. Other

translation adjustments are shown in the Statement of Income.

Member Subscriptions and Contributions

Recognition

Member Subscriptions and Contributions committed for each IDA replenishment are recorded in full as Subscriptions and Contributions Committed upon effectiveness of the relevant replenishment. Replenishments become effective when IDA has received Instruments of Commitments (IoCs) from members for subscriptions and contributions of a specified portion of the full replenishment. Amounts not yet paid in, at the date of effectiveness, are recorded as Subscriptions and Contributions Receivable and shown as a reduction of Subscriptions and Contributions Committed. These receivables come due throughout the replenishment period (generally three years) in accordance with an agreed maturity schedule. The actual payment of receivables when they become due from certain members is conditional upon the respective member's budgetary appropriation processes.

The Subscriptions and Contributions Receivable are settled through payment of cash or deposit of nonnegotiable, noninterest-bearing demand notes. The notes are encashed by IDA as provided in the relevant replenishment resolution over the disbursement period of the credits committed under the replenishment.

In certain replenishments, donors have had the option of paying all of their subscription and contribution amounts in cash before they become due, and thereby receiving discounts. In addition, some replenishment arrangements have incorporated an accelerated encashment schedule. In these cases, IDA and the donor agree that IDA will invest the cash and retain the income. The related subscription and contribution is recorded at the full undiscounted amount. The discount is recorded as unamortized discounts on contributions (a reduction of Subscriptions and Contributions Committed) and amortized over the projected encashment period.

Under the provisions governing replenishments, IDA must encash the notes or similar obligations of contributing members on an approximately *pro rata* basis. As discussed in the previous paragraph, donors sometimes contribute resources on an advanced or an accelerated basis. IDA holds these resources until they become available for disbursement on a *pro rata* basis.

Transfers to IDA from IBRD are recorded under Sources of Development Resources and are receivable upon approval by IBRD's Board of Governors.

For the purposes of its financial resources, the membership of IDA is divided into two categories: (1) Part I members, which make payments of subscriptions and contributions provided to IDA in convertible currencies which may be freely used or exchanged by IDA in its operations and (2) Part II members, which make payments of ten percent of their initial subscriptions in freely convertible currencies, and the remaining ninety percent of their initial subscriptions, and all additional subscriptions and contributions in their own currencies or in freely convertible currencies. Certain Part II members provide a portion of their subscriptions and contributions in the same manner as mentioned in (1) above. IDA's Articles of Agreement and subsequent replenishment agreements provide that the currency of any Part II member paid in by it may not be used by IDA for projects financed by IDA and located outside the territory of the member except by agreement between the member and IDA. The cash paid and notes deposited in nonconvertible local currencies for the subscriptions of Part II members are recorded either as currencies subject to restriction under due from banks, or as restricted notes included under nonnegotiable, noninterest-bearing demand obligations on account of member subscriptions and contributions. Restricted notes at June 30, 2001 were \$33 million (\$35 million, June 30, 2000).

Valuation

The subscriptions and contributions provided through the Third Replenishment are expressed in terms of "U.S. dollars of the weight and fineness in effect on January 1, 1960" (1960 dollars). Following the abolition of gold as a common denominator of the monetary system and the repeal of the provision of the U.S. law defining the par value of the U.S. dollar in terms of gold, the pre-existing basis for translating 1960 dollars into current dollars or any other currency disappeared. The

Executive Directors of IDA have decided, with effect on that date and until such time as the relevant provisions of the Articles of Agreement are amended, that the words "U.S. dollars of the weight and fineness in effect on January 1, 1960" in Article II, Section 2(b) of the Articles of Agreement of IDA are interpreted to mean the SDR introduced by the International Monetary Fund as the SDR was valued in terms of U.S. dollars immediately before the introduction of the basket method of valuing the SDR on July 1, 1974, such value being equal to \$1.20635 for one SDR (the 1974 SDR), and have also decided to apply the same standard of value to amounts expressed in 1960 dollars in the relevant resolutions of the Board of Governors.

The subscriptions and contributions provided through the Third Replenishment are expressed on the basis of the 1974 SDR. Prior to the decision of the Executive Directors, IDA had valued these subscriptions and contributions on the basis of the SDR at the current market value of the SDR.

The subscriptions and contributions provided under the Fourth Replenishment and thereafter are expressed in members' currencies or SDRs and are payable in members' currencies. Beginning July 1, 1986, subscriptions and contributions made available for disbursement in cash to IDA are translated at market exchange rates in effect on the dates they were made available. Prior to that date, subscriptions and contributions which had been disbursed or converted into other currencies were translated at market exchange rates in effect on dates of disbursement or conversion. Subscriptions and contributions not yet available for disbursements are translated at market exchange rates in effect at the end of the accounting period.

Article IV, Section 2(a) and (b) of IDA's Articles of Agreement provides for maintenance of value payments on account of the local currency portion of the initial subscription whenever the par value of the member's currency or its foreign exchange value has, in the opinion of IDA, depreciated or appreciated to a significant extent within the member's territories, so long as, and to the extent that, such currency shall not have been initially disbursed or exchanged for the currency of another member. The provisions of Article IV, Section 2(a) and (b) have by agreement been extended to cover additional subscriptions and contributions of IDA through the Third Replenishment, but are not applicable to those of the Fourth and subsequent replenishments.

The Executive Directors decided on June 30, 1987 that settlements of maintenance of value, which would result from the resolution of the valuation issue on the basis of the 1974 SDR, would be deferred until the Executive Directors decide to resume such settlements. These amounts are shown as Deferred Amounts Receivable to Maintain Value of Currency Holdings.

