

# International Bank for Reconstruction and Development (IBRD) brief

February 24, 2021

**In news :** Recently, the Government of India, Government of Nagaland and the World Bank (IBRD) signed a \$68 million project to enhance the governance of schools across Nagaland as well as to improve teaching practices and learning environments in select schools. The \$68 million loan from the International Bank for Reconstruction and Development (IBRD), has a final maturity of 14.5 years including a grace period of 5 (five) years.

## **About International Bank for Reconstruction and Development (IBRD)**

- IBRD is a development bank administered by the World Bank.
- It offers financial products and policy advice to countries aiming to reduce poverty and promote sustainable development.
- IBRD is a global development cooperative owned by 189 member countries.
- As the largest development bank in the world, it supports the World Bank Group's mission by providing loans, guarantees, risk management products, and advisory services to middle-income and creditworthy low-income countries, as well as by coordinating responses to regional and global challenges.
- **Establishment: Created in 1944** to help Europe rebuild after World War II, IBRD joined with IDA, our fund for the poorest countries, to form the World Bank.
- They work closely with all institutions of the World Bank Group and the public and private sectors in

developing countries to reduce poverty and build shared prosperity

- **Headquarters location:** Washington, D.C., United States
- **Parent organization:** World Bank Group
- **Purposes:** Development aid and Poverty reduction

### **IBRDB's services**

- Through its partnership with middle-income countries (MICs) and creditworthy poorer countries, IBRD offers ;
  - innovative financial solutions, including financial products (loans, guarantees, and risk management products) and
  - knowledge and advisory services (including on a reimbursable basis) to governments at the national and subnational levels.
- IBRD finances investments across all sectors and provides technical support and expertise at each stage of a project.
- IBRD's resources not only supply borrowing countries with needed financing, but also serve as a vehicle for global knowledge transfer and technical assistance.
- IBRD supports government efforts to strengthen public financial management as well as improve the investment climate, address service delivery bottlenecks, and strengthen policies and institutions.
- IBRD lending and advice complement other World Bank Group efforts to help governments reduce poverty and spur sustainable growth
- In addition to middle-income countries, IBRD lends to creditworthy poorer countries that are also eligible for IDA support.

### **How is IBRD financed?**

- IBRD raises most of its funds in the world's financial markets.
- IBRD has maintained a triple-A rating since 1959. This

high credit rating allows it to borrow at low cost and offer middle-income developing countries access to capital on favorable terms – helping ensure that development projects go forward in a more sustainable manner, while often complementing or catalyzing private financing.

- IBRD earns income every year from the return on its equity and from the small margin it makes on lending.
- This pays for World Bank operating expenses, goes into reserves to strengthen the balance sheet, and provides an annual transfer of funds to International Development Association (IDA), the fund for the poorest countries.

### **Bretton Woods Conference**

IBRD and IMF were established by delegates at the Bretton Woods Conference in 1944 and became operational in 1946. According to a March 2012 Washington Post article, **IBRD** was the “original ‘**world bank**’”.