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# Multilaterals Playing Growing Role in Funding Global Development

**Increasing Number of Rated Institutions**

## 35 Rated Supranationals, Up from 15 Ten Years Ago

- The number of supranationals that have become **active in capital markets** has grown significantly in the past decade.
- Debt issuance in the capital markets is an indication of their **growing role in development finance**.
- On average, MDBs are highly rated, *i.e.*, **financially strong**. There has never been a default on MDB debt or, except in one instance, the need to call capital.
- Capital increases** around the time of the global financial crisis indicate strong government shareholder support.
- The mandates of the institutions are quite diverse. **Specialization** has increased over time.

# MDBs Grow in Numbers and Kinds

## MDBs Rated by Moody's as of September 2015

Multilateral Development Bank	Founding Year	Moody's Initial Rating	Current Rating
Africa Finance Corporation (AFC)	2007	2014	A3/STA
African Development Bank (AfDB)	1963	1984	Aaa/STA
African Export-Import Bank (AFREXIM)	1993	2010	Baa2/STA
Arab Petroleum Investments Corp. (APICORP)	1974	2010	Aa3/STA
Asian Development Bank (ADB)	1966	1975	Aaa/STA
Black Sea Trade & Development Bank (BSTDB)	1997	2004	A2/NEG
Caribbean Development Bank (CDB)	1969	1992	Aa1/STA
Central American Bank for Economic Integration (CABEI)	1960	2002	A1/STA
Corporacion Andina de Fomento (CAF)	1968	1993	Aa3/STA
Council of Europe Development Bank (CEB)	1956	1988	Aa1/STA
East African Development Bank (EADB)	1967	2013	Baa3/STA
European Financial Stability Facility (EFSF)	2010	2010	Aa1/STA
Eurasian Development Bank (EDB)	2006	2007	Baa1/STA
Eurofima	1956	1984	Aa1/STA
European Bank for Reconstruction & Development (EBRD)	1991	1991	Aaa/STA
European Investment Bank (EIB)	1958	1976	Aaa/STA
European Investment Fund (EIF)	1994	2003	Aaa/STA
European Stability Mechanism (ESM)	2012	2012	Aa1/STA
European Union (EU)	1993	1997	Aaa/STA
Fondo Latinoamericano de Reservas (FLAR)	1978	2002	Aa2/STA
GuarantCo	2006	2014	A1/STA
Gulf Investment Corporation G.S.C. (GIC)	1983	2002	A2/STA
International Bank for Reconstruction & Development (IBRD)	1944	1962	Aaa/STA

