

## The World Bank

### **Introduction :**

The **World Bank** is an international financial institution, located in Washington DC, that provides loans and grants to the governments of poorer countries for the purpose of pursuing their developmental objectives . The World Bank consists of two institutions: the International Development Association (IDA) and the International Bank for Reconstruction and Development ( IBRD)

### **World Bank Group**

The World Bank has other three arms as well and along with the above two they are called The World Bank Group. The mission of World bank Group is to "fight poverty and improve living standards for people in the developing world." These three arms are International Finance Corporation ( IFC), Multilateral Investment Guarantee Agency ( MIGA) and International Centre for Settlement of Investment Disputes ( ICSID . All these five closely associated institutions each have a distinct role and together form, the World Bank Group. The International Finance Corporation (IFC), invests in private firms and promotes entrepreneurship, the Multilateral Investment Guarantee Agency (MIGA), guarantees loans, and the International Centre for Settlement of Investment Disputes (ICSID).

By 2018, the World Bank Group was "one of the world's largest sources of funding and knowledge for developing countries." Of the five institutions, the IBRD and the IDA are the World Bank's two largest units. When a country reaches a GDP per person over US\$1,145, they are no longer eligible for IDA financial support. For example, of the BRIC countries, China was no longer eligible in 1999 and by 2014, neither was India.

The IBRD has 189 countries as members , while the IDA has 173 countries . Each member state of IBRD should also be a member of the IMF and only members of IBRD are allowed to join other institutions within the Bank such as IDA. The President of the World Bank is, traditionally, an American, but lately other European countries have also been represented . At present the President of the World bank is David

Malpass . The Boards of Directors consist of the World Bank Group President and 25 Executive Directors.

**Background :**

The World Bank was founded based on the decisions of the Bretton Woods Conference in 1944 along with the IMF and Both the Institutions work closely with each other. In 1946, the International Bank for Reconstruction and Development, was founded and started to be known as the World Bank .It expanded to a closely associated group of five development institutions, now known as the World Bank Group.

The original intention behind the founding of the World Bank was to provide temporary loans to low-income countries which were unable to obtain loans commercially.-Initially its loans helped rebuild countries devastated by World War II. However, the Bank made a slow start as it was underfunded, When the USA went ahead with Marshall Plan to rebuild war ravaged Europe with its own funds from 1947 onwards ,many European countries began receiving aid directly from the USA. Faced with this competition, the World Bank shifted its focus to non-European countries. The focus shifted from reconstruction to development, with a heavy emphasis on infrastructure such as dams, electrical grids and power plants, irrigation systems, and roads that would generate enough income to enable a borrower country to repay the loan.

With the founding of the International Finance Corporation in 1956, the institution became able to lend to private companies and financial institutions in developing countries. The subsequent launch of the International Centre for Settlement of Investment Disputes and the Multilateral Investment Guarantee Agency further rounded out the Bank Group's ability to connect global financial resources to the needs of developing countries

The founding of the International Development Association in 1960 put greater emphasis on the poorest countries, part of a steady shift toward the eradication of poverty becoming the Bank Group's primary goal. From 1974 to 1980 the bank concentrated on meeting the basic needs of people in the developing countries. The size and number of loans to borrowers was greatly increased, as loan targets expanded from infrastructure into social services and other sectors. During the 1980s the bank emphasized lending to service Third-World debt with conditions called Structural Adjustment Policies ,designed to streamline the economies of developing nations. UNICEF reported in the late 1980s

that the structural adjustment programs of the World Bank had been responsible for "reduced health, nutritional and educational levels for tens of millions of children in Asia, Africa and Latin America.

Beginning in 1989, in response to harsh criticism from many groups, the Bank began including environmental groups and NGOs in its loans to mitigate the past effects of its development policies that had prompted the criticism. It also formed an implementing agency, in accordance with the Montreal Protocols, to stop Ozone depletion damage to the Earth's atmosphere by phasing out the use of 95% of ozone-depleting chemicals, with a target date of 2015. Since then, the bank has put various additional policies into effect to preserve the environment while promoting development. For example, in 1991 the bank announced that to protect against deforestation, especially in the Amazon, it would not finance any commercial logging or infrastructure projects that harm the environment.

In order to promote global public goods, the World Bank tries to control communicable disease such as malaria, delivering vaccines to several parts of the world and joining combat forces. In 2000 the bank announced a "war on AIDS" and in 2011 the Bank joined the Stop Tuberculosis Partnership.

Today the Bank Group's work touches nearly every sector that is important to fighting poverty, supporting economic growth, and ensuring sustainable gains in the quality of people's lives in developing countries. While sound project selection and design remain paramount, the Bank Group recognizes a wide range of factors that are critical to success—effective institutions, sound policies, continuous learning through evaluation and knowledge-sharing, and partnership, including with the private sector. The Bank Group has long-standing relationships with more than 180 member countries, and it taps these to address development challenges that are increasingly global. On critical issues like climate change, pandemics, and forced migration, the Bank Group plays a leading role because it is able to convene discussion among its country members and a wide array of partners. It can help address crises while building the foundations for longer-term, sustainable development.

The evolution of the Bank Group has also been reflected in the diversity of its multidisciplinary staff, who include economists, public policy experts, sector experts, and social scientists, based at headquarters in

Washington, D.C., and in the field. Today, more than a third of staff are based in country offices.

As demand for its services has increased over time, the Bank Group has risen to meet them. For perspective, the World Bank made four loans totaling \$497 million in 1947, as compared to 302 commitments totaling \$60 billion in 2015.