

**SLOVAK UNIVERSITY OF AGRICULTURE IN NITRA
FACULTY OF ECONOMICS AND MANAGEMENT**

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THE WORLD BANK

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FACULTY OF ECONOMICS AND MANAGEMENT

The World Bank
Bachelor thesis

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Declaration of Originality

I, the undersigned Ivan Štefek, solemnly declare that the thesis „The World Bank“ is the result of my own independent research and was written solely by myself using the literature and resources listed in Bibliography.

I am aware of the legal consequences in case the data are not true and correct to the best of my knowledge.

Nitra, May 11, 2010

Ivan Štefek

I would like to thank my supervisor Doc. Ing. Iveta Zentková, CSc. for her help and support during the writing of my thesis.

Nitra, May 11, 2010

Ivan Štefek

Abstract

A lot of you can have a question why have we chosen this topic for our bachelor thesis. There were two things which influenced our decision. The first we have got the same topic for our unicert work that means our english state exam and the second we are studying at the Faculty of Economics and Management so we were expected to pick a topic with an economic body. The World Bank is a very complicated but also very interesting institution and this was for us the biggest motivation. We also like the history, its functions, goals, members, the criticism and many other things which are focusing on the World Bank, world economy, markets, etc. In our bachelor thesis we would like to focus on several problems of the World Bank. At first we would like to pay attention to the characteristic of the World Bank, the history of the World Bank, services of the bank and to their distribution to different parts of the world. The second problem we would like to discuss is the membership and one of the main problems the fight against corruption in the world economy but also in other parts of our life but also of maybe the most important is to way how to solve the world economic and financial crisis and also the support to the poorest countries from the World Bank. The final results in our bachelor thesis are the following. In the first part we find out that the World Bank is really the most important institution in the financial and banking system all over the world. It is because we think through its services (loans, grants, and other services). The second is that the bank has a very big influence on our daily lives. The influence is made through its services and also its position on the world economic and financial markets, but also through the World Bank's support to poor countries all over the world. The last problem is the problem of corruption. According to us corruption is all over the world, we are in touch with corruption every day. This is also another very important function of the World Bank. In the end we would like to say that the World Bank does its best to fight the corruption and try to find a way how to solve the world economic and financial crisis and many different problems of the economic and also normal part of the human life and also to help poor countries with some problems as food, clothes and many more. So we can say that especially through results in solving these problems the World Bank is really a very important institution in the world.

Key words:

The World Bank, Bretton Woods Institutions, non-governmental organization, The International Bank for Reconstruction and Development, Loans, Members, Presidency, poverty, corruption, financial crisis, International Monetary Fund.

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List of Abbreviations and Symbols

- ECB** - The European Central Bank
- ED** - The Executive Directors
- EU** - The European Union
- EUR** - Euro
- GEF** - Global Environment Facility
- ICSID** - International Centre for the Settlement of Investment Disputes
- IFC** - International Finance Corporation
- IMF** - International Monetary Fund
- MDG's** - Millennium Development Goals
- MIGA** - Multilateral Investment Guarantee Agency
- NGO** - Non-governmental organization
- OECD** - Organisation for Economic Co-operation and Development
- PIPA** - The Program on the International Policy Attitudes
- SBA** - Stand-By-Arrangement
- USA** - United States of America
- USD** - United States Dollar
- U.K.** - The United Kingdom
- WB** - The World Bank
- WBG** - The World Bank Group

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Introduction

Looking back, with the benefit of twenty years of hindsight, on the events leading to the formation of the World Bank and also the International Monetary Fund, one is struck by the magnificence of the achievement and the lack of prescience of the founding fathers. The history of the World Bank is very long and it goes back to the time when the representatives of forty – four of the „*United Nation and the nation associated with them in the war*“ met at Bretton Wood, New Hampshire (USA), in July 1944 to sign the ratification on the agreement through the United Nation Monetary and Financial Conference and at least the World Bank was created. From that very important day many things not just in the world but also in the international financial institutions have changed markedly. They have lost their original rationality and their activities have altered as the world economy has grown. The occasion of their anniversary saw an outpouring of opinions and material on the past and present performance of the international financial institutions, and the role they might play in the future. We can say that, it was very important for the development of the whole banking system all over the world. We may know that the World Bank is the main institution in the world banking system but there also some smaller institutions under the control of the World Bank. How time moved on, also the activities of the World Bank changed, but today its main goals are to help the world and financial markets with their development of every country all around the world then also trying to solve the world economic and financial crisis and also to fight against corruption and also the support to the poorest countries all over the world and many more. The head of the bank is the president who is nominated by the US president. For the topic of our work we have chosen the World Bank. Our thesis is divided into several chapters. In the first chapter we are going to talk about what the World Bank is and about its history. Than the next chapter will be about the main goals and factors of the World Bank. In our work we are also going to give you some information about the services, membership, organization structure and then also about the presidency, fight against corruption and also the support of poor countries. We think this is a very interesting topic and therefore We would like to say to you something more about the World Bank, and we hope you will like it.

1 The overview about the nowadays situation of the problematic of the World Bank

1.1 Characteristic of the world economic environment

Economic growth and deterioration of living environment

With the questions of relationship between the economic growth and the deterioration of the living environment is talking the publication of Acta Montanistica Slovaca. It grants you a very briefly and truthful complex about the generic acceptable conceptions and views of the relationship. We can say that the economic growth vs. the living environment has become an main subject of interest of the social and economic activities with the aim to manage the threat of breaking their equilibrium and in such a way use them to create an positive vision of the next development. (ČECH, J, 2007)

The valuation of the total quality of the business environment

In the recent time is the actual evaluation from the yearly newsletter of the Doing Business from the year 2008. Within the evaluation of the total quality of the business environment are being comped with these quantitative indicators (ANDREJKOVIČ, M. - HAJDUOVA, Z. 2009):

- started the business,
- licence observance,
- criteria of employment,
- the registration of assets,
- accessibility loan recourses,
- protection of investors,
- taxes duties,
- international business,
- exactable of licence,
- cancellation of business.

The comparison is total of 178 economies: 63 African countries, 31 countries from the Latin America and the Caribbean, 28 European countries, 32 countries of Asia and 24 most developed countries of the OECD. The actual rating of countries with the best business environment repeatedly as the last year by Singapur. New Zealand, the USA and

Hong Kong had hold to their last years high positions in the table.

In the table 1 we are dealing with the business enviroment of the selected countries all over the word. The main goal of this table is to show the best 20 countries with the best business enviroment in the year 2008. (The year book Doing Business 2008, the World Bank, 2008)

Table 1 - Top 20 countries with the best business enviroment 2008

1	Singapur	12	Japan
2	New Zealand	13	Finland
3	USA	14	Sweden
4	Hong Kong	15	Thailand
5	Deanmark	16	Swizerland
6	Great Britain	17	Estonia
7	Canada	18	Georgia
8	Ireland	19	Belgium
9	Australia	20	Germany
10	Island	32	Slovakia
11	Norway		

Source: The year book Doing Business 2008, the World Bank, 2008.

In comparison with the last year the position of Slovakia got better from position 36 to position 32 in the year 2009.

