

DOI: 10.31617/1.2025(159)02
UDC 339.97:336.72=111

CHUGUNOV Igor,
Doctor of Sciences (Economics),
Professor, Head of the Department of Finance
State University of Trade and Economics
19, Kyoto St., Kyiv, 02156, Ukraine

i.chugunov@knu.edu.ua
ORCID: 0000-0002-3612-7236

KUCHER Galyna,
Doctor of Sciences (Economics), Associate
Professor, Professor of the Department of Finance
State University of Trade and Economics
19, Kyoto St., Kyiv, 02156, Ukraine

h.kucher@knu.edu.ua
ORCID: 0000-0002-1714-5623

IBRD IN SHAPING THE ARCHITECTONICS OF THE GLOBAL FINANCIAL SYSTEM

The relevance of the research is due to the need to ensure sustainable development and global stability in the context of modern globalization challenges by strengthening the financial influence of international institutions. The research is based on the hypothesis of the architectonic formation of the world financial system based on the strengthening of the regulatory influence and financial potential of global financial and credit institutions. A system of scientific methods and approaches was used in the research process. Methods of scientific abstraction, systematicity, and generalization were used to reveal the place and role of the International Bank for Reconstruction and Development (IBRD) in ensuring international stability and financing sustainable development. Methods of analysis and synthesis were used to assess the indicators of the financial activity, the effectiveness of project implementation, the size of the financial flows in terms of their impact on international financial stability and ensuring the implementation of sustainable development goals.

The historical features of the creation, adaptive transformations of the development, and IBRD functioning influence on the effectiveness of the accumulation and use of its finances. The structure of the Bank's share capital

ЧУГУНОВ Ігор,
д. е. н., професор, завідувач кафедри фінансів
Державного торговельно-економічного
університету
вул. Кіото, 19, м. Київ, 02156, Україна

i.chugunov@knu.edu.ua
ORCID: 0000-0002-3612-7236

КУЧЕР Галина,
д. е. н., доцент, професор кафедри фінансів
Державного торговельно-економічного
університету
вул. Кіото, 19, м. Київ, 02156, Україна

h.kucher@knu.edu.ua
ORCID: 0000-0002-1714-5623

МБРР У ФОРМУВАННІ АРХІТЕКТОНІКИ СВІТОВОЇ ФІНАНСОВОЇ СИСТЕМИ

Актуальність дослідження зумовлена необхідністю забезпечення сталого розвитку та світової стабільності в умовах сучасних глобалізаційних викликів шляхом посилення фінансового впливу міжнародних інституцій. В основу дослідження покладено гіпотезу про формування архітектоники світової фінансової системи шляхом посилення регуляторного впливу та фінансового потенціалу глобальних фінансово-кредитних інститутів. У ході дослідження застосовано систему наукових методів і підходів. Методи наукової абстракції, системності та узагальнення використано для розкриття місця та ролі Міжнародного банку реконструкції та розвитку (МБРР) у забезпеченні міжнародної стабільності та фінансуванні сталого розвитку. Завдяки методам аналізу та синтезу проведено оцінку показників фінансової діяльності, ефективності реалізації проєктів, розмірів фінансових потоків щодо їх впливу на міжнародну фінансову стабільність та забезпечення реалізації цілей сталого розвитку.

Історичні особливості створення, адаптаційні трансформації розвитку та функціонування МБРР впливають на результативність акумулювання та використання його фінансів. Досліджено структуру акціонерного



Copyright © The Author(s). This is an open access article distributed under the terms of the Creative Commons Attribution License 4.0 (<https://creativecommons.org/licenses/by/4.0/>)

was studied. An analysis of its financial resources concerning the Bank's lending activities was conducted. A general trend towards an increase in the indicators of gross and net disbursements after 2020 was identified. Factors that influenced the indicator of the profit before distribution during 2016–2023 were identified. The enhancement of the IBRD's financial potential has allowed for funding allocations to support the activities of the International Development Association (IDA), and the formation of general reserve and surplus funds. Analysis of the dynamics and structure of the IBRD balance sheet showed a trend towards growth in total assets, a significant positive impact of investment policy on financial results, and the dynamics of the net investment portfolio indicators. The implementation of the IBRD mission is ensured by lending activity and the redistribution of financial resources from international markets to member countries. The loan portfolio indicators, a gradual decrease in the ratio of equity to loans provided correspond to the Bank's policy. As part of the World Bank Group (WBG), the IBRD is actively implementing measures for the adaptive development of the institution in the face of globalization challenges, which led to the formation of a new vision of the mission and initiatives to strengthen international influence institution, improve approaches to providing financial assistance and increase financial capacity following the adopted Strategy for 2020–2025.

Keywords: international finance, international financial and credit institutions, World Bank Group, International Bank for Reconstruction and Development, financial assistance, global financial stability, international financial regulation, credit programs, government debt.

JEL Classification: F34, H63, O19.

Introduction

The intensification of global financial and security instability, the growth of risks and threats, integration and disintegration processes encourage participants in the global financial environment to strengthen international cooperation at the level of governments and international organizations. This allows for the formation of coordinated approaches, common policies, and legal frameworks for the sustainable development of the global financial system, which is extremely important in conditions of international instability.

For understanding the features of global development, work of Lessambo (2015) is important, which attempts to disclose information about

капіталу Банку. Проаналізовано використання його фінансових ресурсів у частині кредитної діяльності. Визначено загальну тенденцію до зростання показників валових і чистих виплат після 2020 р. Виявлено фактори, що впливали на показник прибутку до розподілу протягом 2016–2023 рр. Нарощування фінансового потенціалу МБРР дало змогу виділити кошти на підтримку заходів Міжнародної Асоціації Розвитку (МАР), а також сформуванню загальний резерв і надлишок коштів. Аналіз динаміки та структури балансу МБРР показав тенденцію до зростання загальних активів, значний позитивний вплив інвестиційної політики на фінансові результати та динаміку показників портфеля чистих інвестицій. Реалізація місії МБРР забезпечується кредитною діяльністю та перерозподілом фінансових ресурсів з міжнародних ринків країнам-членам. Показники кредитного портфеля, поступове зниження співвідношення власного капіталу до наданих кредитів відповідають політиці Банку. У складі Групи Світового банку (WBG) МБРР активно впроваджує заходи щодо адаптивного розвитку інституції в умовах глобалізаційних викликів, що призвело до формування нового бачення місії та ініціатив щодо посилення міжнародного впливу, удосконалення підходів до надання фінансової допомоги та підвищення фінансової спроможності відповідно до прийнятої Стратегії на 2020–2025 рр.

