MKR . GOVERNMENT DEGREE COLLEGE
DEVARAKONDA

DEPARTMENT OF ECONOMICS

A STUDENT STUDY PROJECT

ON

"ROLE OF WORLD BANK"

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ROLE OF World Bank

The World Bank is an international financial institution that provides loans and grants to the governments of low- and middle-income countries for the pursuing capital projects. It comprises two institutions :- the International Bank for Reconstruction and Development [IBRD] and the International Development Association [IDA]. The World Bank is a component of the World Bank Group. The World Bank's most recently stated goal is the reduction of poverty.

World Bank Group

The World Bank Group is an extended family of five international organizations. and the parent organization of the World Bank. the collective name given to the first two listed organizations the IBRD and the IDA :→

=> International Bank for Reconstruction and Development [IBRD]

=> International Development Association [IDA].

=> International Finace Corporation [IFC]

=> Multilateral Investment Guarantee Agency [MIGA]

=> International Centre for Settlement of Investment Disputes [ICSID]

History :→

Harry Dexter White (left) and John Maynard Keynes. the founding fathers of both the World Bank and the International Monetary Fund [IMF].

The World Bank was created at the 1944 Bretton Woods Conference. along with the International Monetary Fund [IMF]. The president of the World Bank is traditionally an American. The World Bank and the IMF are both based in Washington. D.C., and work closely with each other.

Although many countries were represented at the Bretton Woods Conference, the United states and United kingdom were the most powerful in attendance and dominated the negotiations. The intention behind the founding of the world Bank was to provide temporary loans to low-income countries that could not obtain loans commercially. The Bank may also make loans and demand policy reforms from recipients.

1944 – 1974

In its early years the Bank made a slow start for two reasons: it was underfunded, and there were leadership struggles between the US Executive Director and the president of the organisation.

When the Marshall plan went into Effect in 1947. Many European Countries began receiving aid from other Sources. Faced with this Competition, the World Bank Shifted its focus to non-European Countries. Until 1968 its loans were Earmarked for the Construction of Infrastructure works, such as Seaports, highway systems, and power plants, that would generate Enough Income to Enable a borrower Country to repay the loan. In 1960, the International Development Association was formed (as opposed to a UN fund named SUNFED), providing Soft loans to developing Countries.

Before 1974, the reconstruction and development loans the World Bank made were relatively Small its staff was aware of the need to instill Confidence in the bank Fiscal Conservatism ruled and loan applications had to meet strict criteria.

1974 - 1980

From 1974 to 1980 the bank Concentrated on meeting the basic needs of people in the developing world. The Size and number of loans to borrowers greatly increased as loan targets Expanded from Infrastructure into Social Services and other Sector.

These changes Can be attributed to Robert McNamara, who was appointed to the presidency in 1968 by Lyndon B. Johnson. McNamara implored bank