

# INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (**IBRD**)

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# Fact file

- Formation: July 1944; 70 years ago
- Type: International Financial Organization
- Headquarters: Washington D.C., United States
- Membership: 188 countries (IBRD)  
172 countries (IDA)
- Official language: Arabic, Chinese, English, French, Russian, Spanish
- President: Jim Yong Kim
- Parent organization: World Bank Group

## What is World Bank?

- An international organization dedicated to providing financing, advice and research to developing nations to aid their economic advancement.



# Why it came into existence?

- The World Bank was created at the end of World War II as a result of many European and Asian countries needing financing to fund reconstruction efforts.
- The Bank is successful in providing financing for these devastated (destroyed) countries.



- The International Bank for Reconstruction and Development was the first “Multilateral Development Bank.” Before World War II had ended.
- Harry Dexter White and John Maynard Keynes conceptualised an international institution to stabilize exchange rates and provide a source of financing for reconstruction and development among countries ravaged by the war.



**THE WORLD BANK**

**Working for a World  
Free of Poverty**



# What is Bretton Woods Conference:

- The Bretton Woods Conference was held from the 1st to 22nd of July, 1944 .
- Contained 730 delegates from all 44 Allied nations in Bretton Woods
- To regulate the international monetary and financial order after the conclusion of World War II.
- Created two major institutions:
  - World bank : **(long term loan for distressed economy and member countries )**
  - IMF : **(grants the short term loans to develop the cyclical disturbance in economy.)**

# PROGRESS

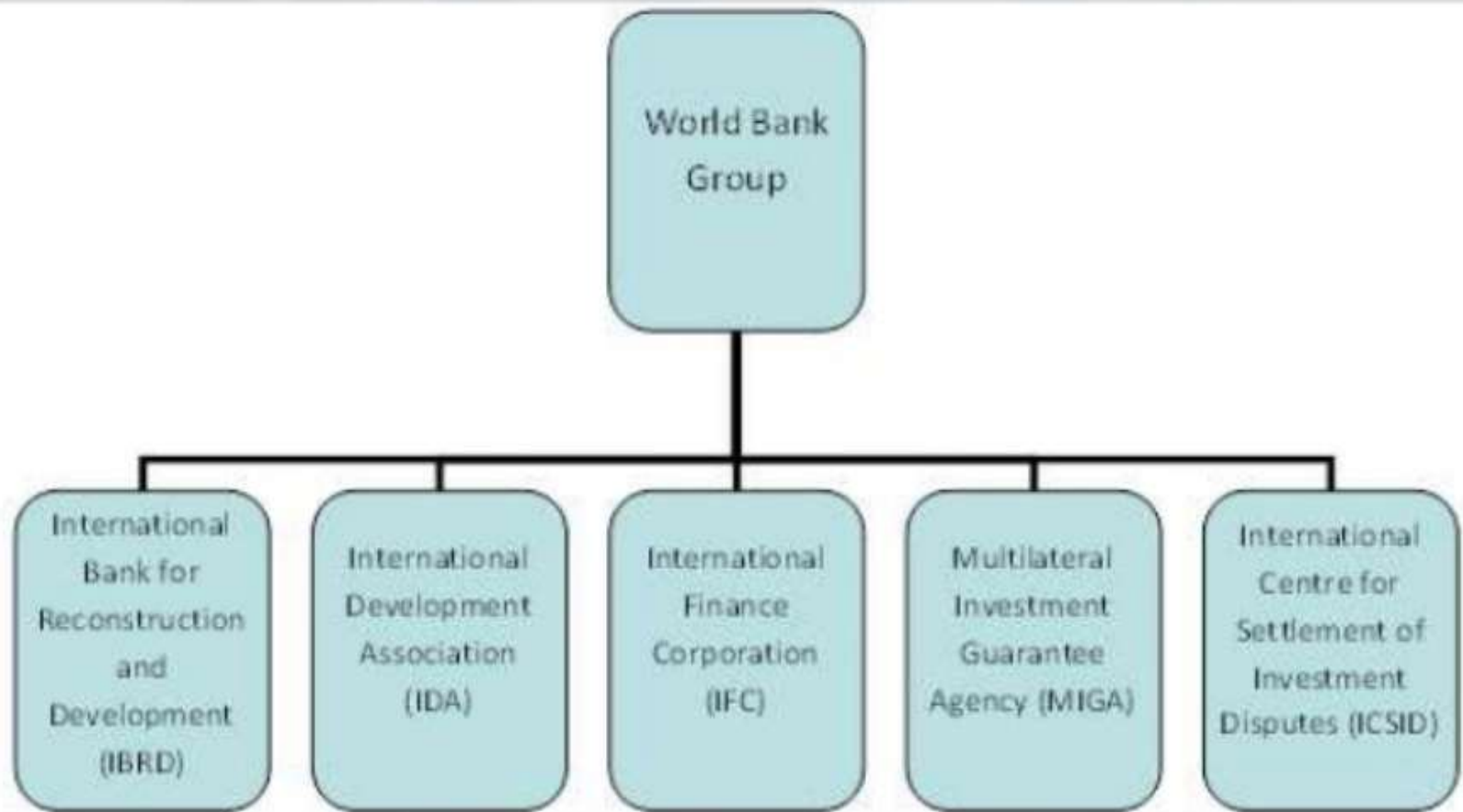
- The new bank received most of its funds from the [New York](#) investment community
- The bank made its first, general reconstruction loans to [France](#) (\$250 million – largest ever) , the [Netherlands](#), [Denmark](#), and Luxembourg in 1947.
- The bank's first bond offering abroad, worth £5 million, came in London in 1951
- China used IDA loans for agriculture and education projects while oil wells were financed with IBRD loans.
- It helped resolve the Indus water dispute between India and [Pakistan](#).