Ключові слова: міжнародні фінанси, міжнародні фінансово-кредитні інституції, Група Світового банку, Міжнародний банк реконструкції та розвитку, фінансова допомога, світова фінансова стабільність, міжнародне фінансове регулювання, кредитні програми, державний борг.

the activities of international financial organizations, in particular in the context of challenges affecting their activities and the role of the latter in the global economy. Analysis of foreign scientific sources allows us to draw conclusions about the attention of scientists and international experts to the activities of international organizations and their impact on national development and global transformations, the most important of which are the relevant reviews and annual reports of international institutions. Camdessus (2005, November), in his speech on the long-term prospects for the functioning of international financial institutions and the importance of their initiation of further reforms for the development of humanity, outlined the directions and needs for adapting resources to fulfill new missions. Emphasizing the challenges of a global nature, he noted the possibility of overcoming them by institutions with global competence in coordination with national authorities. Broome et al. (2018, September), studying international organizations, argue that the production of transnational knowledge is the main source of influence on international organizations, which is further used by the latter to develop global benchmarks of national productivity. According to the authors, global benchmarking of international organizations acts as a source of indirect power in world politics, and the legitimacy of some of their indicators is questionable, therefore some norms and requirements for compliance with the latter are considered as means of indirect influence on state policy priorities. Blom (2021), studying international financial institutions, notes their significance in managing global finances due to a significant number of participants, a combination of interests and functions of market management; emphasizes the interconnection of the market, the interests of participants and the relationship with the development of state policy. He argues that the development of international financial institutions contributes to the formation of an information environment for the interaction of the state and business, as well as the formation of market structures, contributes to the establishment of standards for transparency and the resolution of sovereign debt crises.

Fernandes (2024, November) justifies the need to activate civil society to form public pressure on the G20 countries to support reforms of the international financial architecture, starting from 2025. Given that the IMF and the World Bank were created to shape the international financial architecture of the post-war era and have already celebrated their 80th anniversary, the author recognizes that in the current context of the escalation of the global crisis and threats to the multilateral order, the time has come for significant changes in the financial architecture, starting with the Bretton Woods institutions. We agree with the author's position on the leading role of the Bretton Woods institutions in ensuring global sustainable development, but we believe that these institutions have acquired the status of global institutions in

the course of evolutionary development and ensure the formation of the architectonics of the global financial system. Separate provisions on this issue have been disclosed earlier (Chugunov & Kucher, 2022).

The experience accumulated by international organizations allows solving individual problems, but in the conditions of a changing environment, the formation of new global challenges and the growing need to finance stabilization measures of sovereign countries, the issue of the adequacy of the financial potential of international organizations and the strengthening of their influence on ensuring the stability of world finances is important. The disclosure of the specifics of the finances of the International Bank for Reconstruction and Development as a Bretton Woods institution and their impact on sustainable development and global stability remains relevant, which requires further research in today's conditions.

Among national scientists who have studied issues of global development and international financial and credit institutions, in particular the World Bank Group and its structural institutions, the use of international credit instruments, financial assistance, and cooperation mechanisms with Ukraine, it is worth noting the following: Klymenko (2017), Kozhukhova (2016), Kolosova (2016; 2023), Severina (2017), Sidenko and Kulbida (2020), Slozhko (2015), Tereshchenko (2018), and others.

The research conducted by national and foreign scientists is important, but scientific developments on the finances of international institutions, in particular the Bretton Woods institutions and their adaptive transformations have not been carried out. In the context of increasing globalization and national challenges and threats, the interdependence of global financial stability and sustainable development in individual countries and regions of the world, it is important to conduct further research on the impact of the financial potential of the World Bank Group (WBG), in particular the International Bank for Reconstruction and Development (IBRD), on ensuring international stability and global development.

The aim of the research is to reveal the features of the IBRD finance functioning, the importance of their adaptive development for ensuring international financial stability. The research is based on the hypothesis of the architectonic formation of the global financial system on the basis of strengthening the regulatory influence and financial potential of global financial and credit institutions. To achieve the aim, the task of determining the features of the IBRD evolution through the prism of the development of the World Bank Group is provided; conducting an analysis of the formation of the IBRD authorized capital; revealing the features of the formation and the IBRD's financial resource use; generalizing the prospects for the IBRD development as a component of the World Bank. The research applied a system of scientific methods and approaches. The following methods were considered to be more

important, as: methods of scientific abstraction; system and generalization: to determine the IBRD place and role as a component of the World Bank in ensuring international stability and financing sustainable development goals; methods of analysis and synthesis: to assess the indicators of the IBRD's financial activity, the effectiveness of project implementation, the size of the IBRD's financial flows, which affect international financial stability and ensure the implementation of sustainable development goals. Legal documents, reporting materials, and publications of the World Bank experts were of great importance in revealing the features of the functioning of the World Bank Group.

Structurally, the article is divided into three sections. The first reveals the IBRD historical development through the content of the goals and features of the World Bank Group development, an analysis of the formation of its authorized capital is carried out, the top 10 countries by the largest amounts of invested funds are identified. The second is devoted to revealing the features of the use of IBRD financial resources in the context of projects being implemented, financial indicators of the bank's lending activities, and an analysis of financial reporting indicators. The third section considers the prospects for the IBRD development as a component of the World Bank in terms of introducing new approaches to implement a new vision of the World Bank's mission, improving activities to accelerate the implementation of sustainable development goals, and introduce a new financing model of the World Bank development.

1. The evolution of the International Bank for Reconstruction and Development

The prophetic theses of Camdessus (2005, November) about the vital role of the IMF and the World Bank in shaping sustainable and stable growth in the global environment, solving two key problems related to providing support to developing countries in their desire to become developed and to reduce poverty for the poorest countries, that is, to reduce the gaps between them, and to reduce security and terrorist threats, are relevant under the current conditions. The national and global financial environment is changing; interstate relations are strengthening on a bilateral and multilateral basis; the role of international organizations in resolving security issues is increasing, but at the same time adaptive transformations of all entities operating in the international arena is taking place. Constant changes in the financial environment create new challenges and tasks, risks and threats. National governments and central regulators, as well as international institutions, whose activities are aimed at ensuring the development and stability of the global financial system, are engaged in their solution. The most powerful, influential, and global of them are the IMF and the World Bank

Group. The recent result study of IMF finances (Chugunov & Kucher, 2022), in addition to the features of the formation, use, and redistribution of financial resources in the IMF system, also revealed the important role of cooperation between these organizations.

The financial relations and system of the World Bank Group are determined by the peculiarities of its evolutionary development. The International Bank for Reconstruction and Development (IBRD) as the Bretton Woods institution was established in December 1945 with the aim of restoring the economies of countries destroyed by war and increasing the economic development of developing countries. In his welcome letter to the meeting of the IMF and the IBRD representatives in 1946, Harry S. Truman used the address: "Inaugural meeting World Fund and Bank", which determined the further future of the Bank.