Development Credits

All development credits are made to or guaranteed by member governments or to the government of a territory of a member (except for development credits which have been made to regional development institutions for the benefit of members or territories of members of IDA). In order to qualify for lending on IDA terms, a country's per capita income must be below a certain level and the country may have only limited or no creditworthiness for IBRD lending. Development credits carry a service charge of 0.75 percent and generally have 35- or 40-year final maturities and a 10-year grace period for principal payments. Development credits are carried in the Special Purpose Financial Statements at the full face amount of the borrowers' outstanding obligations.

It is the practice of IDA to place in nonaccrual status all development credits made to a member government or to the government of a territory of a member if principal or charges with respect to any such development credit are overdue by more than six months, unless IDA's management determines that the overdue amount will be collected in the immediate future. In addition, if loans by IBRD to a member government are placed in nonaccrual status, all development credits to that member government will also be placed in nonaccrual status by IDA. On the date a member's development credits are placed in nonaccrual status, charges that had been accrued on development credits outstanding to the member which remained unpaid are deducted from the income from development credits of the current period. Charges on nonaccruing development credits are included in income only to the extent that payments have actually been received by IDA. If collectibility risk is considered to be particularly high at the time of arrears clearance, the member's credits may not automatically emerge from nonaccrual status, even though the member's eligibility for new credits may have been restored. A decision on the restoration of accrual status is made on a case-by-case basis after a suitable period of payment performance has passed from the time of arrears clearance.

In fulfilling its mission, IDA makes concessional loans to the poorest countries, therefore there is significant credit risk in the portfolio of development credits. Management continually monitors this credit risk. No provision for credit losses, other than allowances for the Heavily Indebted Poor Countries (HIPC) Debt Initiative, has been established. This is because it is not practicable to determine a provision for credit losses in view of the nature and maturity structure of the credit portfolio. Should probable losses occur, they would be included in the Statement of Income.

The repayment obligations of IDA's development credits funded from resources through the Fifth Replenishment are expressed in the development credit agreements in terms of 1960 dollars. In June 1987 the Executive Directors decided to value those development credits at the rate of \$1.20635 per 1960 dollar on a permanent basis. Development credits funded from resources provided under the Sixth Replenishment and

thereafter are denominated in SDRs; the principal amounts disbursed under such development credits are to be repaid in currency amounts currently equivalent to the SDRs disbursed.

Development Grants

The Eleventh and Twelfth Replenishment Resolutions authorize the use of Eleventh and Twelfth Replenishment donor funds to finance IDA development grants in the context of the HIPC Debt Initiative. The net income transfers from IBRD for fiscal years 1997, 1998 and 1999 also authorizes the use of such funds for IDA development grants.

Heavily Indebted Poor Countries Debt Initiative

The HIPC Debt Initiative was launched in 1996 as a joint effort by bilateral and multilateral creditors to ensure that reform efforts of HIPCs would not be put at risk by unsustainable external debt burdens. As a part of this process, the HIPC Debt Initiative Trust Fund was established on November 7, 1996 as a legally separate entity. It was administered by IDA and constituted by funds of donors including the IBRD, to help beneficiaries reduce their overall debt, including IDA debt.

Under the Original Framework of the Initiative, eligible countries received relief on IBRD and IDA debt through three mechanisms: (i) partial financing of lending operations with development grants; (ii) purchase and cancellation of IDA credits by the World Bank component of the HIPC Debt Initiative Trust Fund; and (iii) the provision of debt service on selected IDA credits, in certain cases, by the HIPC Debt Initiative Trust Fund.

Under the Enhanced Framework of the initiative, which was approved by IDA's Executive Directors on January 27, 2000, implementation mechanisms also include: (i) partial forgiveness of IDA debt service as it comes due, to be reimbursed to IDA by the World Bank Group component of the HIPC Debt Initiative Trust Fund; and (ii) in the case of countries with a substantial amount of outstanding IBRD debt, partial refinancing by IDA resources (excluding transfers from IBRD) of outstanding IBRD debt.

Commencing in the fourth quarter of fiscal year 2000, development grants and any impairments of IDA's outstanding development credits in connection with the HIPC Debt Initiative are recognized as charges to income. This recognition occurs when IDA either approves development and/or debt service grants or determines that impairments to IDA's credits are probable and can be reasonably estimated. Previously, development grants and such impairments were not charged to income. Instead, they were directly reported in the Statement of Sources and Applications of Development Resources, as a separate line item titled Heavily Indebted Poor Countries Debt Initiative.

Investments

IDA carries its investment securities and related financial instruments at market value. Both realized and

unrealized gains and losses are included in Income from Investments.

Securities purchased under resale agreements and securities sold under repurchase agreements are recorded at historical cost. IDA receives securities purchased under resale agreements, monitors the fair value of the securities and, if necessary, requires additional collateral.

Accounting Changes

During fiscal year 2001, IDA adopted prospectively the Statement of Financial Accounting Standards (SFAS) No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities (a replacement of SFAS No. 125)." That statement revises the accounting standards for securitizations and other transfers of financial assets and collateral, and requires certain additional disclosures. In the context of IDA, that statement requires that securities transferred under repurchase or security lending agreements be disclosed separately from other trading investments. At June 30, 2001, IDA's trading investments included \$4,573 million (\$3,106 million—June 30, 2000) that had been transferred under repurchase or security lending agreements. Adoption of that standard did not have a material impact on IDA's financial statements.

