

The World Bank

The World Bank provides financial assistance to low- and middle-income countries to promote economic development. Established in 1945, the Bank initially focused on providing financing for large infrastructure projects. Its role over the past nearly eight decades has broadened to include poverty reduction efforts through social projects (such as education and health) and policy-based loans.

The United States was instrumental in the creation of the World Bank after World War II. The United States has always had, and continues to have, the largest financial commitment to the Bank of any member country. Congress authorizes and appropriates U.S. financial contributions to the World Bank and exercises oversight of U.S. participation in the Bank.

Organizational Structure

The World Bank has two major lending “windows” or “facilities”:

- The **International Bank for Reconstruction and Development (IBRD)**, created in 1945, provides loans, guarantees, risk management products, and advisory services to middle-income countries and some creditworthy low-income countries. The IBRD currently has 189 member countries.
- The **International Development Association (IDA)**, created at the suggestion of the United States in 1960, makes concessional loans (with low interest rates and long repayment periods) to the poorest countries. IDA also now provides grants to these countries. IDA currently has 173 member countries.

Governance

The IBRD and IDA operate according to procedures established by their **Articles of Agreement**, documents that outline the conditions of membership and general principles of organization, management, and operations. The World Bank’s highest decisionmaking authority is the **Board of Governors**, which meets annually. Each member country is represented on the Board of Governors, usually by the finance minister or central bank governor.

The Board of Governors has delegated day-to-day authority over operational policy, lending, and other matters to the **Board of Directors**. The Board of Directors has 25 Executive Directors. The five members with the largest financial commitment to the Bank (China, France, Germany, the United Kingdom, and the United States) appoint their own Executive Director. Other member countries are represented by elected Executive Directors.

Board decisions are reached through voting. Each member’s voting share is weighted on the basis of its financial contributions to the Bank. Major policy

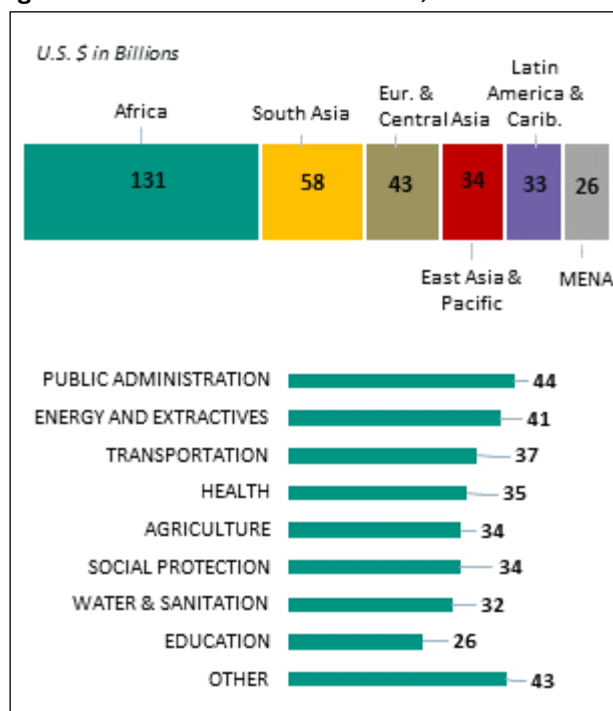
decisions—including amending the Articles of Agreement—require 85% of the total voting share. Other decisions require lower voting thresholds. For example, 50% of the total voting share is required to approve specific projects. The U.S. voting share at the IBRD is 15.49% and at IDA is 9.63%. The United States is the only member of the IBRD with a voting share greater than 15% and thus veto power over major policy decisions.

The President of the World Bank is selected by the IBRD Board of Directors for a five-year, renewable term. Since the Bank was established, its President has always been and remains a U.S. citizen nominated by the United States. Ajay Banga, who previously worked in the private sector, began his term as World Bank President in June 2023. The World Bank is headquartered in Washington, D.C., and has more than 120 offices and 10,000 employees worldwide.

Projects and Financing

The IBRD and IDA fund development projects around the world and in a variety of sectors. Countries in Africa, South Asia, and Europe and Central Asia are top recipients of financial assistance. By sector, World Bank projects are focused on public administration, energy and extractives, and transportation, among others (**Figure 1**). The IBRD and IDA approved new projects totaling \$39 billion and \$34 billion, respectively, in FY2023.