A part of the middle – term strategy of the International Monetary Fund (IMF), which on the anual meatings of the International Monetary Fundand the World Bank in september 2005 had presented by the former general director of the International Monetary FundRodrigo de Rato, is the achieving of maintainable financing of the International Monetary Fond. On these activity was given a file of reformes, which should help to cover the project loss in high of 400 mil. USD in the midle – term horizont. The standart tools of the financial suport of the International Monetary Fund (IMF) of the member states are programs so called the loan transactions especially in the form of Stand-By-Arrangement – SBA. It goes about emergency loan which can be used to power the balance of payment with a connection with the realization of the accepted health program and also to fulfill the folder of regual monitoring of quantitative and qualitative indicators and criteria. This form

is very important also in the present period of the global crisis. The accepted loans of the SBA can have a different capacity, in the dependence from the financial needs of the country. The country is deriving a four year expactions on the payments ... are also based on a four year period. The payments start after 12 months from the first loan transaction and it end after 48 months after the using of the first loan transaction and the so called required paying starts 24 months from the first loan transaction and it ends 60 months from the first loan transaction. Every country can pay The emergency loan everyday.

The table 3 in this part of our work is about liabilities. If we would like be more corectly this table is talking or showing us that how selected countries from the whole world are using the liabilities. The value of the using of liabilities is expressed in mld. USD and one in EUR.

Table 2 – The structure of liabilities

Structure of using of liabilities	
Japan	100 mld. USD
European Union	100 mld. USD
China	40 mld. USD
Russia	40 mld. USD
Canada	10 mld. USD
Swizerland	10 mld. USD
India	10 – 11 mld. USD
Brazil	4,5 mld. USD
Czech Republic	1 mld. EUR

Source: IMF, the World Bank, 2008.

The last table is showing us how selected countries from the whole world are using the financial support for their development in many areas of the countries and this support can be taken from the well prepared financial supporting programs.

Table 3 – The overview of the actual supporting financial programs of the IMF and the World Bank from the account of general recourses, (status to 15/05/2009)

	Date of approval	Program/period	Capacity (mil. SDR)	Capacity (mil.EUR)	% quotas
Armenia	06. 03. 2009	SBAex/27	368	427	400 %
Belarus	12. 01. 2009	SBAex/15	1 618	1 838	419 %
El Salvador	16. 01. 2009	SBAex,p/15	514	587	300 %
Gruzenia	15.0 9. 2008	SBA/18	477	522	317 %
Guatemala	22. 04. 2009	SBAex,p/18	631	710	300 %
Honduras	07. 07. 2008	SBA/12	38	39	29 %
Island	19. 11. 2008	SBAex/24	1 400	1 635	1 190 %
Columbia	11. 05. 2009	FCL	6 966	7 768	900 %
Costa Rica	10. 04. 2009	SBAex,p/15	492	554	300 %
Latvia	23. 12. 2008	SBAex/27	1 522	1 700	1 200 %
Hungary	06. 11. 2008	SBAex/17	10 500	12 500	1 011 %
Mexico	17. 04. 2009	FCL	31 528	35 469	1 000 %
Mongolia	01. 05. 2009	SBA/18	153	174	300 %
Pakistan	24. 11. 2008	SBAex/23	5 169	5 990	500 %
Poland	06. 05. 2009	FCL	13 690	15 427	1 000 %
Romania	04. 05. 2009	SBAex/	11 400	12 940	1 107 %
Seychelles	14. 11. 2008	SBA/24	18	21	205 %
Serbia	16. 01. 2009	SBAp/15	351	401	75 %
Serbia*	15. 05. 2009	SBAex/27	2 269	2 549	485 %
Ukraine	05. 11. 2008	SBAex/24	11 000	12 767	802 %

Source: The World Bank, 2008/2009, self elaboration

Footnotes: SBA – Stand-By Arrangement, credit partions, emergency credit; ex – extraordinary volume, exceeding 300 % quotas resp.

200 % quotas on a 12-month base; p – “precautionary” SBA; de facto understanding credits lines, that is available to the countryi, which means

MMF relevant sum quality on purpose within current drawing; FCL – flexible credit line (Flexible Credit Line); * increase of current amount.

The events that took place in Dubai on center stage in the global financial markets for the wrong reasons. The shock announcement on 25th November about Dubai Holdings expressing interest to restructure its debt sent jitters all around including developed and emerging markets. The sudden shock reaction maybe the fear that this may trigger other sovereign failures. Regional CDS spreads jumped in some cases by 100 % (Dubai). However, markets are quick to assess that the damage may be more localized and more and more manageable. (<http://www.wiof.eu/sk>, 2010)

The foreign economic events of 2009/2010

The December prediction for the European Central Bank with a connection to the World Bank, which suggest that the Eurozone will grow in the year 2010 from 0,1 – 1,5 % is stil being used, that was said on Monday by the member of Board of governors of the ECB Ewald Nowotny :*“I do not see a reason for a change“* sad Nowotny on a meeting of the central bankers in Basel. Nowotny, who is the governor of the Autrian Central Bank, forcasted that the recovery will be in the year 2010 slow. The world economic crisis had in it sence ended, but there is a big danger that the middle recovery of the economy can be slowly especially in that way when the goverments of the states will try to build a special liquidity from the financial markets, that was said and forcasted by the World Bank in it forecast that was published on Wednesday the 20 of January. On the top of the recovered world economy will be China, India in the year 2010. The higher costs on loans, and the limited accessability of grants and the capital flows acording to the institutions can harm mostly the developing economies. (<http://www.financnik.sk/financie.php?did=614>, 2010)

1.2 Ranking of the World Bank

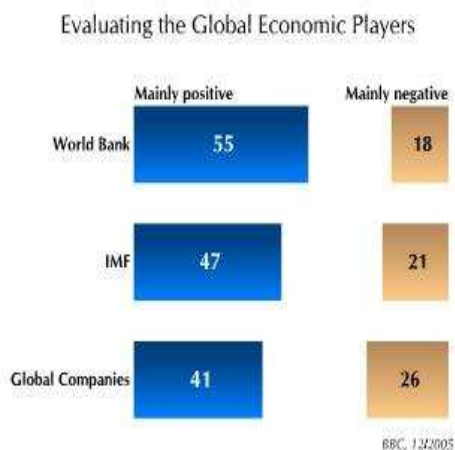
World Bank Receives Good Marks in World Poll – ranking

The main leaders of the global economy conference met which took place in Davos. It was the new BBC poll of 32 nations that finds in despite of the widespread negative voices that it has received, it is more than very important to say that the World Bank is widely viewed as having a positive influence in the world and also was viewed very positively among a list of global the economic actors, including the International Monetary Fund (IMF) and the rest of the global companies. There is an average about 55 % are rated that the World Bank is having a positive influence in the world, while only 18 % are rated as having a negative influence.

In the 32 countries polled, in 30 a majority (17 countries) or a plurality (13) is rated as positive activities of the World Bank. There is only one country and that country is Argentina there is a plurality about 47 % that means it has a quite negative influence. (<http://www.worldpublicopinion.org/pipa/articles/btglobalizationtradera/162.php?nid=&id=&pnt=162&lb=btgl>, 2006)

The poll of 37,572 people was conducted for the BBC World Service by the international polling firm GlobeScan together with the Program on the International Policy Attitudes (PIPA) at the University of Maryland. The 32-nation fieldwork was coordinated by GlobeScan and it was completed between October 2005 and January 2006.