In the fourth quarter of fiscal year 2000, IDA changed its accounting policy related to the HIPC Debt Initiative and restated its financial statements of prior years to apply retroactively the new policy. The effect of the accounting change on income previously reported for fiscal year 1999 was a reduction of \$154 million. A summary of the accounting policy and details of debt relief provided under the HIPC Debt Initiatives are presented in Note I.

Beginning in fiscal year 2000, all investment securities are included as an element of liquidity in the Statements of Cash Flows due to their nature, and IDA's policies governing the level and use of such investments. The Statements of Cash Flows for fiscal year 1999 have been restated to reflect this change, for which there is no income effect.

NOTE B—INVESTMENTS

As part of its portfolio management strategy, IDA invests in the following financial instruments.

Asset-backed Securities: Asset-backed securities are instruments whose cash flow is based on the cash flows of a pool of underlying assets managed separately. IDA may only invest in asset-backed securities with a AAA credit rating.

Currency Swaps: Currency swaps are agreements between two parties to exchange cash flows denominated in different currencies at one or more certain times in the future. The cash flows are based on a predetermined formula reflecting rates of interest and an exchange of principal. IDA is authorized to enter into

currency swaps for periods not exceeding one year, including covered forwards.

Futures and Forwards: Futures and forward contracts are contracts for delivery of securities or money market instruments in which the seller agrees to make delivery at a specified future date of a specified instrument, at a specified price or yield. Futures contracts are traded on regulated United States and international exchanges. IDA generally closes out most open positions in futures contracts prior to maturity. Therefore, cash receipts or payments are mostly limited to the change in market value of the futures contracts. Futures contracts generally entail daily settlement of the net cash margin.

Government and Agency Obligations: These obligations include marketable bonds, notes and other obligations issued by governments. Obligations issued or unconditionally guaranteed by governments of countries require a minimum credit rating of AA if denominated in a currency other than the home currency of the issuer, otherwise no rating is required. Obligations issued by an agency or instrumentality of a government of a country, a multilateral organization or any other official entity require a credit rating of AAA.

Options: Options are contracts that allow the holder of the option the right, but not the obligation, to purchase or sell a financial instrument at a specified price within a specified period of time from or to the seller of the option. The purchaser of an option pays a premium at the outset to the seller of the option, who then bears the risk of an unfavorable change in the price of the financial instrument underlying the option. IDA invests only in exchange-traded options. The initial price of an option contract is equal to the premium paid by the purchaser and is significantly less than the contract or notional amount. IDA does not write uncovered option contracts.

Repurchase and Resale Agreements and Securities

Loans: Repurchase agreements are contracts under which a party sells securities and simultaneously agrees to repurchase the same securities at a specified future date at a fixed price. The reverse of this transaction is called a resale agreement. A resale agreement involves the purchase of securities with a simultaneous agreement to sell back the same securities at a stated price on a stated date. Securities loans are contracts under which securities are lent for a specified period of time at a fixed price.

Short Sales: Short sales are sales of securities not held in the seller's portfolio at the time of the sale. The seller must purchase the security at a later date and bears the risk that the market value of the security will move adversely between the time of the sale and the time the security must be delivered.

Time Deposits: Time deposits include certificates of deposit, bankers' acceptances, and other obligations issued or unconditionally guaranteed by banks and other financial institutions.

A summary of IDA's investments, by instrument, at June 30, 2001 and June 30, 2000 is as follows:

In millions of U.S. dollar equivalent

	2001			2000 ^a		
	Carrying value	Average balance during the fiscal year	Net gains (losses) for the fiscal year	Carrying value	Average balance during the fiscal year	Net gains (losses) for the fiscal year
Government and agency obligations	\$ 8,604	\$ 7,304	\$ 9	\$ 6,616	\$ 7,288	\$(172)
Time deposits	6,573	7,659	—	7,348	7,838	—
Asset-backed securities	1,283	218	(3)	—	—	—
Currency swaps	10	(*)	—	1	12	—
Forwards, futures and options	(*)	3	8	1	4	(1)
Resale agreements	358	438	—	248	366	—
Repurchase agreements and securities loans	(4,641)	(3,323)	—	(3,108)	(4,797)	—
Total	\$12,187	\$12,299	\$14	\$11,106	\$10,711	\$(173)
Short sales ^b	\$ (9)	\$ (92)	\$—	\$ (226)	\$ (141)	\$ —

a. Restated to include Interim Trust Fund balances at June 30, 2000.

b. Included in Net (payable) receivable on investment securities transactions in the Statement of Sources and Applications of Development Resources.

* Less than \$0.5 million.

A summary of the currency composition of investments at June 30, 2001 and June 30, 2000 is as follows:

In millions of U.S. dollars equivalent

	2001	2000 ^a
Euro ^b	\$ 3,760	\$ 2,664
Japanese yen	783	1,724
Pounds sterling	2,053	2,819
U.S. dollars	5,591	3,899
Total	\$12,187	\$11,106

a. Restated to include Interim Trust Fund balances at June 30, 2000.

b. Effective January 1, 1999, the euro was introduced. For reporting purposes, holdings in the twelve national currencies that are considered national currency units of the euro have been aggregated with the euro and reported as euro, in both the current and prior year.

sents the maximum potential accounting loss due to possible nonperformance by obligors and counterparties under the terms of the contracts. Additionally, the nature of the instruments involve contract value and notional principal amounts that are not reflected in the basic financial statements. For both on- and off-balance sheet securities, IDA limits trading to a list of authorized dealers and counterparties. Credit limits have been established for each counterparty by type of instrument and maturity category.