Source: Moody's, Issuers' Articles of Agreement

# MDBs Grow in Numbers and Kinds

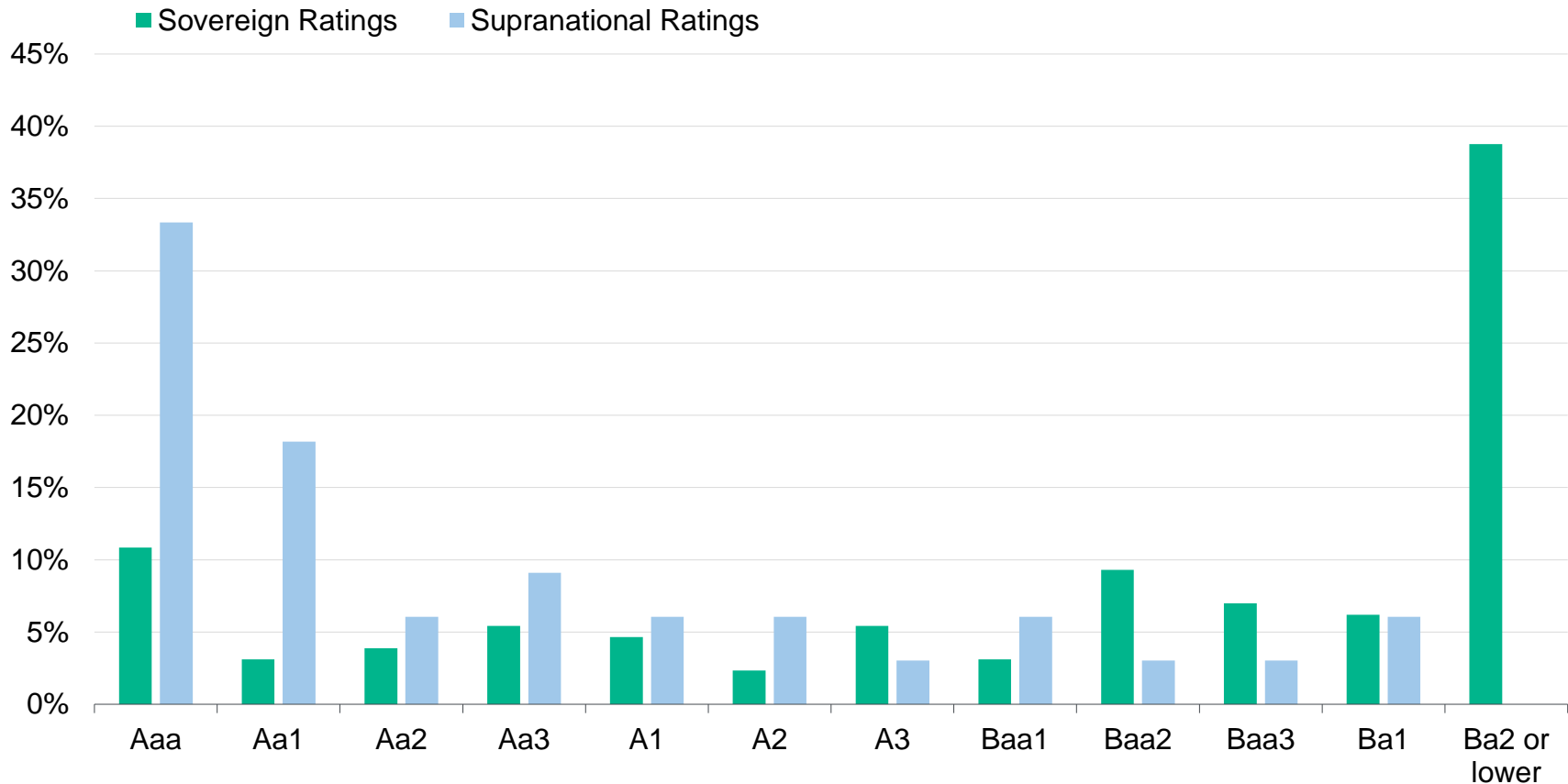
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## MDBs Rated by Moody's as of September 2015 (Continued)

Multilateral Development Bank	Founding Year	Moody's Initial Rating	Current Rating
Inter-American Development Bank (IADB)	1959	1975	Aaa/STA
Inter-American Investment Corporation (IIC)	1985	2001	Aa2/POS
International Finance Corporation (IFC)	1956	1989	Aaa/STA
International Investment Bank (IIB)	1970	2014	Baa1/STA
Islamic Corporation for the Development of the Private Sector (ICD)	1999	2015	Aa3/STA
Islamic Development Bank (IsDB)	1975	2006	Aaa/STA
Nordic Investment Bank (NIB)	1976	1980	Aaa/STA
North American Development Bank (NADB)	1994	2010	Aa1/STA
PTA Bank	1985	2010	Ba1/STA
Shelter Afrique	1982	2011	Ba1/STA
The West African Development Bank (BOAD)	1973	2015	Baa1/STA

