

**SOS POLITICAL SCIENCE AND
PUBLIC ADMINISTRATION
MBA FA 404
SUBJECT NAME:
INTERNATIONAL MARKETING**

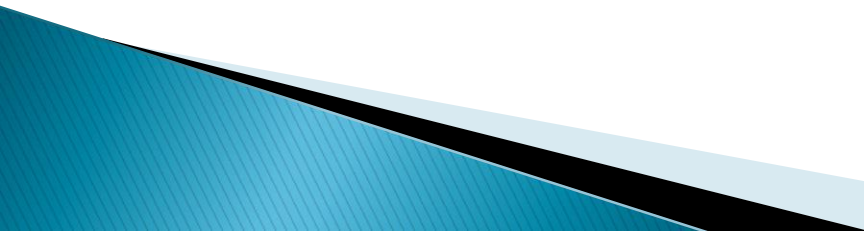
**TOPIC NAME: INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

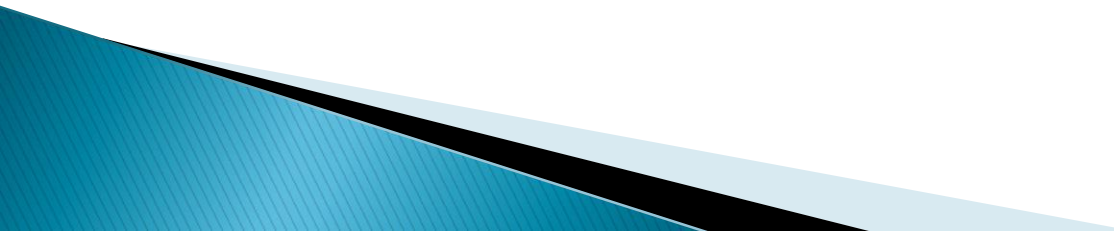


The International Bank for Reconstruction and Development (IBRD) is an international financial institution, established in 1944 and headquartered in Washington, D.C., United States, that is the lending arm of World Bank Group. The IBRD offers loans to middle-income developing countries.

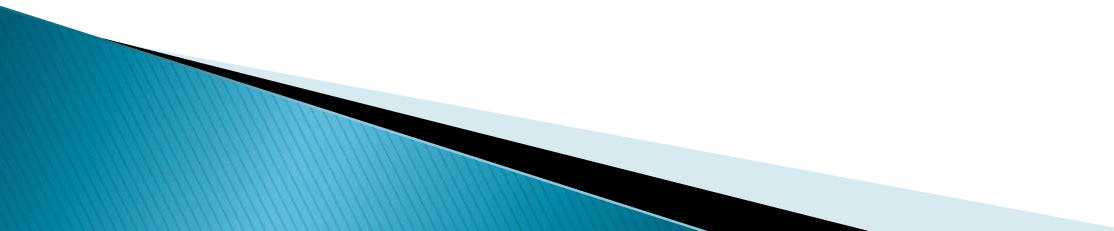
The IBRD is owned and governed by its 189 member states, with each country represented on the Board of Governors. The IBRD has its own executive leadership and staff which conduct its normal business operations.

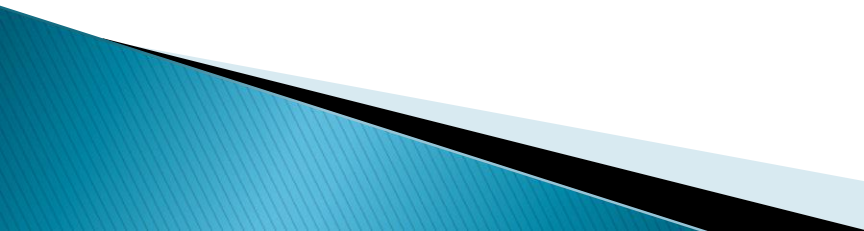
ORGANIZATION AND STRUCTURE:

