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# ПРАКТИЧЕСКИЙ КУРС ПРОФЕССИОНАЛЬНО- ОРИЕНТИРОВАННОГО ПЕРЕВОДА ПО АНГЛИЙСКОМУ ЯЗЫКУ

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Пособие представляет собой подборку текстов, лексических и коммуникативных упражнений. Цель пособия - научить студентов понимать и переводить англоязычную оригинальную экономическую литературу, и предавать основное содержание научно-экономического текста, а также дать им базисную лексику по экономике.

Учебное пособие предназначено для студентов специальности 080105 "Финансы и кредит", получающих дополнительную квалификацию «Переводчик в сфере профессиональной коммуникации» по дополнительной образовательной программе для использования на практических занятиях по профессионально-ориентированному переводу по дисциплинам «Практический курс профессионально-ориентированного перевода» и «Практикум профессионально-ориентированного перевода».

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## **Введение**

Предлагаемое пособие предназначено для студентов по специальности 080105 «Финансы и кредит», получающих дополнительную квалификацию «Переводчик в сфере профессиональной коммуникации».

Основная цель пособия – научить студентов понимать и переводить англоязычную оригинальную литературу и высказываться по предложенной тематике, а также дать им базовую экономическую лексику.

Пособие состоит из 12 разделов, объединенных темой «Всемирный банк» и приложения с текстами для дополнительного чтения. Большое количество оригинальных текстов представляет интерес для студентов всех экономических специальностей. Лексические упражнения помогают студентам закрепить базовую и дополнительную лексику по специальности. Ряд упражнений направлен на развитие навыков говорения по заданной тематике и умений передать основное содержание научно-экономического текста.

Пособие может быть использованы как для аудиторной, так и для самостоятельной работы студентов.

# **1 Unit 1. Foreword**

## **1.1 Before you read**

1.1.1 Discuss these questions:

- 1) What changes happened with the Soviet Union in the early 90-s?
- 2) What problems of transition process do you know?

## **Foreword**

Much of Europe and Central Asia faced unprecedented political, economic, and social change after the break-up of the Soviet Union. The challenges to the transition were formidable, including deep economic distortions, major trade disruptions, and the absence of market-oriented institutions. As was foreseen, GDP fell sharply at the beginning of the period. In the Central and Eastern European countries, the transition recession was relatively shallow, but in the CIS (Commonwealth of Independent States), GDP fell an average of over 40 percent, and poverty and inequality increased sharply. No CIS country has yet regained its pre-transition per capita GDP.

The World Bank, in collaboration with the IMF, the European Union (EU), and other donors, geared up rapidly to support macroeconomic stabilization and structural reform. Many transition countries quickly accomplished price and trade liberalization. Small-scale privatization is virtually complete, and large-scale privatization is under way in most countries. While progress has been slower in financial sector reform, public sector reform, social protection, enterprise restructuring, and competition policy, the trend is upward. The private sector share of GDP across the transition countries is nearly 70 percent, and eight Central and Eastern European and Baltic countries have joined the EU. Much has been achieved, but much remains to be completed, especially in the CIS countries.

In assessing the effectiveness of Bank assistance, it must be recognized that the collapse of the Soviet Union and the ensuing transition took place with little warning and on an unparalleled scale. Political pressures compelled the Bank to *move* quickly and lend large amounts. Staff were frequently confronted with the need to act, often under difficult circumstances, in the absence of relevant experience or country knowledge, learning along the way.

Overall, Bank assistance to the transition countries has been successful, but there were mistakes early on when the true nature of transition was not fully understood. Not unexpectedly, the Bank's evolving knowledge and the rapidly changing circumstances led to many mid-course corrections. The strategy was to promote macroeconomic stability and sound economic management; reorient and strengthen public sector institutions; build the basic institutions of a market economy and an enabling environment for private sector initiatives; and cushion the social cost of the transition. These objectives were relevant, but effectiveness was limited by an initial underestimation of the need to focus on poverty alleviation and good governance and the use of rapid privatization to promote private sector development (PSD) without a supporting legal and institutional framework. Lending was based on the expectation of a short, shallow transition recession; the prolonged recession in some CIS countries led to the accumulation of significant levels of indebtedness. The Bank internalized emerging lessons and shifted its emphasis accordingly: poverty monitoring and alleviation and good governance are now prominent objectives in both lending and analytical work, and the approach to privatization and PSD has evolved considerably. The following recommendations emerged from a detailed study of PSD, governance, public sector management (PSM) and institution building, the financial sector, social protection, and energy in the transition economies:

- Legal and judicial reform, with an emphasis on implementation, is critical for improvements in the business climate, the financial sector, social protection, and governance in general.
- Financial sector lending should be conditioned on progress in enforcing prudential regulations and international accounting standards, and raising the effectiveness of bank supervision. Training of bank supervisors, judges, auditors,

and other skilled professionals needed to make the system work should be a priority.

- In the energy sector improved commercial performance and corporate governance are priorities. The sequencing of reforms, including the feasibility of immediate privatization, depends on country circumstances.
- Privatization of large enterprises should focus on encouraging a carefully prepared, transparent, competitive process, open to foreign participation.
- A strategic approach, distinguished by the capacity of the country, is needed for pension reform and for better targeting of other social assistance programs.
- The study presents a number of findings that cut across sectors and lend themselves to recommendations that are broadly applicable, not only to the transition countries, but to many others as well:
- When the Bank begins to work in a country—or after a long hiatus—lending should be held to prudent levels until a solid knowledge base is established, with convincing evidence of government and societal ownership of the programs,
- The rate of progress of any reform is largely determined by government ownership, and a well-informed civil society can become a major driver for change. Country assistance strategies should promote ownership and consensus for reform through capacity building for governments and civil society and through analysis of the political, social, and economic processes that affect stakeholder behavior. Recent Bank initiatives promoting stakeholder awareness and participation in several countries bear wider replication.
- A comprehensive, long-term approach is needed in developing strategies for institutional change and PSM reform. Analytical work on governance and PSM should precede large amounts of Bank lending, particularly where problems are likely to affect assistance programs.
- Economic and sector work can serve to increase knowledge and train researchers; its quality in the transition countries has been high, but its impact on the country dialogue might have been greater had it been more relevant and timely.

- Greater transparency can increase public accountability and discourage corruption. The Bank needs to Implement fully its own disclosure policies and disseminate its analytical work, and encourage governments to report more regularly and fully to both their parliaments and the public.

The Bank can be better prepared to identify and address rapidly growing poverty by giving high priority to the monitoring of poverty levels from the beginning of its involvement in a country. Aid coordination can increase the effectiveness of all assistance. Recipient governments should lead aid coordination, with donors helping them define clear development strategies, including monitorable action plans for implementation.

### **Words and word combinations:**

challenge – вызов, сложная задача, проблема;

absence of – нехватка, отсутствие, недостаток чего-либо;

to shallow – уменьшать глубину, обмелеть, уменьшиться;

to regain – получить обратно, вновь приобрести, получить, отвоевать;

in collaboration with... – в сотрудничестве с...;

to accomplish – выполнять, завершать, подготавливать, оформлять;

small-scale privatization – малая, мелкомасштабная приватизация;

collapse – обвал, падение, крах, крушение;

to be on an unparalleled scale – проходить в беспрецедентных масштабах;

learning along the way – обучение «на ходу»;

evolving – развитие;

mid-course corrections – промежуточные корректировки;

to reorient – давать новую ориентацию, переориентироваться;

enabling environment – благоприятные условия / среда;

to cushion – смягчать;

initial underestimation – первоначальная недооценка;

poverty alleviation – борьба с нищетой;

the prolonged recession – продолжающаяся рецессия / спад;



private sector development (PSD) – развитие частного сектора (РЧС);  
with an emphasis on – с акцентом на что-либо;  
business climate – среда, условия для бизнеса;  
should be a priority – должен быть основным, приоритетным;  
sequencing of reforms – пошаговая последовательность реформ;  
foreign participation – иностранное участие;  
hiatus – перерыв, разрыв, пропуск;  
prudent levels – в разумных пределах;  
civil society – гражданское общество;  
bear wider replication – нести широкое распространение;  
to discourage corruption – бороться с коррупцией;  
to disseminate – рассеивать, распространять.

## **1.2 Reading tasks**

### 1.2.1 Understanding main points

a) Mark these statements T (true) or F (false) according to the information in the text.

1 The challenges to the transition were formidable.

2 In the Central and Eastern European countries GDP fell an average of over 20 percent.

3 Many transition countries quickly accomplished price and trade liberalization.

4 The private sector share of GDP across the transition countries is nearly 90 percent.

5 Political pressures compelled the Bank to stop lending.

6 Bank assistance to the transition countries hasn't been successful.

7 The rate of progress of any reform is largely determined by government ownership.

8 Economic and sector work can serve to increase knowledge and train researchers.

### 1.2.2 Information search

a) Look at the text and find the answer to this question:

*Which of the following recommendations for transition economies are given in the text?*

- 1) lending should be held to prudent levels until a solid knowledge base is established;
- 2) reducing interest rates;
- 3) country assistance strategies should promote ownership;
- 4) greater transparency can increase public accountability and discourage corruption;
- 5) building the basic institutions of a market economy;
- 6) trading in bond markets;
- 7) using a comprehensive, long-term approach to develop strategies for institutional change and PSM reform;
- 8) transferring money from one country to another;
- 9) high priority to the monitoring of poverty levels.

## 1.3 Vocabulary tasks

### 1.3.1 Word search

a) Find the words in the text that have a similar meaning.

with the word meaning “*aid*”

b) Find a word or phrase in the text that has a similar meaning

1 Macroeconomic indicator expressing the value of all final products (goods and services) produced in the country during a certain period (para 1)

GDP

2 Expansion of freedom of economic activities of entities, the removal of restrictions on economic activity, the emancipation of entrepreneurship (para 2)

---

3 Condition of people living below the poverty threshold, income and accumulated resources which are not allow to satisfy the basic physiological and social needs (para 4)

---

4 Relatively moderate, non-critical recession or slowdown in economic growth, reducing gross domestic product for a long time (para 4)

---

5 Person checks the state of financial and economic activities of the company (audit), but also render it consulting services on the basis of a contract with the head of this company (para 6)

---

6 Peer relations in the sphere of economy, culture and other fields, developing in a democratic society, independent, autonomous from the state (para 11)

---

### 1.3.2 Collocations

a) Match these verbs and nouns as they occur in the text

1 macroeconomic      a alleviation

2 large-scale          b stabilization

- |                |                 |
|----------------|-----------------|
| 3 evolving     | c scale         |
| 4 unparalleled | d privatization |
| 5 poverty      | e knowledge     |

b) Match these terms with their definitions.

- |                           |                                                                                                                                                                                     |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 macroeconomic stability | a) condition of lacking basic human needs such as nutrition, clean water, health care, clothing, and shelter because of the inability to afford them                                |
| 2 transition economy      | b) changing from a centrally planned economy to a free market                                                                                                                       |
| 3 privatization           | c) key economic relationships are in balance, for example, between domestic demand and output, the balance of payments, fiscal revenues and expenditure, and savings and investment |
| 4 poverty                 | d) ownership of resources                                                                                                                                                           |

c) Use an appropriate phrase from **3.2(a)** to complete each of the sentences

*Example:* Government of the country is aimed on the *macroeconomic stabilization*.

- 1 Turn to the market economy goes with ..... of government enterprises.
- 2 Collapse of the company was on an .....
- 3 ..... is an element of the civil society.
- 4 The next step should be done only after .....

d) Match the first of each sentence with the second part.

- |                                                                                            |                                                                                                                                                                    |
|--------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1) When the Bank begins to work in a country—or after a long hiatus—lending should be held | a) improvements in the business climate, the financial sector, social protection, and governance in general.                                                       |
| 2) The Bank needs to implement fully its own                                               | b) disclosure policies and disseminate its analytical work, and encourage governments to report more regularly and fully to both their parliaments and the public. |
| 3) Legal and judicial reform, with an emphasis on implementation, is critical for          | c) to prudent levels until a solid knowledge base is established.                                                                                                  |
| 4) Privatization of large enterprises should focus on                                      | d) encouraging a carefully prepared, transparent, competitive process, open to foreign participation.                                                              |

#### **1.4 Study pages 111 – 115**

a) make up a plan for rendering the text.

b) render the text using the following phrases:

The article is headlined...

The main idea of the article is ...

The article is devoted to ...

The article deals firstly with the problem of ...

Then the author goes on to the problem of ...

The final paragraph ends with ...

I found the article interesting / important / dull / of no value / (too) hard to understand

All in all

## **2 Unit 2. The World Bank Mission**

### **2.1 Before you read**

#### 2.1.1 Discuss the questions

1 What is poverty?

2 Why do we need the World Bank?

### **The World Bank Mission**

The World Bank is driven by an ambitious mission: to fight poverty around the world. It does so by providing money and technical expertise to the governments of developing countries. These governments in turn use such support to strengthen their national economies and improve their citizens' living standards.

Most of us can relate to how difficult it can be to get a loan or a credit card with very little credit history or collateral to back up the loan. Poor countries face a similar situation. That is why the World Bank was created. Although individual citizens cannot make deposits or withdraw money at the World Bank, it does function much like a traditional bank. But its customers are countries. Without a place like the World Bank from which to borrow money, the world's poorest countries would have few, if any, ways to finance much-needed development projects, such as the building of schools, hospitals, and roads. These projects are essential to helping people become educated, live healthy lives, get to jobs, and contribute as active citizens.

Our dream is a world free of poverty

- To fight poverty with passion and professionalism for lasting results.
- To help people help themselves and their environment by providing resources, sharing knowledge, building capacity, and forging partnerships in the public and private sectors.

- To be an excellent institution able to attract, excite, and nurture diverse and committed staff with exceptional skills who know how to listen and learn.

Poverty is severe want—the condition that results from not having adequate resources to satisfy one's basic needs. Poverty is hunger. Poverty is lack of shelter. Poverty is unclean drinking water. Poverty is being sick and not being able to see a doctor, being illiterate and not being able to go to school, being unskilled and not being able to find a job. Poverty means fear for the future, living one day at a time. Poverty makes people feel powerless, unable to affect their own lives let alone the powers that govern them. Poverty is a situation people want to escape.

Although poverty has common outcomes, it has different faces—from the very young to the very old, in regions both rural and urban—across the globe. Poverty is a call to action for the poor and wealthy alike, a call to change the world so that many more have enough to eat, a place to live, a professional for health care, a place to learn, protection from violence, and a voice in what happens in their communities.

The World Bank is one of the world's largest sources of development assistance. In an average year, the Bank lends roughly \$18 billion to the governments of about 80 developing countries to support more than 225 projects. In addition to loans, the Bank offers technical assistance and advice on government policies.

The Bank works to reduce today's divides by addressing the root causes of poverty with loans for specific development projects. For example, World Bank loans help countries:

- Supply safe drinking water
- Build schools and train teachers
- Increase agricultural productivity
- Manage forests and other natural resources
- Build and maintain roads, railways, and ports
- Reduce air pollution and other environmental problems
- Extend telecommunications networks
- Generate and distribute energy

- Expand health care, especially for women and children
- Modernize government structures.

The World Bank is one of the largest centers for research and analysis in the area of development economics.

Sometimes it isn't the money that the Bank provides that is the most important kind of assistance. Often it's the technical skill and experience the Bank staff bring to a project or the environmental and social standards they apply. The World Bank is one of the largest centers for research and analysis in the area of development economics, which includes the study of poverty, trade, globalization, and the environment. It has specialized departments that use this knowledge to advise countries in such areas as health, education, nutrition, finance, justice, law, and the environment. For example, the Bank might be asked by a country to help it better compete in the global economy. To accomplish this goal, the Bank might develop projects to improve the skills of the country's labor force – an integrated approach that includes education, health care, on-the-job training, and professional development.

As a result of Bank-funded projects, millions of people in poor communities now have access to schools, medical centers, water, and electricity. Such communities are better equipped to fight disease and protect the environment. Imagine the difference it can make, for example, when a rural farming village is able to connect to regional markets through the construction of decent roads. Not only can villagers buy and sell goods more easily but they can also reach educational opportunities, health care, and other important services.

Such was the case in Guatemala's Western Highlands, where until recently, farmers had to carry their produce to market on their backs. This was particularly difficult during the rainy season, when the roads were impassable. World Bank funding helped villagers build a road for cars, trucks, and buses to transport people and goods year-round. With easier access to markets and the resulting increase in earnings, the Guatemalans now enjoy an improved standard of living.



*Have you ever felt isolated without a car, bicycle, or means of public transportation to get to a job or school, or to visit with friends? Lack of basic infrastructure—that is, transportation, energy, water supply, sanitation, electricity, and telecommunications—is a major obstacle to economic growth and social progress in many developing countries. This is why so much of the World Bank's work is focused on helping countries improve their infrastructure. But the Bank also works on projects that improve lives in other ways —by eliminating corruption, resolving conflicts, and promoting greater citizen participation in government.*

### **Words and word combinations:**

to live one day at a time – жить одним днем; не знать, что будет завтра;

development assistance – помощь / поддержка в развитии, содействие развитию;

ambitious mission – претенциозная целевая задача;

collateral – обеспечение, дополнительное обеспечение;

withdraw money – снимать деньги;

nurture – воспитание; образование, обучение, тренировка;

illiterate – безграмотный;

to back up the loan – возвращать заем;

to forge – выдумывать, изобретать, придумывать, фальсифицировать, обманывать, подделывать (документы, печати, подписи и т. д.) ;

to accomplish the goal – достигать цели;

on-the-job training – обучение без отрыва от производства;

carry on one's back(s) – носить на спине;

impassable – непроезжий, непроходимый;

common outcomes – общие последствия;

be in conformity with standards – отвечать стандартам;

increase in earnings – увеличение заработков;

to eliminate corruption – искоренить коррупцию.

## 2.2 Reading tasks

### 2.2.1 Understanding main points

#### a) Comment on the sentences

1 The World Bank is driven by an ambitious mission.

2 Our dream is a world free of poverty.

3 Sometimes it isn't the money that the Bank provides that is the most important kind of assistance.

4 World Bank funding helped villagers build a road for cars, trucks, and buses to transport people and goods year-round.

## 2.3 Vocabulary tasks

### 2.3.1 Word search

#### a) Find all words and phrases related to the term “*poverty*” in the text

### 2.3.2 Collocations

#### a) Match these terms with their definitions

- |             |                                                                                                                                      |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------|
| 1) Nurture  | a) to stop taking part in an activity, belonging to an organization etc, or to take money out of a bank account.                     |
| 2) Withdraw | b) the final result of a meeting, discussion, war etc - used especially when no one knows what it will be until it actually happens. |
| 3) Outcome  | c) the education and care that you are given as a child, and the way it affects your later development and attitudes.                |
| 4) Forge    | d) dishonest, illegal, or immoral behaviour, especially from someone with power.                                                     |

5) Corruption e) to develop something new, especially a strong relationship with other people, groups, or countries.

b) Match the first of each sentence with the second part.

1 Although individual citizens cannot make	a) for the future, living one day at a time.
2 Poverty means fear	b) the Bank offers technical assistance and advice on government policies.
3 In addition to loans,	c) deposits or withdraw money at the World Bank
4 Sometimes it isn't the money that the Bank provides	d) in such areas as health, education, and the environment.
5 It has specialized departments that use this knowledge to advise countries	e) to regional markets through the construction of decent roads.
6 When a rural farming village is able to connect	f) that is the most important kind of assistance.

## 2.4 Render the text using the following phrases:

The article is headlined...

The main idea of the article is ...

The article provides information on ...

The author starts by telling the reader that ...

Then follows a discussion on ...

The author concludes / summarizes / admits that ...

The article is of some certain importance

As a matter-of-fact

In according with ...

## 3 Unit 3. Strategy, Implementation, and Outcome

### 3.1 Before you read

3.1.1 Discuss these questions:

- 1 What transition countries of Europe and Central Asia do you know?
- 2 What changes do the countries usually undergo during the transition process?

## **Strategy, Implementation, and Outcome**

Since 1989 the transition countries of Europe and Central Asia (ECA) have undertaken massive reforms of their economic systems, transforming institutions, processes, attitudes, and fundamental concepts of individual and organizational behavior.<sup>1</sup> The transition is the subject of a vast literature, and this report does not attempt to summarize what happened. Rather, it has a narrower focus: to use the benefit of 20/20 hindsight to evaluate the World Bank's assistance to 26 countries in the ECA Region<sup>2</sup> in the hopes that the lessons that emerge will prove useful in countries undergoing similar, if less extreme, transitions in the future.

This chapter reviews World Bank assistance to the transition economies and some of the evaluative evidence on its outcome.<sup>3</sup> Five themes were chosen for fuller review, taking into account their relative importance in the Bank's lending program, their relevance to the main goals of transition, and their potential for yielding useful lessons.