According to the IBRD Articles of Agreement (as amended in 2012) in Article 1, five bank objectives are specified, which determine the focus of its activities on the reconstruction and development of territories through productive investment, restoration of the post-war economy, promotion of foreign investment through guarantees or participation in loans, balanced development of international trade and maintenance of balance of payments equilibrium; increasing "productivity, living standards and working conditions in their territories"; organizing channels for receiving loans from international sources for the accelerated implementation of useful and urgent projects; carrying out activities taking into account the impact of international projects on national business and ensuring a smooth transition "from a wartime economy to a peacetime economy".

The IBRD's activities began with financing the post-war reconstruction of European countries, the implementation of the Marshall Plan of 1947 by expanding the financing of infrastructure projects in the world and introducing training for government officials of member countries. In official documents, the name "World Bank Group" began to be used in 1966 in a statement by S. Noel McIvor, Deputy Director of the South Asia Department, ECAFE, which described the activities of the World Bank Group in South Asia. And already on September 30, 1968, McNamara (1973, September 24), speaking before the Board of Governors as President of the World Bank, outlined measures aimed at the development of member countries and the assistance of the UN in this direction. Gradually, new international institutions were created within the WBG: the International Finance Corporation (The International Finance Corporation, IFC), which provided the possibility of financing projects in the private sector. An important role in the formation of the international financial environment was played by the creation of the International Development Association (IDA), designed to provide financial support to the most creditworthy countries, in particular financial and technical assistance Explore History (2024), and the creation of an

international institution for guaranteeing and insurance against non-commercial risks – the Multilateral Investment Guarantee Agency (MIGA).

The Group formed in modern conditions ensures the implementation of the set goals and objectives with the allocation of the necessary financing for the implementation of the Sustainable Development Goals, where the IMF and the WBG (IBRD, IFC and IDA) received the status of specialized UN agencies (Relationship Agreement with UN and IMF (1947); Specialized Agency relationship agreement IBRD and UN (1947); United Nations and International Bank for Reconstruction, and Development (Acting for and on behalf of the International Finance Corporation) (1957); United Nations and International Development Association (1957). Each constituent institution of the WBG has the status of legally separate and financially independent institutions owned by the governments of the member countries. The IBRD uses the following approach to determine the number of votes: the number of votes within the share capital (one vote for each share of share capital) and additionally basic votes when applying additional capital subscription. They provide that the sum of all basic votes should be equal to 5.55% of the sum of the basic votes and the share of votes for all members (World Bank Group, n. d.).

According to Article 2 of the IBRD Agreement Articles (as amended in 2012), "the authorized capital of the Bank shall be USD 10 000 million, as of July 1, 1944. The authorized capital shall be divided into 100 000 shares of par value USD 100 000 each, which shall be open for subscription by members only". It may be increased by a three-quarters majority vote of the total number of member countries. The subscribed capital is divided into two parts: paid-in – 20% and 80% – unpaid subscription, which shall be paid upon application by the bank and shall be the same for all.

The formation of the IBRD share capital is carried out taking into account the defined basic principles and the bank's capital subscriptions implemented in subsequent periods. *Figure 1* shows the top 10 leading member countries of the Bank with the largest volumes of invested funds. These data indicate that the USA, Japan and China have the greatest influence. The average price of one percent is USD 2 677 87801 million. The IBRD data indicate that the expansion of share capital occurs with a reference to the value of the USD in 1944. An important role in financing the Bank is played by countries from the top 10 countries, taking into account the influence of the size of their capital (only 45.68% of the total capital of the IBRD was formed at the expense of the other 179 member countries of the bank). The volume of invested assets affects the number of votes of member countries. The USA has 439.308 votes, which is 15.49% of their total number; Japan – 200.718 (7.08% of the total); China – 167.692 (5.91% of the total). As for Ukraine, the amount of invested funds is USD 1436 1 million in 1944 (0.54%), and the number of votes is 15.194, i.e. 0.54% of their total.

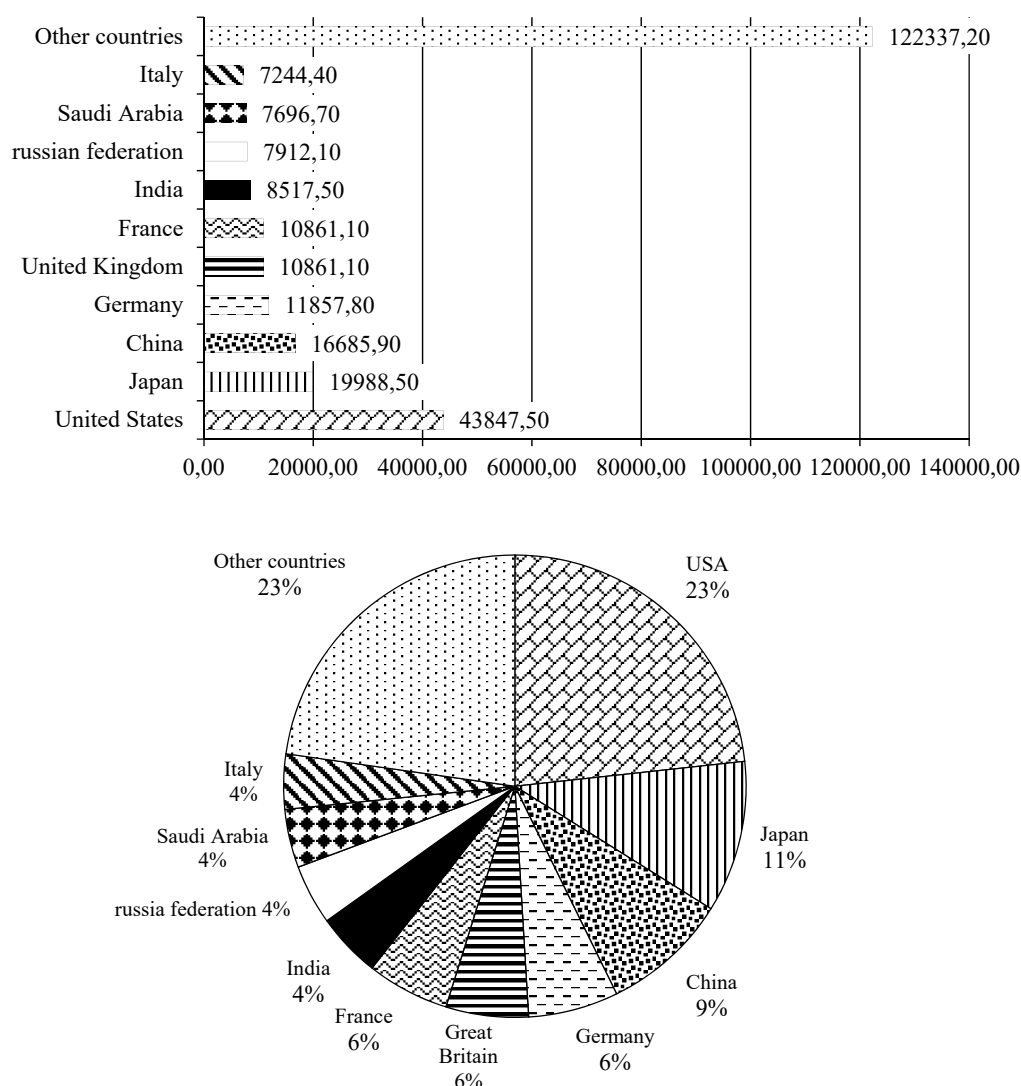


Figure 1. Indicators of participation of the top 10 IBRD member countries in the Bank's share capital (in % and USD million), as of 17.05.2024

Source: (World Bank Group, 2025, January 2).