- ▶ The organization of the bank consists of the Board of Governors, the Board of Executive Directors and the Advisory Committee, the Loan Committee and the president and other staff members. All the powers of the bank are vested in the Board of Governors which the supreme policy is making body of the bank.
 - ▶ The board consists of one Governor and one Alternative Governor appointed for five years by each member country. Each Governor has the voting power which is related to the financial contribution of the Government which he represents.
 - ▶ The Board of Executive Directors consists of 21 members, 6 of them are appointed by the six largest shareholders, namely the USA, the UK, West Germany, France, Japan and India. The rest of the 15 members are elected by the remaining countries.
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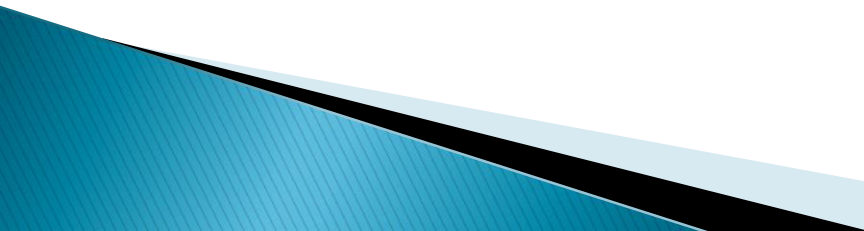
- ▶ Each Executive Director holds voting power in proportion to the shares held by his Government. The board of Executive Directors meets regularly once a month to carry on the routine working of the bank.
 - ▶ The president of the bank is pointed by the Board of Executive Directors. He is the Chief Executive of the Bank and he is responsible for the conduct of the day-to-day business of the bank. The Advisory committees appointed by the Board of Directors.
 - ▶ It consists of 7 members who are experts in different branches of banking. There is also another body known as the Loan Committee. This committee is consulted by the bank before any loan is extended to a member country.
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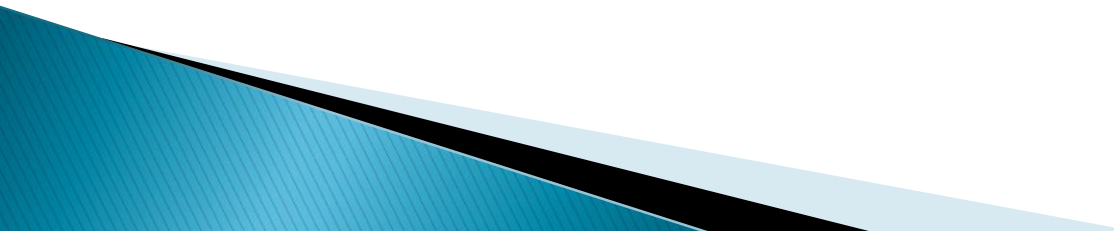
OBJECTIVES:

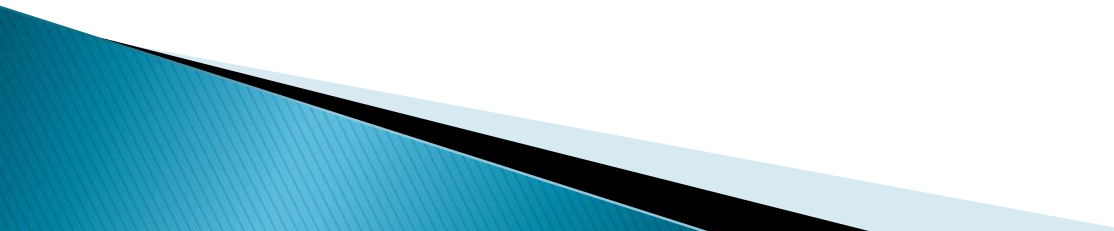
- ▶ To provide long-run capital to member countries for economic reconstruction and development.
 - ▶ To induce long-run capital investment for assuring Balance of Payments (BoP) equilibrium and balanced development of international trade.
 - ▶ To provide guarantee for loans granted to small and large units and other projects of member countries.
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- ▶ To ensure the implementation of development projects so as to bring about a smooth transference from a war-time to peace economy.
 - ▶ 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.
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FUNCTIONS:

