

PRICING SUPPLEMENT



**INTERNATIONAL BANK FOR RECONSTRUCTION AND
DEVELOPMENT**

Global Debt Issuance Facility

No. 2577

US\$15,000,000

**Callable Fixed Rate / Variable Interest Rate Range Notes
due May 28, 2015**

Morgan Stanley

The date of this Pricing Supplement is May 23, 2003

This document ("Pricing Supplement") is issued to give details of an issue by International Bank for Reconstruction and Development (the "Bank") under its Global Debt Issuance Facility.

This Pricing Supplement supplements the terms and conditions in, and incorporates by reference, the Prospectus dated October 7, 1997, and all documents incorporated by reference therein (the "Prospectus"), and should be read in conjunction with the Prospectus. Unless otherwise defined in this Pricing Supplement, terms used herein have the same meaning as in the Prospectus.

Terms and Conditions

The following items under this heading "Terms and Conditions" are the particular terms which relate to the issue the subject of this Pricing Supplement. These are the only terms which form part of the form of Notes for such issue:

1	No.:	2577
2	Aggregate Principal Amount:	US\$15,000,000
3	Issue Price:	100.00 per cent. of the Aggregate Principal Amount
4	Issue Date:	May 28, 2003
5	Form of Notes (Condition 1(a)):	Registered Notes only
6	Authorized Denominations (Condition 1(b)):	US\$1,000 and increments of US\$1,000 thereafter
7	Specified Currency (Condition 1(d)):	United States dollars ("US\$")
8	Maturity Date (Conditions 1(a) and 6(a)):	May 28, 2015
9	Interest Basis (Condition 5):	From and including the Issue Date to, but excluding May 28, 2004: Fixed Interest Rate (Condition 5(I)) From and including May 28, 2004 to, but excluding the Maturity Date: Variable Interest Rate (Condition 5(II))
10	Fixed Interest Rate (Condition 5(I)):	
	(a) Interest Rate:	7.00 per cent. per annum
	(b) Fixed Rate Interest Payment Date(s):	November 28, 2003 and May 28, 2004
	(c) Fixed Rate Day Count Fraction:	Actual/365 (the actual number of days in the relevant Interest Period divided by 365)
11	Basis of Calculation of Variable Interest Rate and Interest Payment Dates and default interest where Condition 5(II)(b)(i) to (vii), 5(II)(c), 5(II)(d) and 5(II)(e) do not apply (Condition 5(II)(b)):	
	(a) Calculation of Interest Amounts:	The Interest Amount per Authorized Denomination shall be determined by the

Calculation Agent in accordance with the following formula:

$$7.00\% \times (N/365) \times \text{Authorized Denomination}$$

Where:

"N" is the total number of days in respect of each relevant Interest Period on which the Reference Rate is within the Accrual Range as determined by the Calculation Agent.

"Reference Rate" for any day in the relevant Interest Period means 6 month US\$ LIBOR, being the rate for deposits in US\$ for a period of six months which appears on the Moneyline/Telerate Page 3750 (or such other page that may replace that page on that service or a successor service) at 11.00 a.m. London time on the fifth Relevant Business Day prior to such day.

If such rate does not appear at the time and day designated above in respect of any day in the Interest Period, the Calculation Agent shall determine the Relevant Rate by requesting the principal London office of each of four major banks in the London interbank market (the "Reference Banks") to provide a quotation for the rate at which deposits in US\$ dollars were offered to prime banks in the London interbank market for a period of 6 months at approximately 11:00 a.m. London time on the fifth Relevant Business Day prior to such day. If at least two such quotations are provided, the Relevant Rate will be the arithmetic mean of the quotations.

If only one such quotation is provided, the Calculation Agent may determine that such quotation shall be the Relevant Rate. If no such quotations are provided and the Calculation Agent determines in its sole discretion that no suitable replacement Reference Banks who are prepared to quote are available, the Calculation Agent shall be entitled to calculate the Relevant Rate in its sole discretion, acting in good faith and in a commercially reasonable manner.