The global companies that have received the lowest positive ratings on average of 41 % to compared, all the other global players, and on the otherside the highest negative ratings 26 %. Only six countries have reach a majority rate of the global companies as a positive influence. The next eight countries, are especially developed countries of the global North, there are being rated as negatively, seven countries are rated by pluralities and only one by a majority. The South global countries had the most positive views of global companies, mainly in Asia and Africa.

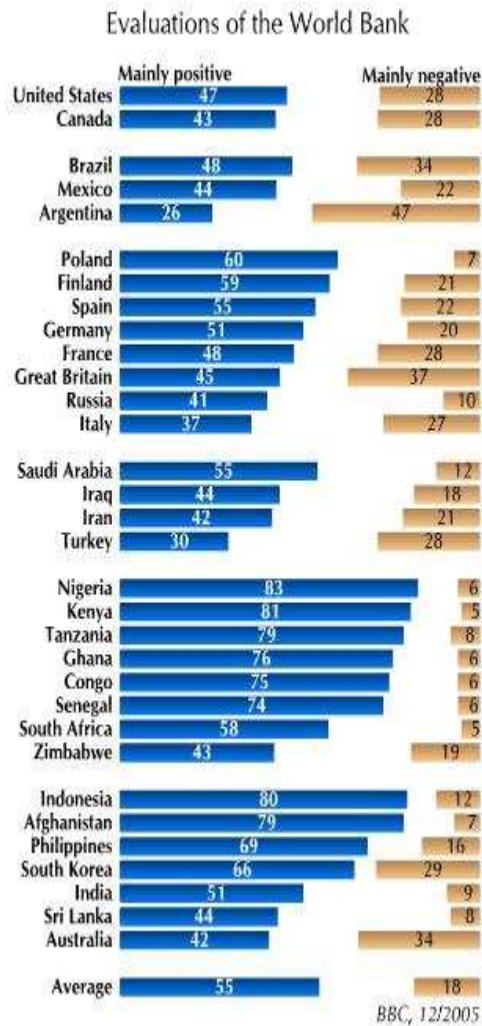


Picture 1 - Evaluation of the World Bank and the IMF by the BBC World Service
Source: BBC, 2005.

The International Monetary Fund is not as good regarded as the World Bank, but still, on average of plurality of 47 % and it is taken as a positive influence and only 21 % are taken as a negative influence. There are 29 countries, only 13 countries are rated as positively for majority, and the rest of 16 countries are rated as positive for the plurality.

The majority is rated as negative only in two countries. The first is Argentina with 60 % and the second is Brasil with 57 %. Both these countries have recently paid off their loans from the Fund so as to free themselves from its influence. Another country where instad plurality is taken as a negative influence is in Turkey with 49 %, which has taken significant loans from the International Monetary Fund.

“The widespread belief that the World Bank and even the IMF are having a positive influence in the world does not necessarily contradict the criticism they have received. The global public clearly sees it as positive that there are international institutions that seek to address the problems of poverty and economic instability, and on balance see them as doing more good than harm. At the same time, many see them as falling short of these goals and disproportionately serving the needs of the wealthy states—enough to drive many out on the street to demand that these institutions better fulfill their purpose and potential.”(Steven Kull, director of PIPA , 2006)



Picture 2 – Evaluations of the World Bank and the BBC World Service for every country all over the world, Source: BBC, 2005.

According to the International Monetary Fund, the African countries are also the most enthusiastic mainly Kenya (73 %), Nigeria (67 %) and Senegal (67 %). The Asian countries are mainly positive, but the developed countries are quite muted in their support. It is given by the report the most negative ratings of the global companies come from European countries and the most positive from developing countries. A slight majority in Italy (51 %) and pluralities in Britain (47 %) and France (44 %) said global companies are having a negative influence. Australians also leaned negative (49 %). Negative pluralities were found in Argentina (40 %) and Mexico (33 %), but interestingly Brazil had a majority (60 %) expressing positive views. The positive views of the global companies are most often found in Asia (South Korea 61 %, Philippines 60 %, Indonesia 53 %, India 41 %) and Africa (Nigeria 67 %, Senegal 51 %, Tanzania 50 %). The main headquarters of many

of the global companies are situated in the US, negative views are higher than the global average is about 38 % of Americans view the global companies as negatively, compared to 26 % globally. However, the plurality of 44 % is taken as mainly positively, it is very close to the global average of 41 %.

It is very interesting that the negative views of the global companies are rising with more income as well as with more education. The positive views remain a plurality in all categories. It is said that the young people are more positive than older people.

(<http://www.worldpublicopinion.org/pipa/articles/btglobalizationtradera/162.php?nid=&id=&pnt=162&lb=btgl>, 2006)

1.2.1 The agreement about a common representation of the Czech Republic and the Slovak Republic in the International Monetary Fund and in the World Bank

On the 25 April 2009 in Washington with the present of the state secretary of the ministry of finance of Slovakia Peter Kažimír and the governor of the National Bank of Slovakia Ivan Šramko, the governor of the Czech National Bank Zdenek Tuma and the ministry of finance of the Czech Republic Miroslav Kalousek signed an contract about a common representation in the International Monetary Fund (IMF) and the World Bank. A contract about a common representation of the Czech Republic and the Slovak Republic in the International Monetary Fund (IMF) and the World Bank is a part of a wide agreement of six countries of the Belgium constitution (including Slovakia and Czech Republic also Belgium, Luxemburg, Austria and Hungary) about the decreasing of cost of the Belgium constitution in the International Monetary Fund The main aim of the contribution of Slovakia and the Czech Republic to decree the cost of the constitution is based on the vacancy place of the advisor of the director in the International Monetary Fund (which was till now in the hands of the Slovak Republic) and an agreement with the Czech Republic about dividing of positions of two senior advisors (till now in the hands of the Czech Republic) based on the rotation with four years intervals. The common representation will start on the 1 Jul 2009, and Slovakia will take the place of the senior advisor in the International Monetary Fund and the Czech Republic will take the place of the senior advisor in the World Bank. (ŠRAMKO, I, 2009)

1.2.2 Opinions of the World Bank on the development of the world economic environment

The World Bank is not sure that there will be a worldwide recession

The perspective of the economic growth for the economic developed of the whole world has rapidly changed to worse and it cannot be kicked off and the whole world will get in to a very deep recession, that was the warning which was today published in the report of views of the global economy from the World Bank on the year 2009. *„After that, that a very large number of bank in the USA, Europe and also in the developed countries has gone into a payment incompetence, the financial criteria have rapidly gone bad and the value of the assets of the bank has fallen and the capital flows into the poorer countries have practically stopped“*. That was the main statement of the World Bank in the year 2008. The World Bank is now forecasting that the economic growth in the world will reach in the year 2008 nearly 2.5 % and in the year 2009 only 0.9 %. That is deeply under the 3 % range, which is in the case of the world economy taken for the barrier that is dividing the growth of the economy from the recession. *„It is very morally that these financial crisis can lead to the biggest recession from the beginning of the 30 years of the last century“*. Said the main economist of the World Bank Justin Lin, who has showed on the more coefficients that are approving a dramatical future progress of the world economy. According to the World Bank the capacity of the world trade will make in the year 2009 its first decrease from the year 1982 and the capacity of investment will go down in the world in the difference to the year 2007 until more than 50 %. The biggest share on that will have the progress in the industrial developed countries, which in a big part document on the next year decrease in the world economy. The developed countries will reach a growth on the level of 4.5 % but also that will be a very big break in the difference of the economic growth of 7.9 % in the year 2007. Even after a massive measures on support to the world financial markets, which governments of the biggest countries want to bestir the loan markets and again started the world economy, the crisis according to the World Bank will spread on the markets of the developed states, where they do not exclude the bankrupts of many banks all over the world and also the currency crisis. (<http://ekonomika.sme.sk/c/4216684/svetova-banka-nevylucuje-celosvetovu-recesiu.html#ixzz0exs3X5Sx>, 2008)

