
Opportunities under IBRD Loans and IDA Credits

Overview

The World Bank is a multilateral development institution whose purpose is to assist its developing member countries further their economic and social progress. The Bank was established in 1945 and was initially known as the International Bank for Reconstruction and Development (IBRD), however today the term *World Bank* refers to both the IBRD and its affiliate, the International Development Association (IDA), established in 1960. The IBRD and IDA share the same staff and support their common objective by providing funds for development projects.

The only significant difference between the two is that the IDA provides project financing to only the poorest nations and on terms and conditions much softer than those of IBRD loans.

The *World Bank Group* is comprised of two other affiliates. One is the International Finance Corporation (IFC), established in 1956. Its function is to promote private sector growth in developing countries via mobilization of private investment. While the World Bank deals only with government entities in its lending operations, the IFC deals exclusively with the private sector.

The other affiliate, and the newest member of the World Bank Group, is the Multilateral Investment Guarantee Agency (MIGA), which was founded in 1988. Its mandate is to encourage private investment flows to developing countries by insuring non-commercial investment risks. MIGA also offers advice to developing countries on foreign investment policy implementation and design, and promotes dialogue between borrowing governments and the international business community. (Please note that IFC and MIGA operations are addressed separately in this document.)

The World Bank had 177 member countries at the end of its 1994 fiscal year. Of these countries, only its developing country members (approximately 130) were eligible for IBRD or IDA credits. The World Bank approved over US\$22 billion in loans and credits in fiscal year 1995.