"Accrual Range" means:

for each Interest Period within the period from

and including May 28, 2004 to but excluding May 28, 2005, equal to or greater than zero per cent. but less than or equal to 4.50 per cent.;

for each Interest Period within the period from and including May 28, 2005 to but excluding May 28, 2006, equal to or greater than zero per cent. but less than or equal to 5.00 per cent.;

for each Interest Period within the period from and including May 28, 2006 to but excluding May 28, 2007, equal to or greater than zero per cent. but less than or equal to 5.50 per cent.;

for each Interest Period within the period from and including May 28, 2007 to but excluding May 28, 2008, equal to or greater than zero per cent. but less than or equal to 6.00 per cent.;

for each Interest Period within the period from and including May 28, 2008 to but excluding May 28, 2009, equal to or greater than zero per cent. but less than or equal to 6.50 per cent.;

per cent. but less than or equal to 6.50 per cent.; and

for each Interest Period within the period from and including May 28, 2009 to but excluding May 28, 2015, equal to or greater than zero per cent. but less than or equal to 7.00 per cent.

Rounding

In applying the formula described above in respect of the Interest Amount, the Calculation Agent shall round the result of:

$7.00\% \times (N/365)$

to the nearest one-hundred thousandth of one per cent. prior to multiplying that result by the Authorized Denomination.

(b) Interest Payment Dates: November 28 and May 28 of each year commencing on November 28, 2004 and ending on the Maturity Date.

(c) Calculation Agent: Citibank, N.A.

12 Relevant Financial Centre: New York

13 Relevant Business Day: New York and London

14	Issuer's Optional Redemption (Condition 6(e)):	Yes
	(a) Notice Period:	Not less than 10 Relevant Business Days
	(b) Amount:	All and not less than all
	(c) Date(s):	The Fixed Rate Interest Payment Date on May 28, 2004 and each Interest Payment Date commencing on November 28, 2004 and ending on November 28, 2014
	(d) Early Redemption Amount (Bank):	Principal amount of the Notes to be redeemed
	(e) Notices:	<p>As long as the Notes are represented by a DTC Global Note and the DTC Global Note is being held on behalf of a clearing system, notwithstanding Condition 13, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders, provided that: so long as the Notes are listed on the Luxembourg Stock Exchange, and the rules of the exchange so require, notice shall be published in a leading daily newspaper in either the French or German language and of general circulation in Luxembourg</p> <p>Any notice delivered to a clearing system in accordance with the preceding sentence shall be deemed to have been given to the Noteholders on the day on which such notice is delivered to the clearing system</p>
15	Redemption at the option of the Noteholders (Condition 6(f)):	No
16	Long Maturity Note (Condition 7(f)):	No
17	Talons for Future Coupons to be attached to Definitive Bearer Notes (Condition 7(h)):	No
18	Early Redemption Amount (including accrued interest, if applicable) (Condition 9):	Principal amount of the Notes to be redeemed plus accrued interest thereon
19	Governing Law of the Notes:	English

Other Relevant Terms

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| 1 | Listing (if yes, specify Stock Exchange Exchange): | Luxembourg Stock Exchange |
| 2 | Details of Clearance System approved by the Bank and the Global Agent and Clearance and Settlement Procedures: | DTC, Clearstream Banking, société anonyme and Euroclear Bank S.A./N.V., as operator of the Euroclear System. Payment for the Notes will be on a delivery versus payment basis |
| 3 | Syndicated: | No |
| 4 | Commissions and Concessions: | None |
| 5 | Codes: | |
| | (a) CUSIP | 45905UCT9 |
| | (b) ISIN | US45905UCT97 |
| | (c) Common Code | 016811769 |
| 6 | Identity of Dealer(s)/Manager(s): | Morgan Stanley & Co. International Limited |
| 7 | Provisions for Registered Notes: | |
| | (a) Individual Definitive Registered Notes Available on Issue Date: | No. Interests in the DTC Global Note will be exchangeable for Definitive Registered Notes only in the limited circumstances described in the Prospectus |
| | (b) DTC Global Note(s): | Yes; one |
| | (c) Other Registered Global Notes: | No |

General Information

The Bank's latest Information Statement was issued on September 17, 2002

The following additional selling restrictions shall apply to the issue:

United Kingdom:	Each Dealer is required to comply with all applicable provisions of the Financial Services and Markets Act 2000 with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom
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**INTERNATIONAL BANK FOR
RECONSTRUCTION AND
DEVELOPMENT**

By:
Authorized Officer

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

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