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IN FOCUS

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The World Bank

The World Bank (the Bank) provides financing to the governments of low- and middle-income countries for economic development and poverty reduction projects. The United States was instrumental in creating the World Bank after World War II and has traditionally played a leadership role in the organization. Congress authorizes and appropriates U.S. financial contributions to the World Bank and shapes U.S. policy at the Bank through legislation and oversight.

Organizational Structure

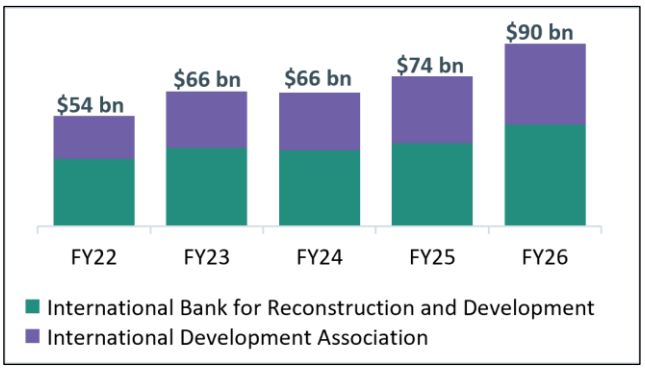
The World Bank has two major lending facilities. The International Bank for Reconstruction and Development (IBRD), which began operations in 1946, generally provides non-concessional financing (financing at market-based rates) to the governments of middle-income countries and some creditworthy low-income countries. Of the IBRD's 189 members, 86 are eligible for financing in FY2027. (World Bank fiscal years are July 1–June 30.)

The International Development Association (IDA), created at the suggestion of the United States in 1960, provides low-cost (concessional) financing and grants to the governments of the world's poorest countries. For FY2027, 76 countries are eligible for IDA financing and grants. These countries generally have gross national incomes per capita of below a certain threshold ($1,365 for FY2027).

Projects

The World Bank approved new projects totaling $90 billion in FY2026, a 21% increase from FY2025 (Figure 1). IBRD commitments totaled $50 billion across 147 projects, and IDA commitments totaled $40 billion across 237 projects. The development projects focused on, for example, increasing access to affordable housing in Kenya, modernizing road infrastructure in Uzbekistan, strengthening the mining sector in Peru, and expanding job-training programs in Guinea.

Figure 1. World Bank Project Commitments, FY2022-FY2026



Source: World Bank Annual Report, 2026. World Bank fiscal years are July 1–June 30.

Funding

The World Bank can extend financial assistance to low- and middle-income countries due to the financial commitments of its more prosperous member countries. The IBRD's total capital is currently $332 billion. Most of the capital is guarantees from donor countries ("callable" capital, $308 billion), and a smaller portion has been paid to the IBRD by donor countries ("paid-in" capital, $24 billion). The United States has always had, and continues to have, the largest financial commitment to the IBRD of any member country (16.89%). U.S. callable capital is $52 billion, and U.S. paid-in capital is $4.1 billion.

The IBRD borrows money from investors in international capital markets and then relends the money to eligible countries. Investors are willing to lend money to the IBRD because it is backed by member governments' guarantees. The IBRD has, to date, never drawn on its callable capital. The IBRD earns income from 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 $333 billion to IDA, with U.S. contributions ($64 billion) accounting for 19.29%.

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 its 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. Members with the largest five financial commitments to the IBRD (United States, 16.89%; Japan, 7.25%; China, 6.05%; Germany, 4.3%; France, 3.94%; and the United Kingdom, 3.94%) appoint their own Executive Director. The other Executive Directors are elected to represent groups of countries.

Board decisions are reached through voting. Each member's voting share is weighted based on its financial contributions to the Bank. Major policy decisions, including amending the IBRD 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 15.98% and at IDA is 9.52%. The United States is the only member of the IBRD with a voting share greater than 15% and thus veto power over some key 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 been 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, DC, and has more than 130 offices and 20,000 employees worldwide.

Debates about Effectiveness

U.S. policymakers have long debated the effectiveness of World Bank financing. Criticisms focus on the World Bank's bureaucratic structure, the administrative burdens placed by the Bank on developing countries, and the need for more robust project impact evaluations. Some question whether World Bank financing "crowds out" private sector investment, and whether the Bank effectively coordinates with other multilateral and bilateral aid providers.