Relationship between the International Monetary Fund and the World Bank

The World Bank was also established in the year 1944. Its task was to help with the afterwar reconstruction of the whole Europe. After some time its activities are concentrated on providing loans to developing countries in the third world. The World Bank has traditionally financed big projects which were focusing on the development of infrastructure – driveways big dams, thermal power – plants, etc. These projects have had mostly very drastically social and environmental impacts and they have an affect mainly on the native inhabitants, the rural community and they have marginalized the social measures, especially women. At the beginning of the 80's the World Bank has started to provide on the projects also credits that were assigned on the structural reforms on the branch reforms. In the rough 2/3 of credits of the World Bank are nowadays used on the structural and sector reforms. The programs of the structural reforms of the World Bank are completely not different from those programs of International Monetary Fund programs. The International Monetary Fund and the World Bank are together controlling the program with a new name The fund on the reduction of poverty and the growth, which provides very modesty tools to the poorest countries all over the world on their half-way ampliation, but with the condition that they will to accomplish the prescript program of the structural reforms for long years. The World Bank is respecting the unofficial role of the International Monetary Fund as a gatekeeper and normally they will not provide credits to countries, whose policy is not accepted by the International Monetary Fund. (www.priateliazeme.sk/aa/files/.../Dvadsat_otazok.rtf, 2000)

2 Goal of the thesis

The World Bank has a very big impact on the banking, financial and also on the economic sector of every country all over the world. The World Bank is bringing a new trend of the help to many countries worldwide. One of the latest way of the help is the financial support to less developed or poor countries and also the help of improving the economy of every country in the world.

In our bachelor thesis we have focused our interest on the following goals, which are being further described in the following chapters. The main goal of our thesis was to explain the functioning and the recent impact of the World Bank on the financial, banking, economic and other sectors of every country in the world. This goal can be reached through the following partial goals:

- describe the history, basic characteristics, activities and the services of the World Bank,
- tell you something about the organizational structure, members and the presidency,
- to give you some information about the bank's fight against corruption and the support to poor countries all over the world,
- focus on the positive aspects of the World Bank,
- also focus on the negative aspects of the World Bank,
- in the end show you the importance of the World Bank in the worldwide position.

3 Methodology of the thesis

The methodology of our thesis is made under the control to the given thesis and is working as a helping hand to reach of the stated goals. By the writing of our bachelor thesis we have proceed under the following steps:

1. Collection of all of the available information – as the primary source were chosen the world wide web pages, which are giving us mainly the actual look on the given situation, next the book publications from home and especially from foreign authors and also from scientific and special magazines. In to the thesis there were involve all knowledge, that were public by the BBC World Servicem, the IMF, the World Bank and in The year book of Doing Business 2008-2009.
2. Classification of information – the selected relevant knowledges and information for the character of the submitted thesis and for the fulfilment of goals of the thesis.
3. Formulation of conclusion – it is de facto the last step. On the basic knowledges, receives from the study of special literature we have formulated the conclusion, that should by a sumarization of all the knowledge and advisables.

4 Result and discussion

4.1 The characteristic of the World Bank

What is the World Bank

The World Bank is a bank that is providing financial and also technical assistance to developing countries for development programmes (e.g. bridges, roads, schools, etc.) with the stated goal of reducing poverty especially to poor countries all over the world. We can very openly say that the World Bank is a vital source of financial and technical support to developing countries all around the world. Their main mission is to fight poverty with passion and professionalism for lasting results and the next tasks of the World Bank are to help people help themselves and their environment by providing resources and to share the knowledge, but also building capacity and forging partnerships in the public and private sectors.

In these way we can say than the World Bank is not a bank in the common sense. The World Bank is made up of two unique institutions, who are owned by 186 member countries, and the two main development institutions are:

- a) The International Bank for Reconstruction and Development (IBRD),**
- b) The International Development Association (IDA).**

It is very good to say that each of these institutions plays a different but important role in advancing the vision of inclusive and sustainable globalization all around the world . The main activities of the International Bank for Reconstruction and Developmen is to reduce poverty in the middle income and creditworthy poorer countries, while the main goals of the International Development Association are focusing on the world's poorest countries, especially African countries.

The main activities not only of the World Bank but also the activities of the IBRD and IDA cannot be completely without the work and activities of the International Finance Corporation (IFC), Multilateral Investment Guarantee Agency (MIGA) and the International Centre for the Settlement of Investment Disputes (ICSID). All these institutions together provide a low-interest loans, interest-free credits and grants to developing countries which are being used for a wide array of purposes that include

investments in education, health, public administration, infrastructure, financial and private sector development, agriculture, and environmental and natural resource management. The World Bank was established in 1944 during a conference in Bretton Wood, USA. It has more than 10,000 employees in more than 100 offices worldwide. The headquarters are in Washington, D.C.

4.1.1 Positive and negative aspects of the World Bank

Positivism of the World Bank

1. *„Build capacity: Strengthening governments and educating government officials.*
2. *Infrastructure creation: implementation of legal and judicial systems for the encouragement of business, the protection of individual and property rights and the honoring of contracts.*
3. *Development of Financial Systems: the establishment of strong systems capable of supporting endeavors from micro credit to the financing of larger corporate ventures.*
4. *Combating corruption: Support for countries' efforts at eradicating corruption.*
5. *Research, Consultancy and Training: the World Bank provides platform for research on development issues, consultancy and conduct training programs (web based, on line, tele-video conferencing and class room based) open for those who are interested in students, government and non-governmental organization (NGO) officers etc.“*
(http://en.wikipedia.org/wiki/World_Bank, 2009).

World Bank 'positive' on EU business outlook

In spite of the economic downturn, in the last year the European governments has continued to implementing the reforms that make it easier to do all the small businesses, like it is given according to a new benchmarking report that was published today by the World Bank. The EuroActiv spoke to the World Bank adviser Neil Gregory, who supervised the study. Between the years 2008-2009, many of the governments have implemented many regular reforms with the main aim to make it easier to do business than in any year since 2004, according to the report, of the Doing Business 2010.

"We see a lot of momentum behind the reforms, and each year we do this we see a lot more reforms than in previous years," said Gregory, who supervised the study, published on 10 September. "(Gregory, N., 2010).

