

World Bank Group

An organization providing vital financial and technical assistance to developing countries around the world to reduce global poverty.

History

In 1944, the World Bank emerged as an institution charged with rebuilding the devastated post-WWII European economies. Participating countries sought to redesign the international system, because they believed that poverty was not only a breeding ground for social and political unrest, but also an economic drag on the prosperity of all countries.

By creating the World Bank Group and other institutions, participants acted on the shared belief that the road to peace and prosperity lay in free trade and a strong institutional system to support it.



Bakti Kusumaningrum / World Bank.

Today, the World Bank Group consists of five closely associated development institutions: the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Center for Settlement of Investment Disputes (ICSID).

The IBRD and IDA offer low- or no-interest loans and grants to client governments for needed infrastructure and public goods projects. The IBRD lends to middle-income and credit-worthy low-income nations, while IDA targets the world's poorest countries.

Objectives and Practices

The World Bank Group works to reduce global poverty and create sustainable growth by developing country- and sector-specific strategies.

To complement their lending practices, the World Bank Group works with client governments and the private sector to create favorable growth environments through technical analysis and advice. These knowledge services include gathering and evaluating data about an economy, government, or social service and using that data as a starting point for policy discussions. The World Bank also lends its technical expertise to countries to help craft poverty reduction strategies.

While projects vary, six themes guide the work of the World Bank Group:

SUPPORT THE POOREST COUNTRIES

Providing funding to help the poorest countries fight hunger and malnutrition, develop infrastructure, and spur private sector development.

HELP FRAGILE STATES

Working with many partners to help prevent the economic causes of conflict and to support post-conflict reconstruction.

ASSIST MIDDLE-INCOME COUNTRIES

Tailoring assistance and financial products to the distinctive constraints faced by middle-income countries and investing in infrastructure and essential services.

DRIVE GLOBAL PUBLIC GOODS

Spurring multilateral action and global partnerships in areas of development that reach across borders, including health and environmental issues.

INTEGRATE THE ARAB WORLD

Cooperating with the League of Arab States, the World Bank Group works to foster economic integration and knowledge sharing among Arab countries.

SPUR KNOWLEDGE AND LEARNING

Sharing lessons learned and providing data and expertise to increase knowledge and build capacity.



Stephan Bachenheimer/ World Bank.

Isn't there controversy about the World Bank?

Sometimes. Especially during the 1980s and 1990s, some observers became increasingly concerned that the World Bank was putting economic growth ahead of environmental and social concerns and that the projects they undertook were ineffective, costly, or insufficiently guarded against corrupt practices. The World Bank took these criticisms seriously and expanded efforts to address these concerns, working to increase transparency, share information, and promote oversight by placing most project information online. It has also taken steps to increase the participation of developing nations and civil society in the project development process and to promote greater accountability and internal review. At the same time, the World Bank Group remains the most effective global, development lender, even as it continues to grow and change.

Who are the members of the World Bank?

Almost every country in the world belongs to the World Bank Group, with different numbers of members for each agency. The largest, the IBRD, has 188 member countries; and, the smallest, ICSID, has 147.

Why are they called "Bretton Woods" institutions?

The name derives from the town of Bretton Woods, New Hampshire, in the United States, where the United Nations Monetary and Financial Conference was held in 1944.

During the conference, member nations agreed to create a family of international financial institutions (IFIs), including the World Bank Group and the International Monetary Fund. Regional multilateral development banks (MDBs) are associated IFIs.