Supporters argue that the World Bank serves vital functions. Many World Bank projects provide necessities, such as food, to the world's poorest countries—projects that might not be otherwise financed by the private sector. The World Bank also generates and disseminates key economic data and research that may have widespread benefits. Additionally, the World Bank pools money from multiple donors, allowing the United States to leverage its financial contributions.

U.S. Policy and Congress

Congress authorized U.S. membership in the World Bank in the Bretton Woods Agreements Act (22 U.S.C. §§286 et seq.). The Department of the Treasury manages day-to-day U.S. participation in the Bank. Congress shapes U.S. policy at the World Bank through a variety of tools, including

- authorization and appropriation of U.S. financial commitments to the World Bank;
- legislation directing U.S. representatives at the World Bank to advocate for specific policies and vote in a manner that advances such policies;
- legislation requiring reports from the Administration on specific World Bank issues; and
- Senate confirmation of U.S. representatives to the World Bank, including the Governor, Alternate Governor, Executive Director, and Alternate Executive Director.

Select Issues

Trump Administration Reform Priorities

Since President Trump assumed office in 2025, the Administration has withdrawn the United States from over 60 international organizations. The Trump Administration has been comparatively more supportive of U.S. participation in the World Bank. In April 2025, Treasury Secretary Scott Bessent argued that U.S. leadership in the World Bank supports the "America First" agenda, and that the Bank needs to refocus on its core mission of reducing poverty and promoting economic development.

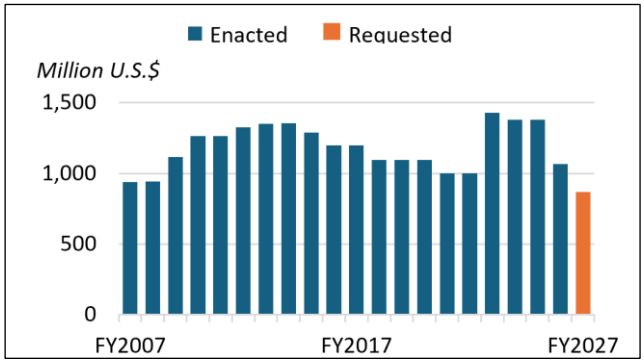
In October 2026, the Secretary welcomed the Bank's decision to end targets for the proportion of projects focused on climate change, as well as the decision to phase out IBRD lending to China. He called for a greater emphasis on projects that support energy and critical minerals sectors in developing countries, the "graduation" of other eligible countries from Bank assistance, and steps to limit the Bank's administrative expenses. Members of Congress could request more information about the Administration's reform proposals through hearings and reporting requirements. Members could also support, oppose, or modify the Administration's reform agenda through legislation.

Authorizations and Appropriations

Congress has generally appropriated funds for IDA annually. For FY2027, the Trump Administration has requested $887 million, which if enacted would be the lowest U.S. contribution in more than 20 years (**Figure 2**). (U.S. fiscal years are October 1–September 30.) Cuts to IDA funding would allow the United States to advance other fiscal priorities but would reduce World Bank grants and low-cost loans to the world's poorest countries. The cuts could also diminish U.S. leadership in the Bank. Multilateral negotiations for the next IDA replenishment are scheduled to start in December 2026.

Congress appropriates money to the IBRD when there is a multilateral initiative to increase the IBRD's capital base. Currently, there is no such initiative, and the Administration has not requested IBRD funding for FY2027. Congress most recently appropriated funds for the IBRD in FY2025.

Figure 2. Appropriations for the International Development Association (IDA), FY2007-FY2027



Source: Created by CRS using data from Treasury International Programs Congressional Budget Justifications (FY2007-FY2027). U.S. fiscal years are October 1–September 30.

U.S. Representation

Traditionally, the President has nominated and Congress has confirmed the Treasury Secretary as the U.S. Governor to the World Bank and other international financial institutions. The Trump Administration nominated Secretary Bessent to be the U.S. Governor of the World Bank in 2025 and 2026. This nomination is pending before the Senate. The Administration has not submitted nominations for other U.S. representatives to the World Bank, including Alternate Governor, Executive Director, or Alternate Executive Director.

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