### *Bank Strategy*

The Bank's broad strategic objective in the transition countries was to facilitate the transition from a command to a market-based economy through:

- Achieving macroeconomic stability and sound economic management
- Reorienting and strengthening public sector institutions to promote the rule of law, encourage efficient resource allocation, and improve service delivery
- Building the basic institutions of a market economy and an enabling environment for private sector initiatives
- Cushioning the social cost of the transition, especially for the poor and vulnerable.

These objectives were relevant, and to some extent they were included in many of the Country Assistance Strategies (CASs) produced since 1992. (The most common objectives—stabilization and growth; private sector development, or PSD; and social

safety nets—each appeared in roughly half of all CASs.) However, the effectiveness of the early strategy was limited for two reasons. First, the initial emphasis on rapid privatization to promote PSD did not always achieve its intended effect because of the lack of a supporting legal and institutional framework. Second, the Bank underestimated the importance of poverty alleviation and good governance. The Region acknowledges that "Poverty was not a central issue... a decade ago when [ECA] countries started embarking on the transition from plan to market. The general expectation was that poverty was limited, and very shallow. The presumption was that growth would come quickly [and that] it would reduce the incidence of poverty rapidly. Poverty was believed to be largely transitory in nature, and best addressed through the provision of adequate safety nets" (World Bank 2000c, p. v).<sup>5</sup> Over time the Bank internalized the emerging lessons and shifted its emphasis. The approach to privatization and PSD has evolved considerably. While poverty alleviation was not an explicit CAS objective until 1997, it has become second only to PSD in frequency among objectives in the last five years. Similarly, good governance began to appear as a main CAS objective in 1997.

(Martin Pollack, 1999)

### **Words and word-combinations:**

benefit of 20/20 hindsight – преимущество ретроспективного взгляда на вещи;

to facilitate smth (from smth to smth) – облегчать, помогать, способствовать (чему-либо) ;

sound economic management – экономически обоснованный / правильный / оправданный менеджмент;

to reorient smth to smth – переориентировать ч.-л. на ч.-л. ;

to promote the rule of law – содействовать букве закона, утверждать / стимулировать законы;

encourage efficient resource allocation – стимулировать эффективное перераспределение ресурсов;

to cushion smth – ослаблять, смягчать ч.-л. ;

vulnerable – уязвимый, ранимый;

to some extent – в какой-то степени;

to be limited for two reasons – быть ограниченным по двум причинам;

framework – within the...of;

основа, основы, структура, рамки – в рамках, в пределах;

to underestimate smth – недооценивать;

alleviation – ослабление, смягчение (e.g. экономического кризиса) ;

to acknowledge – признать;

to embark on smth (program) – грузить(ся), приступать к (выполнению плана)

incidence – сфера распространения / действия, охват, воздействие, степень влияния;

to evolve smth – эволюционировать, развиваться, разворачивать, развивать (теорию), наметить;

considerably – значительно, в большей мере, важно;

explicit objective – ясная цель, точная цель, определенная цель

## **3.2 Reading tasks**

### 3.2.1 Information search

a) Look quickly at the text and find the answer to this question:

*Which of the following objectives are given in the text to facilitate the transition from a command to a market-based economy?*

a) achieving macroeconomic stability;

b) reducing interest rates;

c) effective economic management;

d) reorienting and strengthening public sector institutions to promote the rule of law, encourage efficient resource allocation, and improve service delivery;

e) building the basic institutions of a market economy;

- f) trading in bond markets;
- g) enabling environment for private sector initiatives;
- h) transferring money from one country to another;
- i) cushioning the social cost.

### 3.3 Vocabulary tasks

#### 3.3.1 Word search

- a) Find the words in the text that have a similar meaning.

with the word meaning “ *transformation* ”

.....  
 .....  
 .....

#### 3.3.2 Collocations

- a) Match these terms with their definitions:

1 macroeconomic stability

a) condition of lacking basic human needs such as nutrition, clean water, health care, clothing, and shelter because of the inability to afford them

2 transition economy

b) changing from a centrally planned economy to a free market

3 privatization

c) key economic relationships are in balance, for example, between domestic demand and output, the balance of payments, fiscal revenues and expenditure, and savings and investment

4 poverty

d) move from public to private ownership of resources

b) Match the first of each sentence with the second part.

1. Report reviews World Bank a) and that it would reduce the assistance to the transition economies incidence of poverty rapidly.
2. The initial emphasis on rapid b) and best addressed through the privatization to promote PSD did not provision of adequate safety nets. always achieve its intended effect
3. The presumption was that growth c) and some of the evaluative would come quickly evidence on its outcome.
4. Poverty was believed to be largely d) because of the lack of a supporting transitory in nature legal and institutional framework.

### 3.4 Make a plan of the text and render it using the following phrases:

The headline of the article I have read is...

The article is written by ...

It is (was) printed in ...

The article deals with ...

The author points out / notes / describes that ...

Then the author goes on to the problem of ...

The conclusion is ...

The article is interesting / important /dull /of no value / (too) hard to understand / up-to-date / out-of-date / useful / boring

As a matter-of-fact

The vital problem is ...



## 4 Unit 4. How the World Bank Works

### 4.1 Before you read

#### 4.1.1 Discuss the questions

1 What are the main duties of the WB?

2 How are all countries in the world classified according to their incomes?

### How the World Bank Works

The World Bank works with local government officials, private citizens, representatives of nongovernmental organizations, business people, and others to identify, plan, and carry out hundreds of development projects around the world. Through these projects, the Bank works to ensure greater local "ownership" of development programs and initiatives. Ultimately these efforts help to reduce the debt burden of the world's poorest countries.

When people talk about the *World Bank* today, they are actually referring to two institutions: the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). Loans and assistance for developing countries are distributed through the IBRD, which assists middle-income countries and creditworthy poor countries, and IDA, which focuses exclusively on the world's 81 poorest countries (home to 2.5 billion people).

Since Bank operations first began in 1946 with 38 members, both the number of members and conditions in the world have changed dramatically. In the 1950s and 1960s, many countries became independent nations and joined the institution. The Bank expanded and so did the development needs of its members.

The five institutions, including the IBRD and IDA, that now make up the World Bank *Group* specialize in different aspects of development, but they work collaboratively

toward the overarching goal of poverty reduction. They provide loans, policy advice, technical assistance, and knowledge-sharing services.

In carrying out its work, the Bank classifies country economies as low income, middle income (subdivided into lower middle and upper middle), and high income. Low-income and middle-income economies are sometimes referred to as *developing* economies (countries). The terms *industrial* or *developed* refer to countries whose economies are high income. On the basis of 2003 gross national income figures, an average annual per capita income is calculated as:

- \$765 or less for low-income countries
- \$766 to \$3,035 for lower-middle-income countries
- \$3,036 to \$9,385 for upper-middle-income countries
- \$9,386 or more for high-income countries

In what categories above would you place Argentina, Indonesia, Kazakhstan, and Kenya ?

The World Bank Group is managed by its member countries (borrowers, lenders, and donors), and its efforts are coordinated with a wide range of partners, including government agencies, nongovernmental organizations, other aid agencies, and the business, or private sector. Today 60 percent of staff members of the Bank Group—all five institutions—are based in countries that receive assistance.

Five Institutions =One Group

The International Bank for Reconstruction and Development (IBRD), the original “world bank”, aims to reduce poverty in middle-income and creditworthy low-income countries by promoting sustainable development through loans, guarantees, and (non-lending) analytical and services.

Data: established in 1945, 184 members, cumulative lending of \$394 billion, and fiscal 2004 lending of \$11 billion for 87 new operations in 33 countries.

The International Development Association (IDA) supports country-led poverty reduction in the poorest countries with interest-free credits and grants—money provided by contributions from members.

Data: established in 1960, 165 members, cumulative commitments of \$151 billion, fiscal 2004 commitments of \$9 billion for 158 new operations in 62 countries.

The International Finance Corporation (IFC) promotes economic development through loans to the private sector in developing countries.

Data: established in 1956, 176 members, a committed portfolio of \$23,5 billion, and fiscal 2004 commitments of \$4,8 billion for 217 projects in 65 countries.

The Multilateral Investment Guarantee Agency (MIGA) encourages private companies in the International community to invest in developing countries by providing guarantees against such risks as breach of contract, war, and currency inconvertibility.

Data: established in 1988, 164 member, cumulative guarantees of \$13,5 billion issued, and fiscal 2004 guarantees of \$1,1 billion issued.

The International Centre for Settlement of Investment Disputes (ICSID) helps encourage foreign investment in developing countries by providing international facilities for arbitration of Investment disputes.

Data: established in 1966, 140 members, 159 total cases registered, and 30 fiscal 2004 cases registered.

How are important decisions made at the World Bank concerning critical global issues, such as debt relief and lending priorities and policies? The Bank is run like a cooperative, with its member countries as shareholders, and it is operated for the benefit of those using its services. Member countries each buy shares, which helps build the Bank's capital and borrowing power. The number of shares is roughly based on the size of a country's economy. The United States is the largest single shareholder, which gives it 16.41 percent of the votes, followed by Japan (7.87 percent), Germany (4.49 percent), the United Kingdom (4.31 percent), and France (4.31 percent). The rest of the shares are divided among the other 179 member countries.

The government shareholders are represented by a Board of Governors. Generally these governors are country ministers, such as ministers of finance or ministers of development. The governors are the ultimate decision makers in the World Bank. They meet once a year at the Bank's Annual Meetings.

Because the governors meet only once a year, they outline specific duties for their executive directors, who work on-site at the Bank. Every member government is represented by an executive director. The five largest shareholders (France, Germany, Japan, the United Kingdom, and the United States) appoint an executive director each, and the remaining member countries are all represented by 19 executive directors.

The Bank's 24 executive directors make up the Board of Executive Directors. They oversee the Bank's business, including approving loans and guarantees, new policies, the administrative budget, Country Assistance Strategies, and borrowing and financial decisions.

### **Words and word combinations:**

debt burden – долговое бремя, бремя долгов (долга, задолженности) ;

borrower – заёмщик;

stakeholder – организатор совместного дела; акционер, пайщик;

to ensure – 1) обеспечивать, гарантировать, ручаться 2) страховать;

assistance – помощь, содействие;

ownership – 1) собственность 2) владение 3) право собственности;

creditworthy – кредитоспособный;

to refer to – 1) отсылать, направлять, передавать на рассмотрение 2) наводить справку, справляться 3) приписывать (чему-л.) , объяснять (чем-л.) 4) упоминать 5) относиться, иметь отношение к чему-либо;

per capita – на душу населения, на человека;

sustainable – устойчивый; жизнеспособный;

cumulative – накопленный, совокупный; кумулятивный;

fiscal – налоговый;

arbitration – 1) арбитраж, третейский суд 2) арбитражное разбирательство;

share – 1) доля, часть 2) участие 3) роль 4) акция 5) пай;

Board of Governors – совет управляющих;

work on-site – работа у станка / на оборудованном рабочем месте

## 4.2 Reading tasks

### 4.2.1 Information search.

a) Scan the text and find the answers to the question.

*What are the WB's responsibilities?*

1 The World Bank Group is managed by its member countries.

2 The Bank classifies country economies as low income, middle income, and high income.

3 The Bank expanded and so did the development needs of its members.

4 The governors outline specific duties for their executive directors.

5 The Bank's 24 executive directors oversee the Bank's business, including approving loans and financial decisions.

## 4.3 Vocabulary tasks

### 4.3.1 Collocations

a) Match these terms with their definitions

1) debt burden

2) borrower

3) stakeholder

4) assistance

a) help or support

b) someone who has invested money into something, or who has some important connection with it, and therefore is affected by its success or failure

c) a difficult or worrying sum of money that a person or organization owes

d) someone who has taken money for the time being and has not yet paid it all back.

b) Match the first of each sentence with the second half

- |                                                       |                                                                                 |
|-------------------------------------------------------|---------------------------------------------------------------------------------|
| 1 The Bank works                                      | a) for developing countries are distributed through the IBRD.                   |
| 2 Loans and assistance                                | b) are represented by a Board of Governors.                                     |
| 3 In the 1950s and 1960s,                             | c) to ensure greater local "ownership" of development programs and initiatives. |
| 4 Today 60 percent of staff members of the Bank Group | d) are based in countries that receive assistance.                              |
| 5 The government shareholders                         | e) are all represented by 19 executive directors.                               |
| 6 The remaining member countries                      | f) many countries became independent nations and joined the institution.        |

c) Fill in the gaps with prepositions

1 Since Bank operations first began \_\_\_\_ 1946 \_\_\_\_ 38 members, both the number \_\_\_\_ members and conditions \_\_\_\_ the world have changed dramatically.

2 Low-income and middle-income economies are sometimes referred \_\_\_\_ as *developing* economies (countries).

3 IDA supports country-led poverty reduction \_\_\_\_ the poorest countries with interest-free credits and grants-money provided \_\_\_\_ contributions \_\_\_\_ members.

4 IFC promotes economic development \_\_\_\_\_ loans \_\_\_\_ the private sector \_\_\_\_ developing countries.

5 The Bank is run like a cooperative, \_\_\_\_ its member countries as shareholders, and it is operated \_\_\_\_\_ the benefit \_\_\_\_ those using its services.

6 Every member government is represented \_\_\_\_\_ an executive director.

**4.4 Imagine that you are to present your classmates the article. Be ready to use the following phrases:**

The article is headlined...

The article puts forward the idea / attempts to discuss...

The article is concerned with ...

The article deals firstly with the problem of ...

Further the author reports / says ...

Finally / in the end the author admits / emphasizes that...

The article is interesting / important /dull /of no value / (too) hard to understand /  
up-to-date / out-of-date / useful / boring

As a whole / generally

As far as I know

## **5 Unit 5. Financial Sector**

### **5.1 Before you read**

5.1.1 Discuss these questions.

1 What was a basic purpose of the countries with a transitional economy?

2 What do you think about microfinance projects?

### **Financial Sector**

At the outset, transition economies possessed financial systems whose basic purpose was to allocate funds according to the plan, with a limited capacity to intermediate financial resources and no need for prudential regulations or financial supervision. The Bank, in close collaboration with the IMF, quickly formed a basic understanding of the essential elements of financial sector transition, and these elements-macroeconomic stability, legal and regulatory frameworks and accounting systems, with an emphasis on the banking sector-were repeated in most countries with active programs. Most transition economies have made tangible progress toward market-based financial systems. However,

some of the analyses and assistance efforts did not into account the interrelationships between banking sector and enterprise reform, and allowed the process to be subverted by managers and interlocking owners. Privately owned banks strongly interlinked with major borrowing enterprises make poor candidates for sound and efficient intermediation. Measures are needed at an early stage to enforce prudential regulations, including limits on loan concentration and related, party lending, and bank projects should be conditioned on such measures. While substantial privatization has taken place, banks under state ownership still need strengthening, through stronger governance, tighter budget constraints, divestiture of branches, and restrictions on the scope of banking licenses.

Bank assistance on programs have appropriately emphasized the establishment of a proper legal and regulatory framework for the financial sector, but the time and human resource development required to make the new laws and regulations effective were underestimated. Training was provided to project implementation units, to financial intermediaries participating in Bank credit lines, and to the restructuring and privatization agencies. Few resources were devoted to the extended training needed to operate the financial system as a whole. High priority should be given to training bank supervisors, lawyers and judges, accountants and auditors and other skilled professionals. Progress in increasing the effectiveness of bank supervision and in enforcing (not just adopting) international accounting standards should be among the triggers for lending.

Close to half of operations with financial sector components in the transition economies included lines of credit, many of them in sectors other than finance, and their outcome ratings have been low: fewer than half the commitments in the financial rural social protection, and PSD sectors were rated satisfactory. Few of them treated the financial sustainability of the intermediaries as a key objective. Moreover the underlying assumption that credit would be a binding constraint on PSD in the early transition experience can be questioned in hindsight, as the utilization of credit lines was far less than anticipated. Financial sector staff should be involved in the design of all financial intermediary loans and should ensure that the factors important to sustainability are adequately taken into account. Microfinance projects should give greater attention to developing savings services and should the start a donor exit strategy.



Capital markets development was sometimes overemphasized in the early years of the transition, both within and outside the Bank, and it may have diverted attention from more immediate concerns, and scarce regulatory and supervisory resources from the banking system. No formal stock market could have played the role assigned to it by the mass privatization proponents without a properly functioning banking system, adequate accounting and auditing with effective disclosure requirements, responsible corporate governance, and protections for minority shareholders.

### **Words and word combinations:**

at the outset – вначале;

prudential regulations – благоразумные технические нормы, правила, инструкции;

legal and regulatory frameworks – законные и регулируемые нормы/меры;

tangible progress – материальный, реальный прогресс;

to be subverted by smb – быть сверженным, быть разрушенным кем-то;

interlocking owners – общие владельцы;

sound intermediation – обоснованное посредничество;

divestiture of branches – отделение филиалов, отторжение (части собственности), отказ (от участия);

the bigger for lending – условия кредитного соглашения, невыполнение которого влечет последствия;

line of credit – договоренность (между фирмой и банком на предоставление займа на обговоренную сумму);

a binding constraint – обязывающее ограничение;

to be questioned in hindsight – опрашивать в ретроспективе;

to start a donor exit strategy – начинать стратегию открытого доступа финансирующей организации / источникам финансирования;

to overemphasize – придавать слишком большое значение.

## 5.2 Reading tasks

### 5.2.1 Information search

a) Look quickly at this text and answer these questions.

- 1 What are the essential elements of financial sector?
- 2 What do banks under state ownership still need ?
- 3 What should the financial sector staff do?

### 5.2.2 Understanding main points

a) Mark these statements T(true) or F(false) according to the information in the text.

Find the part of the text that gives the correct information.

1 The Bank, in close collaboration with the IMF, quickly formed a basic understanding of the essential elements of financial sector transition, and these elements- macroeconomic stability, legal and regulatory frameworks and accounting systems, with an emphasis on the banking sector-were repeated in most countries with active programs.

2 Privately owned banks strongly interlinked with major borrowing enterprises make rich candidates for sound and efficient intermediation.

3 Few resources were devoted to the extended training needed to operate the financial system as a whole.

4 High priority should be given to training bank supervisors, lawyers and judges, accountants and auditors and other skilled professionals.

5 The financial sustainability of the intermediaries as a key objective.

6 Financial sector staff can't be involved in the design of all financial intermediary loans and should ensure that the factors important to sustainability are adequately taken into account.

7 Microfinance projects should give greater attention to developing savings services and should the start a donor exit strategy.

8 Capital markets development was sometimes overemphasized in the early years of the transition, both within and outside the Bank, and it may have diverted attention from more immediate concerns, and scarce regulatory and supervisory resources from the banking system.

### 5.3 Vocabulary tasks

#### 5.3.1 Collocations

a) Match the words on the left with their endings on the right to make a correct combination of words.

- 1 prudential
- 2 line of
- 3 legal
- 4 interlocking
- 5 sound

- a) credit
- b) owners
- c) intermediation
- d) regulations
- e) frameworks

b) Choose the best ending for the beginning of the sentence from the text.

1 Essential elements of financial sector are

- a) legal and regulatory frameworks and accounting systems;
- b) line of credit and major borrowing enterprises.

2 Privately owned banks strongly interlinked with

- a) poor candidates;
- b) major borrowing enterprises.

3 Measures are needed at an early stage to enforce prudential regulations, including

- a) limits on loan concentration and related, party lending;
- b) Human resource.

4 High priority should be given to

- a) operating the financial system as a whole;
- b) training bank supervisors, lawyers and judges, accountants and auditors and other skilled professionals.

5 Banks under state ownership still need

- a) strengthening, through stronger governance, tighter budget constraints, divestiture of branches, and restrictions on the scope of banking licenses;
  - b) for prudential regulations or financial supervision.
- c) Complete these sentences with an appropriate preposition.

1 However, some of the analyses and assistance efforts did not \_\_\_\_\_ account the interrelationships between banking sector and enterprise reform, and allowed the process to be subverted by managers and interlocking owners.

2 Bank assistance \_\_\_\_\_ programs have appropriately emphasized the establishment \_\_\_\_\_ a proper legal and regulatory framework for the financial sector, but the time and human resource development required to make the new laws and regulations effective were underestimated.

3 Progress \_\_\_\_\_ increasing the effectiveness of bank supervision and in enforcing (not just adopting) international accounting standards should be among the triggers for lending.

4 Financial sector staff should be involved \_\_\_\_\_ the design \_\_\_\_\_ all financial intermediary loans and should ensure that the factors important to sustainability are adequately taken into account.

**5.4 You are to provide your partner with information about the World Bank and the financial sector. Base your report on the text using the following phrases:**

The headline of the article I have read is...

It is (was) printed in ...

The object / purpose of the article is to show / give the reader some information on

Next / then the author tries to indicate / indicates / explains that ...

The article provides information on ...

The final paragraph states / describes that ...

