

## *The World Bank Group*

Established during the second World War at Bretton Woods conference the World Bank initially helped rebuild Europe after the II World War. Its first loan of \$250 million was to France in 1947, followed by other west European countries. The first loan was for post-war reconstruction. Reconstruction has remained an important focus of the Bank's work, given the natural disasters, humanitarian emergencies, and post conflict rehabilitation needs that affect developing and transition economies.

Today the World Bank has sharpened its focus on poverty reduction, fighting corruption and transparency, as main goals of all its work.

It once had a homogeneous staff /engineers and financial analysts/ based solely in Washington, D.C. Today, it has a multidisciplinary and diverse staff including economists, public policy experts, sectoral experts, and social scientists. More than 40 percent of the staff is now based in country and regional offices.

The Bank itself is bigger, broader, and far more complex, than it used to be initially. It has become a Group 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 Centre for Settlement of Investment Disputes (ICSID).

Since Bretton woods, the Bank Group has made much progress. All five institutions have been working - separately and together - to improve internal efficiency and external effectiveness.

More than ever before, the Bank is playing an important role in the global policy arena. It helped effectively from post-conflict work in Bosnia, post-crisis assistance in East Asia, hurricane clean-up assistance in central America, to post-earthquake support in Turkey. The World Bank is actively engaged in places like Kosovo, Moldavia as well in the whole African continent. In this context the bank says\_

“Even tough we made considerable progress, the Bank Group's agenda is not yet complete, nor can it ever be, while the challenges of development continue to grow”.

## *International Bank for Reconstruction and Development* bretton woods 1944

The International Bank for Reconstruction and Development (IBRD) aims to reduce poverty in middle-income and creditworthy poorer countries by promoting sustainable development through loans, guarantees, risk management products, and analytical and advisory services. Established in 1944 as the original institution of the World

Bank Group, IBRD is structured like a cooperative that is owned and operated for the benefit of its 185 member countries.

IBRD raises most of its funds on the world's financial markets and has become one of the most established borrowers since issuing its first bond in 1947. The income that IBRD has generated over the years has allowed it to fund development activities and to ensure its financial strength, which enables it to borrow at low cost and offer client's good borrowing terms.

At its Annual Meeting in September 2006, the World Bank and especially the IBRD committed to make further improvements to the services they provide. To meet the increasingly sophisticated demands of middle-income countries, IBRD is overhauling financial and risk management products, broadening the provision of free-standing knowledge services and making it easier for clients to deal with the Bank.

### *IDA International Development Association 1960*

The International Development Association (IDA) is the part of the World Bank that helps the world's poorest countries. Established in 1960, IDA aims to reduce poverty by providing interest-free credits and grants for programs that boost economic growth, reduce inequalities and improve people's living conditions.

IDA complements the World Bank's other lending arm—the International Bank for Reconstruction and Development (IBRD)—which serves middle-income countries with capital investment and advisory services. IBRD and IDA share the same staff and headquarters and evaluate projects with the same rigorous standards.

IDA is one of the largest sources of assistance for the world's 80 poorest countries, 39 of which are in Africa. It is the single largest source of donor funds for basic social services in the poorest countries.

IDA lends money (known as credits) on concessional terms. This means that IDA credits have no interest charge and repayments are stretched over 35 to 40 years, including a 10-year grace period. IDA also provides grants to countries at risk of debt distress.

Since its inception, IDA credits and grants have totaled US\$182 billion, averaging US\$10 billion a year in recent years and directing the largest share, about 50 percent, to Africa.

### *IFC International Finance Corporation 1956*

First of all the IFC is financially independent even though it is part from the World Bank. It is an organization which enjoys special statute within the World Bank group as well in the United Nations at all.

The IFC promotes sustainable private sector development in developing countries. Its particular goal is to promote economic development by encouraging the growth of productive enterprise and efficient capital markets in its member countries.

The investments in emerging-market companies and financial institutions create jobs, build economies, and generate tax revenues. The IFC also recognizes that economic growth is sustainable only if it is environmental friendly, social sound and helps improve the quality of life for those living in the developing world.

### *MIGA- Multilateral Investment Guarantee Agency* 1988

As a member of the World Bank Group, MIGA's mission is to promote foreign direct investment (FDI) into developing countries to help support economic growth, reduce poverty, and improve people's lives.

Foreign direct investments can play a critical role in reducing poverty, by building roads, providing clean water and electricity, and above all, providing jobs. /ne e dobre – otpada /. MIGA has five main tasks, which are political risk insurance, technical assistance, promoting investments in high risk countries. investments into *conflict-affected countries* and the so called *South-South investments* (which are investments between developing countries). That's the way how MIGA is contributing a greater proportion of FDI flows. Since its inception in 1988, MIGA has issued nearly 900 guarantees worth more than \$17.4 billion for projects in 96 developing countries.

### *International Centre for Settlement of Investment Disputes (ICSID)* 1966

In the past, the World Bank as an institution and the President of the Bank in his personal capacity have assisted in mediation or conciliation of investment disputes between governments and private foreign investors. The creation of the International Centre for Settlement of Investment Disputes (ICSID) in 1966 was in part intended to relieve the President and the staff of the burden of becoming involved in such disputes. The Bank's consideration to create ICSID was the belief that an institution specially designed to facilitate the settlement of investment disputes between governments and foreign investors could help to promote increased flows of international investment.

ICSID was established under the **Convention on the Settlement of Investment Disputes between States and Nationals of Other States** (the Convention) which came into force on October 14, 1966. ICSID has an Administrative Council and a Secretariat. The Administrative Council is chaired by the World Bank's President and consists of one representative of each State which has ratified the Convention. Annual meetings of the Council are held in conjunction with the joint Bank/Fund annual meetings.

ICSID is an autonomous international organization. However, it has close links with the World Bank. All of ICSID's members are also members of the Bank. Unless a

government makes a contrary designation, its Governor for the Bank sits ex officio on ICSID's Administrative Council. The expenses of the ICSID Secretariat are financed out of the Bank's budget, although the costs of individual proceedings are borne by the parties involved.

**Fox News**, a conservative news corporation, brought the news that Paul Wolfowitz broke staff and board rules when he gave his girlfriend an unusually good promotion and really high salary increase in the system of the bank. As soon as the news broke, the board and the staff association immediately jumped on the issue and put a lot of pressure on the president to explain himself. Throughout the investigation, he refused to fully explain himself, he denied all wrongdoing, and would not mention that Shaha Riza was his girlfriend. It was also discovered that he directed the Vice president of human resources to offer the lucrative deal to his girlfriend. Fortunately, the VP wrote a memo to himself and this was later used against Paul. The White House initially supported Wolfowitz (by the way George nominates the World Bank president) but then they started to issue neutral statements... Ultimately, the board decided that Wolfowitz acted inappropriately and voted to issue a statement of no confidence. In order to get a large termination bonus, Paul refused to resign immediately so that he could meet a minimum time in service requirement. Many of the staff resented his poor decisions to hire some of his intensely disliked friends from the Pentagon and the White House. At the end of the day, the exceptionally high ethical standards of the organization and the staff won the battle and he finally left -- he did not send a farewell message to the staff...

All of the statements related to Wolfowitz case are representing only my personnel point of view. They could and should not be related in any way neither to IFC nor to the World Bank. Thank you for your understanding.