# Key Dates

- The “World Bank Group” first came into being in the 1960s
- **1946:** World Bank founded along with sister institution, the International Monetary Fund.
- **1956:** International Finance Corporation (IFC) created to support private ventures and industrial loans.
- **1960:** International Development Association (IDA) created to give “soft loans” to very poor countries.
- **1966:** International Center for the Settlement of International Disputes (ICSID)
- **1988:** The new Multilateral Investment Guarantee Agency (MIGA) insures against political risks and to encourage private investments.



# World bank group



# OBJECTIVES

1. To provide long-run capital to member countries for economic reconstruction and development.
2. To induce long-run capital investment for assuring Balance of Payments (BoP) equilibrium and balanced development of international trade.
3. To provide guarantee for loans granted to small and large units and other projects of member countries.
4. To ensure the implementation of development projects so as to bring about a smooth transference from a war-time to peace economy.
5. To promote capital investment in member countries by the following ways;
  - (a) To provide guarantee on private loans or capital investment.
  - (b) If private capital is not available even after providing guarantee, then IBRD provides loans for productive activities on considerate conditions.

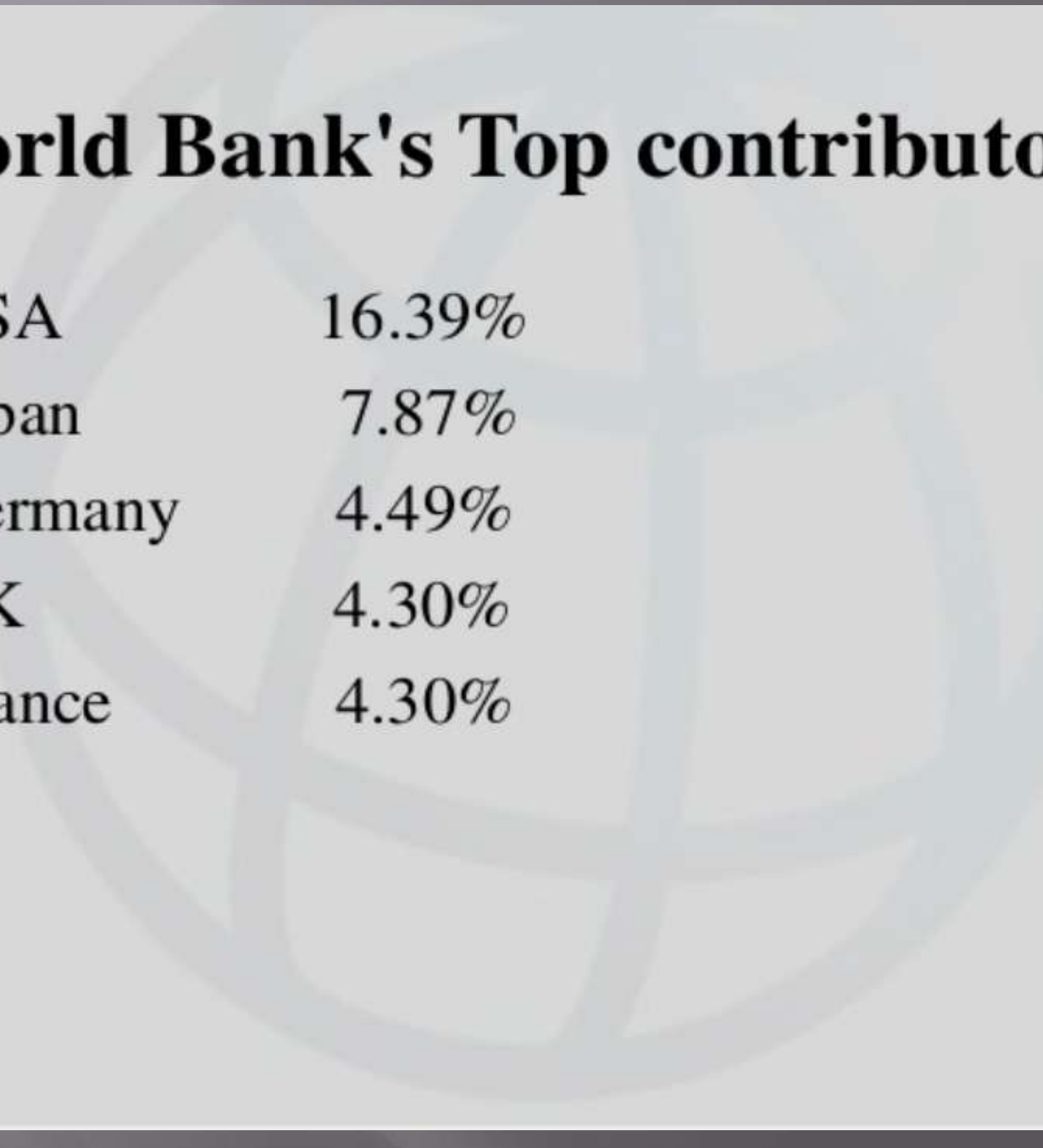
# FUNCTIONS

- Granting reconstruction loans to war devastated countries.
- Granting developmental loans to underdeveloped countries.
- Providing loans to governments for agriculture, irrigation, power, transport, water supply, educations, health, etc
- Providing loans to private concerns for specified projects.
- Promoting foreign investment by guaranteeing loans provided by other organisations.
- Providing technical, economic and monetary advice to member countries for specific project.