I found the article interesting / important / dull / of no value / (too) hard to understand

As far as I know

It goes without saying

In respect to

## **6 Unit 6. The World Bank helps to overcome debts**

### **6.1 Before you read**

#### 6.1.1 Discuss the questions

1 How did countries accumulate so much debt?

2 How could debt cancellation actually hurt some countries?

### **The World Bank helps to overcome debts**

The Bank places a premium on creating, sharing, and analyzing cutting-edge knowledge related to development. Much of this important work is carried out through the World Bank Institute (WBI). Created in 1999, the WBI shares the Bank's expertise and that of its member countries with policy makers and decision makers throughout the developing world. WBI's core activities include:

- Training clients and World Bank staff
- Carrying out policy consultations
- Developing "learning networks"

Each autumn, the Board of Governors of the World Bank and the International Monetary Fund (IMF) hold their Annual Meetings to discuss a wide spectrum of issues related to poverty reduction and international economic development. The Annual Meetings provide a forum for international cooperation and enable the Bank and IMF to better serve their member countries. Approximately 10,000 people attend the meetings, including about 3,500 members of delegations from member countries of the Bank and IMF; roughly 1,000 representatives of the media; more than 5,000 visitors and special guests drawn from private business, the banking community, and nongovernmental organizations; and staff of the Bank and IMF.

- Introducing sound macroeconomic policies
- Creating a sound legal system
- Establishing a reliable and accountable financial system.

The governments also develop detailed plans to improve the quality of public services and to improve the quality of life for the poor. When a country makes this pledge and is accepted by the Bank, this is called the *decision point* and debt relief is granted. Once the pledged reforms are achieved, which is the *completion point*, the debt relief becomes permanent.

To date, 27 countries have received debt relief totaling \$12.4 billion under the program, which is expected to amount to \$53 billion over the next 20 years.

Many developing countries borrowed money to fund domestic projects in the 1970s and 1980s, when prices for basic commodities (e.g., mining, agricultural products) were high. They assumed that the high prices and earnings from exports would be sustained. But the oil-price shock and a global recession in the late 1970s and early 1980s caused commodity prices to fall, and these countries found themselves with huge debt repayments. Through the 1980s and early 1990s, lending continued to fund policy reforms in the hope that these countries could grow their way out of trouble. But for a number of reasons, including policy decisions made by the governments involved, the expectations of increased growth did not materialize.

Domestic factors also played a significant role in contributing to increased debt. Many countries, both in the middle- and in the low-income categories, continued spending

beyond their means, with high trade and budget deficits and low savings rates. They borrowed more heavily, but often this new borrowing did not translate into productive investments, which were supposed to generate returns to repay the debt. More specifically, poor public sector management, including sometimes poor project selection by donors, meant the loan funds did not bring long-term benefits because they failed to increase productivity and generate exports as planned. Droughts, floods, civil wars, weak economic policies, and poor governance all exacerbated the debt buildup. Some loans were taken out simply to service existing debt.

The World Bank strongly supports debt relief. There are several important considerations when discussing proposals for 100 percent debt relief. First, for such debt relief to have the desired effect, it must be provided on top of whatever assistance a country currently receives toward reaching development goals. It is also essential that 100 percent debt relief be provided in a way that does not decrease the financial resources available to other poor countries. Finally, it would not be fair to divert assistance from other developing countries that suffer acute poverty and yet manage their debts responsibly.

Debt relief starts immediately after the decision point, when agreement on the parameters of the program is reached between the country and creditors. This means that HIPC benefits are already flowing to 27 of the 38 potentially eligible countries. In some cases, formulating poverty reduction strategies—a requirement under HIPC—is taking longer than expected. This is because countries are engaged in broad consultations with stakeholders, which is something that needs to be encouraged. Reform takes time to implement and take hold.

It is important to maintain standards for policies and procedures if high-impact poverty reduction programs are to succeed. The standards are designed to ensure that maximum benefits are attained through the initiative, that the freed-up money is used well, and that it reaches the poor.

Not all low-income countries suffered a debt crisis as a result of borrowing in the 1970s and 1980s. Countries in the so-called "tiger economies" of East Asia—China and India—dramatically cut their rates of poverty using loan funds to diversify their exports

away from a reliance on agricultural commodities. They were also able to attract significant foreign investment and generate growth, which contributed to poverty reduction.

All countries are trying to attract investment from abroad, which is vital for the growth of their economies. To do so, countries need to establish a credit history with commercial lenders and to demonstrate to potential investors that they are sound places to invest. But if all of their debt is canceled, these countries may lose their credibility. In the long-term, this will make it difficult for countries to borrow money and attract foreign investors.

Investors—as well as local entrepreneurs are also attracted to a business climate that promotes growth. Compared with rich countries, businesses in poor countries are burdened with many more regulations, three times the administrative costs, nearly twice the bureaucratic procedures and delays, and fewer than half of the property rights protections. Poor countries have much to do to develop a business climate in which companies can flourish and give back to the community.

That is, in Mozambique, an entrepreneur seeking to start a new business must complete 16 procedures taking an average of 214 business days? In Italy such procedures take an average of 62 business days. But Canada requires only 2 start-up procedures, and the process takes just 2 days.

### **Words and word combinations:**

cutting-edge knowledge – передовые / современные знания;

core activity – основная, центральная деятельность;

pledge – 1) залог, заклад 2) обязательство 3) официально обещанный взнос;

debt relief – облегчение долга, скидка с долга, реструктуризация долга;

commodity – предмет потребления; товар, продукт;

exacerbate – обострять, усложнять, углублять, усиливать (кризис, недовольство);

acute poverty – сильная, крайняя нищета;



benefits – 1) льготы, услуги; привилегии 2) суммарные выгоды, общий полезный результат, экономический эффект;

freed-up money – свободные деньги;

to diversify – 1) разнообразить 2) разносторонне развиваться 3) вкладывать (капитал) в различные предприятия (амер.).

## **6.2 Reading tasks**

### 6.2.1 Information search.

a) Scan the text and find the answers to the questions.

1 Why cannot the debts of the world's poorest countries be just cancelled?

2 Shouldn't all 27 countries in the Heavily Indebted Poor Countries Initiative have completed the program by now, instead of only 18?

3 Are the standards for reaching the HIPC Initiative completion point too high?

4 Why did some low-income countries avoid a debt crisis?

## **6.3 Vocabulary tasks**

### 6.3.1 Collocations

a) Match these terms with their definitions

1) legal system

2) debt

3) recession

a) a sum of money that a person or organization owes.

b) a product that is bought and sold

c) the laws and the way they work in a particular country.

4) commodity

d) an arrangement with a shop, bank etc that allows you to buy something and pay for it later.

5) credit

e) a difficult time when there is less trade, business activity etc in a country than usual.

b) Fill in the gaps with prepositions:

1 Much \_\_\_ this important work is carried \_\_\_\_\_ through the World Bank Institute (WBI).

2 The Annual Meetings provide a forum \_\_\_\_\_ international cooperation and enable the Bank and IMF \_\_\_\_\_ better serve their member countries.

3 When a country makes this pledge and is accepted \_\_\_ the Bank, this is called the *decision point* and debt relief is granted.

4 This means that HIPC benefits are already flowing \_\_\_ 27 \_\_\_\_\_ the 38 potentially eligible countries.

5 But if all \_\_\_\_\_ their debt is canceled, these countries may lose their credibility.

c) Match the first of each sentence with the second part

1 But for a number of reasons, including policy decisions

a) spending beyond their means, with high trade and budget deficits and low savings rates.

2 Many countries continued

b) assistance a country currently receives toward reaching development goals.

3 it must be provided on top of whatever

c) made by the governments involved, the expectations of increased growth did not materialize.

4 This is because countries

d) to develop a business climate in which companies can flourish and give back to the community.

5 Poor countries have much to do

e) are engaged in broad consultations with

stakeholders, which is something that needs to be encouraged.

#### **6.4 Study the table below and give summary of the World Bank history**

##### **Countries Receiving Debt Relief Benefits under the HIPC Initiative**

Benin

Bolivia

Burkina Faso

Comeroon

Chad

Democratic Republic of Congo

Ethiopia

The Gambia

Ghana

Guinea

Guinea-Bissau

Guyana

Honduras

Madagascar

Malawi

Mali

Mozambique

Nicaragua

Niger

Rwanda

Sao Tome and Principle

Senegal

Sierra Leone

Tanzania

Uganda

Zambia

1974	1975	1979	1980
World Bank President Robert McNamara delivers an Annual Meetings speech in which, for the first time, poverty reduction is placed at the top of the Bank's agenda	The Vietnam War ends as the last Americans are evacuated and Saigon falls to Communists in April.	Bank's new commitments exceed \$10 billion for the first time. Bank begins lending for health projects.	The People's Republic of China assumes, representation for China and quickly becomes one of the largest borrowers.

1982	1983	1988	1989	1990
Bank loan finances a 90-mile highway across the Amazon rain forest in Brazil, unintentionally attracting a large influx of settlers and spurring deforestation and an international outcry.	Bank establishes the Small Grants Program to fund activities promoting cooperation between nongovernmental organizations, governments, academics, and media.	Multilateral Investment Guarantee Agency (MIGA) is established to encourage private companies to invest in developing countries.	Bank's Executive Board endorses a directive on disclosure of information.	Nelson Mandela, leading anti-apartheid campaigner, is freed after 27 years in prison in South Africa, on February 11.

1992	1993	1994	1995	1996
The Bank's <i>World Development Report</i> focuses on the environment.	An independent Inspection Panel is established to investigate external complaints from individual groups negatively affected by Bank-funded projects.	Bank unveils a three-year, \$1.2 billion program to assist Palestinians in the West Bank and Gaza in transition to autonomous rule. World Bank celebrates its 50th anniversary.	United Nations Conference on Women, held in Beijing, focuses on gender and links to health and development.	IMF, World Bank, and donors launch the Heavily Indebted Poor Countries (HIPC) Initiative to alleviate debt burden.

1997	1998	1999	2000
Conference on Global Climate Change is held in Kyoto, Japan.	Bank holds first Development Marketplace to reward innovation in development.	Bank adopts the Comprehensive Development Framework (CDF) in recognition of the need for a more holistic approach to development, helping countries determine their own needs. A vision for the new millennium is articulated: "Our dream is a world free of poverty."	Globalization become the focal point for demonstrations against the IMF and World Bank at their Annual Meetings in Prague.

2002	2003	2003	2004
The New Partnership for Africa's Development (NEPAD) is launched by Africa countries and is supported by the Bank. Bank and its partners establish the Education for All fast track to help ensure universal primary education by 2015 (23 countries are invited to join).	Performers Bono of U2, Beyonce, and the Eurythmics are among the acts that appear at a Nelson Mandela-backed AIDS awareness benefit concert dubbed "46664," the number Mandela wore in prison. The concert takes place in South Africa and is broadcast in 166 countries on World AIDS Day, November 29.	First World Bank Youth, Development, and Peace Conference, held in Paris, brings together more than 100 representatives of youth organizations from 70 countries.	Bank's second Youth, Development, and Peace Conference, held in Sarajevo, brings together more than 170 youth representatives from 83 countries. World bank celebrates its 60 <sup>th</sup> anniversary.

## 7 Unit 7. Responding to the needs of a rapidly changing world

### 7.1 Before you read

#### 7.1.1 Discuss the questions

- 1 What does the WB need to achieve its goals in the changing global world?
- 2 What would you offer to change in the world?

## **Responding to the needs of a rapidly changing world**

Did you know that among development organizations, the World Bank is the world's largest funder of educational programs and HIV/AIDS initiatives? Or that the Bank is one of the largest international funders of biodiversity projects and is a leader in the global fight against corruption?

If you didn't, you are not alone. Over the past decade, the focus of the Bank has changed and so has its approach. The World Bank is now dealing with newer issues, such as gender equality, community-driven development, and the rights and roles of indigenous people (those native to a geographical area) in development. Its support for social services such as health, nutrition, and education has grown from 5 percent in 1980 to 23 percent in 2004. Today countries are coming to the Bank with their own plans for helping their poor citizens, and the institution has adopted new ways of working with them.

The Bank has had successes and learned lessons, which have resulted in recent shifts in strategies and priorities as it seeks to maximize its impact and respond to the needs of a rapidly changing world.

"I never imagined myself working at the Bank. I was one of those antiglobalists, working to promote social justice." Kimberly Switlick

Currently a Junior Professional Associate (JPA) in the Bank's Health, Nutrition, and Population division, 27-year-old Kimberly Switlick admits her views about the Bank have evolved as her knowledge of international development has grown.

A native of Wisconsin, U.S.A., Kimberly was accepted into the JPA program in 2003 after completing a master's degree in public health at George Washington University. Now she's conducting research and developing tools aimed at mainstreaming adolescent and reproductive health into HIV/AIDS programs and identifying promising approaches to promoting maternal health.

Having worked at the grassroots level, first in the West Bank and then in Bangladesh, Kimberly says that her World Bank experience has given her a new and valuable perspective on complex development issues. Although she sees herself eventually working for a nongovernmental organization, Kimberly describes her Bank experience as

"a great opportunity to learn about population issues worldwide." She says, "It's opened doors and helped me understand how policies and partnerships work".

Over the past two decades, the world has undergone a profound process of transformation. Increasing global interdependence has brought with it both opportunities and enormous challenges. Access to global information through radio, television, the Internet, and advertising images has fueled expectations of better living standards. At the same time, poverty and the lack of education and opportunity translate into billions of people living on the margins of society, exposed to the sights and sounds of a new world but unable to participate in it.

As the world struggles with the visible social and economic divides, positive trends have also emerged. Rising democratization has spurred the growth of civil society organizations around the globe. Today's nongovernmental organizations are addressing some of the most urgent issues of our time. And they are offering creative solutions for expanding educational opportunities, protecting the environment, preventing the spread of HIV/AIDS, and promoting greater citizen participation in decision making.

But they can't win the battle against poverty alone, and neither can the World Bank. What's becoming increasingly clear is that collaborative efforts are not only desirable but essential to attain a shared goal of improving the quality of life for millions around the world. As a result, diverse sectors of society—including international aid agencies, government, private business, and grassroots organizations—are finding new ways of working together to achieve lasting solutions.

In light of these dramatic changes in the global landscape, the World Bank initiated a series of reforms and new methods of pursuing its mission in the early 1990s. One of the most significant changes in the Bank's priorities was the decision to focus more effort on reducing poverty and addressing social needs, compared with the Bank's traditional emphasis on stimulating economic growth. The sharper focus on poverty reduction emerged from the realization that too many poor people failed to benefit from economic stimulus measures alone and continued to struggle in poverty.

Another important change in the way the Bank operated came in the late 1990s with the adoption of the Comprehensive Development Framework (CDF). The CDF represents



an approach to development whereby countries become the leaders in and owners of their specific development and poverty reduction policies. Rather than prescribe to poor countries a particular course of action, the Bank provides them with valuable tools and the resources with which to determine their own development needs and how best to address them. The Bank now encourages and assists countries in developing their own Poverty Reduction Strategy Papers, which form the basis for Bank lending and are updated annually.

### **Expanding the Bank's Vision**

Building on the CDF, other recent shifts in the way the Bank does business include both focus and process. Specifically they include:

- **Comprehensive, coordinated approaches.** Recognizing that too often decisions about development initiatives were carried out in an isolated, fragmented manner, the Bank is placing greater emphasis on holistic, long-term strategies, which engage the social, human, governance, environmental, economic, and financial aspects of development.
- **Partnership building.** To maximize the resources and expertise available to fight poverty within a given country, the Bank actively pursues collaborations with the public, private, and civil society sectors.
- **Local ownership.** New mechanisms, such as the comprehensive strategy papers prepared by the countries themselves, put countries in the driver's seat when it comes to determining development priorities and the best means of addressing them.
- **Good governance.** Bank initiatives place a priority on transparency, the free flow of information, the fight against corruption, and ensuring that citizens have a greater say on issues that affect them.
- **Results orientation.** Specific indicators have been developed to measure the extent to which a Bank project reaches its goal, including its contribution to achieving the Millennium Development Goals.
- **Diversified, decentralized staffing.** The Bank's staff makeup is also changing. Whereas historically Bank staff with economics and finance backgrounds

predominated, today they come from such diverse disciplines as health care, the environment, education, and anthropology. And more staff are located within individual countries, rather than working from the Bank's Washington, D.C., headquarters. In country offices, they are better able to understand and address local needs.

- **Focus on children and youth.** Recognizing the enormous role that young people can and do play in development, in 2002 the Bank established a Children and Youth Unit to guide its work in promoting effective development for this important group.

Reflecting all these changes, the Bank's lending priorities have changed — they've diversified. For example, in 1970 infrastructure investments represented 58 percent of Bank lending and human development 4 percent, but in 2003 infrastructure loans accounted for 22 percent of Bank lending and human development 30 percent. In 2004, loans from the International Bank of Reconstruction and Development (IBRD) and the International Development Association (IDA) went to support 10 sectors of development, many of which are part of a new definition of infrastructure that includes such vital components as transportation, information and communications, energy and mining, and water and sanitation.

### **Words and word combinations:**

biodiversity – биоразнообразие, биологическое разнообразие;

indigenous people – местное население, аборигены;

to shift – 1) менять(ся) 2) передвигать(ся) 3) перемещать, переводить; переставлять, переносить 4) ухищряться, изворачиваться;

to promote – 1) поощрять, поддерживать, содействовать 2) учреждать 3) повышать в чине или звании 4) содействовать продаже какого-л. товара 5) создавать благоприятные условия для продажи;

grassroots level – на уровне простых людей;

issue – 1) выпуск, издание 2) эмиссия 3) вопрос (проблема), спорный вопрос 4) разногласие 5) вопрос в повестке дня;

on the margins of – в очень слабой позиции; на задворках чего-либо;

to spur – стимулировать, побуждать, форсировать, ускорять (экономическое развитие);

to attain – 1) достигать, добиваться 2) получать, приобретать;

## **7.2 Reading tasks**

### 7.2.1 Information search.

a) Scan the text and find the answers to the question:

*How is the WB changing?*

1 The World Bank is dealing with gender equality, community-driven development, and the rights and roles of indigenous people in development.

2 It seeks to maximize its impact and respond to the needs of a rapidly changing world.

3 The Bank's priority was the decision to focus more effort on reducing poverty and addressing social needs.

4 The CDF prescribes to poor countries a particular course of action.

## **7.3 Vocabulary tasks**

### 7.3.1 Word search

a) Define the following words:

- 1 an owner
- 2 an antiglobalist
- 3 an urgent issue
- 4 economic stimulus measures

### 7.3.2 Collocations

#### a) Match these terms with their definitions

- |                        |                                                                                                                                                        |
|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1) on the margin(s) of | a) an imaginative way of solving a problem or dealing with a difficult situation                                                                       |
| 2) creative solution   | b) to tell the public about a product or service in order to persuade them to buy it                                                                   |
| 3) issue               | c) being in a situation where a person has very little power, importance or influence                                                                  |
| 4) advertise           | d) a subject or problem that is often discussed or argued about, especially a social or political matter that affects the interests of a lot of people |

#### b) Match the first of each sentence with the second part

- |                                                                                    |                                                                                                      |
|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|
| 1 Over the past decade,                                                            | a) its impact and respond to the needs of a rapidly changing world.                                  |
| 2 The WB seeks to maximize                                                         | b) a series of reforms and new methods of pursuing its mission in the early 1990s.                   |
| 3 Although she sees herself eventually working for a nongovernmental organization, | c) the focus of the Bank has changed and so has its approach.                                        |
| 4 The World Bank initiated                                                         | d) from the realization that too many poor people failed to benefit from economic stimulus measures. |

- 5 The sharper focus on poverty reduction emerged
- 6 The CDF represents an approach to development whereby countries become the leaders in
- e) and owners of their specific development and poverty reduction policies.
- f) Kimberly describes her Bank experience as "a great opportunity to learn about population issues worldwide."