Source: Moody's, Issuers' Articles of Agreement

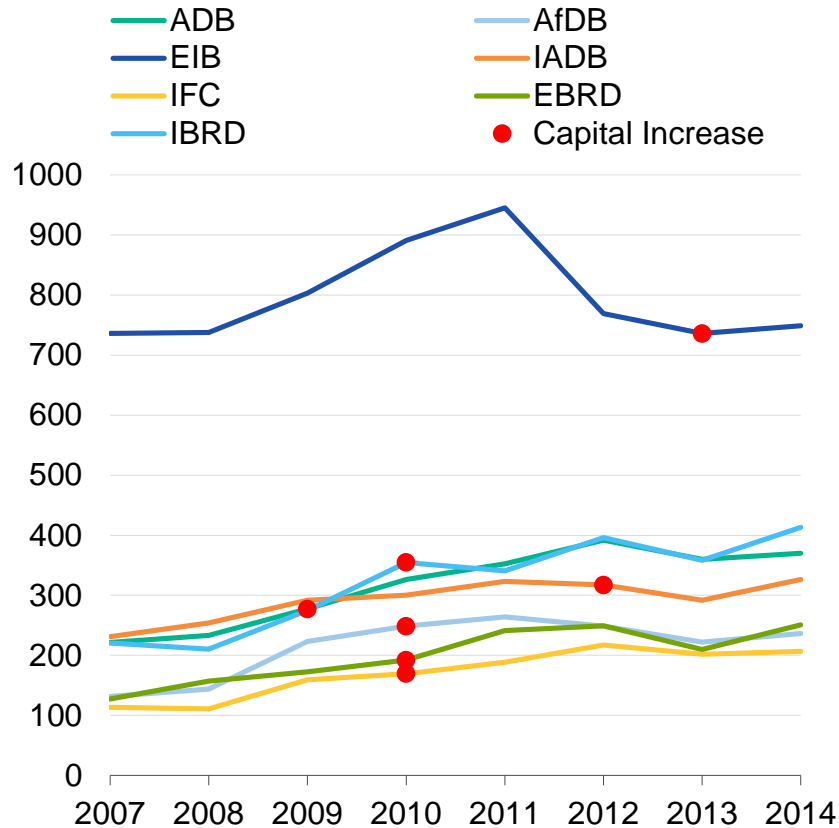
# Aaa and Aa Ratings Dominate



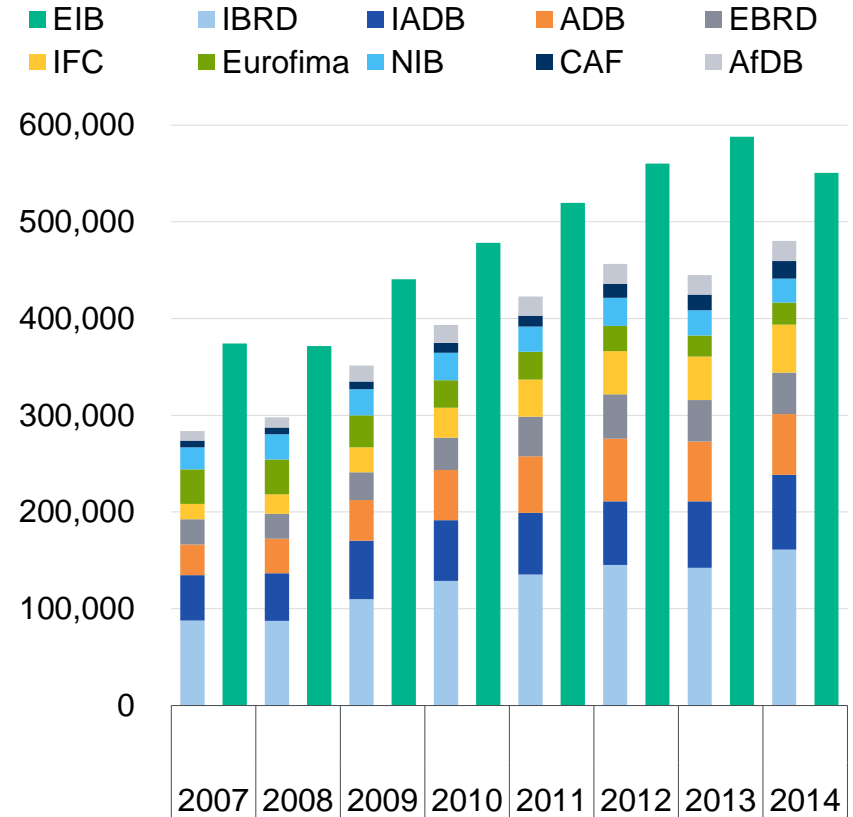
Source: Moody's

# Debt Levels Continue to Rise Despite Capital Increases

Leverage, Debt as % of Equity



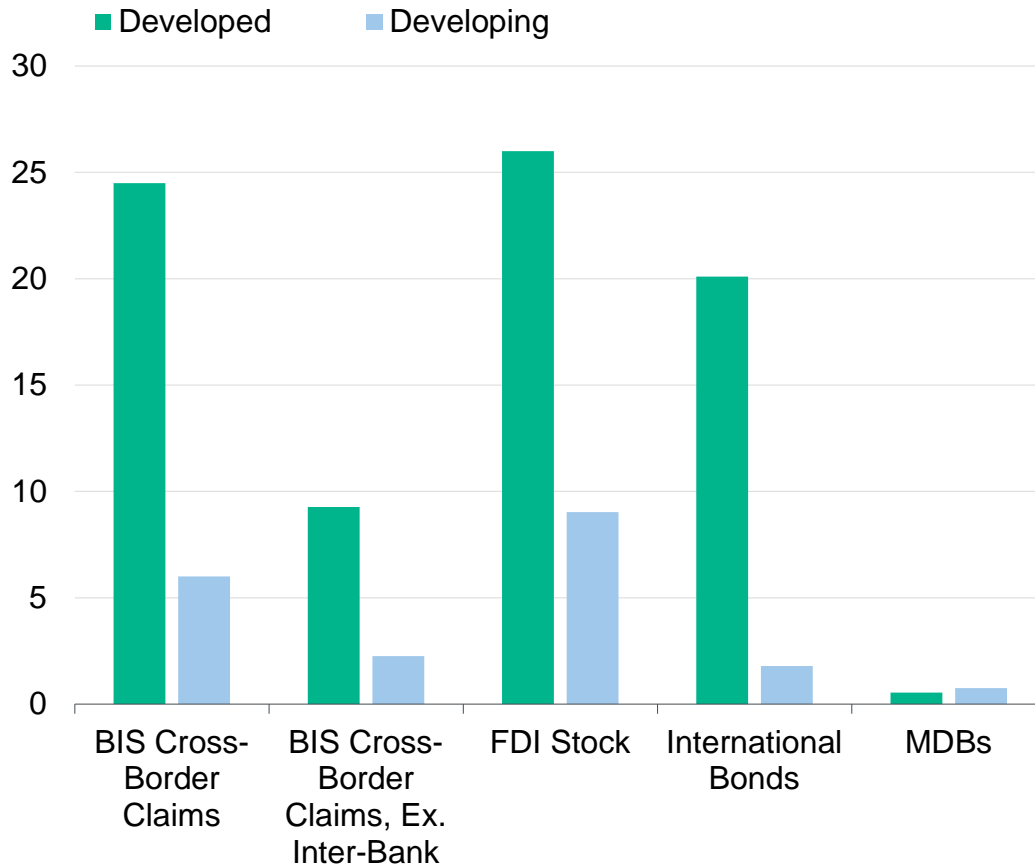