As of June 30, 2001, IDA received \$356 million of securities purchased under resale agreements. Of these instruments held by IDA, \$42 million has been transferred under repurchase or security lending agreements. None of these securities has been included in the assets of IDA.

The credit risk exposure and contract value, as applicable, of these financial instruments at June 30, 2001 and June 30, 2000 (prior to taking into account any master

For the purpose of risk management, IDA is party to a variety of financial instruments, certain of which involve elements of credit risk in excess of the amount reflected in the Statement of Sources and Applications of Development Resources. Credit risk exposure repre-

derivatives agreements or collateral arrangements that have been made) are given below:

In millions of U.S. dollars equivalent

	2001	2000
Forwards, futures and options		
• Long position	\$105	\$1,931
• Short position	—	1,165
• Credit exposure due to potential nonperformance by counterparties	*	7
Currency swaps		
• Credit exposure due to potential nonperformance by counterparties	10	9

* Less than \$0.5 million.

NOTE C—MEMBER SUBSCRIPTIONS AND CONTRIBUTIONS

Subscriptions and Contributions Receivable: At June 30, 2001, receivables from subscriptions and contributions were \$3,278 million (\$6,627 million—June 30, 2000) of which \$80 million (\$55 million—June 30, 2000) was due and \$3,198 million (\$6,572 million—June 30, 2000) was not yet due.

Subscriptions and contributions due at June 30, 2001 were as follows:

In millions of U.S. dollars equivalent

Amounts initially due from

July 1, 2000 through June 30, 2001	\$79
June 30, 2000 and earlier	1
Total	<u>\$80</u>

Subscriptions and contributions not yet due at June 30, 2001 will become due as follows:

In millions of U.S. dollars equivalent

<i>Period</i>	
July 1, 2001 through June 30, 2002	\$3,160
July 1, 2002 through June 30, 2003	21
Thereafter	17
Total	<u>\$3,198</u>

Twelfth Replenishment: On April 8, 1999, the Board of Governors of IDA adopted a resolution authorizing the Twelfth Replenishment of IDA's resources. The Twelfth Replenishment, which provides IDA with resources of

SDR 15,343 million to fund concessional lending during the period July 1, 1999 to June 30, 2002, became effective on March 23, 2000. Of this amount, new contributions from donor countries, including supplementary contributions provided by certain members and discounts on accelerated encashments, total SDR 8,640 million. Certain procurement restrictions apply to Twelfth Replenishment credits financed by donor funds.

Membership: In February 1993 the Socialist Federal Republic of Yugoslavia (SFRY) ceased to be a member of IDA due to the cessation of its membership in IBRD. The Republic of Bosnia and Herzegovina (now called Bosnia and Herzegovina), the Republic of Croatia, the former Yugoslav Republic of Macedonia, the Republic of Slovenia and the Federal Republic of Yugoslavia (FRY) were authorized to succeed to the SFRY's membership when certain requirements were met, including entering into an agreement with IDA. On June 5, 2001, the Executive Directors approved membership for the FRY in connection with its succession to membership of the former SFRY in IDA. The paid-in portion of the SFRY's subscriptions and contributions allocated to the FRY, \$7 million, which was included under Payments on Account of Pending Membership in fiscal year 2000, is now included under Subscriptions and Contributions Paid In.

All five successor Republics—Bosnia and Herzegovina, the Republic of Croatia, the Republic of Slovenia, the former Yugoslav Republic of Macedonia and FRY—are now members of IDA.

NOTE D—TRANSFERS AND RECEIVABLES FROM IBRD

IBRD's Board of Governors has approved aggregate transfers to IDA totaling \$6,755 million through June 30, 2001 (\$6,435 million—June 30, 2000). The aggregate transfers reported in the Statement of Sources and Applications of Development Resources may differ from the amount of aggregate transfers approved due to exchange rate movements.

Of the aggregate transfers, \$320 million in SDRs valued at June 30, 2000 was approved by IBRD's Board of Governors on September 27, 2000. Of this amount, \$300 million will be drawn down in fiscal year 2005, at the end of the defined encashment schedule for donor contributions to IDA's Twelfth Replenishment. The remaining \$20 million in SDRs, in reimbursement for IDA's share of the fiscal year 2000 cost of implementing IBRD's and IDA's Strategic Compact, was transferred on October 18, 2000. The transfer reported in the Statement of Cash Flows is different due to exchange rate movements.

At June 30, 2001, the unremitted balances of all the approved aggregate transfers from IBRD have been included in Receivable from the International Bank for

Reconstruction and Development in the Statement of Sources and Applications of Development Resources.

NOTE E—DEVELOPMENT CREDITS

Accumulated Allowance for Heavily Indebted Poor Countries Debt Initiative

Development credits outstanding are presented in the Statement of Sources and Applications of Development Resources before any allowance in connection with either the Enhanced or Original HIPC Framework (see Note I).

The nominal value of the principal component of the debt relief to be provided under the Enhanced HIPC

Framework is included under accumulated allowance for HIPC Debt Initiative in the Statement of Sources and Application of Development Resources. This amount is net of any debt relief delivered to date.

Upon approval by the Executive Directors of IDA in connection with the sales of IDA credits to the HIPC Debt Initiative Trust Fund, the estimated write-down, representing the difference between the carrying value and the net present value (see Note F) of the development credits identified for sale, is recorded under accumulated allowance for HIPC Debt Initiative in the Statement of Sources and Application of Development Resources.