#### **7.4 Read the text below, title and summarize it using active vocabulary (p. 116)**

*Since its founding 60 years ago, the World Bank has contributed to progress in many areas. Bank lending and the sharing of its extensive knowledge and experience have helped local people worldwide to address their most urgent challenges. For example, the Bank has:*

- *Assisted the nations of the former Soviet Union and Eastern Europe in developing their economies to the point at which a large group of these countries —Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia — qualified for and were admitted to membership in the European Union in 2004. Bulgaria, Croatia, and Romania are current candidates for membership.*
- *Collaborated to eradicate river blindness in n West African nations (see sidebar on opposite page).*
- *Enabled East Asian nations to bring millions out of poverty over the past generation — largely through rural development assistance — and provided financial support to these same nations as they confronted a severe financial crisis in 1997-98.*
- *Facilitated China's entry into the global economy in the late 1970s and early 1980s through advice and lending.*
- *Helped India overcome famine in the 1960s through support for its "green revolution," which substantially increased the production of such crops as rice and wheat by introducing new strains of high-yield seeds.*

- *Played a vital role in the 1940s and 1950s in the reconstruction of Europe and Japan after World War II.*

*River blindness, or onchocerciasis, is a disease that has long brought suffering and misery to millions of Africans. The disease is caused by parasitic worms borne by black-flies that breed in fast-flowing rivers. It causes total blindness in about 10 percent of its victims and has forced farmers to flee large tracts of fertile land near rivers.*

*In a swath of Africa from Senegal to Ethiopia in the north and from Angola to Mozambique in the south, 30 countries are infested. And nearly 500,000 people have severely impaired vision, 350,000 more are totally blind, and 6.5 million are infected with the parasite. But river blindness is being effectively handled by an alliance of governments, private businesses, and international agencies, including the World Bank.*

*In 1974 the Onchocerciasis Control Programme (OCP) was established by the Food and Agriculture Organization, the United Nations Development Programme, the World Bank, and the World Health Organization. Today the program attacks the disease on two fronts: it sprays an environmentally safe insecticide to control the black-flies, and it treats infected individuals with a drug provided for free. This approach has halted transmission and eliminated the disease as a public health problem in a region that covers 40 million people in 11 West African countries. Over time, the OCP has prevented 600,000 cases of blindness, and 18 million children born in now-controlled areas have been spared the risk of the disease. And 25 million hectares of farmland have been made safe for cultivation and resettlement.*

*That an estimated \$1 trillion is paid in bribes each year around the world (imagine \$1 trillion as a pile of \$100 bills that's 40 times the height of Mt. Everest)?*

*The \$1 trillion figure calculated by the World Bank Institute is a rough estimate of the extent of bribery — money paid from the private sector to the public sector — in both developed and developing countries. Although there is a large margin of error on such an estimate, it reinforces that bribery is not a relatively small phenomenon — far from it!*

*The same research demonstrates that those countries that work to eradicate corruption, by improving their legal systems and the accountability of government offi-*

*cials, can increase their national incomes by as much as four times over the long term. That's a lot more money that can be spent on the urgent needs of their citizens.*

## **8 Unit 8. Young People Can Get Involved in the Bank's Work**

### **8.1 Before you read**

#### 8.1.1 Discuss the questions

1 Would you like to work for the WB? In what way?

2 What branch of the WB's strategy are you interested in?

### **Young People Can Get Involved in the Bank's Work**

A variety of ways exist for young people to become involved in the work of the World Bank, and to have their voices heard concerning Bank projects and initiatives. The Bank also sponsors a Web site that features issues of particular interest to young people (visit the site at: <http://youthink.worldbank.org/>).

– The **New Voices in Development** initiative enables young people, as young as teenagers, and their organizations to connect with one another and share ideas to increase program impact. New Voices teams are working with Bank country offices in various parts of the world. Plans are under way to give participants an opportunity to travel to country offices outside their own nations to see the similarities and differences in what other country offices do and how they do it

– The Bank's **Internship Program** offers graduate and Ph.D. students the opportunity to improve their skills as well as gain the experience of working in an international environment. Candidates are typically pursuing fields related to economics, finance, human development, social science, agriculture, the environment, or private sector development.

– The **Junior Professional Associates** program provides recent with entry-level work experience and first-hand exposure to the challenges of development and poverty alleviation. The two-year program is designed to be used as a stepping-stone to a career in government, consulting, the private sector, or academia.

– The **Young Professionals Program** attracts individuals up to age 32 who have demonstrated a commitment to development that is supported by academic success, professional achievement, and leadership potential. The program recruits through a highly selective and competitive process.

– The **Graduate Scholarship Program** is open to students pursuing a master's degree in a field related to development. It covers associated costs for up to two years. Students must attend a university outside their home country, be under the age of 45, and have at least two years of professional experience.

– The **Youth to Youth (Y2Y) Community** is a network of young professionals in the World Bank whose purpose is to exchange and channel ideas related to Bank work and strategies, as well as to reach out to external organizations working with youth. Membership is not limited by age. Y2Y welcomes individuals of all ages who are committed to development issues that affect youth globally and who believe in integrating youth issues into all development work.

– The **Youth, Development, and Peace (YDP) Network** formally facilitates youth participation in the development process. Young people from all over the world are looking to the World Bank to develop and implement capacity-building and knowledge-sharing partnership programs for youth organizations. During the YDP conferences in Paris (2003) and Sarajevo (2004), participants proposed the creation of an informal youth-led network, the Youth, Development, and Peace Network.

Although the World Bank has accomplished much for and with young people, such work is only a beginning—and the Bank's ability to support the wide array of youth-led initiatives that exist remains limited. Luckily the Bank is but one of a number of organizations working locally, nationally, and internationally to address urgent development needs.



A wide range of resources exists to help young people who are looking for ways to make a difference. Getting involved can mean:

Voting and encouraging other youth of voting age to do so;

Starting an issue-oriented discussion group in school or the community;

Writing for the local media or creating a new media outlet;

Signing an online petition or starting a new one;

Launching an advocacy campaign;

Volunteering for a local, national, or international civil society organization;

Mobilizing peers to start a project or launch a grassroots organization;

Contributing to your country's poverty reduction strategy.

### **Words and word combinations:**

to pursue – 1) преследовать (цель) 2) следовать 3) заниматься чем-л. 4) действовать (по плану) 5) продолжать;

first-hand exposure – непосредственное подвержение риску;

alleviation – облегчение; послабление, смягчение;

to reach out – добиваться, вытягивать;

to accomplish – совершать, выполнять; достигать; доводить до конца, завершать;

an array – 1) порядок 2) упорядоченная последовательность;

to vote – 1) голосовать 2) решать; утверждать;

issue-oriented discussion – обсуждение, посвященное определенной проблеме/ вопросу;

outlet – 1) выход 2) распределение 3) торговая точка 4) рынок сбыта 5) возможность сбыта 6) магазин или склад, специализирующийся на продаже излишних устаревших товаров 7) пастбище, выгон для скота;

peer – ровесник, сверстник.

## **8.2 Reading tasks**

### 8.2.1 Understanding main points

a) Choose the correct answer to each question

1 What program consults the private sector?

- a) the Young Professionals program;
- b) the Junior Professional Associates program.

2 How can young people get involved in the Bank's work?

- a) choose an appropriate program offered to young specialists;
- b) have rich and powerful sponsor.

3 What does "getting involved in the Bank's work" mean?

- a) creating your own department of the WB;
- b) writing for the local media or creating a new media outlet;
- c) mobilizing all poor folk in your city;
- d) launching an advocacy campaign;
- e) contributing to your country's poverty reduction strategy.

## **8.3 Vocabulary tasks**

### 8.3.1 Word search

a) Define these words

1 Private sector

2 Poverty alleviation

3 issue-oriented discussion

4 community

b) Find words in the text that have a similar meaning

with the phrase meaning “*the lessening of poverty*”

.....

.....

### 8.3.2 Collocations

a) Match the first of each sentence with the second part

- |                                                                                               |                                                                                                                        |
|-----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| 1 The Bank also sponsors                                                                      | a) are working with Bank country offices in various parts of the world.                                                |
| 2 New Voices teams                                                                            | b) be under the age of 45, and have at least two years of professional experience.                                     |
| 3 Candidates are typically pursuing fields related to                                         | c) a Web site that features issues of particular interest to young people.                                             |
| 4 Students must attend a university outside their home country,                               | d) economics, finance, human development, social science, agriculture, the environment, or private sector development. |
| 5 Young people from all over the world are looking to the World Bank to develop and implement | e) working locally, nationally, and internationally to address urgent development needs.                               |
| 6 Luckily the Bank is but one of a number of organizations                                    | f) capacity-building and knowledge-sharing partnership programs for youth organizations.                               |

### 8.4 Complete the table with the information from the text:

Program	Candidates' age	Given opportunities

## **8.5 Render the text in Russian**

# **9 Unit 9. From Farm to Table: A World Bank Project**

## **9.1 Before you read**

### 9.1.1 Discuss the questions

1 Do you know any of the WB projects?

2 Have you thought about what you consume and how your habits impact the earth and its ability to sustain all life?

## **From Farm to Table: A World Bank Project**

That on average, someone living in a developed nation consumes twice as much grain, twice as much fish, three times as much meat, nine times as much paper, and eleven times as much gasoline as someone living in a developing nation?

Have you thought about what you consume and how your habits impact the earth and its ability to sustain all life? Protecting the environment and preserving natural resources is a responsibility shared by all the earth's citizens.

That agenda lists eight goals and sets forth guidelines for monitoring progress in reaching those goals. Today the MDGs unite the efforts of virtually all organizations working in development. The goals represent an unprecedented level of world consensus on what is needed to reduce poverty over the short term and the long term.

The MDGs are not new for the Bank. The first of the goals, poverty reduction, has been the Bank's overarching objective for many years. What are new are the guidelines and deadlines for monitoring progress toward reaching the goals. Also new is the vast number of partners dedicated to achieving these goals.

Although the world is making progress toward meeting the Millennium Development Goals, that progress is uneven and too slow. A large majority of countries will reach the MDGs only if they obtain substantial support from outside. The challenge for the global community is to mobilize financial support and political will, reorienting development policies and reaching out to partners in the nonprofit and private sectors.

When a woman in Denmark savors the taste of a sweet, succulent mango, she rarely takes time to think about where it came from and how it got to her table. We don't hear much about the way agricultural goods are produced and distributed. Yet the process involves the lives of millions of farmers—many of them poor—around the world.

In the case of the Danish woman, it could very well be that the mango on her plate was grown in the West African nation of Mali. As a result of a \$6 million World Bank loan, new markets have opened up for Malian mangos. Their export to European markets has increased profits for poor farmers and allowed them to achieve a higher standard of living.

The mango project began in the late 1990s, when the Malian government approached the Bank about ways to help the nation's small-scale farmers, who were struggling for survival.

Mali is one of the poorest countries in the world, with more than 60 percent of its people living in poverty. Most Malian citizens live in rural areas and rely on farming for their source of income. Mali is one of the world's top exporters of cotton, but farmers who depend on a single crop are vulnerable if prices fall or if new competitors emerge. So the Malian government sought ways to diversify the country's crops. Everyone agreed that exporting mangos was a strong option given the nation's warm climate and favorable soil conditions. But nagging questions remained about how to transport the fragile fruit and how to expand markets for the produce. Technical advice from the World Bank soon provided answers to these and other logistical questions.

Before determining whether or how the project would be carried out, Bank staff checked to see how it fit within Mali's overall Country Assistance Strategy (CAS). The CAS, which is based on Mali's own development priorities outlined in its Poverty Reduction Strategy Paper, summarizes the Bank's program of lending and nonlending

activities in Mali based on a range of economic and social factors and concerns, including health, education, agriculture, and private sector growth.

The CAS developed for Mali emphasized building the nation's rural infrastructure (for example, constructing proper roads for transporting goods), diversifying its agricultural production, enhancing access to education and health care, and improving housing and water and sanitation services. The mango project, with its goal of diversifying agricultural production and thus increasing the income potential of poor families, fit well within the CAS, making it an ideal project for the Bank to fund. Next, Bank staff worked closely with the Malian government, the private sector, technical experts, and the farmers themselves to prepare a detailed plan for carrying out the project. Often the greatest resources the Bank brings to such a project are relationships with organizations and individuals who can offer valuable advice and services. Imagine, for example, if you wanted to export a product but didn't know how to speak other languages, contact foreign buyers, or research export procedures. The World Bank can, and did, help to bridge such gaps.

Throughout the planning process, the Bank collaborated closely with Agence pour la Promotion des Filières Agricoles, a nonprofit government agency established to create connections between Mali's growers and markets abroad. In addition, a small team of Bank staff and consultants undertook several missions to Mali to offer technical assistance and to fine-tune the plan. Once the World Bank's Board of Executive Directors approved the plan, the project was ready to begin.

Bank staff and technical consultants worked to foster relationships between individuals and organizations who had not worked together before. For example, they introduced a trader from Cote d'Ivoire to producers from Mali, and the region's first mango joint venture was born. This venture was a good collaboration, combining the exporting expertise of the Ivorians with the production know-how of the Malians. After 12 months of preparation, the mango project sent its first shipments of fruit to northern Europe in 2001.

Today a Danish woman can eat a Malian mango for breakfast because the amount of time it takes for a shipment of mangos to travel from Mali to northern Europe has been

more than halved, from 25 to 12 days. Farmer revenues in Mali have increased, and a new packing plant has created jobs, especially for women. Mali still has terrible poverty, but the World Bank-supported mango project has brought the country one step closer to its goal of achieving a better life for its poorest citizens.

#### Results of the Malian Mango Project

1. Shipping delays between Sikasso, Mali, and northern Europe were reduced from 25 to 12 days.
2. Grower unit prices increased by 25 percent.
3. Employment in the pack-houses reached 150 people (with 60 percent women), who earned wages higher than the national average.
4. Net profit for the project was \$44,598, which secured an internal rate of return of 70 percent.
5. Produce quality levels were rated "high," with no loss in terms of repacking or discarded produce.
6. Customer response to the produce was excellent, in terms of taste and general appearance.

#### **The Project Cycle**

In 2004 the World Bank lent \$20 billion for projects in more than 100 countries. Most projects that receive financing and technical support from the Bank pass through a series of steps known as the "project cycle." The steps involved in the cycle ensure that a given project fits within a nation's long-term strategy to reduce poverty. The cycle also ensures that prospective projects are well researched, designed, and evaluated, and that diverse interested parties (stakeholders) are engaged in the process. Even before a project is identified, low-income countries seeking funding from the Bank develop a Poverty Reduction Strategy Paper (PRSP). The document is drafted by the national government in close consultation with various local groups, including nongovernmental organizations, grassroots citizens groups, academia, trade unions, cooperatives, the private sector, and increasingly, young people. This process is based on the notion that those closest to local problems know the potential solutions best. A PRSP includes an analysis of the poverty situation within a country, root causes, key social indicators (e.g., data related to health,

education, and employment), and existing government programs. It also describes targets for improving, for example, the quality of education, access to clean water, and economic development. Following the completion of a PRSP, the country government consults with the Bank and other donors and stakeholders. The Bank then develops a Country Assistance Strategy (CAS) based on the country's priorities outlined in the PRSP.

### **Words and word combinations:**

consensus – 1) единодушие, консенсус, согласие 2) согласованность (действий разных судебных инстанций) ;

challenge – 1) вызов 2) сомнение 3) возражение;

to consume – потреблять, расходовать, поглощать, тратить;

to impact – давать толчок, влиять;

to sustain – 1) поддерживать 2) подкреплять 3) выносить, выдерживать;

agenda – повестка дня;

to overarch – образовывать свод, арку; покрывать;

uneven – 1) нечетный 2) неровный, неравномерный 3) скачкообразный;

political will – политическая воля;

succulent – мясистый, сочный;

competitor – конкурент;

to emerge – появляться, выходить из (from), выясняться, вставать, возникать (о вопросе, затруднении);

fragile – 1) хрупкий, ломкий 2) непрочный;

to expand – 1) расширять(ся), увеличивать(ся) в объеме 2) развивать(ся);

to outline – 1) нарисовать контур; очертить 2) обрисовать, наметить в общих чертах;

to fine-tune the plan – точно настраивать; отлаживать; отрабатывать план.



## 9.2 Reading tasks

### 9.2.1 Understanding main points

a) Say whether these sentences true (T) or false (F)

1 All Europeans know thoroughly well all agricultural processes.

2 One of the main issues of the WB is to reduce poverty.

3 Most Malian citizens live in rural areas although they can't rely on farming.

4 The CAS is based on Mali's own development priorities outlined.

5 It is easier to get fresh mango for breakfast because the amount of time for a shipment has been more than halved, from 25 to 12 days.

## 9.3 Vocabulary tasks

### 9.3.1 Collocations

a) Match these terms with their definitions

1) consensus

a) something that tests strength, skill, or ability, especially in a way that is interesting.

2) challenge

b) the industries and services in a country that are owned and run by private companies, and not by the government.

3) private sector

c) the basic systems and structures that a country or organization needs in order to work properly, for example roads, railways, banks etc.

4) standard of living

d) an opinion that everyone in a group agrees with or accepts.

5) infrastructure

e) the amount of wealth, comfort, and other things that a particular person, group, country etc. has.

b) Match the first of each sentence with the second part

1 Although the world is making progress toward meeting

a) agricultural goods are produced and distributed.

2 We don't hear much about the way

b) the Millennium Development Goals, that progress is uneven and too slow.

3 Mali is one of the poorest countries in the world,

c) are relationships with organizations and individuals who can offer valuable advice and services.

4 So the Malian government

d) with more than 60 percent of its people living in poverty.

5 Often the greatest resources the Bank brings to such a project

e) sought ways to diversify the country's crops.

c) Fill in the gaps with prepositions

1 Technical advice \_\_\_\_\_ the World Bank soon provided answers \_\_\_\_\_ these and other logistical questions.

2 Bank staff worked closely \_\_\_\_\_ the Malian government, the private sector, technical experts, and the farmers themselves \_\_\_\_\_ prepare a detailed plan \_\_\_\_\_ carrying \_\_\_\_\_ the project.

3 This venture was a good collaboration, combining the exporting expertise \_\_\_\_\_ the Ivorians \_\_\_\_\_ the production know-how \_\_\_\_\_ the Malians.

4 Customer response \_\_\_\_\_ the produce was excellent, \_\_\_\_\_ terms \_\_\_\_\_ taste and general appearance.

5 This process is based \_\_\_\_\_ the notion that those closest \_\_\_\_\_ local problems know the potential solutions best.

6 Following the completion \_\_\_ a PRSP, the country government consults \_\_\_\_\_ the Bank and other donors and stakeholders.

**9.4 You have just read a newspaper article about an interesting project of the WB. Present the project to your group mates using the phrases:**

The article is headlined...

It is (was) published in ...

The article is devoted to ...

The article discusses some problems relating to ...

The author starts by telling the reader that ...

After discussing ... the author turns to ...

It must be emphasised / should be noted / is clear / is evident that ...

The conclusion is ...

The article is interesting / important /dull /of no value / (too) hard to understand / up-to-date / out-of-date / useful / boring As a whole / generally

With regard to

The first thing to maintain is ...

## **10 Unit 10. Outcome**

### **10.1 Before you read**

#### 10.1.1 Discuss these questions

1 What are the main indicators of economic growth?

2 What is the role of outcome for countries?

## Outcome

As was foreseen, gross domestic product (GDP) fell sharply at the beginning of the transition. In the Central and Eastern European countries, the “transition recession” was relatively shallow and was over fairly quickly; GDP fell on average by less than 15 percent, and per capita incomes recovered in many countries before the end of decade. The decline in this CIS, however, was far deeper and more prolonged than anyone expected: GDP fell on average by over 40 percent (ranging from 18 to 76 percent), and none of these countries has yet regained its pre-transition per capita GDP, although growth has picked up strongly in recent years (figure 10.1). Since 2000, annual GDP growth has averaged over 3.5 percent in the CEE countries, and close to 7 percent in the CIS.

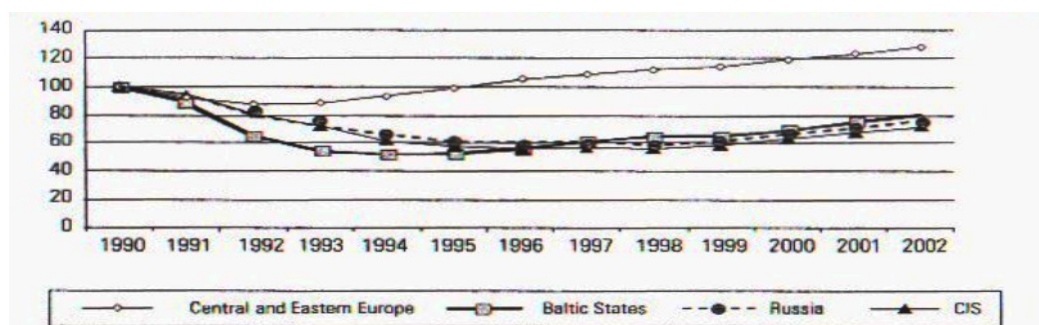


Figure 10.1 – Real GDP Changes, by Group of Countries, 1990-02 (1990=100)

Source: World Bank data

A side-effect of the prolonged transition recession has been the build-up of significant debt problems in some countries that started with very little debt. Official lending levels were based on the expectation that the transition recession would be shallow and of short duration. In a number of CIS countries, where the recession was far deeper and longer than foreseen, and problems of governance more serious than anticipated, this led to significant levels of indebtedness, with effects that are likely to be long-lasting (figure 10.2).

