



By: Tomorrow's Affairs Staff

The end of neutral financing – how the role of the World Bank is changing



This week, at the **Spring Meetings** of the IMF and the World Bank, Washington clearly set the direction: development financing is no longer a neutral function of international institutions.

It is becoming an extension of security and foreign policy. This change is not new in essence, but it is new in the openness and consistency with which it is being implemented.

The **United States**, as the largest single shareholder of the World Bank, has always exercised decisive influence. The difference now is that this influence is no longer concealed by the rhetoric of universal development.

In **Washington**, the focus is on "energy security", "supply chain resilience", and reducing dependence on unreliable partners. These are security terms, not development terms.

When funding meets political criteria

The change is evident in concrete decisions. Over the past year, the World Bank has relaxed restrictions on financing projects related to gas and transitional energy sources.

In practice, this means supporting LNG terminals, pipelines, and related infrastructure in regions where the West seeks long-term influence: Eastern Europe, parts of Africa, and South Asia.

Credit is no longer solely a matter of project viability, but also of the political reliability of the partner

Funding decisions no longer pass solely through economic filters; political criteria linked to the strategic orientation of the recipient country now also play a role.

This is not a minor policy adjustment; it is a

change in the institution's function. The **World Bank** was formally established as a development organisation, but today it increasingly acts as an instrument of power projection.

Credit is no longer solely a matter of project viability, but also of the political reliability of the partner.

Breaking the monopoly

This approach has immediate consequences: capital is increasingly openly linked to political objectives, financing processes are becoming less predictable, and trust in institutions presented as neutral for decades is beginning to erode.

At the same meetings in Washington, it became evident that the tone of countries in Africa, Asia, and Latin America is changing.

Remarks are no longer couched in diplomatic language; they are delivered directly and address the core issues: **financing conditions** are rigid, procedures are slow, and political criteria are increasingly apparent in decision-making.

The Global South now has options that were unavailable ten years ago

This is no longer a routine objection in negotiations, but a clear indication that attitudes towards the current financing model are shifting.

The **Global South** now has options that were unavailable ten years ago. Funding is no longer sourced exclusively from Washington or Brussels.

Alternative channels exist: development banks linked to the **BRICS** group, primarily the New Development Bank, bilateral arrangements with China, and the growing influence of sovereign funds from **Gulf countries**.

These mechanisms are not perfect, but they are sufficient to break the monopoly.

A shift in the negotiating position

This shift changes the negotiating position. States that previously had to accept offered terms now have the ability to refuse or reshape them.

In practice, this is evident in the organisation of financing: projects are increasingly concluded with a mix of Western and alternative sources, reducing dependence on a single decision-making centre.

At the same time, the use of local currencies and bilateral arrangements bypassing the dollar system is increasing, while regional financial institutions are playing a more prominent role and providing faster, more flexible financing models.

Funding decisions are increasingly made based on security and foreign policy considerations, rather than solely economic criteria

This is already evident in specific projects. In Africa, infrastructure deals are being finalised with various sources of financing. In Asia, energy agreements are increasingly negotiated outside the dollar system.

Meanwhile, capital from Gulf countries is entering businesses that were previously dominated almost exclusively by Western institutions. Regional differences exist, but the pattern remains the same.

Washington responds by aligning the institutions it controls more closely with its political priorities. In practice, this means funding decisions are increasingly made based on security and foreign policy considerations, rather than solely economic criteria.

Avoiding dependence on a single centre

Such an approach alters the behaviour of countries seeking funding. When conditions are directly linked to political commitments, the willingness to pursue other sources of capital, even under less favourable financial terms, increases.

This shift occurs gradually, through a series of individual decisions in which alternative arrangements are selected to avoid dependence on a single centre. Over time, these choices begin to reshape the structure of the system.

At present, no single bloc can fully replace Western financial institutions. China, BRICS, and Gulf funds have distinct interests and operating models. However, this is no longer decisive. The existence of choice is sufficient.

Other sources of capital offer faster and more flexible arrangements, but with less transparency and greater operational risk

This marks a key difference from previous decades. The West once controlled most of the capital and most of the rules. Today, it still controls a significant portion, but not all. In this environment, any attempt to centralise control is counterproductive.

The consequences are already evident in the organisation of financing. Projects rarely rely on a single source of capital. Instead, they are completed through a combination of different creditors, often with competing political interests.

This reduces the likelihood of any one actor dictating terms, but also increases the complexity of negotiations and implementation.

At the same time, differences exist in the rules governing the allocation of funds. Western

institutions require regulatory standards and political conditions aligned with their interests.

Other sources of capital offer faster and more flexible arrangements, but with less transparency and greater operational risk. Countries using these sources do not select either model in its pure form, but combine them, depending on the specific project and the available political space.

Shifting the balance of power

In this environment, the balance of power also shifts. It is not a sudden change, but a process in which the West's dominant position is gradually reduced.

The World Bank and the IMF remain important actors, but they are no longer the only option. Their influence is now measured against competition that did not previously exist on this scale.

Energy policy, now implemented through financing, further reinforces this dynamic. Gas and infrastructure projects are not short-term arrangements, but decisions that bind countries for decades through technology, suppliers, and political relationships.

European governments depend on the stability of a system that is now changing, but do not have full control over its transformation

This is why they become the subject of broader competition. If one source of funding comes with political conditions, another is presented as a way to avoid those conditions. This does not lead to automatic classification, but it alters the negotiating position of those deciding on such projects.

For Europe, which does not have the same control over global financial institutions as the United States, this dynamic presents an

additional challenge.

European governments depend on the stability of a system that is now changing, but do not have full control over its transformation. At the same time, they face energy instability and the need for investments that exceed their budgets.

In this environment, efforts to preserve the existing model by increasing politicisation of funding may produce short-term results, but in the long term will accelerate the process they aim to halt.

Changing the rules of the game

The global financial system is entering a phase without a single decision-making centre. Several centres will emerge, each with distinct rules and interests. This will increase uncertainty, but also reduce the likelihood of one side dictating terms.



The World Bank will remain an important actor but will no longer be indispensable

For the World Bank, this entails redefining its role. It will remain an important actor but will no longer be indispensable. For Washington, this involves choosing between two strategies: maintaining control through politicisation or preserving influence through flexibility. Both have limitations.

For the Global South, this is the first time in modern history it is negotiating from a position that is not predetermined. It does not guarantee success, but it changes the rules of

the game.

In the coming years, the main dividing line will not be between developed and underdeveloped countries, but between systems that aim to maintain centralised control and those providing alternative models of financing and development.

The outcome of this process will not be determined by a single decision or meeting. It will emerge from a series of actions, some of which have already started this week in Washington.