Since 2020, the Bank has been operating under a new operating model aimed at achieving the goal of "enhancing growth and development", which is based on strengthening the Bank's leadership on these issues and applying a model of assistance managed by its recipient countries. The IBRD Management's Discussion & Analysis (2020) documents indicate that the introduction of two positions of Vice Prime Ministers, whose activities are focused on the African continent, is aimed at solving a wide range of problems on the continent. In particular, in 2020, the IBRD, in order to overcome the consequences of COVID-19, announced the provision of USD" 50–55 billion to member countries to support efforts to combat the pandemic, to support health and social programs implemented by other institutions within the WBG (IDA, IFC, BAGI, ICSID).

2. Peculiarities of the IBRD’s financial resources management

While analyzing the use of the IBRD’s financial resources, it is important to take into account the Bank’s lending activities using the indicators of net liabilities, gross disbursements, and net disbursements. According to the data presented in *Figure 2*, there is a tendency to reduce the indicator of net liabilities in 2016–2017 by USD 7.118 billion and increase in subsequent years, the level of which was 1.7 times and USD 15.961 billion. As for the indicators of gross disbursements and net disbursements, which determine the overall results of IBRD operations, they had a common downward trend in 2016–2018 (due to a decrease in the volume of development policy financing operations). This was reflected in their reduction by USD 5.143 billion and USD 7.559 billion, respectively. In the future, their growth is observed by 1 and 2.3 times, or USD 8.115 billion and USD 7.098 billion respectively.

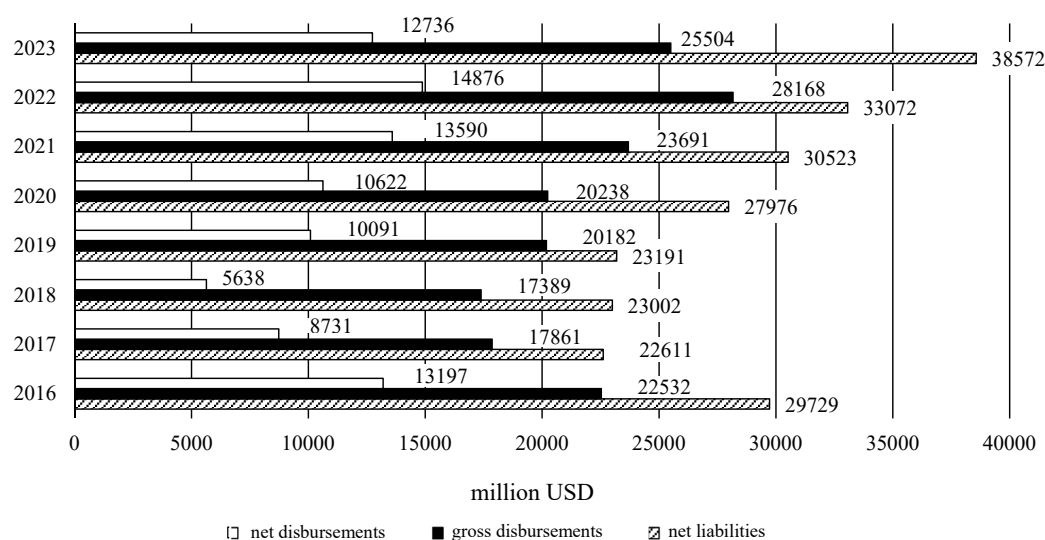


Figure 2. Indicators of the IBRD lending activity in 2016–2023

Source: (Management’s Discussion & Analysis, 2020; Management’s Discussion & Analysis, 2023).

It is worth considering that, despite the general trend towards an increase in gross payments and net payments after 2020, their largest volumes were in 2022, and the net liabilities indicator in 2023 increased by 1.16 times, i.e. by USD 5500 million. The growth of net payments on loans directly affects the increase in the net debt indicator.

Such dynamics of the IBRD’s performance indicators are associated with the impact of measures implemented by the Bank in previous years regarding the formation and use of reserves that were accumulated from income before their distribution within the financial year. The data in *Figure 3* clearly demonstrate a significant increase in profit before distribution during 2016–2020. Its average growth rate for the specified period was 125%, and

the highest indicator was in 2018 and was equal to 146% compared to 2017. In 2021–2022, its growth rate decreased and the average indicator for two years was 0.77%. A positive impact was played by a significant increase in the profit before distribution indicator in 2023, which was equal to 163% of the 2022 indicator. Thus, the growth rate of the indicator in 2023 by 2016 was 221.25%, or USD 719 million.

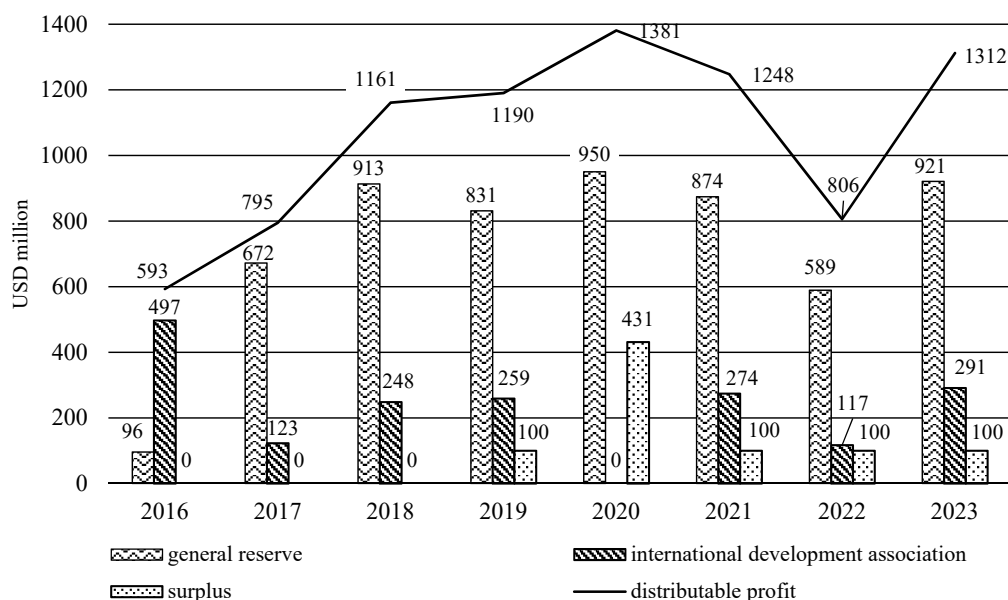


Figure 3. Net profit and distributable profit of the IBRD in 2016–2023, USD million

Source: (Management’s Discussion & Analysis, 2020; Management’s Discussion & Analysis, 2023).