The Doing Business 2010 report, now in its seventh year of existence, has focused on a small business and regulation that have an affect on ten key stages of their lives. The first is starting a business, than dealing with construction permits also to employ workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, and last but not least enforcing contracts and closing a business.

EU helps to be succesfull to the top reformers

With reference to Gregory, those countries that have recently become member countries of the European Union which are ranked among the top reformers. When it comes to making life easier for small businesses. We can very clearly see a lot of activity in the European Union countries, of course. In the past years, they have accounted for around 60 % of the reforms in every member country of the European Union. This was given by an research made by the World Bank. There is a big difference because in this year, the emphasis seems to be shifting especially to the new EU hopefuls. In this year the EU has started to seen the reform effort move further east beyond to the EU member countries. We can say that the reason for this is that countries are looking at what their neighbours are doing and they are learning from the experience of others countries of the EU.

Crisis not slowing down reforms

The vice-president of the World Bank said that he was really positively surprised to see that the reforms had not been hampered by the financial crisis, which brought the Central and East European countries to the brink of bankruptcy last year before they were eventually bailed out by the international institutions.

Picture not all rosy

However, there are some bad examples which where in Europe were the report also points to the reforms that have made life more difficult for some small enterprises. For example Luxembourg, has made redundancy regulations that less flexible and more costly

"because they have combined the rules for the previously in the place for a blue collar and white collar workers.

Criticism of the World Bank

What are the main concerns and criticism about the World Bank and IMF

It is given that the main criticism of the World Bank and the International Monetary Fund includes a whole range of questions but they are generally in the centre around concern about the approaches adopted by the World Bank and the International Monetary Fund, and this is very important in the process of formulating their main policies and strategies and how to reach them. This includes the social, economic impact that these policies have on the population of countries who avail themselves of financial assistance from these two institutions that mean in the World Bank and also in the International Monetary Fund.

The critics of the World Bank and the International Monetary Fund are retentive about the conditionalities imposed on the borrower countries. The World Bank and the International Monetary Fund are often trying to attach loans conditionality based on what is termed the Washington Consensus, focusing on the liberalisation of trade, the investment and also the financial sector, deregulation and privatisation of nationalised industries. Frequently the conditionalities are connected without due regard for the borrower countries' individual circumstances and also the prescriptive recommendations by the World Bank and International Monetary Fund had failed to resolve the economic problems within many countries. The International Monetary Fund conditionality can result in the loss of a state's authority to govern its own economy as the national economic policies are adjusted under the structural adjustment packages. The issues of representation are raised as a consequence of the shift in the regulation of the national economies from state governments to the Washington based financial institution, in which most of the developing countries are holding a little voting power. In the connection with the World Bank, there are some concerns about the types of development projects which are funded by the International Bank for Reconstruction and Development and also the International Development Association. Lot of the infrastructural projects are financed especially by the World Bank Group, which have a social and the environmental implications for the populations in the affected areas and criticism has centred mainly around the ethical issues

of funding such projects. For example, the World Bank funded an construction of hydroelectric dams in many differend countries which have resulted in the displacement of indigenous peoples of the area.

Also there are some concerns that the World Bank is working in the partnership with the private sector who may take the role of the state as the most important provider of essential goods and services, such as the healthcare, education, and many others and this is resulting in the shortfall of such services in countries which badly need such support.

The other critics of the World Bank and the International Monetary Fund are also pointing to the role of the Bretton Woods institutions mainly in the way of the development discourse through their research, and also training and the publishing activities and strategies. The World Bank and the International Monetary Fund are regarded as the experts in the field of financial regulation and in the economic development. There are also some negative voices against the World Bank and International Monetary Fund on the governance structures which is dominated by mainly in the industrialised countries. The decisions are being made and the policies are implemented by the most powerful industrialised countries the so called G7 because they represent the largest donors without much consultation with not only poor but also with developing countries.

4.2 History of the World bank



Picture 3 - **John Maynard Keynes** (right) represented the UK at the conference, and **Harry Dexter White** represented the US, (<http://www.wikipedia.sk>, 2009)

The evolution of the bank system was very long and hard. It all began in July 1943 when the main economic countries settled down that there should be a single institution for the whole bank system. One year later in July 1944 at the United Nation Monetary and Financial Conference in Bretton Wood (USA) the ratification on the agreement was signed and the World bank was created as the main institution of the banking system in the world. This ratification process was also made with the representation of two very important people. The two people are John M. Keynes and Harry D. White how you can see them in the picture 3. Just after two years the bank issued its first loan: 250 million USD to France for post-war reconstruction. This was one of the main goals of the Bank's work in the early post – World War II years. As the time moved on also the „*development*“ side of the Bank's work modernised in sort of that the bank has assumed a large share of its lending. The main activity of the bank was the post – conflict reconstruction, together with reconstruction after natural disasters, response to humanitarian emergencies and post-conflict rehabilitation needs affecting developing and transition economies. As in many different institutions also on the World bank there were some negative voices on the result of the World bank's „*development schemes*“ which led to corruption and widespread exploitation of developing nation's resources by monopolies. During the conference in July 1944 which took place in Bretton Wood (USA) two institutions were established. One was the World Bank. Its main task was to rebuild a war – torn Europe after World War II. Later after a year it was said according to the Marshall Plan, the World Bank should focus on a new area, where it could do some efforts. At the beginning of the new era of the World Bank began attempt to rebuild the infrastructure of Europe's former colonies .

4.3 Activities of the World Bank

4.3.1. Millenium Development Goals

Today we can say, that the World Bank is targeting its activity on the achievement of the Millenium Development Goals (MDGs), which are: lending primarily to "*middle-income countries*" at interest rates which reflect a small mark-up over its own borrowings from capital markets. On the other hand the International Development Association (IDA) was focusing on providing low or no interest loans and grants to low income countries with little or no access to international credit markets. The report says that if the current trends in the growth and poverty reduction will continue, the goal for the eradicating extreme income poverty is within reach. But it may well be the only goal that could be attained, for

many of the other non income goals such as the universal primary education, promoting gender equality and reducing child mortality and many many more .

Goal 1: Halve extreme poverty and hunger.

Objective

Halve the proportion of people is living in extreme poverty – and these are suffering from hunger – by 2015 (from 1990 levels).

Goal 2: Achieve universal primary education

The Millennium Declaration resolved that all the children would be able to complete a course of primary education by 2015.

Three regions of the East Asia and the Pacific, Europe and Central Asia, and Latin America and the Caribbean – they are on the track to achieve all of their goals.

Goal 3: Empower women and promote equality between women and men

This goal calls for the elimination of the gender disparities in primary and secondary education by 2005 and at all of these levels of education by 2015.

Goal 4: Reduce under five child mortality by two-thirds

Goal 5: Reduce maternal mortality by three-quarters

The last of the more recent global estimates of the maternal mortality that suggest that nearly 500,000 women have died during pregnancy and childbirth in the year 2000, and most of them were mainly from developing countries. It is very important to say that for the succes of the goal can be achieved, only when women will have a much greater access to modern health services.

Goal 6: Reverse the spread of diseases, especially HIV/AIDS and malaria

The epidemic diseases can have a huge toll in the human suffering and also can lose opportunities for development. Mainly in Africa, the spread of HIV and AIDS has reversed decades of improvements in life expectancy, leaving millions of children alone without their parents. This had led to reduce the supply of teachers and eroding the quality of education in the African countries.

