

CHARLES A. MCDONOUGH Vice President and Controller

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Technical Director, File Reference No. 1890-100 FASB, 401 Merritt 7, PO Box 5116 Norwalk, CT 06856-5116 e-mail: director@fasb.org

Re: Discussion Paper Effective Dates and Transition Methods

Dear Sir / Madam,

The World Bank is pleased to provide our comments on the Discussion Paper Effective Dates and Transition Methods. The International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA) (collectively, the Bank) are international organizations, which are owned by its member countries and whose goals are to promote sustainable economic development and reducing poverty in its developing member countries. These goals are pursued primarily by providing loans, concessional development credits and grants, as well as guarantees and technical assistance. IBRD does not have equity securities registered on the securities exchanges but it raises funds by offering its securities to institutional and retail investors around the world, both through global offerings and by way of bond issues designed to meet the needs of specific markets or types of investors. At September 30, 2010, IBRD had \$296 billion and IDA \$154 billion in total assets on their respective balance sheets. The Bank employs over ten thousand people at its headquarters in Washington DC and worldwide. Financial statements of both entities are prepared in accordance with U.S. GAAP; this letter is written from the Bank's perspective as the preparer of the financial statements.

Standards in the scope of this Discussion Paper will affect the Bank to a various extent. To a greater degree, this comment letter has been prepared with consideration of effective dates and transition methods for the following standards: accounting for financial instruments, other comprehensive income, leases, financial instruments with characteristics of equity, and financial statement presentation. Our comments to the issues raised by the Discussion Paper are included below.

Preparing for and Transitioning to the New Requirements

The standards that have already been published as exposure drafts, such as accounting for financial instruments, other comprehensive income, revenue recognition, and leases, will introduce a significant shift in how transactions are accounted for and reported and, therefore, we believe that the retrospective transition method, with the limited retrospective method for leases, is appropriate. Retrospective application will provide more meaningful comparable information to the financial statement users. Recognizing that the new requirements will substantially affect the systems, people, and processes, albeit, to varying degrees, we believe that the way to ease the application of the retrospective method is to delay the effective dates, which will allow for more time to generate the comparative data.

As much as practicable and feasible, the retrospective transition method should also be applied in the context of a broader implementation plan. In order for the users of the financial information to be able to absorb a plethora of changes in the accounting literature, it is important to provide them with the comparable information within the entities' financial statements and among the entities.

Effective Dates for the New Requirements and Early Adoption

Given a substantial nature of changes anticipated by each individual proposed standard, we favor the sequential approach for effective dates, whereby each new standard or a group of new standards becomes effective as of different dates. The primary advantages of this approach are the ability to consider changes thoroughly and to develop a sustainable implementation plan. The disadvantage, which in our opinion, does not diminish the advantage of a sequential approach, is that, if implementation requires significant systems, processes, and personnel changes, the company would be staggering them, which may not be efficient. In order to mitigate this, we would like to suggest that the set of final standards should be issued as close to each other as possible for companies to be able to assess systems, process, and personnel requirements together.

Our recommendation for the effective dates of the standards is included below; the length of the implementation period is affected by the volume of the standards planned for issuance around the same time and the requirement to generate comparative data for three periods:

Project	Implementation period	Tentative issuance date	Effective date
Accounting for financial instruments	4 years	2011	2015
Other comprehensive income	4 years	2011	2015
Financial instruments with characteristics of equity	3 years	2013	2016
Leases	3 years	2011	2014
Financial statement presentation	4 years	2013	2017
Revenue recognition	3 years	2011	2014

If retrospective application of standards is elected as a transition method, which consequently would require a longer implementation period, we believe that early adoption should be permitted in order to give companies greater flexibility in how to implement the new requirements. If the delayed effective date is included, the companies eligible for a delay should have an option of adopting the requirements earlier.

International Convergence Considerations

We believe that the FASB and IASB should have the same effective dates and transition methods. This will promote comparability of financial statement information among companies.

Thank you again for the opportunity to provide our views.

Sincerely,

Charles A. McDonough

Vice President & Controller