The IBRD general policy, which contributed to the increase in the financial potential of the Bank, made it possible to finance the allocation of funds to support the activities of the International Development Association (IDA), as well as the general reserve and to form, starting from 2019, a surplus of funds. The average annual growth rate of the general reserve for eight years was 169.62%, with its maximum value recorded in 2017 – 700% and the minimum – 69% in 2022. The best indicators of the formation and distribution of the IBRD’s profit are shown in the graph data by the indicator of profit before distribution in 2020 (this occurred through an increase in net interest income), which allowed to increase the volumes of the general reserve and surplus resources. It is worth noting important points that influenced the IBRD financial indicators: firstly, the Board of Governors of the Bank during 2016–2023. approved transfers in the amount of USD 3 044 million, which resulted in a net loss of the bank in 2017 of USD 237 million and in 2020 of USD 42 million, respectively; secondly, the IBRD’s unrealized net gains (losses) from the revaluation at market value of the bank’s non-trading portfolios are not included in the IBRD’s distributable

income; thirdly, no funds were reallocated to the IDA in 2020. The allocation of IDA funds since 2017 is carried out using a formula approach, which takes into account the need to increase the IBRD's reserves at the expense of part of the distributed income and the bank's financial condition.

The IBRD forms its balance sheet as part of the financial statements, the indicators of which are shown in *Figure 4*. Its main items are: total assets; net investment portfolio; net debt on loans; loan portfolio. According to the results of the analysis of the dynamics of the IBRD's total assets based on its balance sheet; we can conclude that they are growing. The average annual growth rate in 2017–2020 was 16.48%, but in 2021–2023 it is 103.91%. At the same time, the price of one percent in 2020 is USD 358.37 million less than the price of one percent in 2023. In general, over the entire period under study, total assets increased by USD 101 233 million. The IBRD's finances are significantly influenced by its investment policy and the dynamics of the net investment portfolio. During 2016–2021 There was a stable positive dynamics of the latter, and the average annual growth rate in the specified period was 111.43%, while the largest size of this indicator was recorded in 2017 – 138.46%.

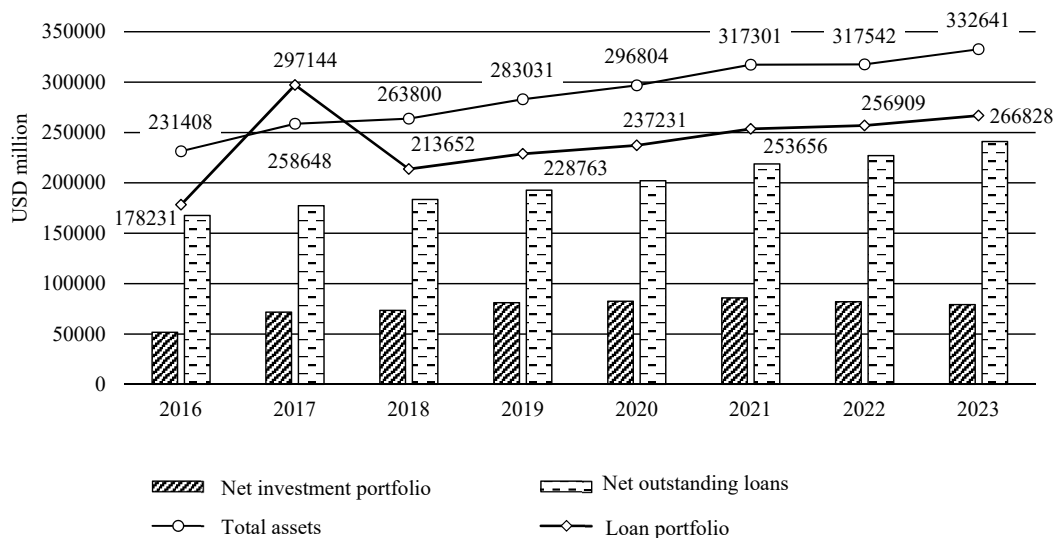


Figure 4. IBRD balance sheet for 2016–2023 financial years, USD million

Source: (Management's Discussion & Analysis, 2020; Management's Discussion & Analysis, 2023).

This was due to an increase of USD 60 million in unrealized gains from the revaluation of the investment portfolio compared to the previous year and improved market conditions in 2017 (Management's Discussion & Analysis, 2017). In 2022–2023, the average annual growth rates were 96.06%, and the size of the net investment portfolio decreased by USD 6 636 million compared to 2021.

The implementation of medium-term and long-term borrowings allows the Bank to increase its financial potential, lend to development

projects, and meet liquidity needs. Given that the bank has high credit ratings and gives preference to high-quality investments; it can actively use both financial support from shareholders and borrow on financial markets. An important role is played by activities aimed at fulfilling debt obligations by borrowing countries to the IBRD. The bank's loan portfolio shows unstable dynamics. During the period under review, the average annual growth rate was 108.78%, but, for example, in 2017 this figure was 166.72% and was the maximum in both absolute and relative terms, and in 2018 it was 71.90%. In 2023, the size of the IBRD loan portfolio was USD 30 316 million less than in 2017. It should be noted that the ratio of equity to loans issued is decreasing from 22.9% in 2018 to 22% in the 2023 fiscal year, and its further reduction to 19% is foreseen in the future (A New Era in Development, 2023; Supporting Countries in Unprecedented Times: Main Report, 2020).

The research determined the significance of the IBRD in the WBG projects by comparing the Bank's share in financing the WBG partner countries. In terms of reserved funds during 2016–2023, the bank's share decreased from 46.32% in 2016 to 30.06% in 2023. Over the entire period under study, it averaged 34.69%. In terms of resources provided the IBRD's share in WBG financing averaged 38.95% and had a general trend towards a reduction in the volume of resource provision. It is also worth taking into account the financial support provided to the IBRD by the IDA for the implementation of projects in the poorest WBG member countries. In the period under study, the average IDA indicators were 32.57% and 32.70%, respectively. According to the IBRD Annual Report for the 2023 fiscal year, out of the ten countries identified as the Bank's largest borrowers, Ukraine ranks fourth after India, Turkey, and Indonesia with a reserved funds indicator of USD 3 133 million.

