

Al-Saudia Virtual Academy

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INTERNATIONAL CREDIT INSTITUTIONS:

WORLD BANK

World bank is the combination of following two institutions:

- International bank for reconstruction and development.
- International development Association...

IBRD:

Origin:

The foundation of IBRD developed in the same Breton Woods conference in which IMF was established.

The theme was that the UC and allied countries felt the need of such an authority that would help war stricken countries in the process of reconstruction. The world war II had done serious harm to different countries. Not only the economies were collapsed but resources were needed desperately to rebuild the destroyed cities. So majority of the participants of Breton Woods's conference accepted the articles of agreement of bank and later on July 1946, the bank started its operations.

Objectives:

The basic objective behind the formation of IBRD was to provide international capital to finance the process of reconstruction of cities that had turned to due to destruction of war. Besides this the provision of finance and capital to create more production facilities and to improve living standard in underdeveloped areas were some other objectives of IBRD.

Functions:

The main functions of bank are summarized below:

- To assist in process of reconstruction, development and restoration of countries destroyed by war.
- To promote long term balanced growth all around the world.
- To encourage international investments for development of the member countries.
- To encourage private foreign investments by means of guarantees.
- To play a role so that smooth transition may take place from war time to peace time economies.