Outstanding Debt Stock, \$ Billion



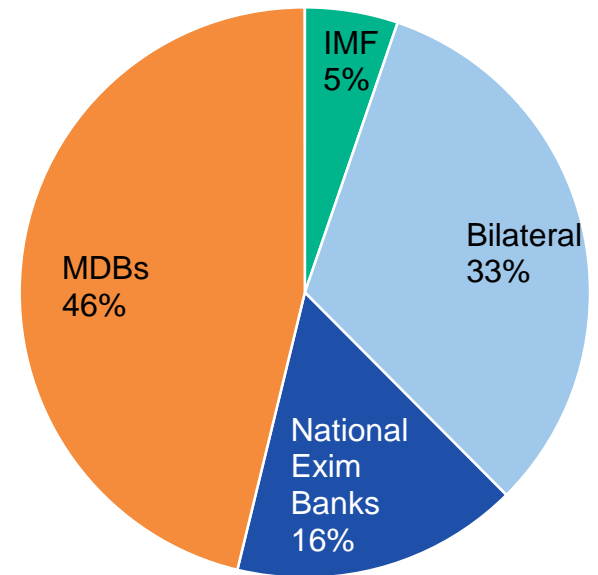
Source: Moody's

# MDBs Still Play a Small Role in Global Financial Flows

Stock of Cross-Border Loans, \$ Trillion

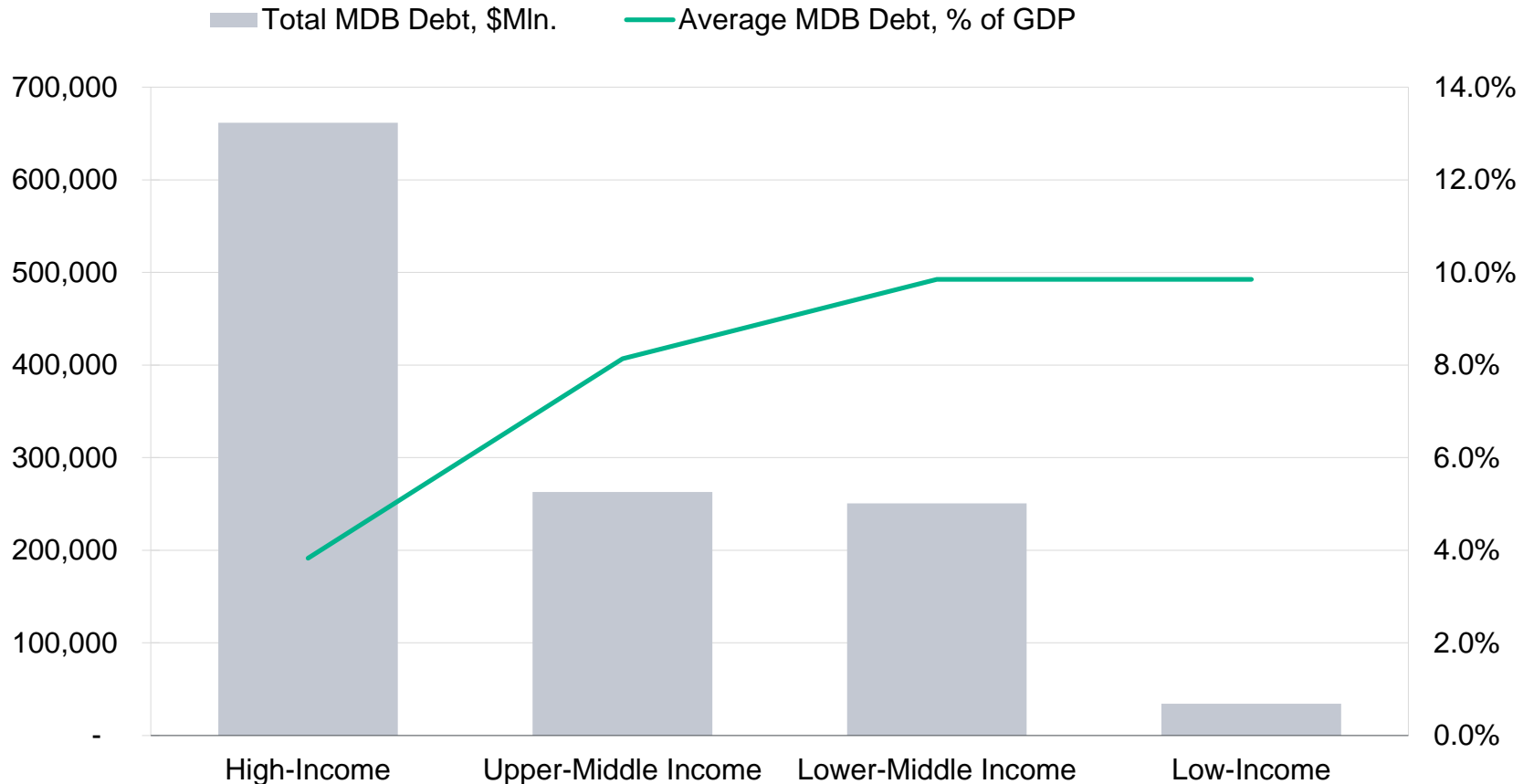


Allocated Assets of Official Lenders, %



Source: Moody's, BIS, United Nations, Annual Reports