Changes to the accumulated allowance for HIPC Debt Initiative for the fiscal years ended June 30, 2001 and June 30, 2000 are summarized below:

In millions of U.S. dollars equivalent

	2001	2000 ^a
Balance, beginning of the fiscal year	\$8,071	\$ —
Enhanced HIPC Framework		
Allowance for principal component of debt relief	686	8,009
Principal component of debt relief delivered	(105)	(11)
	581	7,998
Original HIPC Framework		
Allowance for write-down on sale of development credits	24	455
Write-down on sale of development credits	(97)	(382)
	(73)	73
Balance, end of the fiscal year ^b	\$8,579	\$8,071

a. Restated to include Interim Trust Fund activity for the fiscal year ended June 30, 2000.

b. This balance is the sum of the principal component of the actual amount of debt relief remaining to be provided to those countries that have reached their decision points, and in certain cases their completion points, and the principal component of the best estimate available of the amount of debt relief that is expected to be provided to other eligible countries.

Overdue Amounts

At June 30, 2001, principal of \$2 million and charges of \$1 million payable to IDA on development credits, other than those referred to in the following paragraph, were overdue by more than three months. At June 30, 2001, the aggregate principal amounts outstanding on all development credits to any borrower, other than those referred to in the following paragraph, with any development credits overdue by more than three months was \$1,049 million.

At June 30, 2001, development credits made to or guaranteed by certain member countries with an aggregate principal balance outstanding of \$5,887 million

(\$4,264 million—June 30, 2000), of which \$340 million (\$284 million—June 30, 2000) was overdue, were in nonaccrual status. At such date, overdue charges in respect of these development credits totaled \$207 million (\$185 million—June 30, 2000). If these development credits had not been in nonaccrual status, income from development credits net of charges received from such members during the period, for the fiscal year ended June 30, 2001 would have been higher by \$34 million (\$29 million—June 30, 2000 and \$35 million—June 30, 1999).

A summary of borrowers with development credits or guarantees in nonaccrual status follows:

In millions of U.S. dollars equivalent

<i>Borrower</i>	<i>June 30, 2001</i>		
	<i>Principal Outstanding</i>	<i>Principal and Charges Overdue</i>	<i>Nonaccrual Since</i>
With overdues			
Afghanistan	\$ 75	\$ 24	June 1992
Congo, Democratic Republic of	1,150	170	November 1993
Congo, Republic of	150	—	November 1997
Côte d'Ivoire	1,316	5	March 2001
Liberia	98	26	April 1988
Myanmar	694	62	September 1998
Somalia	386	76	July 1991
Sudan	1,136	179	January 1994
Zimbabwe	419	5	October 2000
Total	<u>5,424</u>	<u>547</u>	
Without overdues			
Bosnia and Herzegovina	434	—	September 1992
Syrian Arab Republic	29	—	April 1988
Total	<u>\$5,887</u>	<u>\$547</u>	

During fiscal year 2001, all credits made to, or guaranteed by Zimbabwe and Côte d'Ivoire were placed in nonaccrual status.

During the fiscal year ended June 30, 2000, Comoros paid off all its arrears to IDA. Its development credits came out of nonaccrual status on January 6, 2000. As a result, income from development credits for the year ended June 30, 2000 increased by \$1 million, corresponding to income that would have been accrued in the previous fiscal year had these development credits not been in nonaccrual status.

During fiscal year 1999, Sudan reached an understanding with IBRD and IDA under which Sudan agreed to make regular monthly payments of \$1 million to clear its arrears beginning in July 1999. These payments were to be applied first to IBRD arrears and then to arrears with IDA. As of June 30, 2000, Sudan had paid off all of its arrears to IBRD, and consequently, the entire monthly payment is being applied to IDA arrears.

Fifth Dimension Program

Under the Fifth Dimension program established in September 1988, a portion of principal repayments to IDA is allocated on an annual basis to provide supplementary IDA development credits to IDA-eligible countries that are no longer able to borrow on IBRD terms but have outstanding IBRD loans approved prior to September 1988 and have in place an IDA-supported structural adjustment program. Such supplementary IDA credits are allocated to countries that meet specified conditions, in proportion to each country's interest payments due that year on its pre-September 1988 IBRD loans. To be eligible for such IDA supplemental credits, a member country must meet IDA's eligibility criteria for lending, must be ineligible for IBRD lending and must not have had an IBRD loan approved within the last twelve months. To receive a supplemental credit from the program, a member country cannot be more than 60 days overdue on its debt-service payments to IBRD or IDA.

A summary of cumulative IDA credits committed and disbursed under this program from inception, at June 30, 2001 and June 30, 2000 is given below:

In millions of U.S. dollars equivalent

	2001	2000
Commitments	\$1,679	\$1,659
Less undisbursed	28	29
Disbursed and Outstanding	<u>\$1,651</u>	<u>\$1,630</u>

Guarantees

The guarantee of a development credit of \$28 million at June 30, 2001 (\$30 million—June 30, 2000) was not included in the Total Resources Used for Development Credits. At June 30, 2001 and June 30, 2000, no amounts were subject to call.

Segment Reporting

For fiscal year 2001, development credits to two countries individually generated in excess of ten percent of total income from these credits, amounting to \$141 million and \$65 million.

NOTE F—FAIR VALUE OF FINANCIAL INSTRUMENTS

Investments: Since IDA carries its investments at market value, the carrying amount represents the fair value of the portfolio. These fair values are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. The fair value of short-term financial instruments approximates their carrying value.