3. The IBRD development prospects as a part of the World Bank Group

The transformations taking place in the WBG and the current challenges facing humanity have shaped a new vision of the World Bank's mission to "end poverty and create shared prosperity on a livable planet – people, prosperity, planet" (World Bank, 2024). Changes in the global environment also affect global financial and credit institutions, as already noted. The WBG Board of Governors is actively working towards the adaptive development of the institution to the challenges of globalization. This has contributed to the formation of a new vision, mission and initiatives to strengthen the institution's impact, improve approaches to providing assistance and build financial capacity.

Differentiation of financing from the IBRD, IDA and IFC allows taking into account the capabilities of countries with different levels of economic development in terms of the ability to accumulate national resources, attract borrowed funds and activate private capital to ensure recovery and sustainable development. The creation of financial anti-crisis

reserves and their accumulation in the IBRD allows financing urgent measures aimed not only at responding to, but also at preventing crises. Important for improving the WBG activities was the adoption of a new strategy, the World Bank Group Strategy for Fragility, Conflict, and Violence 2020–2025 (WBG, 2020, February 27), which is aimed at achieving progress in countries characterized by instability, conflict and violence.

Given the significant regulatory impact of the WBG on the global and national development of its member countries and the need for adaptive changes in its activities in accordance with global challenges, risks and threats, the institution implemented measures to increase capital in 2018. Forward Look a Vision for the World Bank Group in 2030 (WBG. DC2016-0008, 2016, September 20) and the development roadmap of the Group of institutions to 2030 Forward Look a Vision ... Main Messages (WBG. DC2016-0009, 2016, September 20). The initiated activity has significant long-term consequences not only for the WBG, but also for the global financial environment and development in general. Although its activities and implemented projects contribute to the implementation of sustainable development goals, the practices and mechanisms implemented have a positive impact on institutional development in the financial sector and are innovations in international cooperation, which contributes to the stability of the global financial architecture, the combination of public, private, and inter-institutional solutions, the resolution of issues of instability, pandemics, conflicts, which ensures the coherence of interests, decisions, and actions, etc.

Strengthening the scale, scope, and instruments of the WBG's influence on the global community requires strengthening and "...strengthening internal coordination mechanisms, aligning incentives, exploring new and strengthening existing instruments; and fostering relationships with a broader group of institutional and private investors... improve its efficiency and internal operating model...". Among the basic factors of change that will contribute to strengthening the WBG's financial potential were identified, in particular, replenishing IDA18, improving approaches to IDA financial support from the IBRD and IFC, increasing the IBRD's efficiency and IFC's ability to contribute to the formation of national markets, stimulate the attraction of private investment to potentially important projects, as well as strengthening the limits of the MIGA portfolio, which contributes to attracting additional foreign direct investment (WBG. DC2016-0009, 2016, September 20).

The achievements made in implementing the 2016 Roadmap have contributed to enhancing the effectiveness and speed of the WBG's response to global challenges and addressing the problems of member countries. Important achievements are related to increasing effectiveness, developing new indicators, improving operational efficiency, optimizing environmental and social policies, developing programs to respond to global challenges, introducing WBG guarantees, etc.

The new Development Roadmap (WBG, 2023, January 13) and the proposals of the Development Committee (WBG, DC2024-0002, 2024, March 29) have identified changes to the WBG development in terms of improving the financial model, mechanisms, instruments, and issues related to the formation of new platforms for cooperation between the WBG and member countries, other international institutions, and partners (*Figure 5*).

The model of financing	Action plan/development methodology
<ul style="list-style-type: none"> • Reduction of the IBRG Equity-to-Loan (E/L) Share. • IBRG Hybrid Capital. • IBRG Portfolio Guarantee Platform. • Financial Incentive Framework for IBRG Countries. • Incentives and Cofinancing Platform. • IDA Crisis Response Window Plus (CRW+) Financing. • Launch of IDA 21. • IDA Capital Adequacy Review and Balance Sheet Optimization. • Capital Expansion Prior to IBRD Withdrawal. Living Planet Fund. • New IFC and MIGA Instruments to Mobilize Private Capital. 	<ul style="list-style-type: none"> • Crisis Preparedness and Response Toolkit and Climate Change Debt Provisions. • Global Emerging Market Risk Database. • Knowledge Quality. • Expanded Data Bank. • World Bank Group Academy. • Private Sector Country Diagnostics and Public Finance Reviews. • One World Bank Group Country Office. • Private Sector Investment Lab. • Strengthening and Streamlining ESF Implementation. • World Bank Group Guarantee Platform. • Operational Efficiency and Effectiveness Measures. • Reformed Country Engagement Model and Implementation Support. • Repository-Backed Securitization Platform. Global Challenge Programs. • Budget Amendments

Figure 5. New approach to the financing model and the World Bank Group’s development action plan

Source: compiled by the authors from (WBG, DC2024-0002, 2024, March 29).

The above changes and the approaches being introduced determine the prospects for the development of the WBG institutions, provide a systematic approach to strengthening the overall financial potential and regulatory influence on the development of the global financial architecture and sustainable development.

Conclusions

The conducted research confirms the hypothesis of the architectonic formation of the world financial system on the basis of strengthening the regulatory influence and financial potential of global financial and credit institutions using the example of the International Bank for Reconstruction and Development. In the context of the aim, it is revealed how the historical features of the creation and adaptive transformations in the process of the IBRD development and activity, which influenced the volumes, effectiveness and introduction of accumulation models and use of its finances, determined the features of the implementation of the mission, policy and projects.