- Encouraging industrial development of underdeveloped countries by promoting economic reforms

# **World bank's top borrowers:**

1. Mexico
2. Brazil
3. Turkey
4. Pakistan
5. China
6. India
7. Argentina

# **World Bank's Top contributor's:**



1. USA	16.39%
2. Japan	7.87%
3. Germany	4.49%
4. UK	4.30%
5. France	4.30%



# **India and World Bank**

- India was one of the 17 countries which met in Atlantic City, USA in June 1944 to prepare the agenda for the Bretton Woods conference.
- In fact, the name "International Bank for Reconstruction and Development" [IBRD] was first suggested by India to the drafting committee.
- The Bank lending to India started in 1949, when the first loan of \$34 million was approved for the Indian Railways.
- The aggregate of the Bank's lending in India in the last 45 years was approximately \$42 billion.
- India is the single largest borrower of WB and IDA.

- The World Bank Group's [Partnership Strategy for India \(2013-2017\)](#) will help India lay the foundations for achieving “faster, sustainable, and more inclusive growth” as outlined in the government’s 12th five year plan.
- The World Bank Group will support India with an integrated package of financing, advisory services, and knowledge. During the World Bank financial year (July 2013-June 2014), funding for India was \$5.2 billion (\$2.0 billion in International Bank for Reconstruction and Development (IBRD), \$3.1 billion in International Development Association and \$0.1 billion in CTF or Clean Technology Fund) across 16 projects.

# CRITISISM

- Promoting Washington consensus and allow only big corporations to flourish
- Ignore the environmental and social impact of projects
- Resentment and social turmoil in India
- Cause high debt amongst the countries
- Working with private sector will lead to decrease in the role of the state as primary provider.
- Decisions are made and policies implemented by leading industrialised countries



**THANK  
YOU**