In millions of U.S. dollars equivalent

	June 30, 2001		June 30, 2000 ^a	
	<i>Government reference rate-based fair value</i>	<i>CIRR-based fair value</i>	<i>Government reference rate-based fair value</i>	<i>CIRR-based fair value</i>
Development credits outstanding	\$86,572	\$86,572	\$86,643	\$86,643
Less grant equivalent	37,840	40,602	38,859	45,039
Estimated value of development credits outstanding	<u>\$48,732</u>	<u>\$45,970</u>	<u>\$47,784</u>	<u>\$41,604</u>
Estimated grant element	44%	47%	45%	52%
	<i>Discount Rates Used</i>		<i>Discount Rates Used</i>	
Government reference rates				
- US dollar	5.45%		6.01%	
- SDR ^b	4.93%		4.90%	
CIRRs: Average of six months to June				
- U.S. dollar		6.11%		7.46%
- SDR		5.40%		6.02%

a. Restated to include Interim Trust Fund balances at June 30, 2000.

b. Implies weighted average government reference rates of the component currencies contained in the SDR.

Development Credits: IDA's development credits have a significant grant element because of the concessional nature of IDA's terms. Discounting the future cash flows from IDA's development credits using government reference rates represented by interest rates of government securities having similar maturity to the portfolio of development credits, provides an estimate for the grant element. Under the Original HIPC Debt Initiative, development credits identified for sale to the HIPC Debt Initiative Trust Fund are written down to their estimated net present value using currency specific Commercial Interest Reference Rates (CIRRs) published monthly by the Organization for Economic Cooperation and Development (OECD). Using the six months average CIRR as a discount rate provides an alternative estimate for the grant element.

Since IDA's development credits are denominated either in U.S. dollars or SDRs, currency specific rates have been used to discount the corresponding future cash flows for each currency component of the development credits, before being aggregated to provide the composite results.

The grant element calculations consider interest rates, maturity structures and grace periods for the credits. They do not consider credit risk, portfolio seasoning, multilateral and sovereign credit preferences and other risks or indicators that would be relevant in calculating fair value. Estimating the impact of these factors is not practicable.

However, under either alternative, the estimated fair values of development credits outstanding are substantially lower than the \$86,572 million reflected on the Statement of Sources and Applications of Development Resources at June 30, 2001 (\$86,643 million—June 30, 2000), as shown in the following table.

Discounting the future cash flows from IDA's development credits using the standard 10 percent discount rate of the Development Assistance Committee (DAC) of the OECD, provides another alternative for the grant

element. The estimated grant element based on this standard DAC rate for IDA's development credits is 67 percent as of June 30, 2001 (68 percent—June 30, 2000).

NOTE G—ADMINISTRATIVE EXPENSES

IDA's share of the administrative expenses incurred jointly by IBRD and IDA is set out below.

The following table shows the administrative expenses, net of IDA's share of income from pension plan and other postretirement benefits plans:

In millions of U.S. dollars

	<u>2001</u>	<u>2000</u>	<u>1999</u>
IDA's allocated share of administrative expenses incurred jointly by IBRD and IDA	\$551	\$549	\$518
Less IDA's share of income from pension plan and other postretirement benefits plans	<u>124</u>	<u>111</u>	<u>150</u>
Total	<u><u>\$427</u></u>	<u><u>\$438</u></u>	<u><u>\$368</u></u>

NOTE H—TRUST FUNDS ADMINISTRATION

IDA, alone or jointly with IBRD, administers on behalf of donors, including members, their agencies and other entities, funds restricted for specific uses which include the cofinancing of IDA lending projects, debt reduction operations for IDA members, technical assistance for

borrowers including feasibility studies and project preparation, global and regional programs and research and training programs. These funds are placed in trust and are not included in the development resources of IDA.

At June 30, 2001 and June 30, 2000, the allocation of trust fund assets by executing agent were as follows:

	<u>2001</u>		<u>2000</u>	
	<i>Total fiduciary assets (In millions)</i>	<i>Number of trust fund accounts</i>	<i>Total fiduciary assets (In millions)</i>	<i>Number of trust fund accounts</i>
IDA executed	\$ 623	1,037	\$ 347	572
Recipient executed	<u>2,067</u>	<u>987</u>	<u>1,831</u>	<u>1,426</u>
Total	<u><u>\$2,690</u></u>	<u><u>2,024</u></u>	<u><u>\$2,178</u></u>	<u><u>1,998</u></u>

The responsibilities of IDA under these arrangements vary and range from services normally provided under its own lending projects to full project implementation including procurement of goods and services. IDA receives fees for administering trust funds as a reduc-

tion of the administrative expenses charged by IBRD. During the fiscal year ended June 30, 2001, IDA received \$11 million (\$7 million—June 30, 2000, \$6 million—June 30, 1999) as fees for administering trust funds.

NOTE I—IMPACT FROM HEAVILY INDEBTED POOR COUNTRIES DEBT INITIATIVE

Enhanced HIPC Framework

Assistance under the Enhanced HIPC Framework is provided by IDA, by debt service relief (forgiving a portion of an eligible country's IDA debt service obligations as they become due), and by means of debt service grants as partial refinancing by IDA resources (excluding transfers from IBRD) of outstanding IBRD debt.

