



INSIGHT



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WHO WE ARE, WHAT WE DO...

The World Bank Group

The World Bank Group was established in 1944 as a global cooperative organization for post war reconstruction and development of countries devastated by the Second World War. Since then, the Bank has expanded its scope from post war reconstruction to different sectors of development. It is currently owned by 184 countries whose views are represented by Board of Governors.

The member countries are shareholders of the Bank and have decision making power in the Bank Group. The Group consists of five closely associated institutions, all owned by member countries that carry ultimate decision-making power. They are 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). Each institution plays a distinct role in the mission to fight poverty and improve living standards for people in the developing world.

The International Bank for Reconstruction and Development (IBRD).

The IBRD aims to reduce poverty in middle-income and creditworthy poorer countries by promoting sustainable development, through loans, guarantees, and non-lending activities such as analytical and advisory services. Owned by member countries, IBRD links voting power to members' capital subscriptions.

The International Development Association (IDA).

The International Development Association (IDA) assists low-income developing countries by providing interest-free credits with 30-40 year maturity with a moratorium of 10 years.

The IDA is primarily funded by contributions from governments popularly called donor nations. Contributions to IDA enables the World Bank to provide interest-free credits to the world's poorest countries for better basic services such as education, health care, clean water and sanitation. The credit also supports reforms and investments aimed at productivity growth and employment creation.

The International Finance Corporation (IFC).

The International Finance Corporation (IFC) is the World Bank Groups investment arm for developing countries. The mandate of IFC is to further economic development through the private sector. Working with business partners, it invests in sustainable private enterprises in developing countries and provides long-term loans, guarantees, risk management and advisory services to its clients. IFC invests in projects in regions and sectors underserved by private investment and finds new ways to develop promising opportunities in markets deemed too risky by commercial investors in the absence of IFC participation.

The Multilateral Investment Guaranty Agency (MIGA)

MIGA offers investors insurance against noncommercial risk and helps governments in developing countries attract foreign investment by providing guarantees to foreign investors against losses caused by noncommercial or political risks, such as expropriation, currency inconvertibility, transfer restrictions, war and civil disturbances. Furthermore, MIGA provides technical assistance to help countries disseminate information on investment opportunities. The agency also offers investment dispute mediation on request.

The International Centre for Settlement of Investment Disputes (ICSID)

ICSID encourages the flow of foreign investment to developing countries by providing international facilities for conciliation and arbitration of investment disputes. In this way the center helps in fostering an atmosphere of mutual confidence between states and foreign investors. Many international agreements concerning investment refer to ICSID's arbitration facilities. The Center also has research and publishing activities in the areas of arbitration law and foreign investment law.

The World Bank and the International Monetary Fund (IMF).

The International Monetary Fund (IMF), sometimes confused with the World Bank, was also founded at the Bretton Woods Conference of 1944. While the World Bank provides assistance to developing countries, the IMF serves to stabilize the international monetary system and acts as a monitor of the world's currencies. The World Bank and the IMF are two separate organizations.

Principal Officers:

World Bank President
Mr. Paul Wolfowitz

Vice President for Africa
Mr. Gobind Nankani

Country Director for Nigeria
Mr. Hafez Ghanem

WHO WE ARE, WHAT WE DO.....continued

Governing Structure of the World Bank Group

The World Bank Group operates under the authority of the Board of Governors. Each of the 184 member countries of the Bank is represented by a governor, usually the Minister of Finance. The Board of Governors of the World Bank Group meets once a year at what has come to be known as Annual Meetings. The day to day running of the Bank is delegated to a group of representatives of the countries based in Washington called Executive Directors. The President of the Bank is the Chairman of the Board of Executive Directors. The Board of Executive Directors is responsible for decisions on policies affecting the Bank's operations and approval of all Bank loans. Presently the Bank has a total of 24 Executive Directors. While some largest shareholders have one Executive Director, other smaller countries are grouped into constituencies and are represented by an Executive Director elected by them.

Membership of the World Bank

Membership of the World Bank Group is open to interested countries of the world. The prospective member submits an application for membership which has to be approved by the Board of Executive Directors/Board of Directors who then recommend the application to the Board of Governors. The applicant is expected to pay membership subscription to the World Bank Group to qualify for the membership under the terms and conditions specified in resolutions by the Board of Governors. The applicant country also signs the Articles of Agreement of the International Monetary Fund (IMF) and the original of the Articles of Agreement of the IBRD, IFC, IDA, and the MIGA Convention in Washington, D.C, and to deposit the instrument of ratification of the MIGA Convention. The completion of these processes qualifies a country to be a member of the World Bank Group. There are presently 184 Countries who are members of the World Bank Group.

Where does the World Bank get its Money?

The International Bank for Reconstruction and Development (IBRD), which is the lending arm of the World Bank Group, raises most of its money on the world's financial markets. It sells bonds and debt securities to other banks, corporations, pension funds, insurance companies, and individuals around the world. Other sources of Bank funds are capital contributions from the member countries and retained earnings. The International Development Association (IDA) which provides poorest countries with interest-free credit with only a 0.75 % service charge for administrative expenses, gets its funds from donor countries. These donors or rich countries contribute through a three-year replenishment of the IDA funds for onward lending on very concessional/low terms to the poor countries.

Mission Statement of the World Bank in Nigeria

"The World Bank Group's mission in Nigeria is that of "Partnership committed to fighting Poverty, through Human, Social and Economic Development".

Nigeria as a Member of the World Bank Group.

Nigeria is a member of the World Bank Group. This also means that Nigeria is a member of each of the five agencies that make up the World Bank Group. Nigeria joined the world Bank in 1960 on attainment of independence. This means that Nigeria is a shareholder in the World Bank. However, the first contact of Nigeria with the World Bank was in 1953 when a Bank team arrived the country to conduct one of its first economic missions. The Bank established a Resident Mission on McCarthy Street, Race Course, Lagos in 1970. The first assistance from the World Bank to Nigeria was for the upgrading of railways in 1958 and the Apapa Wharf in 1963. Since then, several loans and credits worth over 7.7 billion US dollars have been approved for the country.

Representation on the Board of the World Bank

Nigeria is represented on the Board of Governors of the World Bank Group by the Minister of Finance while an Executive Director, based in Washington, oversees the interest of the country on day to day basis. The Executive Director is usually assisted by staff seconded to the Bank by the Federal Ministry of Finance.

How the World Bank works with Nigeria on programs.

Lending Activities:

To obtain credit and loan assistance the Federal Government has to make a request to the Bank on the program needed. States can indicate interest in a specific project through the Federal Government. The Project idea will be proposed by the client country after which World Bank and Nigerian experts would work together to design the project. Bank support to Nigeria is aligned to or based on the country's National Economic Empowerment Development Strategy (NEEDS).

Non-Lending Activities:

The World Bank (also well known as knowledge bank), is a repository of development knowledge and experience for the past 60 years. Such documented experiences are shared with client countries through lectures, workshops, capacity building strategies and publications distributed to the public through the Public Information Centers. World Bank conducts studies and research on different sectors through policy notes, Economic sector works, and Analytical and Advisory Activities (AAA). These are also made available to the public in publications, videos and CD-ROMs. The Bank also operates free library services for members of the public interested in research through the Public Information Center stocked with current and large collection of books and CD-ROMs. The World Bank assists Non-Governmental Organizations (NGOs) through the yearly Small Grants and the Development Marketplace programs.