



THE WORLD BANK
IBRD • IDA • WORLD BANK GROUP



The formation of World Bank

- The **Bretton Woods Conference**, was a gathering of delegates from **44 nations** that met from **July 1 to 22, 1944** in **Bretton Woods, New Hampshire (USA)**, to agree upon a series of **new rules for international financial and monetary order** after the conclusion of World War II.
- The World Bank was created in this Bretton Woods conference. Originally, its **loans** helped rebuild countries devastated by **World War II**. In time, the **focus shifted from reconstruction to development**, with a heavy emphasis on infrastructure such as dams, electrical grids, irrigation systems, and roads.

Bretton Woods Twins

"WB + IMF"

- The two major accomplishments of the conference were the creation of the International Bank for Reconstruction and Development (**IBRD**) and International Monetary Fund (**IMF**).
- Founded in 1944, the International Bank for Reconstruction and Development (**IBRD**) & International Development Association (**IDA**) — soon called the World Bank — has expanded to a closely associated group of five development institutions.

World Bank HQ in Washington D.C. USA



The World Bank Group

- With **189 member** countries, the World Bank Group is a unique global partnership: **five institutions** working for sustainable solutions that **reduce poverty** and build **shared prosperity** in developing countries.
- The Bank Group works with country governments, the private sector, civil society organizations, regional development banks, think tanks, and other international institutions on issues ranging from climate change, conflict, and food security to education, agriculture, finance, and trade.

World Bank's Key posts 2023

Ajay Banga

(President)



Anshula Kant

(MD & CFO)



The 20 Largest Countries by Voting Power (Number of Votes)

Rank	Country	IBRD	Country	IFC	Country	IDA	Country	MIGA
	<i>World</i>	2,201,754	<i>World</i>	2,653,476	<i>World</i>	24,682,951	<i>World</i>	218,237
1	United States	358,498	United States	570,179	United States	2,546,503	United States	32,790
2	Japan	166,094	Japan	163,334	Japan	2,112,243	Japan	9,205
3	China	107,244	Germany	129,708	United Kingdom	1,510,934	Germany	9,162
4	Germany	97,224	France	121,815	Germany	1,368,001	France	8,791
5	France	87,241	United Kingdom	121,815	France	908,843	United Kingdom	8,791
6	United Kingdom	87,241	India	103,747	Saudi Arabia	810,293	China	5,756
7	India	67,690	Russia	103,653	India	661,909	Russia	5,754
8	Saudi Arabia	67,155	Canada	82,142	Canada	629,658	Saudi Arabia	5,754
9	Canada	59,004	Italy	82,142	Italy	573,858	India	5,597
10	Italy	54,877	China	62,392	China	521,830	Canada	5,451

The World Bank Group: 5 Institutions



World Bank Group

International Bank
for Reconstruction
and Development

International
Development
Association

International
Finance
Corporation

Multilateral
Investment
Guarantee Agency

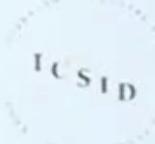
International Center
for the Settlement of
Investment Disputes

WORLD BANK



IDA

 IFC
International
Finance
Corporation



World Bank Group:

The World Bank Group (WBG) is a family of five international organizations that make leveraged loans to developing countries.



1. International Bank for Reconstruction and Development (IBRD): provides debt financing on the basis of sovereign guarantees. The Bank only finances sovereign governments directly or projects backed by sovereign governments. IBRDA focuses on middle income economies like India, Indonesia, Thailand and so on. At the same time, middle-income countries are home to 70% of the world's poor people, as the benefits of this economic growth are unevenly distributed across their populations.
2. International Development Association (IDA): IDA is the part of the World Bank that helps the world's poorest countries. Overseen by 174 shareholder nations, IDA aims to reduce poverty by providing loans (called "credits") and grants for programs that boost economic growth, reduce inequalities, and improve people's living conditions. IDA is one of the largest sources of assistance for the world's 75 poorest countries.

3. International Finance Corporation (IFC): IFC is the largest global development institution focused exclusively on the private sector in developing countries. The Bank Group has set two goals for the world to achieve by 2030: end extreme poverty and promote shared prosperity in every country.

It is a private-sector arm of the World Bank Group, to advance economic development by investing in for-profit and commercial projects for poverty reduction and promoting development.

IFC is also a leading mobilizer of third-party resources for projects.

4. Multilateral Investment Guarantee Agency (MIGA): MIGA is a member of the World Bank Group and its mandate is to promote cross-border investment in developing countries by providing guarantees (political risk insurance and credit enhancement) to investors and lenders.

5. International Centre for Settlement of Investment Dispute (ICSID): ICSID was established in 1966. The ICSID Convention is a multilateral treaty formulated by the Executive Directors of the World Bank to further the Bank's objective of promoting international investment.

