

BHARAT SCHOOL OF BANKING

Int'l Development Banks - ADB, WB, IMF, NDB, AIIF

There are several **development banks** in the world with the principal goal of **development** among others. From **India's** point of view, the most notable among those development banks are the followings -

- **Asian Development Bank (ADB)**
- **World Bank (WB)**
- **International Monetary Fund (IMF)**
- **New Development Bank (BRICS-NDB)**
- **Asian Infrastructure Investment Bank (AIIF), etc.**

Here we shall discuss each of them in brief. Note that **NDB** ([click me](#)) and **AIIF** ([click me](#)) were already discussed in previous articles.

Asian Development Bank (ADB)

ADB is a **regional development bank**, headquartered in **Metro Manila, Philippines**. It was established on **Aug 22, 1966**, to facilitate **economic development** in **Asia**, with the motto '*Fighting poverty in Asia and the Pacific*'.

President - **Takehiko Nakao**

Membership - **67 countries**

ADB invests in -



- Infrastructure
- Health care services
- Financial system
- Public administration system
- Preventing Climate change
- Managing natural resources, etc.

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Devices for ADB's assistance -

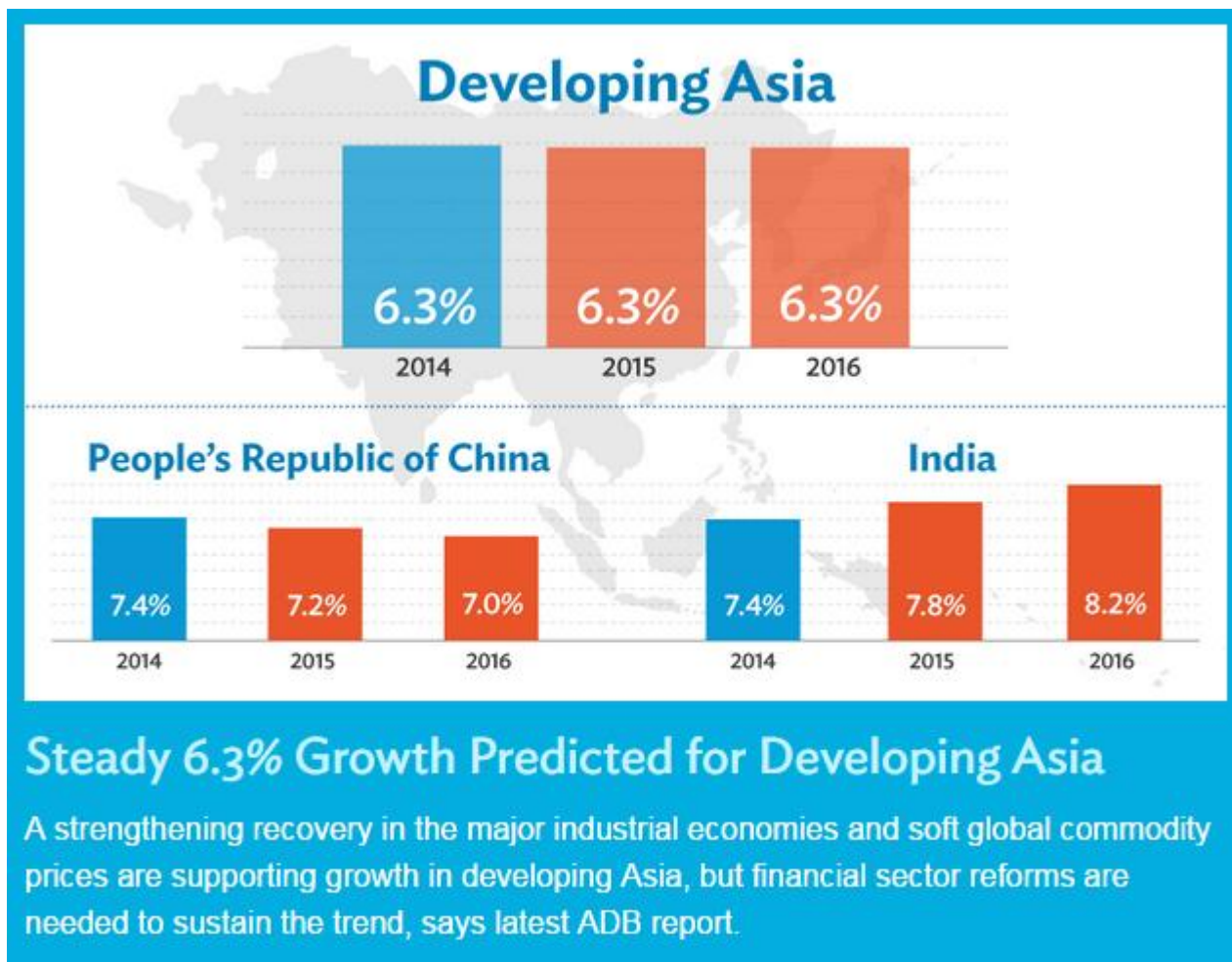
- Loans
- Grants
- Policy Dialogue
- Technical assistance
- Equity Investments, etc.

ADB recently released its **Asian Development Outlook (ADO)** with the title '**Financing Asia's Future Growth**'. It forecasted that **India** will overtake **China** in terms of **growth rate** in fiscal years **2015** and **2016**.

Below is a comparative chart published by ADB -

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World Bank (WB)

World Bank is a financial institution of **United Nations (UN)**, established on **July 1944**, headquartered in **Washington D.C., USA**. It provides loans to **developing countries** for their **capital** programs. The official goal of WB is the **reduction of poverty**, and the motto is **'Working for a World Free of Poverty'**.

President - **Jim Yong Kim**

Membership - **IBRD (188 countries)**, **IDA (172 countries)**

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Note that **World Bank** is a component of **World Bank Group (WBG)**, which is a family of 5 international organizations that make **leveraged loans** to **poor** countries -

- **International Bank for Reconstruction and Development (IBRD)** - lends to **governments** of **middle-income** and **creditworthy low-income** countries
- **International Development Association (IDA)** - provides **interest-free loans**, called **credits**, and **grants** to governments of the **poorest** countries
- **International Finance Corporation (IFC)** - is the largest global **development** institution focused exclusively on the **private sector** (not governments)
- **Multilateral Investment Guarantee Agency (MIGA)** - promotes **foreign direct investment (FDI)** into developing countries to support economic growth, reduce poverty and improve people's lives. It fulfills this mandate by offering **political risk insurance (guarantees)** to investors and lenders.
- **International Center for Settlement of Investment Disputes (ICSID)** - provides international facilities for conciliation and arbitration of **investment disputes**.

Note that, together, **IBRD and IDA** make up the **World Bank**, whereas all these 5 institutions form the **World Bank Group**.

International Monetary Fund (IMF)

IMF is an **international financial organization**, established on **December 27, 1945**, headquartered in **Washington D.C., USA**.

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President - Christine Lagarde
Membership - 189 countries

IMF work area -

- promotes international **monetary cooperation**
- promotes **exchange rate** stability
- facilitates **balanced growth** of international trade
- provides **resources** to help members in **balance of payments (BOP)** difficulties
- assist with **poverty reduction**

Devices of IMF's assistance -

- Keeps track of the **economic health** of member countries, it **alerts** them to **risks** on the horizon
- provides **policy advice**
- **lends** to countries in **difficulty**
- provides **technical assistance**
- **training** to help countries improve **economic management**