Goal 7: Ensure environmental sustainability

Also it is very important that the environmental conditions need to be closely monitored because to ensure the sustainable development. We can say that these conditions also include a lot of changes in the forest coverage, biological diversity, energy use, and also in the greenhouse gas emissions, as well as the plight of slum dwellers that are rapidly growing in cities all around the world, and there is also the limited availability of adequate water and finally also sanitation services.

Goal 8: Create a global partnership for development, with targets for aid, trade and debt relief.

Openly we can say that the eighth goal is focusing on the wealthy countries have to work with developing countries to create an environment for the rapid and also sustainable and broad based development. Every single country has distinct responsibilities in accelerating progress towards meeting the Millennium Development Goals of the World Bank.

Five key factors of the World Bank

The main task of the bank is to aid developing countries and their inhabitants to achieve development and the reduction of poverty, also to follow the MDGs and then by helping countries to develop the environment for investment, build new jobs and sustainable growth, through this the bank is promoting economic growth per investment and enabling the poor to share the fruits of economic growth.

The Bank obtains its fundings from its operations mainly through the IBRD sale of rated bonds in the world's financial markets. The IBRD gets its income generally from its

lending activities, with its borrowings leveraging its own paid – in capital, plus the investment of its "float".

4.3.2 Services of the World Bank

Loans

The Bank offers two basic types of loans: investment loans and development policy loans. The former type are used to support of economic and social development projects but the latest way is to provide quick disbursing finance to help countries policy and institutional reforms and many more. While the International Bank for Reconstruction and Development provides loans with a relatively low interest rate, the International Development Association's credits are interest free. The project proposals of borrowers are evaluated for their economical, financial, social and environmental aspects prior to their approval.

Grants

The Bank does not promote only loans as its services but it also distributes grants for the facilitation of development projects through the encouragement of innovation, and there is a cooperation between some organizations and the participation of local stakeholders in projects. IDA grants are usually used for:

- debt burden relief in the most indebted and poverty struck countries,.
- amelioration of sanitation and water supply,.
- support of vaccination and immunization programs for the reduction of communicable diseases such as malaria,
- combating the HIV/AIDS pandemic,
- support civil society organizations,
- creating initiatives for the reduction of greenhouse gases,
- taking to the forests and helping the people who live in the rainforests.

Other services

The Bank does not only propose financial support to its member states, but also analytical and advisory services to facilitate the implementation of the lasting economic and social improvements that are needed in many under-developed countries, as well as

educating members with the knowledge necessary to resolve their development problems while promoting.

4.4. Structure of the World Bank

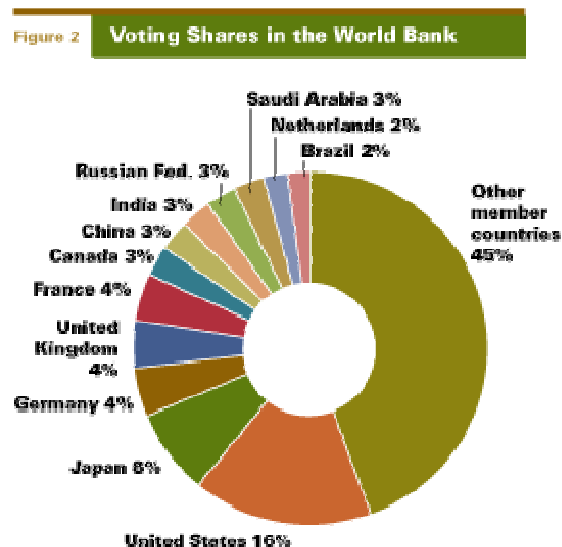
4.4.1 Members of the World Bank

The membership in the World Bank consists of 184 member countries that all are shareholders in the International Bank for Reconstruction and Development, which is the main arm of the World Bank Group. If a country wants to become a member, it must at first join the International Monetary Fund. We can see that the size of the Bank's shareholders, can be the same like that of the International Monetary Fund's shareholders, and it depends on the size of the economy of a country. The cost of a subscription to the Bank is a very important factor of the quota paid to the International Monetary Fund.

We can see that the International Bank for Reconstruction and Development (IBRD) has 185 members all over the world, as far as the International Development Association (IDA) with only 168 members. It is given that each member state of IBRD should be also a member of the International Monetary Fund (IMF) and also there is stated that only members of IBRD are allowed to join other institutions within the Bank (such as IDA). On the top of the World Bank there is the president. The president is a nominat from the largest shareholder, which is the United States of America, and every member is represented by the Board of Governors. It is important to know that the powers are delegated to a board of 24 Executive Directors (ED). We know that the biggest shareholder of the World Bank is the United State of America but there are also other countries that have quite a big share. The five largest shareholders are - the USA it is the biggest shareholder, but also, the UK, France, Germany and Japan – each of these countries has an individual Executive Director, and also they have the additional 19 Executive Directors that represent the rest of those member states as a group of constituencies. Of these 19 additional Executive Directors, are some member states like China, Russia and Saudi Arabia that have opted to be single country constituencies, which means that each of them has one representative within the 19 EDs. Every decision is based on a simply fact that these countries have a large, and also influential economies, and this requires that their interests can be voiced individually rather than diluted within a whole group. It is given by

the law that the World Bank gets its funding from rich countries all around the world but also from the issuance of bonds on the world's capital markets.

In the picture 4 we can see how is the share to vote is divided among many countries from the whole world.



Source: World Bank Debtor Reporting System and staff estimates.

Picture 4 – voting shares in the World Bank,

Source: World Bank Debtor Reporting System and staff estimates, 2006.

4.4.2 The World Bank Group

What is the difference between the Bank and the World Bank Group

Maybe as we know usually the term the World Bank refers only to the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). On the otherside the term World Bank Group consisted of five closely associated entities that work collaboratively towards poverty reduction: the World Bank (IBRD and IDA), and also three other agencies, like the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for Settlement of Investment Disputes (ICSID).

As we already know the main institution in the banking system is the World Bank, but there are also some smaller institutions under the control of the World Bank. One of the most important is the World Bank Group (WBG). The WBG is a family member of the

five international organizations responsible for providing finance and advice to countries for the purposes of economic development and eliminating poverty. The Bank came into a formal existence on 27 December 1945 after the international ratification of the Bretton Woods agreements, which were signed at the United Nations Monetary and Financial Conference (1 July – 22 July 1944). Also the WBG provided the foundation of the Osiander-Committee in 1951, responsible for the preparation and evaluation of the World Development Report. The first commencing operations which were made on the 25 June 1946, in approved with the first loan of the bank existence on 9 May 1947 250 million USD were sent to France for post war reconstruction, it was the largest loan issued by the Bank to date.

Its five agencies are:

- International Bank for Reconstruction and Development (IBRD),
- International Development Association (IDA),
- International Finance Corporation (IFC),
- Multilateral Investment Guarantee Agency (MIGA),
- International Centre for Settlement of Investment Disputes (ICSID).

The term "World Bank" is generally connected to the IBRD and IDA, whereas the World Bank Group is a term used to refer to the institutions collectively.