Debt Service Relief

On January 27, 2000, the Executive Directors of IDA gave approval for IDA to provide debt relief under the enhanced HIPC framework by forgiving a portion of an eligible country's IDA debt service obligations as they become due. Amounts of IDA debt service forgiven are expected to be reimbursed by the World Bank component of the HIPC Debt Initiative Trust Fund on a pay-as-you-go basis.

Upon approval of the Enhanced HIPC Framework by the Executive Directors of IDA, the nominal value of the principal component of the estimated debt relief costs is recorded as a reduction of the disbursed and outstanding development credits under accumulated allowance for HIPC Debt Initiative, and as a charge to income. This estimate is subject to periodic revision.

Upon signature by IDA of the country specific legal notification, immediately following the decision by the Executive Directors of IDA to provide debt relief to the country (the decision point), a receivable from the HIPC Debt Initiative Trust Fund is created (to the extent that funds are available) and income is recognized. This receivable is limited to the nominal value equivalent of one-third of the net present value of the principal component of the total debt relief committed to the specific country, and is the maximum debt relief that can be provided before the country reaches its completion point. A completion point is reached when the conditions specified in the legal notification are met, and the country's other creditors have confirmed their full participation in the debt relief initiative.

A receivable from the HIPC Debt Initiative Trust Fund is created and income is recognized when the country reaches its completion point. This receivable represents the remaining principal component of the total debt relief committed that was not recognized at the decision point.

The accumulated allowance for HIPC Debt Initiative is reduced when debt relief is provided by IDA. A summary of changes to the accumulated allowance for HIPC Debt Initiative is presented under Note E.

Debt service relief composed of \$117 million in principal repayments and \$36 million in charges has been provided to date by IDA, all of which was reimbursed by the HIPC Debt Initiative Trust Fund.

Debt Service Grants

During the year ended June 30, 2001, the Executive Directors of IDA had approved debt service grants totaling \$101 million, made up of \$37 million for Honduras and \$64 million for Cameroon. Of the \$101 million approved, \$31 million has been provided to date by IDA and \$70 million is yet to be provided. Of the \$31 million provided, \$15 million has been reimbursed by the HIPC Debt Initiative Trust Fund.

Receivable from the HIPC Debt Initiative Trust Fund

A summary of changes to the receivable from the HIPC Debt Initiative Trust Fund is presented below:

In millions of U.S. dollars

	2001	2000
Balance, beginning of the fiscal year	\$ 590	\$ —
Contribution from the HIPC Debt Initiative Trust Fund	177	601
Reimbursement received for principal repayments forgiven	(105)	(11)
Reimbursement received for debt service grants disbursed	(15)	—
Balance, end of the fiscal year	<u>\$ 647</u>	<u>\$590</u>

Original HIPC Framework

Assistance under the Original HIPC Framework has been provided by IDA by means of development grant funding in lieu of credit funding and sales of development credits to the HIPC Debt Initiative Trust Fund.

Development Grants

At June 30, 2001, development grants provided by country and source of funding since inception of the Original HIPC Framework are as follows:

In millions of U.S. dollars equivalent

	<i>Source of Funds</i>		
	<i>Transfers from IBRD</i>	<i>Eleventh Replenishment Donor Funds</i>	<i>Total</i>
Development grants provided:			
Uganda	\$75	\$ —	\$ 75
Mozambique	—	154	154
Total	<u>\$75</u>	<u>\$ 154</u>	<u>\$229</u>

Sales of IDA Development Credits

IDA sells specific development credits to the HIPC Debt Initiative Trust Fund for cash at a price equivalent to the net present value (see Note F) of the development credits, as calculated using the methodology agreed under the Original HIPC Framework. Upon approval by the Executive Directors of IDA, the esti-

mated write-down, representing the difference between the carrying value and the net present value of the development credits identified for sale, is recorded under accumulated allowance for HIPC Debt Initiative in the Statement of Sources and Application of Development Resources. On the settlement date, the esti-

mated write-down is adjusted to reflect the actual difference between the cash received and the carrying value of the development credit sold. The HIPC Debt Initiative Trust Fund subsequently cancels these development credits.

At June 30, 2001, the cumulative position of the sales of IDA development credits under the Original HIPC Framework is as follows:

In millions of U.S. dollars equivalent

	<i>Fiscal Year in Which Sold</i>	<i>Carrying Value</i>	<i>Net Present Value</i>	<i>Charge Against Income</i>
Development Credits Sold				
Uganda	1999	\$ 177	\$ 84	\$ 93
Guyana	2000	52	27	25
Mozambique	2000	684	327	357
Burkina Faso	2001 ^a	159	91	68
Mali	2001	71	42	29
Total development credits sold		<u>\$1,143</u>	<u>\$571</u>	<u>\$572</u>

a. Upon Board approval, a write-down for the sale of the Burkina Faso development credits was recorded in fiscal year 2000. The sale was executed in fiscal year 2001.

Debt Service on Development Credits

The HIPC Debt Initiative Trust Fund also services selected IDA development credits as they come due over a period of years. From inception through June 30, 2001, \$52 million for Uganda and \$54 million for Bolivia, as well as the associated investment income,

had been approved for this purpose. These amounts are not recorded in the Statement of Sources and Applications of Development Resources of IDA, as the HIPC Debt Initiative Trust Fund is a legally separate entity administered by IDA.