Figure 1. IBRD/IDA Active Portfolio, FY2023



Source: World Bank Annual Report 2023 Appendices.

Notes: MENA = Middle East and North Africa. The World Bank fiscal year is July 1 – June 30.

Donor Commitments

The World Bank is able to extend financial assistance to developing countries due to the financial commitments of its more prosperous member countries. The IBRD's total capital is \$318 billion. Most of the capital is guarantees from donor countries ("callable" capital, \$296 billion) and a smaller portion has been paid to the IBRD by donor countries ("paid-in" capital, \$22 billion). The United States has the largest financial commitment to the IBRD, accounting for 16.64% of total IBRD resources. U.S. callable capital is \$52.9 billion and U.S. paid-in capital is \$3.7 billion.

The IBRD borrows money from international capital markets and then relends the money to developing countries. The IBRD is able to borrow from international capital markets because it is backed by member governments' guarantees. To date, the IBRD has never drawn on its callable capital. The IBRD earns income on the interest it charges on loans, which it uses to pay for World Bank operating expenses. The IBRD also annually transfers a portion of its net income to IDA.

IDA provides low-cost loans and grants based on direct contributions by donor countries, income transfers from IBRD, and IDA bond issuances. Donor countries meet every three years to negotiate replenishments of IDA resources. Since IDA was created, donor countries have committed \$311 billion to IDA, with U.S. commitments accounting for 19.23% of the total (\$60 billion).

U.S. Policy and Congress

U.S. membership in the World Bank is authorized in the Bretton Woods Agreements Act (22 U.S.C. §286 et seq.). Congress has shaped U.S. policy at the World Bank through a variety of tools:

- Congress authorizes and appropriates U.S. financial commitments to the World Bank (see **text box**). At times, Congress has withheld funding until certain reforms are completed.
- Congress has passed legislation that directs U.S. representatives at the World Bank to advocate for specific policies and to vote in a manner that advances such policies.
- Congress has passed legislation requiring reports from the Administration on specific World Bank issues.
- The Senate confirms U.S. representatives to the World Bank, including the Governor, the Executive Director, and their alternates.

Within the Administration, the Department of the Treasury is the lead agency managing U.S. participation in the Bank.

Key Congressional Committees

Authorizers: House Financial Services and Senate Foreign Relations Committees

Appropriators: State, Foreign Operations, and Related Programs Subcommittees of the House and Senate Appropriations Committees

Select Issues for Congress

Appropriations and Authorizations

In the Further Consolidated Appropriations Act, 2024 (P.L. 118-47), Congress appropriated \$206.5 million for the fifth of six annual installments of a capital increase at the IBRD (agreed to in 2018), and \$1.4 billion for the second of three annual installments for the twentieth replenishment of IDA (IDA-20). The legislation also appropriated \$50 million to support a variety of Treasury's international programs, including the cost of loan guarantees to the IBRD.

For FY2025, the Administration is requesting:

- \$206.5 million for the last of six installments for the 2018 capital increase;
- \$26.8 million to cover the cost of \$2 billion in IBRD loan guarantees;
- \$1.4 billion for the third of three annual installments for IDA-20;
- congressional authorization to amend the IBRD Articles of Agreement to remove a statutory limit on IBRD lending; and
- legislation to exempt IDA bonds from regulation by the Securities and Exchange Commission.

U.S. Representation

The Administration's nominations for the U.S. Governor, Executive Director, and Alternate Executive Director to the IBRD, submitted in January 2024, are pending before the Senate. Currently, the United States is the only G20 country without a Governor in place, and the U.S. Executive Director is one of two vacancies on the Board of Directors.

Broader U.S. Foreign Policy Interests

Members of Congress may consider various policy tools to shape and exercise oversight of U.S. policy at the World Bank on a range of key foreign policy issues. Examples of such issues are:

- the size, scope, and purpose of World Bank financial support for Ukraine;
- Russia's membership and role in the World Bank in light of its war on Ukraine;
- World Bank support for emergency relief for the affected people of Gaza;
- China's role in the World Bank, including the status and purpose of World Bank financing in China;
- the World Bank's increasing engagement on climate change; and
- the Bank's broader energy policies, including for fossil fuels and nuclear power plants.

For more information, see CRS Report R41170, *Multilateral Development Banks: Overview and Issues for Congress*, by Rebecca M. Nelson.

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