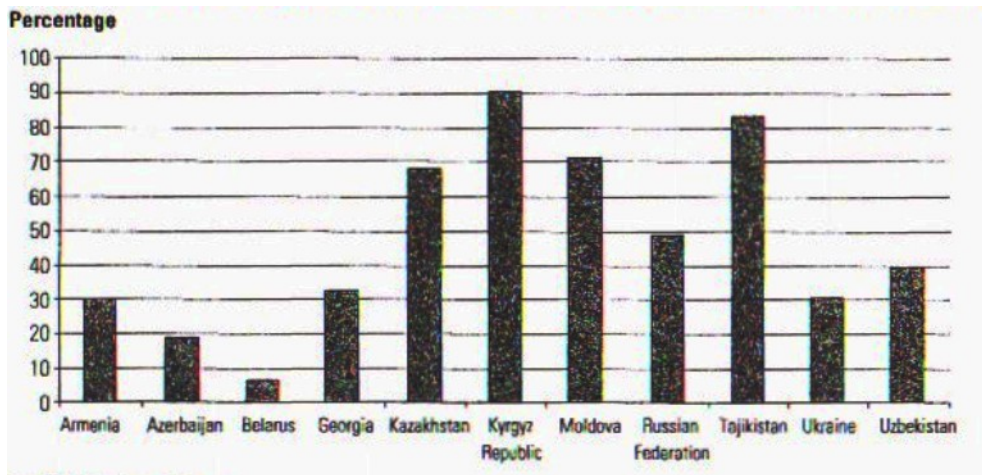


Figure 10.2 – Present Value of Debt as Percentage of GNI, CIS, 2001

Source: World Bank, World Development Indicators

Poverty increased far beyond expectations: at the beginning of the decade, fewer than 4 percent of the population of ECA had to survive on less than US\$ 2.15 per day; by 1998, an estimated 20 percent lived below that level. The incidence of poverty is much greater in the SIC than in the CEB. Inequality, which ranked among the lowest in the world at the beginning of transaction, increased as well, more so in the countries with less growth. In some countries – Armenia, Bulgaria, and Russia, - the Gini coefficient has nearly doubled. Infant mortality has dropped in all but two countries, but expectancy has fallen in most CIS countries (figure 10.3).

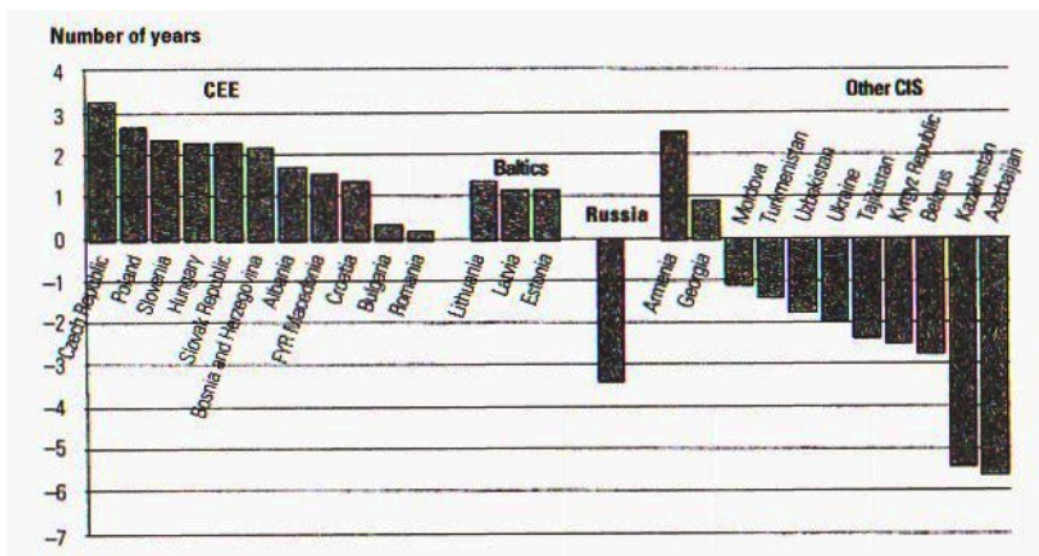


Figure 10.3 – Change in Life Expectancy at Birth, 1990-01

The region made substantial progress in creating market economies: eight countries of the CEB joined the EU this year, and two others are expected to join in the next several years. The European Bank of Reconstruction and development (EBRD) maintains a set of transaction indicators showing progress by country in a number of reform areas. Scores range from 1, representing little progress, to 4+, which represents standards and performance typical of advanced industrial countries. With a few exceptions, policy reform has progressed steadily since 1989. By 1994, 20 countries (out of 27) had already achieved a 3 (substantial progress) or higher in price liberalization, and 15 had achieved a 3 or more in trade and foreign exchange liberalization (figure 10.4). By 2003, almost all of the remaining countries showed substantial progress in both these areas. The evaluation does not examine these early reforms, or the loans that supported them, except to the extent that they included the thematic areas covered in Chapter 2.

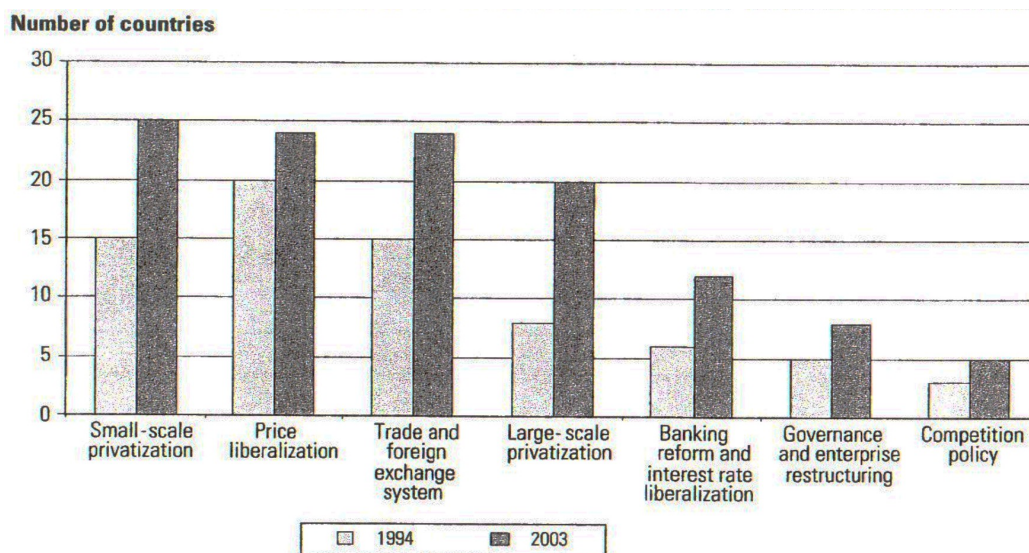


Figure 10.4 – Number of Countries Achieving Substantial Progress (Rating 3 and Above), 1994-03

In 1994 only one country had privatized more than 50 percent of large state-owned enterprise and farm assets, and 7 (mostly SEB) had privatized at least 25 percent; 10 (9 of the CEB) had completed small-scale privatization, and another 5 had implemented a nearly comprehensive program. By 2003, 20 had privatized at least 25 percent of large enterprises, and all but 2 had completed or were on the verge of completing small-scale privatization. Nine of the countries (8 of them SEB) had a private sector share of GDP of 50 percent or more in 1994; by 2002, 22 countries derived at least half of their GDP from

the private sector, and 11 of them (9 CEB), 70 percent or more. The areas with the least progress were financial sector reform, corporate governance/enterprise restructuring, and competition policy, where only 12, 8, and 5 countries respectively (all but one CEB) had achieved a score of 3 or higher by 2003.

Differences in initial conditions may explain some of the variations in the extent of reform among countries, but the magnitude of their influence is not clear. The EBRD (1999, pp. 27-28) analyzed the impact of initial conditions, using factors such as the degree of industrialization, the geographical orientation of trade, the extent of initial macroeconomic imbalances, and the legacy of central planning. They found that while initial conditions were important, they were not solely responsible for the pattern of reform. For example, the Baltic countries have achieved substantially greater progress than the western CIS countries, despite similar starting points, and Poland is one of the most advanced countries, although it started in a position very close to Romania. Other pairs of countries that started out with similar conditions but experienced widely different rates of reform include Croatia and Bulgaria, and the Kyrgyz Republic and Uzbekistan. De Melo and others (2001) also concluded that while initial conditions (levels of development and resources, macroeconomic distortions, trade interdependence, location, years under central planning, and so on) helped explain the rate of economic liberalization and growth. Political reform was, in turn, the most important determinant of the speed and comprehensiveness of economic liberalization. Falcetti, Raiser, and Sanfey (2002) found that initial conditions dominated the impact of reforms was less robust than previously thought. They concluded that although the final verdict on the importance of economic liberalization and privatization to growth in the transition was not in, early reforms alone were insufficient to generate sustainable growth.

<p>CAEs call for building ownership of the lending program through higher relevance, sharper prioritization, and greater participation in CAS preparation.</p>	<p>CAEs have pressed for greater realism in discussing risk, along with improved contingency planning for risky</p>
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<p>Most recent CASs have been prepared with adequate consultations, and they focus on efficiency in discussing portfolio lessons; they generally pay less attention to relevance.</p> <p>CAEs for the transition countries emphasize the need for core economic and sector work (ESW) (including Poverty assessments and Public Expenditure Reviews) as a prerequisite for a sound program in any country. The Bank should use the ESW to build local capacity, and disseminate it on the country. Recent CASs emphasize core ESW products; they do not discuss dissemination strategy, nor how these products will be used to help authorities formulate policies and program. Some large projects still precede relevant ESW.</p> <p>CASs do not discuss how to encourage government management of aid coordination or better monitoring and evaluation. While they often cite the principle of comparative advantage, they rarely use it as an operational guide. Good discussions of comparative advantage can be found for Hungary, Kazakhstan, the Kyrgyz Republic, and Slovenia. Few CASs adequately explore</p>	<p>countries. Most CASs have a good discussion of risk to the Bank, but risk mitigation strategy is defined mainly in terms of lending volumes. Many indicators proposed in CASs are couched in qualitative terms and are not monitorable, although the use of monitorable indicators is growing.</p> <p>As recommended by CAEs, CASs now give substantial attention to governance, and, to a lesser extent, to legal reform. While CASs acknowledge that enforcement of laws and regulations is weak and the judiciary ineffective, the strategy to deal with these issues is not clear, although in the case of infrastructure, CASs do emphasize the regulatory framework. Attention to financial sector issues is generally satisfactory, with the exception of improving financial accountability. There is little discussion of corporate</p>
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<p>the role of the IMF, nor do they provide the specifics of how the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the Bank will work together.</p>	<p>governance issues and remedies.</p> <p>Regarding other issues raised in the CAEs, CASs have virtually no discussion of which projects or programs will be used to mainstream gender issues and objectives, and rarely discuss decentralization. However, agriculture is receiving greater attention in CASs, which are now addressing the issue of how to respond to the vested interests that dominate the sector in a number of countries.</p>
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OED has produced Country Assistance Evaluations (CAEs) for nine transition countries. Six rate the outcome of the country program satisfactory, at least for the most recent time period examined (Bulgaria, Kazakhstan, Kyrgyz Republic, Lithuania, Poland, and Russia). CAEs rated the outcome of the country programs in Albania, Azerbaijan, and Ukraine, as well as that of the earlier periods in Bulgaria and Russia, unsatisfactory. This distribution of outcome ratings is lower than that for OED's other CAEs, but the two groups are not necessarily comparable or representative. Institutional development impact was rated high or substantial in only three transition countries (modest in the others), and sustainability was rated likely in five cases, and uncertain in four.

The areas most frequently identified in CAEs as warranting greater attention have been PSD, institutions, and public governance and accountability, as well as public awareness and participation, and capacity building for monitoring and evaluation. Box 1.1 discusses the extent to which lessons from the transition CAEs have been reflected in

subsequent CASs for the same countries. In some cases, such as the importance of participatory CAS preparation and the need for greater attention to governance and legal reform, the increased focus in the CASs probably reflects trends in the Bank as much as it does CAE recommendations.

Project outcomes in the transition countries are rated lower than those for the Bank as a whole by amount of net commitments (74 percent satisfactory, compared with 78 percent Bankwide), figure 10.5). Institutional development impact and sustainability rate higher by both measures in transition countries than Bankwide. The Bulk of the transition countries fall into the middle-income category. When broken down separately for low- and middle-income countries, the former retain their rankings relative to the Bankwide numbers with respect to outcome – better by number of projects and worse by commitments – but their performance is relatively lower for sustainability and institutional development impact. Outcome ratings for middle-income countries remain below the Bank average by commitments and about the same by numbers of projects.

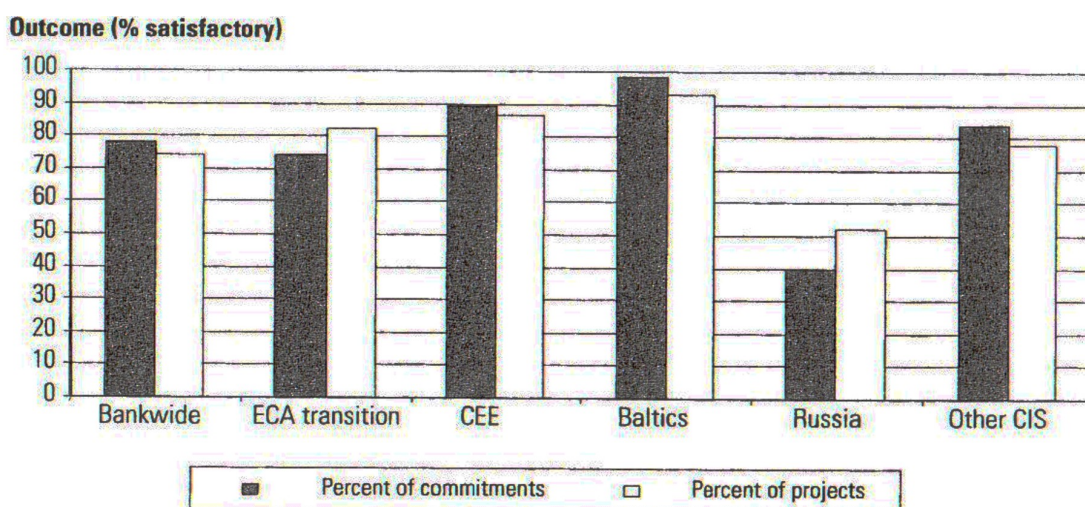


Figure 10.5 – Project Ratings by Country Group and Bankwide, Approved FY89-03

Across the Region, the project ratings are above the Bank average for all of the CEB countries . There are large variations among the CIS countries, where outcome ratings vary from close to 100 percent satisfactory by commitments (Kazakhstan, Kyrgyz Republic, Ukraine) to 5 percent or less satisfactory (Belarus, Turkmenistan). In Russia,

only 40 percent of commitments have been rated satisfactory; high ratings for sustainability reflect the irreversibility of most of the policy and institutional changes. The percentage of active projects rated at risk, by numbers and by commitments, is about the same as the Bank average, but much higher in the CIS than in the CEB. Although the transitions countries have higher rates of satisfactory outcomes than the Bank average in many sectors, in three of the sectors with the greatest amount of lending – economic policy, rural, and transportation, representing 44 percent of commitments – they are substantially lower.

Economic and sector work (ESW), to the extent that it has been done, receives high marks, particularly for quality, both inside the Bank and among clients. The Bank’s Quality Assurance Group (QAG) has reported on the quality of ESW since FY98. In all but one of those years, tasks in ECA countries scored above the Bank average in percentage of reports rated at least satisfactory. All on the tasks sampled in FY02 were rated satisfactory. OED’s knowledge of the impact of PERs indicates that, in the cases where they were carried out, their outcome and impact were higher in ECA than in any other Region. PERs for Latvia (1994), Russia (1995), and Bosnia and Herzegovina (1997, impact not evaluated) were cited as best practice. Borrowers are positive about the role of ESW; some point out that knowledge, including ESW and TA, was the Bank’s most valuable contribution, and others would have liked more of it.

Hungary	“The Bank’s economic and sector work was of high quality both in terms of the incorporated knowledge and views from within the country and of practical recommendations ... [its] efficacy ... can be seen in its contribution to intellectual debates, particularly in the debates on pension reform and higher education ... The Bank’s high level [ESW] has been an indispensable part of its assistance.”
Poland	“The impact of the World Bank experts and the [ESW] was assessed as very considerably for the policy dialog in the country and for the capacity building of the government and over elites, especially in the early years ...

	when the decision makes in the country learned the new, market approach to the economy.”
Kazakhstan	“ESW was, to a large extent, relevant and helpful to the country’s policymakers. It laid the background and framed the thinking for discussions with the World Bank.”

CAEs, however, have questioned the adequacy of ESW. Eight CAEs found the quality of ESW to be satisfactory, but found its relevance or timeliness unsatisfactory in three countries, and its impact on the country dialogue unsatisfactory in five. The Russia CAE (OED 2002c, p. ix) concluded that “An assistance strategy oriented around analytical and advisory services ... with limited financial support for Russia would have been more appropriate than one involving large volumes of adjustment lending”, and a project assessment for a series of adjustment and TA loans to Georgia stated that more ESW (particularly an earlier PER) would have helped in designing the reform program.

Bank administrative costs, both per dollar of total commitments and per dollar of commitments with satisfactory outcome or nonrisky status, have been nearly the same on average in the transition countries as in the Bank as a whole, but with large subregional variations. Costs per dollar of commitments were about average for the CEE countries, more than double the average for the Baltic states, about half the average for Russia, and about 50 percent above average for the rest of the CIS. After adjusting for the average size of projects, more transition countries had costs per dollar of commitments below what would be expected than above.

### **Words and word combinations:**

outcome – результаты, исход, последствие;

to foresee – предвидеть;

gross domestic product (GDP) – валовой внутренний продукт (ВВП);

recession – 1) понижение, уменьшение; 2) спад, рецессия; 3) уход удаление, отступление;

shallow – мелкий; поверхностный, пустой;

per capita (pc) – на душу населения;

to regain smth – 1) получит обратно; 2) снова достичь, возвратиться к чему  
либо;

Annex table – таблица в Приложении;

a side effect – побочный эффект;

to be likely – вероятно;

to be estimated – быть оцененным;

to estimate / to evaluate – оценивать;

the incidence of poverty – степень бедности;

the Gini coefficient – коэффициент Джини;

infant mortality – младенческая смертность (смертность среди младенцев);

to drop – падать, снижаться;

life expectancy – ожидаемая продолжительность жизни;

the extent of – степень, мера (чего-то);

to the extent – в полную меру;

in the extent of – по мере того, как;

with a few exceptions – за небольшими исключениями;

except to – кроме, исключая; если бы не;

initial conditions – первоначальные условия;

to be on the verge – быть на грани;

magnitude – 1) величина, размер; 2) важность, значимость;

of the first magnitude – первостепенной важности;

legacy – наследство, наследие;

solely – исключительно; единственно;

distortion – 1) искажение, искривление, перекашивание; 2) извращение  
(например, фактов);

determinant – решающий, определяющий, обуславливающий фактор;

to be robust – быть крепким, здоровым, сильным;

sustainable growth – длительный, непрерывный рост;

sustainability – длительность, непрерывность;

imbalance – отсутствие равновесия, несоответствие, неустойчивость;  
insufficient – неудовлетворительный, несоответствующий, недостаточный;  
modest – умеренный, сдержанный;  
warranting attention – оправданное внимание;  
irreversibility – необратимость; нерушимость; непреложность;  
to rate at risk – оценивать по уровню риска;  
to rate satisfactory – оценивать удовлетворительно;  
to sample smth – отбирать образцы, производить выборку;  
to be cited as best practice – ссылаться как на лучшую практику.

## **10.2 Reading tasks**

### 10.2.1 Understanding main points

a) Mark these statements T (true) or F (false) according to the information in the text. Find the part of the text that gives the correct information.

1. In the Central and Eastern European countries, the “transaction recession” was highly.
2. Poverty beyond expectations: at the beginning of the decade, more than 25 percent of the population of ECA had to survive on less than US\$ 10 per day.
3. Political reform was the most important determinant of the speed and comprehensiveness of economic liberalization.
4. Economic and sector work (ESW) receives high marks, particularly for quality, both inside the Bank and among clients.
5. Since 2000, annual GDP growth has averaged over 35 percent in the CEB countries.
6. A side-effect of the prolonged transaction recession has been the build-up of significant debt problems in some countries that started with very little debt.

## 10.2.2 Information search

a) Read the text and write the percent rate of annual GDP growth

in the CEB countries      1 .....

in the CIS                      2 .....