The activities of the World Bank are focused on the development of countries, in the area such as human development (e.g. education, health), agriculture and rural development, environmental protection (e.g. pollution reduction, establishing and enforcing regulations), infrastructure (e.g. roads, urban regeneration, electricity).

The most important tasks of the IBRD and IDA is the providing of loans at the preferential rates to member countries all over the world, but also to provide grants to the poorest countries. Loans or grants are used for specific projects and are often linked to wider policy changes in the sector or the economy. A loan to improve coastal environmental management is a very good example. This could be linked to development of new environmental institutions at national and local levels and the implementation of new regulations to limit pollution.

4.4.2.1 The World Bank Group agencies

The World Bank Group consists of:

- the **International Bank for Reconstruction and Development (IBRD)**, was established in the year 1945, with the main task to provide debt financing on the basis of sovereign guarantees;
- the **International Finance Corporation (IFC)**, was established in the year 1956, which provides various forms of financing without sovereign guarantees, especially to the private sector;
- the **International Development Association (IDA)**, was established in the year 1960, that provides also concessional financing (interest-free loans or grants), usually with sovereign guarantees;
- the **International Centre for Settlement of Investment Disputes (ICSID)**, was established in 1966, which works especially with governments to reduce the investment risk;
- the **Multilateral Investment Guarantee Agency (MIGA)**, established in 1988, that provides insurance against some types of risk, including a political risk.

So the International Bank for Reconstruction and Development has over 185 members of all governments that are members, and also the other institutions have between 150 and 176 members. The institutions that are under the control of the World Bank Group are all running by a Board of Governors meeting who met once a year. Each member country is represented by a governor, usually it is the Minister of Finance.

We can openly say that the World Bank Group is being run by a Board of 24 Executive Directors to whom the governors have delegated some powers. Every Director represents either one country or a group of countries. Executive Directors are being appointed by their respective governments or their constituencies. Every single agency of the World Bank is governed by their Articles of Agreement, that are being used as the legal and also the institutional foundation for all of their work. The Bank also serves as one of the many Implementing Agencies for the United Nations Global Environment Facility (GEF).

4.4.3 The organizational structure of the World Bank

In the World Bank there are nearly about 10,000 staff members who are performing the work of the IBRD and IDA, they are both situated in Washington D.C. the USA. Maybe you know that The World Bank is the third largest employer in Washington, DC.

It is a very important international organization owned by members of the governments, however it makes profits, these profits are being used to support continued efforts in poverty reduction all around the world especially in the less development countries.

186 members of governments owned the World Bank. Every member of government is a shareholder in the Bank, and also the number of shares that a country has are based mainly on the size of its economy. This so called "one-dollar-one-vote" structure affords to the richest countries and also a greater power in the decisions-making processes at the institutions, borrowing countries all around the world.

It is given that the United States is the largest single shareholder, with an average of 16.41 percent of votes. It is being followed by Japan (7.87 %), Germany (4.49 %), and the United Kingdom (4.31 %) and also France (4.31 %). To let you know, the remaining shares are being divided among the other members. All developing countries borrowers have 39 % of the voting share combined. The 47 sub-Saharan African nations have less than 6 % of the votes.

The World Bank makes its operations especially through the 27 Vice-Presidential Units. The six regional vice-presidencies are in hand from a large-degree of decision making process on the Bank operations with their own regions like Africa, East Asia & Pacific, Europe & Central Asia, Latin America & the Caribbean, Middle East & North Africa, and South Asia and many more. The rest of the vice presidencies including the so called 7 "Network Vice Presidential Units"- they are responsible for a certain cross-cutting issue areas like the financial sector and the private sector of development. The rest covers such areas like the external affairs, development of economics, and at least the legal, and human resources.

Technically, we can say that the World Bank is one of the main parts of the United Nations system, but its governmental structure is little different: each institution in the

World Bank Group is owned by its member governments, which subscribes to its basic share capital, with votes proportional to shareholding.

4.4.3.1 The leadership of the World Bank – president of the World Bank

We can say that traditionally the World Bank president has always been a U.S. citizen who was nominated by the President of the United States, who is the largest shareholder in the bank. The nominee for the president is a subject to confirmation by the Board of Governors, to serve for a five-year, renewable term.

The current President



Picture 5 – Robert Zoellick, the current president of the World Bank (http://en.wikipedia.org/wiki/World_Bank), 2009.

On May 30, 2007, the former US President George W. Bush nominated Robert Zoellick to succeed Paul Wolfowitz as President of the World Bank. The Executive Directors approved Zoellick, effective July 1, 2007, as the 11th President of the Bank for a five-year term. He graduated magna cum laude from Harvard Law School and Phi Beta Kappa from Swarthmore College. In October, 2007 Zoellick stated that his main priorities for the World Bank are: increasing efforts to reduce poverty in the world's poorest countries, increasing support for neglected Arab countries, increasing support for countries emerging from violent conflicts, addressing poverty in emerging economies like India and China, increasing emphasis on environmental issues (especially global warming), and improving access to treatments for HIV and malaria.

List of Presidents

So in this part of our work you can see the list of all the presidents of the World Bank since the year 1946 till nowadays.

- **Eugene Meyer** (June 1946–December 1946),
- **John J. McCloy** (March 1947–June 1949),
- **Eugene R. Black, Sr.** (1949–1963),
- **George D. Woods** (January 1963–March 1968),
- **Robert McNamara** (April 1968–June 1981),
- **Alden W. Clausen** (July 1981–June 1986),
- **Barber Conable** (July 1986–August 1991),
- **Lewis T. Preston** (September 1991–May 1995),
- **James Wolfensohn** (May 1995–June 2005),
- **Paul Wolfowitz** (1 June 2005–June 2007),
- **Robert Zoellick** (1 July 2007–Present).

Corruption and the World Bank

Another task or activity of the World Bank is antecedent working against corruption both outside and within its organisation. It is stated that. Beginning in 2005, Paul Wolfowitz, the former president of the World Bank, allegedly used his position to influence a pay and grade increase for his girlfriend Shaha Riza. Riza, who had held a position at the bank before Wolfowitz was the appointed president in June 2005. He had to require to leave the bank and re-assigned to the State Department to avoid a conflict of interests. As a result of this controversy, Paul Wolfowitz resigned on June 30, 2007.

4.4 The World Bank and poverty

The reduction of poverty is in the news for both the International Monetary Fond and the World Bank. On the official website of the International monetary fond and also of the World Ban there is stated. That in September 1992 the new objectives of the International Monetary Fund and the World Bank were concessional lending to broadened that includes an more explicit focusing in the area to reduce the poverty it was made in the context of a growth oriented strategy. In the statement of the International Monetary Fund is given

that the World Bank will support such strategies which are focusing on the help by borrowing a poor country in a so called Poverty reduction strategy program.

The Poverty reduction strategy process

In the difference to the model of plans that were once used across the board. The poor countries now write their own strategies, and they are being used to reduce poverty. This very important step was made in December 1999, it was in the same year when the World Bank and the International monetary fund has launched the Poverty reduction strategy program. Today the Poverty reduction strategy process is the main station for the International Development Association assistance and also for the comparable lending from the International monetary fund as well as for debt relief under the Heavily indebted poor countries initiative.