The analysis results of the IBRD financial potential allowed us to determine the main factors of its formation and growth: share capital,

implemented subscriptions to capital among member countries and borrowing by the Bank on international markets. A study of the structure of the Bank's share capital and the top 10 member countries by the largest amounts of invested funds showed that the USA, Japan and China have the largest volumes of capital and the number of votes in decision-making. The global impact of the Bank on the financial environment is shown, the importance of increasing the IBRD financial potential to ensure the stability of the global financial system and individual countries, in particular in terms of providing assistance and supporting efforts to combat the pandemic, overcome the consequences of COVID-19, and finance growth and development projects. The features of the IBRD financial resources' use are revealed, in particular in terms of the Bank's lending activities based on indicators of net liabilities, gross and net payments. The general trend towards an increase in gross payments and net payments after 2020 is identified. The factors that influenced the dynamics of the profit before distribution indicator during 2016–2023 and the positive impact of measures to form and use reserves that accumulate from income before their distribution within the financial year are revealed. The important role of a new operating activity model aimed at improving financing of growth and development in the context of the Bank's adaptive development is shown. This contributed to the increase in the IBRD financial potential and allowed it to finance the allocation of funds to support the activities of the International Development Association, as well as the formation of the general reserve and surplus funds of the Bank since 2019. The analysis of the dynamics and structure of the IBRD Balance Sheet made it possible to determine the trend towards growth in total assets, the implemented investment policy and the dynamics of the net investment portfolio indicators had a significant positive impact on its financial results. The impact of the Bank's medium-term and long-term borrowings on increasing its own financial potential, lending to development projects implemented by the IBRD to ensure global financial stability and, in accordance with signed international agreements, in particular with the UN, to meet liquidity needs, is revealed. The implementation of the IBRD's mission is ensured by its lending activities, which allows for the redistribution of financial resources from international markets, attracted on the best terms, to member countries in need of the IBRD financial assistance. The gradual decrease in the ratio of equity to loans issued corresponds to the Bank's policy of further reducing it. The generalization of the prospects for the development of the IBRD as a component of the World Bank has shown the active implementation of measures for the adaptive development of the institution to the globalization challenges. This provided the formation of a new vision for the mission and implemented initiatives to strengthen the institution's impact, improve approaches to providing financial assistance to member countries, and build financial capacity in accordance with the adopted Strategy for Fragility,

Conflict and Violence (2020–2025). Given the level of relations between the WBG member countries and their number, it can be assumed that such changes are the beginning of a new stage in the development of the global financial system in terms of interstate cooperation to achieve sustainable development goals and taking into account national needs, characteristics and global challenges. Future scientific research should determine models for the architectonic formation of the global financial system, taking into account the priorities of sustainable development.

REFERENCE/СПИСОК ВИКОРИСТАНИХ ДЖЕРЕЛ

- Articles of Agreement. (2012). *IBRD*. <https://www.worldbank.org/en/about/articles-of-agreement/ibrd-articles-of-agreement>
- Blom, J. (2021). The Institute of International Finance: From Poacher to Gamekeeper? *Business and Politics*, 23(1), 178. <https://www.cambridge.org/core/journals/business-and-politics/article/institute-of-international-finance-from-poacher-to-gamekeeper/FC4CA1B46C080E756B84DA693A34771B>
- Broome, A., Homolar, A., & Kranke, M. (2018, September). Bad science: International organizations and the indirect power of global benchmarking. *European Journal of International Relations*. <https://journals.sagepub.com/doi/epub/10.1177/1354066117719320>
- Camdessus, M. (2005, November). International Financial Institutions: Dealing with New Global Challenges. *International Monetary Fund*. <https://www.elibrary.imf.org/display/book/9781451950199/ch02.xml?tabs=fulltext1>
- Chugunov, I. & Kucher G. (2022). Finance of the International Monetary Fund. *Foreign trade: economics, finance, law*, (2), 77–95. <http://zt.knute.edu.ua/index.php?lang=en&Itemid=791>
- Чугунов, І. Я. & Кучер, Г. В. (2022). Фінанси Міжнародного валютного фонду. *Зовнішня торгівля: економіка, фінанси, право*, (2), 77–95. <http://zt.knute.edu.ua/index.php?lang=en&Itemid=791>
- Explore History. (2024, June 09). *The World Bank*. <https://www.worldbank.org/en/archive/history#>
- Fernandes, C. (2024, November). The lost call for international financial architecture reform in the G20. *Brettonwoods project*. <https://www.brettonwoodsproject.org/2024/10/the-lost-call-for-international-financial-architecture-reform-in-the-g20/>
- IBRD. (2017, June 30). *Management's Discussion & Analysis and Financial Statements International Bank for Reconstruction and Development*. <https://www.ifc.org/content/dam/ifc/doc/2010/fy17-q4-annual-md-a-financial-statements.pdf>
- IBRD. (2020, June 30). *Management's Discussion & Analysis and Financial Statements International Bank for Reconstruction and Development*. <http://pubdocs.worldbank.org/en/732821597064968827/IBRD-Financial-Statements-June-2020.pdf/>
- IBRD. (2023, June 30). *Management's Discussion & Analysis and Financial Statements International Bank for Reconstruction and Development*. <https://www.ifc.org/content/dam/ifc/doc/2023/FY23-Annual-Information-Statement.pdf>
- International Bank for Reconstruction and Development Subscriptions And Voting Power Of Member Countries. (2025, January 2). *World Bank Group*. <https://thedocs.worldbank.org/en/doc/a16374a6cee037e274c5e932bf9f88c6-0330032021/original/IBRDCountryVotingTable.pdf>
- Klymenko, K. V. (2017). Foreign experience of cooperation with International Bank for Reconstruction and Development and International Development Association. *Scientific works. NDFI*, (1), 16–40. http://www.irbis-nbuv.gov.ua/UJRN/Npndfi_2017_1_3
- Клименко, К. В. (2017). Зарубіжний досвід співробітництва з Міжнародним банком реконструкції та розвитку і Міжнародною асоціацією розвитку. *Наукові праці НДФІ*, (1), 16–40. http://www.irbis-nbuv.gov.ua/UJRN/Npndfi_2017_1_3
- Kolosova, V. (2023). Dopomoga grupy' Svitovogo banku Ukraini u period vijny' ta vidnovlennya krayiny. *National Institute for Strategic Studies*. <https://niss.gov.ua/doslidzhennya/mizhnarodni-vidnosyny/dopomoha-hrupy-svitovoho-banku-ukrayini-u-period-viyny-ta>
- Колосова, В. (2023). Допомога групи Світового банку Україні у період війни та відновлення країни. *Національний інститут стратегічних досліджень*. <https://niss.gov.ua/doslidzhennya/mizhnarodni-vidnosyny/dopomoha-hrupy-svitovoho-banku-ukrayini-u-period-viyny-ta>