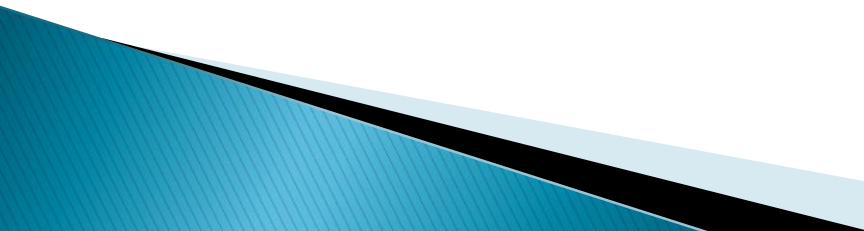
- ▶ World Bank provides various technical services to the member countries. For this purpose, the Bank has established “The Economic Development Institute” and a Staff College in Washington.
 - ▶ Bank can grant loans to a member country up to 20% of its share in the paid-up capital.
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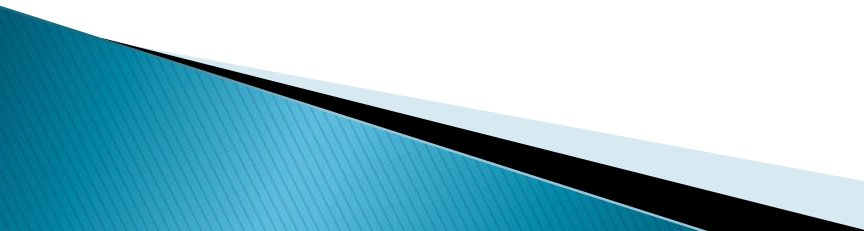
- ▶ The quantities of loans, interest rate and terms and conditions are determined by the Bank itself.
 - ▶ Generally, Bank grants loans for a particular project duly submitted to the Bank by the member country.
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- ▶ The debtor nation has to repay either in reserve currencies or in the currency in which the loan was sanctioned.
 - ▶ Bank also provides loan to private investors belonging to member countries on its own guarantee, but for this loan private investors have to seek prior permission from those countries where this amount will be collected.
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MAJOR ACHIEVEMENTS OF THE WORLD BANK:

1. General Progress:

- ▶ The Bank's membership has increased from the initial number of 30 countries to 68 countries in 1960 and to 151 countries in 1988.
 - ▶ The subscribed capital has increased from the initial amount of \$ 10,000 million to \$ 19,300 million in 1960 and further to \$ 91,436 million in 1988. This increased capital has led to the expansion of the Bank's lending capacity.
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- ▶ In 1960, the Bank approved loans worth \$ 659 million which went up to \$ 14,762 million in 1988.
 - ▶ The disbursement of loans increased from \$ 544 million in 1960 to \$11636 million in 1988.
 - ▶ In 1960, 31 operations were approved for financial assistance. In 1988, the number of operations approved increased to 118.
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2. Lending Operations:

- ▶ It is clear from Table-2 that till June, 1988, the IBRD has granted loans worth \$155049 million. About 22% of the Banks aggregate lending is for energy, 21% for agriculture and rural development, 18% for transportation and communications and 10% for industry and small scale enterprises.

3. Term Loans:

- ▶ Bank grants medium and long-term loans (i.e., payable over a period of 15-20 years) for reconstruction and development purposes to the member countries. The actual term of a loan depends upon the estimated useful life of the equipment or plant financed.

4. Loans for Reconstruction:

- ▶ In the initial years of its establishment, the World Bank's loans were mainly directed to the European countries (whose economies were shattered during the World War II) for financing their programs of reconstruction. The Bank provided loans worth about \$ 5, 00 million for reconstruction purpose.

- 5. Traditional Development Loans Policy**
 - 6. New Loan Strategy**
 - 7. Assistance to Underdeveloped Countries**
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