# Distribution of MDB Funding by Income Level of the Recipient



Source: Moody's, World Bank



# Specialization Among MDBs

**Eurofima:** Railroad rolling stock finance

**NADB:** Environmental projects in the US/Mexico border region

**APICORP:** Energy sector related companies in the Gulf region

**Council of Europe Development Bank:** Socially oriented infrastructure development

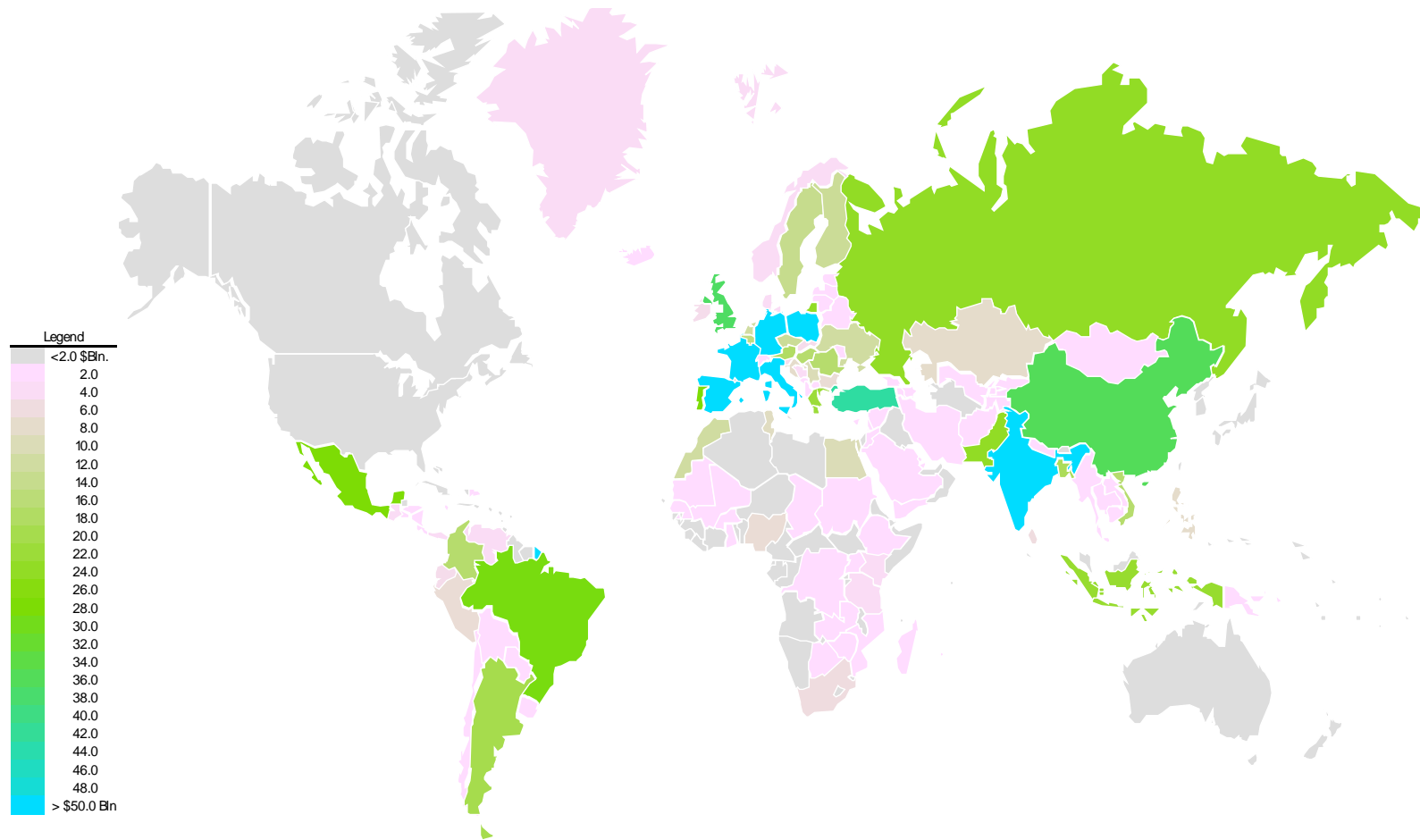
**Shelter Afrique:** Housing in Africa

Several banks focus on **trade finance:**

The preponderance of MDBs are **specialized in particular regions**. IBRD and IFC, however, are global in nature (although they do not lend in advanced economies).