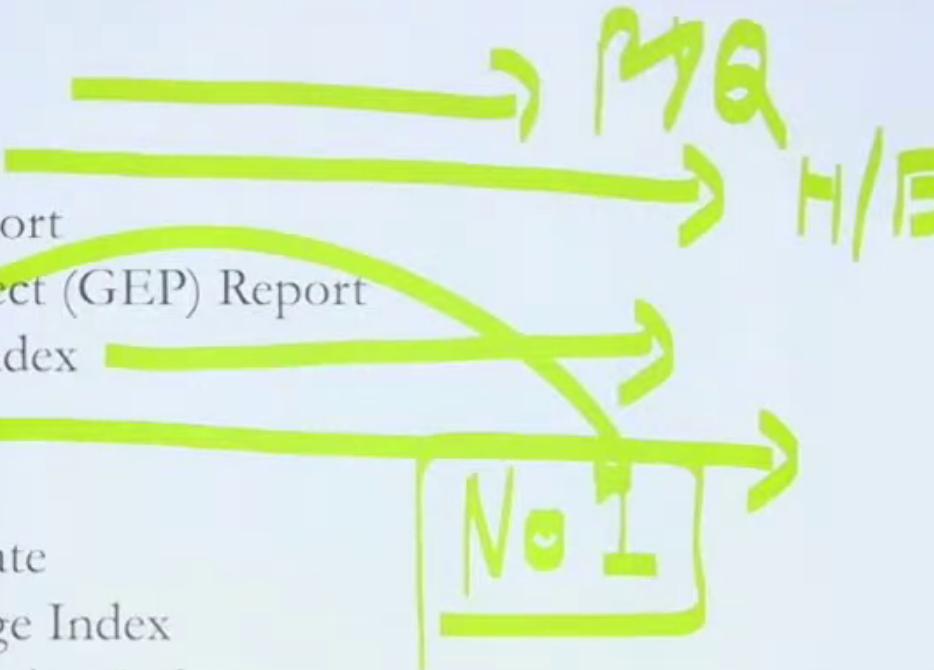
States have agreed on ICSID as a forum for investor-State dispute settlement in most international investment treaties and in numerous investment laws and contracts.

World Bank (WB) and India

- India was one of the **forty-four original signatories** to the agreements reached at Bretton Woods.
- It was also one of the **founding members** of the IFC in 1956 and the IDA in 1960. India later **became a member** of the MIGA in January 1994.
- **India is not a member of ICSID.** India claimed ICSID Convention is not fair, convention's rules for arbitration leaned towards the developed countries.
- During the 1950s, the IBRD was India's sole source of World Bank borrowings.
- India is currently **classified** as a “blend” country — defined as one in **transition** from lower middle-income to middle-income — and is creditworthy for lending from both IDA and IBRD.
- **India is the largest IBRD client** of the World Bank. Between 2015 and 2018, the World Bank lent around \$10.2 billion to India.

Reports published by World Bank

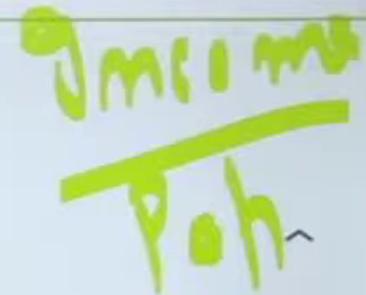
- Ease of Doing Business
- Human Capital Index
- World Development Report
- Global Economic Prospect (GEP) Report
- Logistics Performance Index
- Remittance Report
- Ease of Living Index
- India Development Update
- Universal Health Coverage Index
- The Service Trade Restriction Index



World Bank Challenges

- Some critics have pointed out that the World Bank really caters to the agenda of World Capitalism in the garb of its "**Structural Adjustment Programme (SAP)**" and continues to be dominated by rich countries. SAP is a set of "free market" economic policy reforms imposed on developing countries by the World Bank as a condition for receipt of loans.
- The emerging new economic powers, particularly **India and China, and some other Asian and Latin American countries** of the world should be given due place and role.
- **Failure of World Bank to adapt to the changing world order** may see rising economies going their own way. Eg. Establishment of the **Asia Infrastructure Investment Bank (AIIB)** by China and the BRICS bank.
- Such a development would signify the emergence of multi-polarity without multilateralism, and create a climate of conflicting interests and values among a diverse group of countries

Some Q&A



What is the difference between IMF and World Bank?

The International Monetary Fund(IMF) **emphasizes macroeconomic and financial stability**. On other hand, the world bank aims for the **long-term growth of the countries** and economic boost

What is the main criterion used by World Bank in classifying different countries?

Per capita income is the main criterion used by the World Bank while classifying different countries. However, the use of the per capita income is limited as the growth of a country depends on various factors.

How World Bank get its fund?

World Bank raises funds for development at the **minimum rate by tapping capital markets of the world**. However, in the case of IDA, it raises money from the wealthier member of the government as well.

Who controls World Bank?

The **World Bank Group** is **owned by the government of the member nations**, and they have the ultimate decision-making power within the organization on various matters such as **policy-making**, financial and membership issues.