## 10.3 Vocabulary tasks

### 10.3.1 Collocations

a) Match these terms with their definitions

- |                           |                                                                                              |
|---------------------------|----------------------------------------------------------------------------------------------|
| 1. recession              | a) the total value of goods produced and services provided within a country during one year. |
| 2. gross domestic product | b) the state of being extremely poor                                                         |
| 3. poverty                | c) development towards a better, more complete, or more modern condition.                    |
| 4. progress               | d) a temporary economic decline during which trade and industrial activity are reduced.      |
| 5. privatization          | e) a transformation (a business or industry) from public to private ownership.               |

b) Match the first part of each sentence with the second part

- |                              |                                                                                                 |
|------------------------------|-------------------------------------------------------------------------------------------------|
| 1. Poverty                   | a) fewer than 4 percent of the population of ECA had to survive on less than US\$ 2.15 per day. |
| 2. Annual GDP growth in 2000 | b) has been the build-up of significant                                                         |

3. A side-effect of the transaction recession c) has averaged over 3.5 percent in the CEB countries.

### 10.3.2 Word search

a) Find a word or phrase in the text that has a similar meaning

- 1) a sum of money owed d \_\_\_\_\_  
2) remove or loosen restrictions on l \_\_\_\_\_  
(something, typically an economic or  
political system)  
3 a consequence, effect, result o \_\_\_\_\_

b) Use an appropriate form of the word in the box to complete the sentences describing the procedure for documentary collection.

progress	GDP	enterprise	points	inequality
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1 In the Central and Eastern European countries \_\_\_\_\_ fell on average by less than 15 percent.

2 \_\_\_\_\_, which ranked among the lowest in the world at the beginning of transaction, increased as well, more so in the countries with less growth.

3 In 1994 country had privatized more than 50 percent of large state-owned \_\_\_\_\_ and farm assets.

4 The areas with the least \_\_\_\_\_ were financial sector reform, corporate governance/enterprise restructuring, and competition policy.

5 Baltic countries have achieved substantially greater progress than the western CIS countries, despite similar starting \_\_\_\_\_



## **10.4 Describe one of the graphs from the text using the phrases:**

*(If you need use the appendix C.)*

The graph / pie chart / bar chart shows...

The subject of the graph / pie chart / bar chart is...

By studying this graph we can predict that...

In conclusion...

## **10.5 Render the text in Russian**

# **11 Unit 11. 10 Things You Never Knew about the World Bank**

## **11.1 Before you read**

### 11.1.1 Discuss the questions

1 What amazed things do you know about the WB?

2 What is the WB responsible for?

## **10 Things You Never Knew about the World Bank**

**The World Bank is...**

**the world's largest international funder of education**

Education is essential to development. The World Bank has committed around \$33 billion in loans and credits for education, and currently funds 157 projects in 83 countries. The Bank works closely with national governments, United Nations agencies, donors, civil society organizations, and other partners to support developing countries in their efforts to

ensure that all children, especially girls and disadvantaged children, are enrolled in and able to complete a L primary education.

### **the world's largest international funder in the fight against HIV/AIDS**

The spread of HIV/AIDS is rapidly reversing many of the social and economic gains that developing countries have made over the past 50 years. As a sponsor of UNAIDS (the group that coordinates the international response to the epidemic), the Bank in the past few years has committed more than 1.6 billion to fight the spread of HIV/AIDS around the world. It has also been one of the largest financial supporters of HIV/AIDS programs in developing countries. The Bank has promised that no country with an effective HIV/AIDS strategy will go without funding.

### **a strong supporter of debt relief**

Through the Heavily Indebted Poor Countries (HIPC) Initiative, the Bank is engaged in a comprehensive effort to reduce the debts of the world's poorest, most indebted countries. Today 27 countries are receiving debt relief that will amount to \$53 billion over the next 20 years. As part of the initiative, these countries are using government funds freed up by debt relief for programs that cut poverty.

### **a leader in the fight against corruption worldwide**

Corruption is the single largest obstacle to development. It increases wealth for a few at the expense of society as a whole, leaving the poor to suffer the harshest consequences by taking public resources away from those who need them most. Since 1996 the Bank has launched hundreds of anticorruption and good governance programs in nearly 100 developing countries. Initiatives range from teaching investigative reporting to journalists to requiring government officials to publicly declare what they own and how much they earn.

### **one of the largest international funders of biodiversity projects**

Concern for the environment is central to the Bank's mission to reduce poverty. Since 1988 the Bank has demonstrated its concern by becoming one of the largest international sources of funding for biodiversity projects, protecting the world's wide variety of animals, plants, and other living things. Its environmental strategy focuses on

climate change, forest preservation, water resources, pollution management, and biodiversity, among other issues.

### **funding projects to bring clean water, electricity, and transportation to poor people**

Most people in the developed world take infrastructure for granted, but it is a luxury only dreamed of in many parts of the world. Infrastructure is not simply about the construction of large projects—gas pipelines, irrigation canals, water purification plants. It is also about the delivery of basic services for everyday life, such as upgrading slums and providing roads to connect the poorest urban areas.

### **involving civil society in a larger role in its work**

Civil society organizations are not only influential in the international development policy debate but have also become important channels for the delivery of social services and new development programs. Civil society involvement in projects the Bank has funded has risen from 21 percent of all projects in 1990 to 72 percent in 2003. The Bank also provides grants to these organizations in war-torn communities, supplies social services, and supports community development.

### **helping countries that are emerging from conflict**

The Bank is active in 40 countries emerging from violent conflict. It works with government and nongovernment partners (local and international) to aid citizens affected by war, to resume peaceful development, and to prevent violence from breaking out again. The work of the Bank deal with a range of needs, from jump-starting the economy and repairing and rebuilding war-damaged infrastructure to clearing landmines and targeting programs at vulnerable people such as widows and children.

### **responding to the voices of poor people**

Conversations with 60,000 poor people in 60 countries, as well as the Bank's day-to-day work, have shown that poverty is about more than inadequate income, It's also about lack of freedom of action, choice, and opportunity. The Bank's approach to reducing poverty puts poor people at the center of development and creates conditions that allow them to gain increasing control over their lives through better access to information and greater involvement in decision making. Today the Bank supports a variety of community-driven projects with funding of more than \$2 billion.

## **working in partnership more than ever before**

During the past six years, the Bank has joined a wide range of partners in the international fight against poverty. For example, with the Food and Aquaculture Organization (FAO) and the United Nations Development Programmer (UNDP), it sponsors the Consultative Group on International Agricultural Research (CGIAR), mobilizes cutting-edge science to reduce hunger and poverty, improve human nutrition and health, and protect the environment.

### **Words and word combinations:**

donor – 1) жертвователь, даритель 2) финансирующая организация;

indebted – 1) находящийся в долгу (у кого-л.) 2) должный (кому-л.);

to cut poverty – уменьшить нищету;

to launch – 1) пускать в ход 2) начинать 3) предпринимать 4) выбрасывать  
новые товары на рынок 5) выпускать;

upgrading slums – перестраивать, обновлять трущобы;

to break out – раскрывать, развёртывать, распечатывать, вспыхивать;

to jump-start the economy – запускать экономику, давать импульс в экономике;

to gain – 1) получать, приобретать 2) зарабатывать 3) добывать (сведения) 4)  
извлекать пользу, выгоду 5) выиграть 6) добиться 7) увеличивать(ся);

inadequate income – недостаточный 2) не отвечающий требованиям,  
неподходящий доход.

## **11.2 Reading tasks**

### **11.2.1 Understanding main points**

a) Comment on the sentences

1 The Bank works closely with national governments, United Nations agencies, donors, civil society organizations, and other partners.

2 the Bank in the past few years has committed more than 1.6 billion to fight the spread of HIV/AIDs around the world.

3 Since 1996 the Bank has launched hundreds of anticorruption and good governance programs in nearly 100 developing countries.

4 The Bank is active in 40 countries emerging from violent conflict.

### 11.3 Vocabulary tasks

#### 11.3.1 Word search

a) Define the terms

1a loan

2 a donor

3 a sponsor

4 a grant

5 inadequate income

b) Find the words in the text related to the topic “*environmental protection*”.

.....  
.....

c) Fill in the gaps where necessary

1 The Bank works to support \_\_\_\_ developing countries \_\_\_\_ their efforts to ensure that all children, especially girls and \_\_\_\_ disadvantaged children, are enrolled \_\_\_\_ and able to complete a L primary education.

2 The Bank has promised that no country \_\_\_\_ an effective HIV/AIDS strategy will go \_\_\_\_ funding.

3 Initiatives range \_\_\_\_ teaching investigative reporting \_\_\_\_ journalists to requiring government officials to publicly declare what they own and how much they earn.

4 Infrastructure is not simply \_\_\_\_\_ the construction of large projects—gas pipelines, irrigation canals, water purification plants.

5 The Bank also provides grants \_\_\_\_ these organizations \_\_\_\_ war-torn communities, supplies social services, and supports community development.

6 During the past six years, the Bank has joined a wide range \_\_\_ partners \_\_\_ the international fight against poverty.

### 11.4 Information search

a) Complete the table with the information about the WB.

a fact	an example	interesting details

### 11.5 You have just known many interesting facts about the WB

a) Make a plan for retelling the text;

b) Render the text using the phrases:

The headline of the article I have read is...

The object / purpose of the article is to show / give the reader some information on

The article is concerned with ...

The author points out / notes / describes that ...

Further the author reports / says ...

The next / following paragraph deals with / presents / discusses ...

Finally / in the end the author admits / emphasizes that...

I found the article interesting / important / dull / of no value / (too) hard to understand

As a matter-of-fact...

Regarding to ...

It is started in details / in a chronological sequences...

## **12 Unit 12. World Bank Facts**

### **12.1 Before you read**

#### 12.1.1 Discuss the questions

1 Why was the World Bank established?

2 What is the difference between the World Bank and the International Monetary Fund?

### **World Bank Facts**

Although employees of the Bank often hear frustration from young people about circumstances beyond their control, they also see that the next generation is hopeful about the future and wants to play a role in shaping it.

Following the devastation of World War II, in 1944 the representatives of 44 governments met in Bretton Woods, New Hampshire, in the United States to develop a strategy for rebuilding the international economy. A key outcome of the meeting was the creation of the International Bank for Reconstruction and Development (IBRD), which would become known as the "world bank," and the International Monetary Fund.

When the IBRD began operating in 1946, this new entity had 36 member nations. Today most of the nations of the world— 184 countries—are members. Many developed nations that once borrowed money from the IBRD, including Austria, Denmark, Greece, Italy, and Singapore, are now donors.

The IBRD (the main lending institution) raises almost all of its money in the world's financial markets by selling AAA-rated World Bank bonds to pension funds, insurance companies, corporations, other banks, and individuals around the globe. Bank finances also come from earnings on its investments, fees paid by member countries, contributions made by members (particularly the wealthier ones), and the loans repaid by borrowing countries.

The Bank has a high credit rating because it has large, well-managed financial reserves. This means it can borrow money at low interest rates and pass those rates on to its borrowing countries. The Bank lends money to middle-income developing countries at interest rates that are lower than the rates on loans from commercial banks. In addition, the Bank lends money to the poorest developing countries—those that often cannot find other sources of financing—at no interest. Countries that borrow from the Bank have a much longer period to repay their loans than commercial banks permit, and they don't have to start repaying for several years after the loan is made.

In fiscal year 2004, the World Bank focused on three priority sectors: (a) law and justice and public administration, (b) transportation, and (c) health and social services. During 2004 the Bank approved loans and grants totaling \$20.1 billion for 245 projects in developing countries worldwide. Of this amount, \$11 billion was approved by the IBRD and \$9 billion by the International Development Association (IDA), which offers grants and no-interest loans to the world's poorest countries.

By tradition the president is nominated by the Bank's largest shareholder, the United States. And by tradition the Managing Director (the top spot) of the International Monetary Fund is nominated by the European community. The candidate for president (who must be a U.S. citizen) is put before the Bank's Board of Executive Directors, who vote on the nomination. Elected for a five-year renewable term, the president chairs



meetings of the board of directors and is responsible for the overall management of the Bank.

The Bank employs more than 10,000 people, with about 7,000 at the headquarters in Washington, D.C., and the rest in its field (or country) offices around the world. World Bank staff—including economists, policy analysts, educators, environmental scientists, health specialists, financial analysts, anthropologists, engineers, and many others—come from 165 nations.

The Bank's formal relationship with the United Nations (U.N.) is defined by a 1947 agreement that recognizes the Bank as an independent specialized agency of the United Nations as well as a member and observer in many U.N. bodies.

The Bank has links with the United Nations at various levels. At the executive level, the Bank president and the U.N. secretary general engage in an ongoing dialogue on substantive issues such as poverty eradication, capacity building, humanitarian and postconflict issues, human rights, and the financing of development. At the operational level, the Bank collaborates with the United Nations Development Programme and other U.N. funds and programs on diverse projects through policy coordination, project implementation, co-financing, and aid coordination.

People sometimes confuse the World Bank with the International Monetary Fund (IMF), which was also founded at the Bretton Woods conference in 1944. Although IMF functions are complementary to those of the World Bank, organizationally it is completely separate.

While the Bank provides assistance to developing countries, the IMF is responsible for ensuring the stability of the international monetary system—the system of international payments and exchange rates among national currencies that enables business to take place between countries. The IMF aims to prevent crises in the system by encouraging countries to adopt sound monetary policies. It is also—as its name suggests—a fund that can be tapped by members needing temporary financing to address balance-of-payments problems.

## **Words and word combinations:**

key outcome – основной результат;

AAA – AAA (рейтинг высшего качества облигаций и привилегированных акций, присваиваемый агентством "Стандард энд Пуэрз");

be / stay in the top spot – занимать верхнюю строчку; одержать победу;

Board of Executive Directors – совет исполнительных директоров;

eradication – искоренение, уничтожение;

to address balance-of-payments problems – обращаться к проблемам платежного баланса;

frustration – тщетность, срыв, крах, крушение;

IBRD – МБРР, Международный банк реконструкции и развития;

International Monetary Fund – МВФ, Международный валютный фонд;

fee – 1) вознаграждение; гонорар 2) взнос 3) сбор;

middle-income – средний доход;

IDA – МАР, Международная ассоциация развития.

## **12.2 Reading tasks**

### **12.2 1 Understanding main points**

a) Choose the correct answer to the following

1 Where does the World Bank obtain its money?

- a) The World Bank obtains its money by selling its tangible assets, making loans and buying prosperous firm and companies.
- b) The World Bank finances come from earnings on its investments, fees paid by member countries, contributions made by members.

2 How is the president of the World Bank selected?

- a) The president is nominated by the Bank's largest shareholder, the United States.

b) By tradition the president is nominated by the European community.

3 What is established in the agreement of 1947?

a) The World Bank is an independent specialized agency of the United Nations.

b) The World Bank is engaged in an ongoing dialogue on substantive issues.

4 What is the IMF responsible for?

a) The IMF is responsible for ensuring the stability of the international monetary system.

b) The IMF is responsible for providing assistance to developing countries.

### 12.3 Vocabulary tasks

#### 12.3.1 Collocations

a) Match these terms with their definitions

1) donor

2) fee

3) loan

4) AAA

5) IDA

a) International Development Association

b) a person, group etc. that gives something, especially money, to help an organization or country.

c) the highest bond rating

d) an amount of money that you borrow from a bank etc.

e) an amount of money that you pay to do something or that you pay to a professional person for their work.

b) Fill in the gaps with prepositions

1 The IMF is responsible \_\_\_\_\_ ensuring the stability \_\_\_\_the international monetary system.

2 The candidate \_\_\_ president (who must be a U.S. citizen) is put \_\_\_\_\_ the Bank's Board of Executive Directors, who vote \_\_\_\_\_ the nomination.

3 The Bank approved loans and grants totaling \$20.1 billion \_\_\_\_\_ 245 projects \_\_\_ developing countries worldwide.

4 Many developed nations that once borrowed money \_\_\_\_\_ the IBRD.

5 Bank finances also come \_\_\_\_\_ earnings \_\_\_ its investments, fees paid \_\_\_\_\_ member countries, contributions made \_\_\_ members.

6 \_\_\_ 1944 the representatives \_\_\_ 44 governments met \_\_\_ Bretton to develop a strategy \_\_\_\_\_ rebuilding the international economy.

c) Match the first of each sentence with the second part

1 The Bank lends money to the poorest developing countries a) those that often cannot find other sources of financing—at no interest.

2 The president is b) as well as a member and observer in many U.N. bodies.

3 World Bank staff—including economists, policy analysts, educators c) and other U.N. funds and programs on diverse projects through policy coordination, project implementation and aid coordination.

4 They recognizes the Bank as an independent specialized agency of the United Nations d) by encouraging countries to adopt sound monetary policies.

5 The Bank collaborates with the United Nations Development Programme e) and many others—come from 165 nations.

6 The IMF aims to prevent crises in the system f) nominated by the Bank's largest shareholder, the United States.

**12.4 Look through the article again and render it using the phrases as if you are to answer your exam ticket:**

The article is headlined...

The main idea of the article is ...

The article touches upon ...

The article provides information on ...

The article deals firstly with the problem of ...

The author starts by telling the reader that ...

The article goes on to say that ...

It must be emphasised / should be noted / is clear / is evident that ...

Finally / in the end the author admits / emphasizes that...

The article is of some certain importance

As a whole / generally

Regarding to

It is started in details / in a chronological sequences

## 13 Keys

### Unit 1

1.2.1 a) 1T; 2F; 3T; 4F; 5F;6F; 7T; 8T.

1.2.2 a) 1, 2, 3, 6, 8, 9.

1.3.1 a) support; assistance; help.

b) 2 liberalization; 3 poverty; 4 prolonged recession; 5 auditor; 6 civil society.

1.3.2 a) 1b; 2d; 3e; 4c; 5a.

b) 1c; 2b; 3d; 4a.

c) 1 large-scale privatization; 2 unparalleled scale; 3 poverty alleviation;  
4 evolving knowledge.

d) 1c; 2b; 3a; 4d.

### Unit 2

2.2.1 a) put in your own words the following paragraphs: 1 para 1; 2 para 3; 3 para 9; 4 para 11.

2.3.1 a) to satisfy one's basic needs; poor country; lack of shelter; illiterate; not being able to find a job; fear for the future.

2.3.2 a) 1c; 2a; 3b; 4e; 5d.

b) 1c; 2a; 3b; 4f; 5d; 6e.

### Unit 3

3.2.1 a) a, c, d, e, g, i.

3.3.1 a) transition; change; reorienting; reform.

3.3.2 a) 1c; 2b; 3d; 4a.

b) 1c; 2d; 3a; 4b.

### Unit 4

4.2.1 a) 1, 2, 4, 5.

**4.3.1** a) 1c; 2d; 3b; 4a.

b) 1 in; with; of; in. 2to. 3 in; by; from. 4 through; to; in. 5 with; for; of. 6 by.

c) 1c; 2a; 3f; 4d; 5b; 6e.

## **Unit 5**

**5.2.1** a) 1 The essential elements of financial sector are macroeconomic stability, legal and regulatory frameworks and accounting systems.

2 Banks under state ownership still need strengthening, through stronger governance, tighter budget constraints, divestiture of branches, and restrictions on the scope of banking licenses.

3 Financial sector staff should be involved in the design of all financial intermediary loans and should ensure that the factors important to sustainability are adequately taken into account.

**5.2.2** a) 1T; 2F; 3T; 4T; 5F; 6F; 7T; 8T.

**5.3.1** a) 1d; 2a; 3e; 4b; 5a.

b) 1a; 2b; 3a; 4b; 5a.

c) 1 into. 2 on; of. 3 in. 4 in; of.

## **Unit 6**

**6.2.1** a) summarize in your own words the following paragraphs: 1 para7; 2 para8; 3 para9; 4 para10.

**6.3.1** a) 1c; 2a; 3e; 4b; 5d.

b) 1 of; out. 2 for; to. 3 by. 4 to; of. 5 of.

c) 1c; 2 a; 3b; 4e; 5d.

## **Unit 7**

**7.2.1** a) 1, 2, 3.

**7.3.1** a) 1 someone who owns something;

2 a person who is against global processes esp. in politics and economics;

3 a problem or a matter, very important and needing to be dealt with immediately;

4 actions taken to encourage economic processes.

**7.3.2** a) 1c; 2a; 3d; 4b.

b) 1c; 2a; 3f; 4b; 5d; 6e.

## **Unit 8**

**8.2.1** a) 1b; 2a; 3 b, d, e.

**8.3.1** a) 1 the industries and services in a country that are owned and run by private companies, and not by the government.

2 reduction in poverty.

3 consideration of a matter devoted to the particular matter.

4 the people who live in the same area, town etc.

b) poverty alleviation, poverty reduction, to cut poverty.

**8.3.2** a) 1c; 2a; 3d; 4b; 5f; 6e.

## **Unit 9**

**9.2.1** a) 1F; 2T; 3F; 4T; 5T.

**9.3.1** a) 1d; 2a; 3b; 4e; 5c.

b) 1 from; to. 2 with; to; for; out. 3 of; with; of. 4 to; in; of. 5 on; to. 6 of; with.

c) 1b; 2a; 3d; 4e; 5c.

## **Unit 10**

**10.2.1** a) 1F; 2F; 3T; 4T; 5F; 6T.

**10.2.2** a) 1 - 3.5%; 2 - 7%.

**10.3.1** a) 1d; 2a; 3b; 4c; 5e.

b) 1a; 2c; 3b.

**10.3.2** a) 1 debt; 2 liberalization; 3 outcome.

b) 1 GDP; 2 inequality; 3 enterprise; 4 progress; 5 pointsa.

