

World Bank Group

Organization: World Bank Group

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Description The World Bank Group consists of five agencies: the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), the Multi-lateral Investment Guarantee Agency (MIGA) and the International Centre for Settlement of Investment Disputes (ICSID). The United States of America, with important support from the United Kingdom, proposed these kinds of organizations at an important meeting of leading allied powers in Bretton Woods, New Hampshire in 1943. An International Monetary Fund (IMF) was to join them to help stabilize the financial system through currency support, along with an International Trade Organization to promote a framework for liberalized trade. The newly created United Nations supported the formation of these institutions at the end of the Second World War.

The World Bank was given the mandate to promote economic reconstruction and development in an effort to eradicate poverty in the world. Since its creation, the World Bank has provided nearly US\$8.1 billion in assistance to low and middle-income nations. Its headquarters is situated in Washington, DC and it has nearly 109 country offices with more than 10,000 staff. The World Bank Group is governed by the Board of Governors, while the Board of Executive Directors deals with the day-to-day workings of the organization. A President provides leadership to the organization, and typically has been an American. A European normally is the Managing Director of the International Monetary Fund. The Board of Executive Directors deals with the main policy decisions of the bank and approves loans. The Board consists of five permanent members who have the largest number of shares: France, Germany, Japan, the United Kingdom and the United States. The other nineteen Directors are elected every two years, with geographical balance being an important consideration.

Each agency has a specific role in promoting development. For example, IBRD provides loans, technical assistance, and advice to needy nations, while the MIGA encourages foreign investment in developing nations. The IFC and IBRD offer loans to developing countries through funding accumulated by the selling of bonds. In fact, in 2003, they issued US\$19 billion in bonds. The World Bank Group also provides relief through its Heavily Indebted Poor Countries Initiative (HIPC). It takes part in biodiversity projects, anti-corruption efforts, and HIV/AIDS programs.

Like the IMF, the World Bank is often seen by developing countries as an instrument of the developed countries. They see it as promoting a concept of development that leads to their continued economic subordination. In this respect, some developing countries say that the World Bank is the leading agency in a new form of colonialism. Many of the "development projects" have been highly controversial because of the displacement of indigenous peoples and peasants. In recent years, developing countries have had some success in gaining stronger input to World Bank decisions. A former Chief Economist and vice-president of the Bank, Joseph Stiglitz, has also emerged as a leading critical voice on globalization and the role of the Bank. He states that its support of neo-liberal thinking supports developed countries at the expense of addressing adequately the problems of poverty in developing countries.

Suggested Reading: **World Bank Group website.** www.worldbank.org (accessed 22 June 2005).

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