# Global Allocation of MDBs' Development Assets

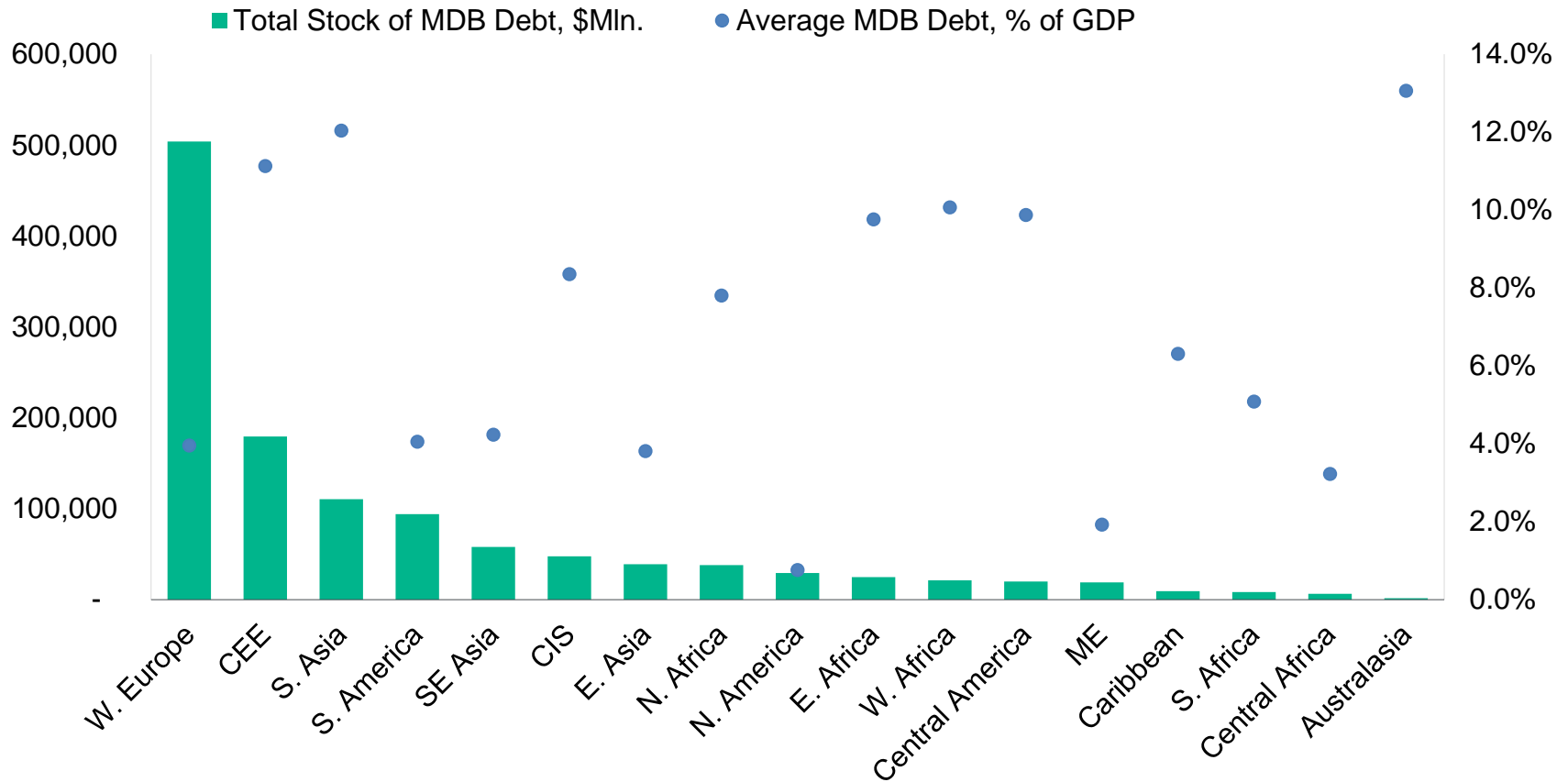
(\$ billion)