Kolosova, V. P. (2016). Finance of international institutions in Ukraine. <i>State University of Trade and Economics</i> , 504. https://knute.edu.ua/file/MjIxNw==/b627e66ba9374fe51e0c97547d132ceb.pdf	Колосова, В. П. (2016). Фінанси міжнародних інституцій в Україні. <i>Київ. нац. торг.-екон. ун-т</i> , 504. https://knute.edu.ua/file/MjIxNw==/b627e66ba9374fe51e0c97547d132ceb.pdf
Kozhukhova, T. V. (2016). World Bank Financing of the development projects in Ukraine. <i>International Humanitarian University Herald. Economics and Management</i> , (15), 17–20. http://nbuv.gov.ua/UJRN/Nvmgu_eim_2016_15_6	Кожухова, Т. В. (2016). Фінансування Світовим банком проектів розвитку в Україні. <i>Науковий вісник Міжнародного гуманітарного університету. Економіка і менеджмент</i> , (15), 17–20. http://nbuv.gov.ua/UJRN/Nvmgu_eim_2016_15_6
Lessambo, F. (2015). International Financial Institutions and Their Challenges. <i>Palgrave Macmillan US</i> , 15. https://www.perlego.com/book/3506936/international-financial-institutions-and-their-challenges-a-global-guide-for-future-methods-pdf	
McNamara, Robert S. (1973, September 24). <i>Address to the Board of Governors by Robert S. McNamara (English)</i> . Presidential speech Washington, D.C.: World Bank Group. http://documents.worldbank.org/curated/en/930801468315304694/Address-to-the-Board-of-Governors-by-Robert-S-McNamara	
Relationship Agreement with UN and IMF. (1947). <i>Treaty Series. Treaties and international agreements registered or filed and recorded with the Secretariat of the United Nations</i> , 16 UNTS(108), 325–328. https://research.un.org/en/docs/unsystem/imf	
Severina, K. (2017). Lending by the World bank for infrastructure development projects in Ukraine. <i>Scientific works. NDFI</i> , (1), 114–121. http://npndfi.org.ua/docs/NP_17_01_114_uk.pdf	Северіна, Х. І. (2017). Кредитування Світовим банком проектів розвитку інфраструктури в Україні. <i>Наукові праці НДФІ</i> , (1), 114–121. http://npndfi.org.ua/docs/NP_17_01_114_uk.pdf
Sidenko, S. & Kulbida, M. (2020). International financial organizations in the economic modernization processes of countries. <i>The International Economic Policy</i> , 1-2(32-33), 100–136. http://iejjournal.com/en/issue-32-33-2020.html	Сіденко, С., & Кульбіда, М. (2020). Міжнародні фінансові організації у процесах економічної модернізації країн. <i>Міжнародна економічна політика</i> , 1-2(32-33), 100–136. http://iejjournal.com/en/issue-32-33-2020.html
Slozko, O. O. (2015). Estimation of Investment Projects of the IBRD and the EBRD in Ukraine. <i>Global and national problems of the economy</i> , (7), 66–71. http://global-national.in.ua/issue-7-2015/15-vipusk-7-veresen-2015-r/1185-slozko-o-o-otsinka-efektivnosti-investitsijnikh-proektiv-mbrt-ta-ebrt-v-ukrajini	Сльозко, О. О. (2015). Оцінка ефективності інвестиційних проектів МБРР та ЄБРР в Україні. <i>Глобальні та національні проблеми економіки</i> , (7), 66–71. http://global-national.in.ua/issue-7-2015/15-vipusk-7-veresen-2015-r/1185-slozko-o-o-otsinka-efektivnosti-investitsijnikh-proektiv-mbrt-ta-ebrt-v-ukrajini
Specialized Agency relationship agreement IBRD and UN. (1947). <i>Treaty Series. Treaties and international agreements registered or filed and recorded with the Secretariat of the United Nations</i> , 16(109), 341–344. https://research.un.org/en/docs/unsystem/worldbank	
Tereshchenko, H. M. (2018). Prospects and priorities of the use of the World Bank's financial and credit instruments, <i>Finance of Ukraine</i> , (10), 111–128. http://finukr.org.ua/docs/FU_18_10_111_uk.pdf	Терещенко, Г. М. (2018). Перспективи та пріоритети використання фінансово-кредитного інструментарію Світового банку. <i>Фінанси України</i> , (10), 111–128. http://finukr.org.ua/docs/FU_18_10_111_uk.pdf
The World Bank. (2023). <i>World Bank Annual Report 2023: A New Era in Development</i> . https://openknowledge.worldbank.org/handle/10986/40219	
United Nations and International Bank for Reconstruction, and Development (Acting for and on behalf of the International Finance Corporation) (1957). <i>Treaty Series. Treaties and international agreements registered or filed and recorded with the Secretariat of the United Nations</i> , 265(546), 312–318. https://research.un.org/en/docs/unsystem/worldbank	
United Nations and International Development Association. (1957). <i>Treaty Series. Treaties and international agreements registered or filed and recorded with the Secretariat of the United Nations</i> , 394(582), 221–229. https://research.un.org/en/docs/unsystem/worldbank	
WBG DC2016-0008. (2016, September 20). <i>Development Committee. Forward Look a Vision for the World Bank Group in 2030</i> . https://pubdocs.worldbank.org/en/545241485963738230/DC2016-0008.pdf	
WBG, DC2016-0009. (2016, September 20). <i>Forward Look a Vision for the World Bank Group in 2030 – Main Messages</i> . https://pubdocs.worldbank.org/en/420891485984810099/DC2016-0009.pdf	
WBG, DC2024-0002. (2024, March 29). <i>From Vision to Impact Implementing the World Bank Group Evolution</i> . https://www.devcommittee.org/content/dam/sites/devcommittee/doc/documents/2024/Final_DC2024-0002.pdf	

WBG. (2023, January 13). *Evolving the World Bank Group's Mission, Operations, and Resources: A Roadmap*. <https://www.worldbank.org/en/news/statement/2023/01/13/world-bank-group-statement-on-evolution-roadmap>

World Bank Group. (2020). *The World Bank Annual Report 2020: Supporting Countries in Unprecedented Times: Main Report*. <http://documents.worldbank.org/curated/en/585151601566378168/Main-Report>

World Bank Group. (2020, February 27). *World Bank Group Strategy for Fragility, Conflict, and Violence 2020–2025*. <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/844591582815510521/world-bank-group-strategy-for-fragility-conflict-and-violence-2020-2025>

World Bank. (2024). *Poverty, Prosperity, and Planet Report 2024: Pathways Out of the Polycrisis*. <https://hdl.handle.net/10986/42211>

Conflict of interest: The authors claim that they have no financial or non-financial conflicts of interest in relation to this publication; they have no relationships with governmental bodies, commercial or non-commercial organizations that could be interested in submitting this viewpoint. Given that the authors are employed by the institution that publishes the journal, which may give rise to a potential conflict or suspicion of bias, the final decision to publish this article (including the selection of reviewers and editors) was made by those members of the editorial board who are not affiliated with this institution.

The authors received no direct funding for this research.

Chugunov I., Kucher G. IBRD in shaping the architectonics of the global financial system. *Scientia fructuosa*. 2025. № 1. P. 27–44. [https://doi.org/10.31617/1.2025\(159\)02](https://doi.org/10.31617/1.2025(159)02)

Sent to the editorial office 26.11.2024.

Accepted for printing 12.01.2025.

Published online 17.02.2025.