

# THE WORLD BANK

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- ▶ World Bank is a financial institution of 'The World Bank Group' which was established in 1946, after Bretton woods Conference ( 1944).
- ▶ The World Bank is an international financial institution which provides loans and grants to the governments of poorer countries for the purpose of pursuing capital projects. It comprises two institutions-

-1. The International Bank for Reconstruction and Development (IBRD) or World Bank.

-2. The International Development Association (IDA). The World Bank is a component of the World Bank Group.

International Finance Corporation ( IFC), Multilateral Investment Guarantee Agency ( MIGA ) and International Centre for Settlement of Investment Disputes ( ICSID) are family part of World Bank Group ( but not main institutions).

- It is located at Washington D.C. and having 10,000 in its 120 offices worldwide. It has 189 member countries.

# INTRODUCTION

- ▶ The World Bank Group has set two goals for the world to achieve by 2030-
- ▶ End extreme poverty by decreasing the percentage of people living on less than \$1.90 a day to no more than 3%.
- ▶ Promote shared prosperity by fostering the income growth of the bottom 40% for every country.
- ▶ The World Bank is a vital source of financial and technical assistance to developing countries around the world. It is not a bank in the ordinary sense but a unique partnership to reduce poverty and support development. The World Bank Group comprises five institutions managed by their member countries.

## MISSION AND OBJECTIVES

- ▶ The World Bank is like a cooperative, made up of 189 member countries. These member countries, or shareholders, are represented by a Board of Governors, who are the ultimate policymakers at the World Bank. Generally, the governors are member countries' ministers of finance or ministers of development. They meet once a year at the Annual Meetings of the Boards of Governors of the World Bank Group and the International Monetary Fund.
- ▶ The governors delegate specific duties to 25 Executive Directors, who work on-site at the Bank. The five largest shareholders appoint an executive director, while other member countries are represented by elected executive directors.

## ORGANIZATION

- ▶ The World Bank Group President chairs meetings of the Boards of Directors and is responsible for overall management of the Bank. The President is selected by the Board of Executive Directors for a five-year, renewable term.
- ▶ The Executive Directors make up the Boards of Directors of the World Bank. They normally meet at least twice a week to oversee the Bank's business, including approval of loans and guarantees, new policies, the administrative budget, country assistance strategies and borrowing and financial decisions.
- ▶ The World Bank operates day-to-day under the leadership and direction of the president, management and senior staff, and the vice presidents in charge of Global Practices, Cross-Cutting Solutions Areas, regions, and functions.

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- ▶ It has two main internal bodies- 'Boards of Governors' and 'Boards of Directors'.
- ▶ The Boards of Governors consist of one Governor and one Alternate Governor appointed by each member country. The office is usually held by the country's minister of finance, governor of its central bank, or a senior official of similar rank. The Governors and Alternates serve for terms of five years and can be reappointed.
- ▶ The World Bank Group Boards of Directors refers to four separate Boards of Directors, namely the Board of the International Bank for Reconstruction and Development (IBRD), the International Development Agency (IDA), the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA).

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- ▶ The World Bank Group works in every major area of development. It provides a wide array of financial products and technical assistance, and helps countries to share and apply innovative knowledge and solutions to the challenges they face.
- ▶ Since 1947, the World Bank has funded over 12,000 development projects, via traditional loans, interest-free credits, and grants.
- ▶ In 1948, the Bank started paying attention to lending for development purposes. The traditional development loan policy of the Bank has been to help the member nations to strengthen the foundations of their economies for rapid economic development.

## MAJOR THINGS

- ▶ About half of the loans have been for the development of electric power projects and the other half for the development of other sectors, i.e. transport, agriculture and industry.
- ▶ Recently, however, the Bank has changed its development loan strategy and lays more emphasis of financing schemes which directly influence the well-being of poor masses of the member countries, especially the developing countries.
- ▶ The World Bank has a special role in accelerating the process of economic and welfare schemes in under developed countries.

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