## **Unit 11**

**11.2.1** a) put in your own words the following paragraphs: 1 para1; 2 para2; 3 para4;



4 para8.

**11.3.1 a) 1** an amount of money that you borrow from a bank etc.

**2** a person, group etc that gives something, especially money, to help an organization or country.

**3** a person or company that pays for a show, broadcast, sports event etc especially in exchange for the right to advertise at that event.

**4** a person or company that pays for a show, broadcast, sports event etc especially in exchange for the right to advertise at that event.

**5** insufficient the money that you earn from your work or that you receive from investments, the government etc.

**b)** to fight the spread of HIV/AIDs; protecting the world's wide variety of animals, plants, and other living things; climate change, forest preservation, water resources, pollution management, and biodiversity.

**c)** 1 – ; in; – ; in. 2 with; without. 3 from; to. 4 about. 5 to; in. 6 of; in.

## **Unit 12**

**12.2.1 a)** 1b; 2a; 3a; 4a.

**12.3.1 a)** 1b; 2e; 3d; 4c; 5a.

**b)** 1 for; of. 2 for; before. 3 for; in. 4 from. 5 from; on; by; by. 6 in; of; in; of.

**c)** 1a; 2f; 3e; 4b; 5c; 6d.

## 14 Glossary

**Advocacy.** The act or process of pleading, defending, or maintaining the cause or proposal of another—usually a disadvantaged individual or group.

**Balance of payments.** A set of accounts for a given period, usually a year, that summarizes the financial transactions of the institutions and residents of one country with the institutions and residents of the rest of the world. The set of accounts consists of (1) a current account, which shows expenditures the country made during the period on the purchase of goods and services from abroad, and the revenue derived from the sale of goods and services to the rest of the world; and (2) a capital account, which shows the flows of private and public investment and of other transfers.

**Bilateral (donor, institution).** An organization involving or participated in by two countries. The term *bilateral* means having two sides.

**Billion.** One billion equals 1,000,000,000 or one thousand million.

**Biodiversity.** The variability among living organisms from all sources, including land-based and aquatic ecosystems, and the ecosystems of which they are part. This variability includes diversity within species, between species, and of ecosystems. Diversity is the key to ensuring the continuance of life on Earth. It is also a fundamental requirement for adaptation and survival and the continued evolution of species.

**Capacity building.** A generic term relating to interventions designed to develop the ability of organizations to plan and deploy resources to achieve their changing objectives more effectively and efficiently.

**Civil society organizations.** Organized groupings of people in a society who are not government officials. They include nongovernmental and not-for-profit organizations that are based on ethical, cultural, political, scientific, religious, or philanthropic considerations. Examples are student organizations, research centers, charitable groups, foundations, trade unions, professional associations, academic institutions, media, pressure groups, and political parties.

**Community-driven development.** An approach that gives control of decisions and resources to community groups and local governments, and treats them as assets and partners in the development process.

**Corruption.** The abuse of public power for private gain. Bribery, misappropriation of public goods, and nepotism (favoring family members for jobs and contracts) are common examples of wrongdoing or misconduct.

**Country office.** World Bank office in the field (or in-country) that coordinates Bank activities with member governments, representatives of civil society, and other international donor agencies operating in the country, and with the country team at headquarters in Washington, D.C.

**Creditor.** A person, institution, or country that lends money, and to whom a debt must be repaid.

**Debt service.** The series of payments of interest and principal required on a debt over a given period of time.

**Debtor.** A person, institution, or country that borrows money, and now owes a debt that must be paid to its creditor(s).

**Deforestation.** The process of clearing of forests. Since tree root systems are essential for keeping topsoil in place, deforestation can bring about soil erosion. In addition, loss of trees is said to contribute to global warming because trees reduce greenhouse gases and provide shade.

**Developed country.** High-income country as defined by 2003 gross national income figures per capita: equal to or greater than \$9,386.

**Developing country.** Low- and middle-income countries in which most people have a lower standard of living with access to fewer goods and services than do most people in high-income countries. There are currently about 125 developing countries with populations over 1 million; in 1997, their total population was more than 4.89 billion.

**Disabled.** When a person's physical or mental condition keeps him/her from being able to function in an expected manner. Disability may result from birth, illness, or injury.

**Economic development.** Qualitative change and restructuring in a country's economy in connection with technological and social progress. The main indicator of

economic development is increasing gross national product (GNP) per capita (or GDP per capita), reflecting an increase in the economic productivity and average material well-being of a country's population. Economic development is closely linked to economic growth.

**Economic growth.** Quantitative change or expansion in a country's economy. Economic growth is conventionally measured as the percentage increase in gross domestic product (GDP) or GNP during one year.

**European Union (JU).** An economic and political alliance in which most European nations are members. It embraces a number of institutions, including the Council of the JU, the European Parliament, European Commission (civil service), Court of Justice, and Court of Auditors.

**Fiscal year.** An accounting period of 12 months, which usually does not coincide with the calendar year.

**Governance.** The process by which individuals, empowered to act on behalf of a group, make strategic decisions that direct the efforts of the whole. Such individuals often include government representatives or the board of directors of a company or nonprofit organization. A key to good governance is ensuring that those who are delegated to represent the larger interests of the group are held accountable for their activities.

**Greenhouse gases.** Gases that trap the sun's heat within the earth's atmosphere, creating a greenhouse effect that may dangerously raise temperatures around the globe. Greenhouse gases include ozone, methane, water vapor, nitrous oxide, carbon dioxide, and chlorofluorocarbons (CFCs).

**Gross domestic product (GDP).** The value of all final goods and services produced in a country in one year. GDP can be measured by adding up all of a country's incomes (wages, interest, profits, and rents) or by adding all expenditures (consumption, investment, government purchases, and net exports—that is, exports minus imports).

**Gross national product (GNP).** The value of all final goods and services produced in a country in one year (gross domestic product) plus income that residents have received from abroad, minus income claimed by nonresidents. GNP may be much less than gross domestic product (GDP) if much of the income from a country's production flows to

foreign persons or firms. But if a country's people or firms hold large amounts of the stocks and bonds of other countries' firms or governments and receive income from them, GNP may be greater than GDP. Since the words product and income are often used interchangeably, GNP per capita is also called income per capita.

**Illiteracy rate (adult).** The percentage of people, ages 15 and above, who cannot, with understanding, read and write a short, simple statement about their everyday life.

**Indigenous (people, village).** Those who originated in, or who are native to, a particular region or environment.

**Industrial country.** A country in which historically the greatest part of output has been accounted for by industry. However, the term is widely used to signify high-income economies.

**Infrastructure.** The basic facilities, services, and installations needed for the functioning of a community or society, such as transportation and communications systems, water and power lines, and public institutions including schools, post offices, and prisons.

**Macroeconomics.** The economic behavior of aggregates, such as income, employment, output, and the like, on a national scale.

**Market economy.** An economy that operates by voluntary exchange in a free market and is not planned or controlled by a central government authority; a capitalistic economy.

**Microfinance.** A financial system that works for the poor—especially those who wish to start or expand their small businesses—by offering them services such as savings, loans, transfers, and insurance, which they could not obtain from commercial banks.

**Multilateral (institution, organization).** International organizations involving or participated in by more than two countries and set up primarily to help member countries with reconstruction or development efforts. The main multilateral agencies are the U.N. and its specialized agencies; the World Bank Group; the European Community; and regional development banks, such as the African Development Bank.

**Nongovernmental organization.** Sometimes called voluntary agencies, these are private (not affiliated with a governmental body or institution), independent, nonprofit organizations of a charitable, research, or educational nature.

**Productivity.** The output of goods and services per unit of input—for example, per unit of labor (labor productivity), per unit of energy (such as GNP per unit of energy use), or per unit of all production resources combined. Also known as economic productivity or efficiency.

**Quality of life.** People's overall well-being. Quality of life is difficult to measure (whether for an individual, group, or nation) because in addition to material well-being (see standard of living), it includes such intangible components as the quality of the environment, national security, personal safety, and political and economic freedoms.

**Roma.** Europe's largest and most vulnerable minority. With no historical homeland, these "gypsies" live in nearly all countries of Europe and Central Asia and are an extremely diverse minority, with multiple subgroups based on linguistic, historical, and occupational distinctions. Size estimates of Europe's Roma population range from 7 million to 9 million, similar to the total population of many smaller European countries.

**Services.** Intangible goods that are often produced and consumed at the same time. An example is education: Students consume a lesson—an educational service—at the same time a teacher produces it. The service sector of the economy includes hotels, restaurants, and wholesale and retail trade; transport, storage, and communications; financing, insurance, real estate, and business services; community and social services (such as education and health care); and personal services.

**Stakeholder.** People and entities whose lives and livelihoods will be directly affected by a policy, initiative, or project. They are often a diverse group, including children, families, business owners, and government bodies, as well as religious and other nongovernmental organizations (academia, labor unions, environmental and social advocacy groups, and the media).

**Standard of living.** The level of well-being (of an individual, a group, or the population of a country) as measured by the level of income (for example, GNP per capita)

or by the quantity of various goods and services consumed (for example, the number of cars per 1,000 people or the number of television sets per person).

**Sustainable development.** A process of managing a portfolio of assets to preserve and enhance the opportunities people face today and in the future. Sustainable development includes economic, environmental, and social sustainability, which can be achieved by rationally managing physical, natural, and human capital.

**Tenement.** Apartment house, usually in a city, that meets only minimum standards of sanitation, safety, and comfort and occupied by poorer families.

**Transparency.** The quality of openness in governments and institutions that permits examination from outside parties.

## 15 Acronyms

**AVU** African Virtual University

**BINP** Bangladesh Integrated Nutrition Project

**CAS** Country Assistance Strategy

**CDF** Comprehensive Development Framework

**CFCs** chlorofluorocarbons

**CGIAR** Consultative Group on International Agricultural Research

**JU** European Union

**FAO** Food and Agriculture Organization

**GDP** gross domestic product

**GNI** gross national income

**GNP** gross national product

**HIPC** Heavily Indebted Poor Countries (Initiative)

**HIV/AIDS** - human immunodeficiency virus / acquired immune deficiency syndrome

**IBRD** International Bank for Reconstruction and Development

**ICSID** International Centre for Settlement of Investment Disputes

**IDA** International Development Association

**IFC** International Finance Corporation

**IMF** International Monetary Fund

**JPA** Junior Professional Associate

**KDP** Kecamatan Development Project

**MDGs** Millennium Development Goals

**MIGA** Multilateral Investment Guarantee Agency

**NEPAD** New Partnership for Africa's Development

**NRPP** Natural Resources Policy Project

**OCP** Onchocerciasis Control Programme

**PRSP** Poverty Reduction Strategy Paper



**SFD** Social Fund for Development

**SLS** Same Language Subtitling (for Mass Literacy)

**U.N.** United Nations

**UNAIDS** Joint United Nations Programme on HIV/AIDS

**UNDP** United Nations Development Programme

**UNESCO** United Nations Educational, Scientific, and Cultural Organization

**UNICEF** United Nations Childrens Fund

**U.S.** United States

**WBI** World Bank Institute

**YDP** Youth, Development, and Peace (Conference and Network)

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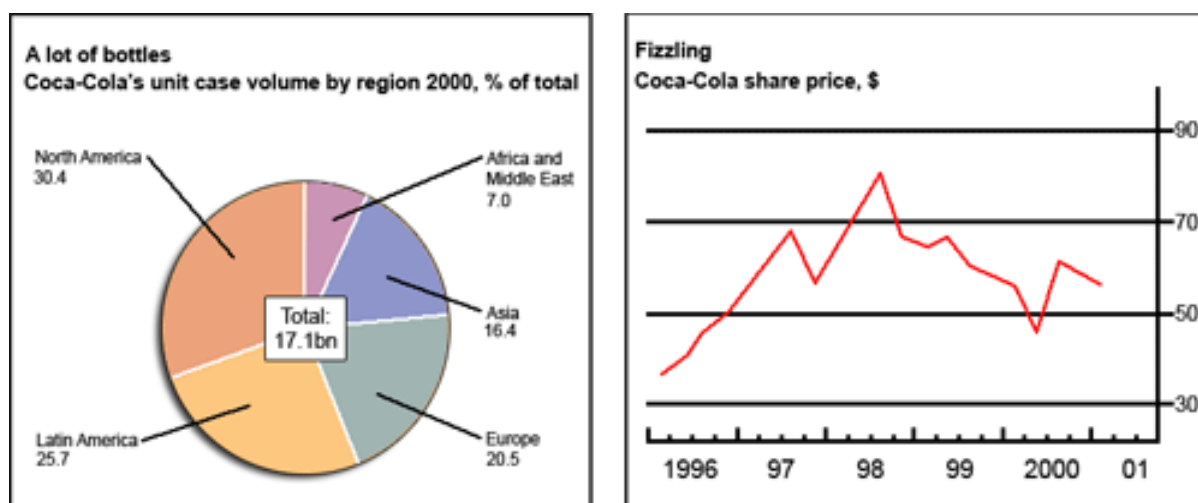
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- 6 **Коваленко, Е.Г.** Англо-русский словарь банковской терминологии / Е.Г. Коваленко; под ред. чл.-корр. РИА Тимофеева Н.И. – М.: Центр, 1994. – 464с. – ISBN 5-900359-17-4.
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## Приложение А (справочное)

### How to Describe Graphs

#### Model task

The chart and graph below give information about sales and share prices for Coca-Cola.



#### A model answer:

The pie chart shows the worldwide distribution of sales of Coca-Cola in the year 2000 and the graph shows the change in share prices between 1996 and 2001.

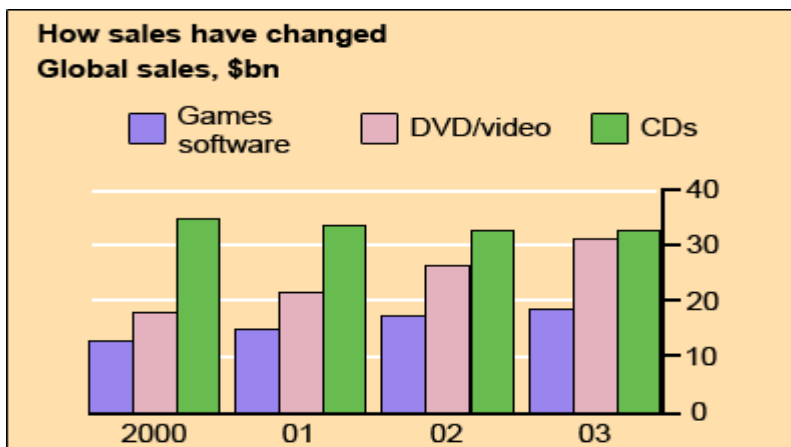
In the year 2000, Coca-Cola sold a total of 17.1 billion cases of their fizzy drink product worldwide. The largest consumer was North America, where 30.4 per cent of the total volume was purchased. The second largest consumer was Latin America. Europe and Asia purchased 20.5 and 16.4 per cent of the total volume respectively, while Africa and the Middle East remained fairly small consumers at 7 per cent of the total volume of sales.

Since 1996, share prices for Coca-Cola have fluctuated. In that year, shares were valued at approximately \$35. Between 1996 and 1997, however, prices rose significantly to \$70 per share. They dipped a little in mid-1997 and then peaked at \$80 per share in mid-98. From then until 2000 their value fell consistently but there was a slight rise in mid-2000.

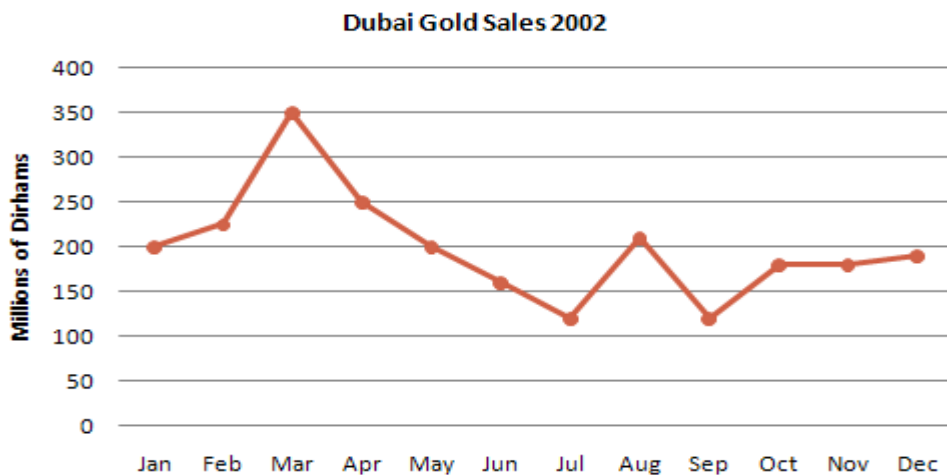
### Practice yourself

### Describe the graphs below

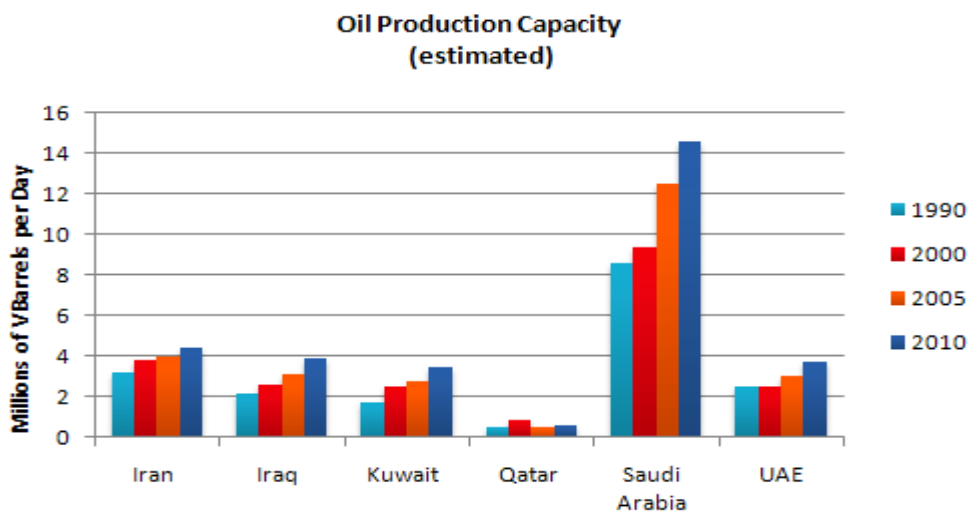
The chart below gives information about global sales of games software, CDs and DVD or video.



The graph below describes gold sales in Dubai in 2002



The graph shows estimated oil production capacity for several Gulf countries between 1990 and 2010.



**Useful expressions:**

The graph / pie chart / bar chart shows... – График / секторная диаграмма / гистограмма демонстрирует....

The subject of the graph / pie chart / bar chart is... – Предметом графика / секторной диаграммы / гистограммы является...

The horizontal / vertical axis represents... – На горизонтальной / вертикальной оси изображены...

The line on the graph illustrates the relationship between... and ... – Кривая графика демонстрирует соотношение между... и ...

One of the trends revealed by this graph / pie chart / bar chart is .... – Одна из тенденций, просматриваемая на графике/ секторной диаграмме / гистограмме...

If this trend holds... – Если эта тенденция сохранится...

By studying this graph we can predict that... – Изучив этот график, мы можем предсказать, что...

In conclusion... – В заключение...

increase gradually, sharply – увеличивается постепенно, резко;

rise slowly, rapidly – растет медленно, быстро;

climbed minimally, dramatically – поднимается минимально, резко;

shoot up – значительно возрастает;

soar, rocket – стремительно возрастает;

plummet – стремительно падает;

drop sharply, slightly – падает резко, незначительно;

level off – выравнивается;

remain constant – остается постоянным;

...is projected to rise sharply – предполагается резкое возрастание;

...is forecast to drop slightly – прогнозируется незначительное падение;

...is expected to fall dramatically – ожидается значительное падение;

...is predicted to decline steadily – предсказывается уверенное снижение.

## **Приложение Б** *(справочное)*

### **Практические рекомендации по пересказу экономических текстов на английском языке**

1. При подготовке к пересказу текста сначала составьте его краткий логический план. Для этого внимательно прочтите (возможно, и не один раз) текст, выделяя в нем основную информацию и ориентируясь на абзацы. При необходимости воспользуйтесь составленным Вами списком значений незнакомых слов. Поставьте вопросы к тексту, обращая внимание не только на их правильную грамматическую форму, но и на логическую последовательность. Ответьте на эти вопросы с опорой на текст, а затем не глядя в текст.
2. Перескажите текст, пользуясь его кратким логическим планом, составленным Вами письменно. При этом не следует пытаться слово в слово запомнить и пересказать весь текст. Необходимо пересказать все, что Вы поняли в прочитанном тексте. Для этого сложные и длинные предложения желательно разделить на несколько простых, перефразировать лексически трудные места, сложные грамматические конструкции можно упростить.
3. Если Вы хотите употребить при пересказе впервые встретившиеся английские слова, то напишите их при соответствующем пункте Вашего плана. Пересказывая текст, следите за тем, чтобы, начиная английскую фразу, Вы четко представляли, как ее закончите. Пересказывайте основные положения текста в их логической последовательности, при желании опуская второстепенную информацию.