We can say that the Poverty reduction strategy process is being directly influenced by the country assistance strategies of eligible countries. Their main task is to identify the key obstacles, that lead to poverty reduction, and nevertheless also outline the plans for overcoming those obstacles, and specify ways of the monitoring progress.

The whole Poverty reduction strategy process, which includes civil society, poorer marginalized groups, and marks an very important shift in the culture. The main support for this approach is widespread, as can be seen in the way in the nongovernmental organizations, regional development banks, and the United Nation development agencies, bilateral donors, and the European Union are working with countries to prepare and implement the Poverty reduction strategy process . Since the year 2000, about 25 countries have completed the Poverty reduction strategy proces, and nearly about 50 countries have being preparing the interim of the Poverty reduction strategy process.

We know that under the World Bank there is also a smaller organization called the World Bank Group. Because of this the World Bank Group support for health, nutrition, and population has been sustained since the year 1997. Totaling \$17 billion in country level support by the World Bank and \$873 million in private health and pharmaceutical investments by the International finance corporation through mid-2008. This report is about the efficacy of the World Bank Group direct support for health, nutrition and population to developing countries since 1997 and draws lessons to help improve the effectiveness of this support.

Debt relief key to poverty reduction

This program to reduction of poverty was launched in the beginning the year 1996 by the International Monetary Fund and the World Bank, with the aim of ensuring that no poor countries will face a debt burden which cannot solve. Since then, the international financial community, including multilateral organizations and the governments have to worked together to reduce and to find some sustainable levels, and in the end also the external debt burdens of the most heavily indebted poor countries in the world.

In the year 1999, a complete review of the initiative allowed the fund to provide a faster, deeper, and broader debt to relief and strengthened the links between the debt relief, the poverty reduction, and the social policies.

Two step process

As it is given by the law of the World Bank the countries have to fullfill some certain criterias, to commit the poverty reduction through some needed policy changes and to demonstrate a good track record over time. The International Monetary Fund and the World Bank provide interim debt relief in the initial stage, and in such case when a country meets its commitments, full debt-relief is provided.

First step: decision point. To be considered a country must fullfill the following four conditions:

- 1) be desirable to borrow from the World Bank International development agency, which provides interest free loans and grants to the world poorest countries, and from the International Monetary Fund extended credit facility, which provides loans to low income countries at subsidized rates,
- 2) to face an unsustainable debt burden that cannot be addressed through the traditional debt relief mechanisms,
- 3) they have to established a track record of reform and sound policies through the International monetary fond and the World Bank supported programs,
- 4) they have to developed a Poverty reduction strategy process through a broad-based participatory process in the country.

When a country has to met or made a sufficient progress in meeting these four criterias, than the Executive boards of the International Monetary Fund and the World Bank usually decide on its eligibility for debt relief, and the international community commits to reduce the debt to a level that is considered as sustainable. This first stage referred to the decision point. Once a country reaches its decision point, it may immediately begin to receive nterim interim relief on its debt service falling due.

Second step: completion point. In the right order to receive a full and incommutable reduction in debt, every country must:

- 1) to establish a further track record of a good performance under the programs supported by the loans from the International monetary fond and the World Bank,
- 2) to implement satisfactorily the key reforms to agreed at the decision point,
- 3) adopt and implement its Poverty strategy process for at least one year.

Once a country has met these criteria, it can reach its completion point, which allows it to receive the full debt relief committed at decision point.

The countries are receiving a debt relief. Of all the forty countries eligible or potentially eligible, twentyeight are receiving a full debt relief from the International Monetary Fund and other creditors but after reaching their completion points. Seven countries have reached their decision points and some of them are receiving interim debt relief. And the rest of five countries, which have been identified as potentially eligible and they have not yet reached their decision points.Both institutions like the International Monetary Fund the World Bank will try to continue to improve their own ability to monitor the delivery of the debt relief. Mainly the International Monetary Fund will continue to addres the issues that are related to the participation which takes place during its daily consultations and also other missions to the creditors countries.

List of Countries That Have Qualified for, are Eligible or Potentially Eligible and May Wish to Receive HIPC Initiative Assistance

In this table you can see all the countries that are using mostly the support to reduction of poverty from the World Bank. They are divided into 3 main parts.

Table 4 - List of Countries That Have Qualified for, are Eligible or Potentially Eligible and May Wish to Receive HIPC Initiative Assistance

Post-Completion-Point Countries (28)		
Afghanistan	Ghana	Niger
Benin	Guyana	Rwanda
Bolivia	Haiti	São Tomé & Príncipe
Burkina Faso	Honduras	Senegal
Burundi	Madagascar	Sierra Leone
Cameroon	Malawi	Tanzania
Central African Republic	Mali	Uganda
Republic of Congo	Mauritania	Zambia
Ethiopia	Mozambique	
The Gambia	Nicaragua	
Interim Countries (Between Decision and Completion Point) (7)		
Chad	Guinea	Togo
Democratic Republic of the Congo	Guinea Bissau	
Côte d'Ivoire	Liberia	
Pre-Decision-Point Countries (5)		
Comoros	Kyrgyz Republic	Sudan
Eritrea	Somalia	

Source: www.imf.org/external/np/exr/facts/hipc.htm, 2010.

5 Conclusion

In our thesis we were talking about the World Bank. We have focused especially on the introduction of the World Bank, its positive and negative voices on its activities, its history but also the main goals of the World Bank, organizational structure, membership, services and all the activities connected with the support to poor countries and also the fight against corruption. The World Bank plays a very important role in the international banking system. It is because the World Bank massively influences the world economy and also the market of every country in the world and we cannot forget that the bank fights against the corruption in the financial sector but also in other parts of the world democracy. Its history is very long and not so easy. This bank was established on the conference in July 1944 at Bretton Wood, New Hampshire (USA) where the main economic countries signed the ratification of the International Monetary Fund and since year the World Bank has been formed as the main banking institution in the world. The main goal of our bachelor thesis was to explain the functioning and the recent impact of the World Bank on the financial, banking, economic and other sectors in many countries all over the world. To reach this main goal we have to explain some smaller goals that are in a connection with the main goals of our thesis. The smaller goals are the activities purchasing some services to many countries (loans, grants, and other services...) and also we must not forget about the so called the Millennium Development Goals (MDGs). The membership of the World Bank is divided into two types of institutions: International Bank for Reconstruction and Development (IBRD) which has 185 members all over the world and the International Development Association (IDA) with only 168 members, and also the institution called the World Bank Group.

There are also some people who criticize the work of this institution. They especially criticize the result of its main goals in the world markets and also its concentration on the US economy. It is because the World Bank is a part of the United Nations system of Western countries but also maybe by the fact that the president is nominated by the US president. The bank also deals with corruption in the financial markets and in the whole economy all over the world. The World Bank is very important and its best is to fight against many things to keep the democracy in the banking, economic and financial system all over the world. The World Bank plays also a very important part in the support to the poor countries or the support to countries that were hit by nature disaster like earthquake tsunami and many more. In the end we can say that the World

Bank is one of the most important institutions in the whole world and this is given by its activities function and many many more. It plays an important role in the financial markets but it also helps to solve the world economic and financial crisis.

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Appendices:

Appendices 1: CD medium – the bachelor thesis in electronic form