Source: Moody's

# Regional Allocation of MDB Lending

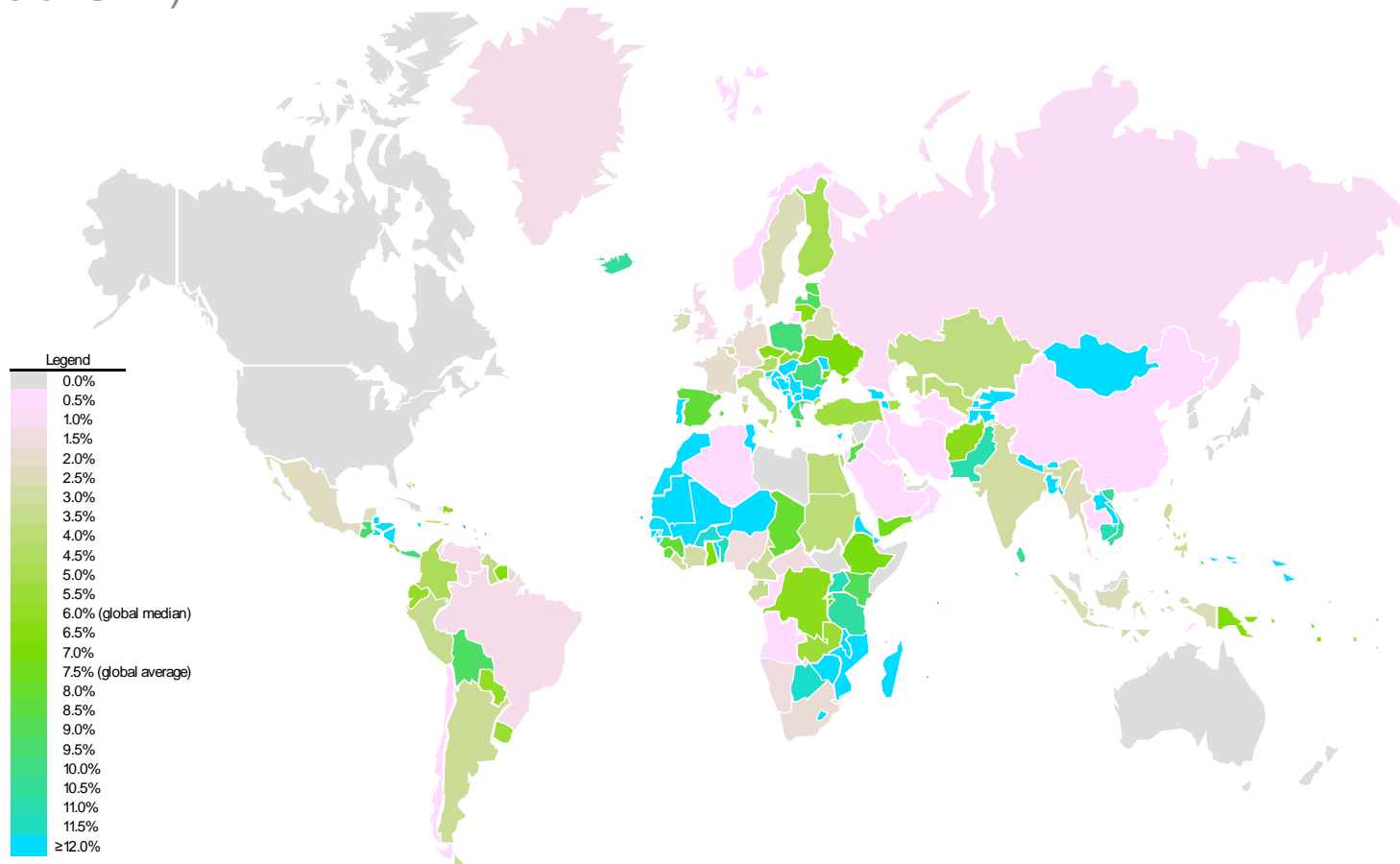
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Source: Moody's

# Global Allocation of MDBs' Development Assets Relative to Recipients' GDP

(% of GDP)



Source: Moody's

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