Следующие выражения могут быть полезны при пересказе английского текста:

The title of the text is.....

The author of the text is.....

The text is written by.....

The main topic (idea) of the text (of the paragraph) is

The text is about (is devoted to, deals with .....)

According to the text .....

The text is divided into 3 parts.....

The first part (paragraph) shows (presents, concentrates on...)

(Further) the text goes on to say that....

At the end of the text (finally, in conclusion)

The text is completed by (contains) figures and tables

I found the text interesting (important, useful, of no value, too hard to understand).



## Приложение В

(справочное)

### The plan for rendering the text

<b>The plan for rendering the text</b>	<b>Some expressions to be used while rendering</b>
1 the title of the article	The article is headlined... The headline of the article I have read is...
2 the author of the article, where and when the article was published	The author of the article is ... The article is written by ... It is (was) published in ... It is (was) printed in ...
3 the main idea of the article	The main idea of the article is ... The article is about ... The article is devoted to ... The article deals with ... The article touches upon ... The article puts forward the idea / attempts to discuss... The object / purpose of the article is to show / give the reader some information on ... The article / paper deals with some aspects of ... The article discusses some problems relating to ... The article presents the basic theory ... The article provides information on ... The article is concerned with ...
4 contents of the article (some facts, names, figures)	The article begins with a short discussion on ... The article deals firstly with the problem of ... The author points out / notes / describes that ... The author starts by telling the reader that ... The author writes / states / stresses / thinks that ...

	<p>Further the author reports / says ...</p> <p>Then the author goes on to the problem of ...</p> <p>After discussing ... the author turns to ...</p> <p>The article goes on to say that ...</p> <p>Then follows a discussion on ...</p> <p>The next / following paragraph deals with / presents / discusses ...</p> <p>Next / then the author tries to indicate / indicates / explains that ...</p> <p>It must be emphasised / should be noted / is clear / is evident that ...</p>
5 conclusion	<p>The author comes to the conclusion that ...</p> <p>The final paragraph states / describes that ...</p> <p>The final paragraph ends with ...</p> <p>The conclusion is ...</p> <p>The author concludes / summarizes / admits that ...</p> <p>Finally / in the end the author admits / emphasizes that...</p>
6 article assessment (your opinion of the article)	<p>I found the article interesting / important / dull / of no value / (too) hard to understand</p> <p>The article is of some certain importance</p> <p>The article is interesting / important /dull /of no value / (too) hard to understand / up-to-date / out-of-date / useful / boring</p>
<b>Active vocabulary</b>	
<p>All in all...</p> <p>As a whole / generally...</p> <p>It goes without saying...</p> <p>As far as I know...</p> <p>As a matter-of-fact...</p> <p>According to ...</p>	

In according with ...

In respect to ...

With regard to...

Regarding to ...

The vital problem...

The first thing to maintain is ...

It is started in details / in a chronological sequences ...

## **Приложение Г** *(рекомендуемое)*

### **Тексты для дополнительного чтения**

#### **Text 1. World Bank**

The World Bank is the world's foremost intergovernmental organization concerned with the external financing of the economic growth of developing countries. The official title of the institution is the International Bank for Reconstruction and Development (IBRD).

Before recommending a Bank loan, the staff of the Bank must be reasonably satisfied that the productivity of the borrowing country will be increased and that the prospects for repayment are good. A country must be judged creditworthy. Engineering investigations are frequently carried out to determine the probable relation of a proposed project to benefits and costs. Increasingly, however, the Bank has shifted somewhat away from project lending (e.g., for a dam or a highway or a port); it has become concerned with education and other human services, the environment, and, through structural adjustment loans, the modification of governmental policies that are thought to have impeded long-run growth. The Bank has also paid increasing attention to the evaluation of previous lending. Recently, moreover, it has acceded to the requests of the American secretary of the treasury to help to ease the huge, outstanding, largely commercial bank debt.

Voting power in the Bank (as well as in the Fund) is determined by the size of each member nation's subscription. Subscriptions, in turn, are based on a formula that takes into account such variables as the value of each nation's foreign trade and its total output. Ultimate power, through weighted voting, rests with the Board of Governors of the Bank (and the Fund). The governors meet annually in September. The day-to-day affairs of the Bank are determined, however, by executive directors who live permanently in Washington, D.C. They hire a president, who, in turn, hires a staff. By tradition, rather

than law, the president of the Bank is an American, usually a banker, proposed by the President of the United States.

Because of the size of their subscriptions, five nations — the United States, Japan, Germany, the United Kingdom, and France — are entitled to appoint executive directors; the remaining seventeen directors are elected by some combination of the votes of the other nations. There are 156 member nations, but, with the independence of the Baltic states and the devolution of the Soviet Union into separate republics, the membership could increase to over 170, thereby including all the independent nations in the world.

The Soviet Union was one of the forty-four governments whose representatives signed the original Bretton Woods agreements, but along with the other members of the Warsaw Pact, it chose not to join the Bank or the Fund when these organizations were formally incorporated in 1946. Poland and Czechoslovakia joined the Bank and the Fund initially but withdrew when the cold war began in earnest

## **Text 2. World Bank Group**

In 1954 an International Finance Corporation was established to supplement the World Bank by participating in equity financing in member countries, and in 1960, a third organization, the International Development Association (IDA), was created. These three organizations constitute the World Bank Group. The IDA has the same officers and staff as the World Bank, but its separate charter enables it to offer loans to low-income member countries repayable at 0.75 percent interest over 50 years (including 10 years' grace).

Soft or concessionary assistance is made possible by contributions to (replenishments of) the IDA by the governments of high-income (industrial) countries. The management of the World Bank Group is thus enabled to offer rates of interest and loan maturities which take into account the nature of the projects financed and the presumed ability of borrowing governments to service their debt. The initial capitalization of IDA for the 5 years 1960 to 1964 was less than \$1 billion in hard currencies. By 1992, the ninth replenishment for 3 years will be over \$11 billion. I

Today, the World Bank Group is a far cry from what it was when the World Bank began in 1946 §under President Eugene Meyer—with three floors of rented office space at 1818 H Street NW and a few dozen employees. Even in the final days of the presidency of George Woods, in 1968, the group had fewer than 1500 employees and four buildings. As of August 31, 1991, however, on the eve of the accession to the presidency of Lewis Preston, former chairman of the board of J. P. Morgan & Co., the World Bank Group had 3 senior vice presidents, 14 vice presidents, and 6500 employees scattered through 18 separate buildings in Washington, D.C.; 2 large offices in Paris and Tokyo; and 50 regional offices. The World Bank Group has had a significant positive effect on the flow of capital to the poorer countries of the world, both directly and indirectly, and knowledge of Third World problems has increased enormously. Still, the record of growth is spotty. In much of East Asia, per capita income is rising rapidly, but in Africa south of the Sahara, in South Asia, and in much of Latin America, the growth of per capita income has been discouragingly slow.

### **Text 3. International Finance Corporation**

The International Finance Corporation (IFC) promotes sustainable private sector investment in developing countries as a way to reduce poverty and improve people's lives. IFC is a member of the World Bank Group and is headquartered in Washington, DC. It shares the primary objective of all World Bank Group institutions: to improve the quality of the lives of people in its developing member countries.

Established in 1956, IFC is the largest multilateral source of loan and equity financing for private sector projects in the developing world. It promotes sustainable private sector development primarily by: Financing private sector projects and companies located in the developing world. Helping private companies in the developing world mobilize financing in international financial markets. Providing advice and technical assistance to businesses and governments.

IFC has 181 member countries, which collectively determine its policies and approve investments. To join IFC, a country must first be a member of the International

Bank for Reconstruction and Development (IBRD). IFC's corporate powers are vested in its Board of Governors, to which member countries appoint representatives. IFC's share capital, which is paid in, is provided by its member countries, and voting is in proportion to the number of shares held. IFC's authorized capital (the sums contributed by its members over the years) is \$2.45 billion; IFC's net worth (which includes authorized capital and retained earnings) was \$9.8 billion as of June 2005.

The Board of Governors delegates many of its powers to the Board of Directors, which is composed of the Executive Directors of the IBRD, and which represents IFC's member countries. The Board of Directors reviews all projects. The President of the World Bank Group, Robert Zoellick, also serves as IFC's president. IFC's CEO and Executive Vice President, Lars Thunell, is responsible for the overall management of day-to-day operations. He was appointed on January 15, 2006. Although IFC coordinates its activities in many areas with the other institutions in the World Bank Group, IFC generally operates independently as it is legally and financially autonomous with its own Articles of Agreement, share capital, management and staff.

The IFC's equity and quasi-equity investments are funded out of its paid-in capital and retained earnings (which comprise its net worth). Strong shareholder support, triple-A ratings, and a substantial capital base allow the IFC to raise funds on favorable terms in international capital markets. As of June 30, 2006, retained earnings represented almost three-quarters of the IFC's \$9.8 billion net worth.

Within the World Bank Group, the World Bank finances projects with sovereign guarantees, while the IFC finances projects without sovereign guarantees. This means that the IFC is primarily active in private sector projects, although some projects in the public sector (at the municipal or sub-national level) have recently been funded.

Private sector financing is IFC's main activity, and in this respect is a profit-oriented financial institution (and has never had an annual loss in its 50-year history). Like a bank, IFC lends or invests its own funds and borrowed funds to its customers and expects to make a sufficient risk-adjusted return on its global portfolio of projects.

Apart from its core investment activities, IFC also carries out technical cooperation projects in many countries to improve the investment climate. These activities may be

linked to a specific investment project, or, increasingly, to broader goals such as improving the legislative environment for a specific industry. IFC's technical cooperation projects are generally funded by donor countries or from IFC's own budget.

Critics have questioned the sustainability of some IFC-funded projects. The IFC recently invested \$9 million in the upgrading of a slaughterhouse facility in the Amazon region owned by Brazil's biggest beef producer, despite opposition from local NGOs and the Sierra Club.

#### **Text 4. International Development Association**

The International Development Association (IDA) created on September 24, 1960, is the part of the World Bank that helps the world's poorest countries. It complements the World Bank's other lending arm — the International Bank for Reconstruction and Development (IBRD) — which serves middle-income countries with capital investment and advisory services.

IDA is responsible for providing long-term, interest-free loans to the world's 80 poorest countries, 39 of which are in Africa. IDA provides grants and credits (subject to general conditions), with repayment periods of 35 to 40 years. Since its inception, IDA credits and grants have totaled \$161 billion, averaging \$7-\$9 billion a year in recent years and directing the largest share, about 50%, to Africa. While the IBRD raises most of its funds on the world's financial markets, IDA is funded largely by contributions from the governments of the richer member countries. Additional funds come from IBRD income and repayment of IDA credits.

IDA loans address primary education, basic health services, clean water supply and sanitation, environmental safeguards, business-climate improvements, infrastructure and institutional reforms. These projects are intended to pave the way toward economic growth, job creation, higher incomes and better living conditions.

IDA critics allege the improper use of financial resources, and object to a voting structure based on financial contributions (the largest being from the U.S. until 2007, when



it was overtaken by the United Kingdom). Others criticize the IDA for its promotion of free trade, which some see as a means of oppression by the World Bank Group.

The International Development Association (IDA) is the part of the World Bank that helps the earth's poorest countries reduce poverty by providing no-interest loans and grants for programs aimed at boosting economic growth and improving living conditions. IDA funds help these countries deal with the complex challenges they face in striving to meet the Millennium Development Goals. They must, for example, respond to the competitive pressures as well as the opportunities of globalization; arrest the spread of HIV/AIDS; and prevent conflict or deal with its aftermath.

IDA's long-term (stretched over 35 to 40 years), no-interest loans pay for programs that build the policies, institutions, infrastructure and human capital needed for equitable and environmentally sustainable development. IDA's goal is to reduce inequalities both across and within countries by allowing more people to participate in the mainstream economy, reducing poverty and promoting more equal access to the opportunities created by economic growth. IDA also provides grants to countries at risk of debt distress.

**Text 5. The Bank of Finland is Finland's central bank and a member of the Eurosystem.**

The Bank of Finland acts as Finland's central bank, national monetary authority and member of the European System of central banks and the Eurosystem.

The Eurosystem covers the European Central Bank and the euro area central banks. It administers the world's second largest currency, the euro. There are over 300 million people living in the euro area and from the beginning of 2008 the area covers 15 countries. Therefore, the Bank of Finland's strategies are related to both domestic and Eurosystem objectives.

The main objective of the Eurosystem and Bank of Finland alike is price stability, which means maintaining a moderate rise in consumer prices. Price stability creates the prerequisites for a sound economy. In order to meet this objective, the Bank of Finland participates in the preparation and decision-making process of the Eurosystem's monetary

policy as well as implementing the policy in Finland. A broad research base provides a solid background to the Bank's expertise in these tasks.

In addition to monetary policy and research, the Bank of Finland has three other core functions: financial markets and statistics, banking operations and the maintenance of currency supply. There are a little under 500 persons working at the Bank of Finland and an additional 210 in association with it at the Financial = Supervision Authority (FIN-FSA).

In line with the Finnish Constitution, the Bank of Finland operates under the guarantee and supervision of the Parliament. The Bank's operations are supervised by the nine-member Parliamentary Supervisory Council, appointed by the Parliament.

The Bank's executive is its Board, composed of the chairman - the Governor -and a maximum of five other Board members. The Governor is nominated by the President of the Republic upon the recommendation of the Parliamentary Supervisory Council, while the other members of the board are nominated directly by the Parliamentary Supervisory Council. A prerequisite of Board membership is the appropriate expertise.

The office of Governor of the Bank is for a seven-year term. Other members of the Board have five-year terms. The same person may be selected as Board member for a maximum of three terms. However, the Governor may be selected for two terms, even if he previously served as member of the Board. The Governor is a member of the Governing Council of the European Central, which therefore means that he is one of those who decide on the monetary policy of the euro area

The present Board has four members: the Governor of the Bank of Finland; Deputy Governor and two other Board members. Each of the Members of the Board has their own Web presentation pages, including CV and photographs.

### **Text 6. Central bank resources and their use for specific budget purposes**

The volume of quasi-fiscal operations conducted by central banks (credit subsidies, actions in support of the government bond market, etc) depends on the specific monetary situation and usually increases when this situation becomes slightly destabilised. The

volume of Bank of Russia quasi-fiscal operations expanded significantly after the banking crisis of 1998. Although Article 22 of the Law on the Central Bank of the Russian Federation and Article 93 of the Budget Code prohibit the Bank of Russia from extending loans to finance the budget deficit by buying government securities at the time of their initial placement, the 1998/99 federal budget laws permitted using for this purpose the funds raised as a result of the purchase by the Bank of Russia of permanent coupon-income federal bonds. Although officially this was done through the Savings Bank (Sberbank), it did not change the essence of the transaction. In addition, in that period the Bank of Russia provided foreign currency to the Ministry of Finance through the Vnesheconombank (Bank for Foreign Economic Affairs) for government debt payment and service and restructured Bank of Russia-owned Finance Ministry bills and other securities, including accrued interest. As a result, the Finance Ministry's debt to the Bank of Russia amounted to RUB 655 billion (USD 21 billion) as of 1 January 2003, of which RUB 385 billion, or 57% of Russia's domestic government debt, were denominated in the national currency.

The structure of Russia's domestic government debt and securities market, as at the start of 2002, will not allow the Finance Ministry to increase domestic borrowings in 2002 and the subsequent years or expand the range of debt instruments without increasing interest expenditures (with regard to domestic debt), because a large part of domestic government debt is now owned by the Bank of Russia. It should be noted that 94% of the Finance Ministry's rouble-denominated debt to the Bank of Russia is non-marketable and illiquid owing to a low coupon interest rate (from 0 to 2%) and long maturity (up to 30 years). This debt is a drag on the Bank of Russia's balance sheet, depriving the Bank of considerable resources and restricting the range of instruments it could otherwise have used to enhance the efficiency of its monetary policy.

### **Text 7. Medium-term budget and tax positions of emerging market economies**

The most widely used indicator of the position of the budget, and the efficiency of the budget policy as a whole, is the ratio of the fiscal deficit or surplus to GDP. It should

be noted, however, that if it is necessary to determine more precisely the credibility of the fiscal policy pursued, the analysis of this ratio should be complemented by information on the structural aspects of government revenue and expenditure. In Russia, the size of a budget deficit or surplus is calculated on a cash basis or by financing method. The Central Bank of the Russian Federation (Bank of Russia) believes that one of the major preconditions for the implementation of an efficient monetary policy today is the pursuit by the federal government of a budget surplus policy, which creates conditions for optimal government debt management and makes enterprises competitive in the domestic market. In the last few years Russia has had a budget surplus: calculated according to the cash basis method, it was 1.1% of GDP in 2000, 2.6% in 2001 and 1.4% in 2002. Calculated on the basis of liabilities, the surplus has been considerably smaller owing to the constant accumulation of balances in the accounts of recipients of budget funds. The kernel of the matter is that the Federal Treasury has not yet created a single account for day-to-day management of budget resources. Budget-financed organisations are unable to gain instant access to funds to fulfil their obligations and therefore they have to keep considerable positive balances in their budget accounts. However, the main factor contributing to the budget surplus is the persistent efforts made by the federal government to reduce the country's domestic and foreign debt and create a financial reserve to compensate for peak government debt payments. As a result, such fiscal tactics of the government have a significant effect on the money supply and the monetary policy pursued by the Bank of Russia.

Owing to the country's three-tier budget structure, the federal government's budget surplus does not preclude budget deficits at the regional level. In 2000-02, the Russian government implemented a policy of centralising tax revenues at the federal level while simultaneously passing a part of regional and municipal budget liabilities to the federal budget. Specifically, it made the decision to include all value added tax revenues in the federal budget (previously 15-25% of VAT revenues went to regional budgets) and to cut the profit tax from 35% to 24%. At the same time, regional budget obligations to finance child and disability allowances have been transferred to the federal budget and transfers

have been increased for regions with budget deficits. Nevertheless, a number of regions still have budget deficits.

Although under the Constitution the Russian regions are independent in managing their budgets, Russia must have a single budget concept, which should be implemented on the basis of effective budget interaction at all levels. It should be emphasised that a budget deficit is not always a bad thing. Its nature and role should be evaluated taking into consideration the causes, areas and uses of the additional financial resources mobilised and the sources and methods of financing. In recent years the government has increasingly used budget reserves as a precaution against a possible budget deficit, even though this method is not written down in the Budget Code. The 2002 Federal Budget Law provided for creating a financial reserve from the budget surplus of RUB 110 billion and free federal budget funds in the Federal Treasury accounts as of 1 January 2002. This fund can only be used as a substitute for internal and external sources of financing the federal budget deficit and government debt repayment. The Ministry of Finance manages the financial reserve in accordance with the procedures set by the federal government.

(Oleg Vyugin)

### **Text 8. The central bank and cyclically adjusted budget positions**

The Bank of Russia takes into account cyclical factors when forecasting the state of government finances. It is clear that the budget surpluses of the last few years are the result of economic growth (which is no longer restricted to export sectors) and that Russia may see its budget position weaken as economic growth eases. To evaluate the budget position from the viewpoint of its structural and cyclical aspects, calculations are made on the basis of the prices of raw materials sold by Russian companies in world commodities markets. These calculations are taken into consideration in drafting the budget for the next year. It is the realisation of the difference between the structural and cyclical deficit that lies at the base of the concept of creating a federal budget financial reserve. At the same time, significant growth in budget revenues in 1999-2001, brought about by an economic upswing, allowed the Russian authorities to continue reforms aimed at alleviating the debt

burden on economic agents. The government hopes that this will encourage further economic growth and allow it to preserve the budget surplus.

The inherent automatic stabilizers of the Russian budget system play too small a role today. Theoretically, the revenue side of the budget may dampen cyclical fluctuations. Budget expenditures are normally approved beforehand and hardly increase at all during the budget year, including expenditures on the socially vulnerable population groups, although the 2001 and 2002 budgets provided for contingent expenditure items that would only be implemented if more revenue was collected than planned. Moreover, a tax on the development of mineral resources was introduced, which partly protected the revenue part of the budget from oil market fluctuations.

A large budget deficit or rapidly growing government debt makes it impossible to increase budget expenditure and cut taxes in order to maintain economic growth during a recession. In the upswing, for example, the opposite measures are impossible to implement in order to suppress inflation, because such measures are not supported by the electorate. As the public may consider a cut in taxes to be a temporary measure, its more far-sighted representatives will be in no hurry to change their spending, so the deficit may increase while aggregate demand will remain unchanged. The authorities responsible for the budget may take such a long time to react (making amendments to tax and budget laws is a long process, as has been noted above) that budget measures alone may not suffice to stabilize the situation.