NOTE J—COMPREHENSIVE INCOME

Comprehensive income consists of net income and other gains and losses affecting sources of development resources that, under generally accepted accounting principles, are excluded from net income. For IDA, comprehensive income comprises currency translation adjustments on development credits and income or loss

after HIPC Debt Initiative. These items are presented in the Statement of Comprehensive Income. The following table presents the changes in Accumulated Other Comprehensive Income balances for the years ended June 30, 2001, 2000 and 1999:

In millions of U.S. dollars equivalent

	<i>Accumulated Other Comprehensive Income^a</i>		
	<i>2001</i>	<i>2000^b</i>	<i>1999^b</i>
Balance, beginning of the fiscal year	\$ (738)	\$ (206)	\$ (401)
Changes from period activity	(4,230)	(532)	195
Balance, end of the fiscal year	<u>\$ (4,968)</u>	<u>\$ (738)</u>	<u>\$ (206)</u>

a. The total accumulated other comprehensive income represents the cumulative translation adjustment on development credits.

b. Restated to include Interim Trust Fund activity for the fiscal years ended June 30, 2000 and June 30, 1999, see Note A.

SUPPLEMENTARY INFORMATION ON THE HEAVILY INDEBTED POOR COUNTRIES DEBT INITIATIVE

Summary of HIPC Debt Initiative

The summary table below shows debt relief for countries that have reached their decision or completion points as of June 30, 2001, and estimated amounts to be provided to other eligible countries (with the exception of those countries for which cost estimates are not currently available), under both the Enhanced and Original Heavily Indebted Poor Countries (HIPC) Debt Initiative. In addition to the total debt relief of \$10,967 million, IDA is expected to extend new credits estimated at \$232 million to certain IDA-eligible countries no longer able to borrow on IBRD terms, but with outstanding IBRD debt. These credits will be funded by IDA resources other than transfers from IBRD.

In millions of U.S. dollars equivalent

	IDA ^a	HIPC Trust Fund ^b	Total
Countries that have reached their decision or completion points^c			
Provided to date			
<i>Enhanced HIPC</i>			
Principal	\$ 117	\$ —	\$ 117
Service charges	36	5	41
Debt service grants	31	—	31
	184	5	189
<i>Original HIPC</i>			
Sale of development credits	572	571	1,143
Development grants	229	—	229
Debt service	—	81	81
	801	652	1,453
<i>Total debt relief provided to date</i>	985	657	1,642
Remainder to be provided			
<i>Enhanced HIPC</i>			
Principal	6,130	—	6,130
Service charges	276	2	278
Debt service grants	70	—	70
	6,476	2	6,478
<i>Original HIPC</i>			
Debt service	—	38	38
<i>Total debt relief to be provided</i>	6,476	40	6,516
Other eligible countries that have not reached their decision or completion points			
Estimated amount to be provided			
<i>Enhanced HIPC</i>			
Principal	2,448	—	2,448
Service charges	361	—	361
<i>Total estimated debt relief to other eligible countries</i>	2,809	—	2,809
Total Debt Relief	\$10,270	\$697	\$10,967
Composed of:			
<i>Enhanced HIPC</i>	\$ 9,469	\$ 7	\$ 9,476
<i>Original HIPC</i>	801	690	1,491
	\$10,270	\$697	\$10,967

- a. Restated to include Interim Trust Fund activity and balances at June 30, 2000, see Note A.
- b. The debt relief shown relates only to the World Bank component of this trust fund, and includes amounts approved up to June 30, 2001 by the Executive Directors of IDA.
- c. As of June 30, 2001, the 23 countries that have reached their decision points are Benin, Bolivia, Burkina Faso, Cameroon, Chad, The Gambia, Guinea, Guinea-Bissau, Guyana, Honduras, Madagascar, Malawi, Mali, Mauritania, Mozambique, Nicaragua, Niger, Rwanda, Sao Tome and Principe, Senegal, Tanzania, Uganda, and Zambia.

REPORT OF INDEPENDENT ACCOUNTANTS ON SPECIAL PURPOSE FINANCIAL STATEMENTS

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President and Board of Governors
International Development Association

We have audited the accompanying special purpose statements of sources and applications of development resources of the International Development Association as of June 30, 2001 and 2000, including the summary statement of development credits and statement of voting power, and subscriptions and contributions as of June 30, 2001, and the related special purpose statements of income, comprehensive income, changes in retained earnings, and cash flows for each of the three fiscal years in the period ended June 30, 2001. These special purpose financial statements are the responsibility of the International Development Association's management. Our responsibility is to express an opinion on these special purpose financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying special purpose financial statements were prepared to reflect the sources and applications of development resources, operations, and cash flows of the International Development Association to comply with Article VI, Section 11(a) of the Articles of Agreement of the International Development Association, as discussed in Note A to the special purpose financial statements, and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America or International Accounting Standards.

In our opinion, such special purpose financial statements referred to above present fairly, in all material respects, the sources and applications of development resources of the International Development Association as of June 30, 2001 and 2000, and the results of its operations and its cash flows for each of the three fiscal years in the period ended June 30, 2001 in conformity with the accounting principles described in Note A to the special purpose financial statements.

As discussed in Note A to the special purpose financial statements, on May 25, 2001, the Interim Trust Fund was terminated and all of its assets and liabilities were transferred to the International Development Association. Accordingly, the information in the special purpose financial statements and related notes reflect the combined results of the International Development Association and the Interim Trust Fund as if the transfer had been in effect for all periods presented.

This report is intended solely for the information and use of the Board of Governors, management, and members of the International Development Association. However, under the International Development Association's Articles of Agreement, this report is a matter of public record and its distribution is not limited.

Deloitte Touche Tohmatsu (International Firm)

July 30, 2001