

Universal Eligibility for World Bank Loan

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In News

- The \$1 billion World Bank loan to curb covid pandemic for India comes with a condition of “universal eligibility” in procurements.
- Of the 1 billion USD aid, around 550 million USD is to be credited by the IDA (International Development Association) and 220 million USD by the IBRD (International Bank of Reconstruction and Development). The final maturity amount of the loan is 18.5 years. It also includes a grace period of five years.

Universality Eligibility

- This would mean that all preferential market access policies, including Public Procurement Order, Micro Small & Medium Enterprises (MSME) Policy, certain benefits to start-ups, shall not be applicable on purchases made while implementing the national project.

Other conditions set by the World Bank:

- The World Bank would have the right to review the procurement documents, inspect/audit all accounts, records and other files relating to the project.
- Compliance to these conditions has been made mandatory for the funding.

Social Protection

World Bank rolls out **\$1 billion** social protection package

This takes its support for Covid-19 to **\$2 bn**

It will soon unveil a package for MSME sector

KEY FOCUS

- Help scale-up cash transfers; food benefits
- Help strengthen delivery of safety nets
- Enable geographic portability of social protection benefits
- Help create integrated system from 460 plus fragmented schemes
- Bring urban poor in social protection programme

FUNDING MATHS

- \$550m** - International Development Association (IDA)
- \$200m** - International Bank for Reconstruction and Development (IBRD)
- \$250m** - to be made available after June 30, 2020

Impact

- This would mean that all preferential market access policies, shall not be applicable on purchases made while implementing the national project.
- The preferential market access policies includes Public Procurement (Preference to Make in India) Order, Micro Small & Medium Enterprises (MSME) Policy, certain benefits to start-ups.
- it will be a setback to the Make in India and Atmanirbhar initiative.

World Bank Group

- With 189 member countries, the World Bank Group is a unique global partnership which consists of five development institutions.
- **International Bank for Reconstruction and Development (IBRD)** provides loans, credits, and grants.
- **International Development Association (IDA)** provides low- or no-interest loans to low-income countries.
- **The International Finance Corporation (IFC)** provides investment, advice, and asset management to companies and governments.
- **The Multilateral Guarantee Agency (MIGA)** insures lenders

and investors against political risk such as war.

- **The International Centre for the Settlement of Investment Disputes (ICSID)** settles investment-disputes between investors and countries.

- India is not a member of ICSID.