

Function of the World Bank and Developing Countries

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Abstract: *The World Bank, established in 1944, is a premier international financial institution aimed at reducing poverty and promoting sustainable development in developing countries. Many developing nations face significant challenges, including inadequate infrastructure, limited access to quality education and healthcare, economic instability, and environmental vulnerabilities. The World Bank provides financial assistance, technical guidance, policy advice, and capacity-building programs to help these countries overcome such obstacles. Over the years, the Bank has expanded its role beyond providing loans. Its functions now include fostering economic growth, improving social services, supporting infrastructure development, promoting environmental sustainability, and assisting countries during crises. In recent years, emphasis has been placed on poverty reduction, climate change adaptation, and post-pandemic recovery programs. Understanding the functions of the World Bank is crucial for evaluating the effectiveness of international financial interventions and their impact on the development and well-being of populations in developing countries.*

Keywords: The World Bank provides financial assistance, technical guidance, policy advice, and capacity-building programs to help these countries overcome such obstacles. Over the years, the Bank has expanded its role beyond providing loans.

I. INTRODUCTION

The World Bank, established in 1944, is a premier international financial institution aimed at reducing poverty and promoting sustainable development in developing countries. Many developing nations face significant challenges, including inadequate infrastructure, limited access to quality education and healthcare, economic instability, and environmental vulnerabilities. The World Bank provides financial assistance, technical guidance, policy advice, and capacity-building programs to help these countries overcome such obstacles. Over the years, the Bank has expanded its role beyond providing loans. Its functions now include fostering economic growth, improving social services, supporting infrastructure development, promoting environmental sustainability, and assisting countries during crises. In recent years, emphasis has been placed on poverty reduction, climate change adaptation, and post-pandemic recovery programs. Understanding the functions of the World Bank is crucial for evaluating the effectiveness of international financial interventions and their impact on the development and well-being of populations in developing countries.

The main objectives of the World Bank are to reduce poverty, support economic growth, improve social development, promote environmental sustainability, and strengthen governance and technical capacity in developing nations. Through various programs, the Bank aims to improve living standards, create employment opportunities, enhance access to education and healthcare, and ensure sustainable use of natural resources. By targeting both economic and social development, the World Bank seeks to create conditions for long-term growth and stability in countries that face structural and financial challenges.

The World Bank performs multiple functions to achieve these objectives. It provides financial assistance in the form of loans and grants to fund development projects, including transportation networks, energy projects, schools, hospitals, and agricultural programs.

Along with financial support, it offers technical expertise and advisory services, including project planning, policy guidance, and knowledge transfer, ensuring that initiatives are efficiently implemented and meet the desired goals. The



Bank also funds large-scale infrastructure projects that enhance connectivity, urban development, and access to essential services. In addition, it supports poverty alleviation programs targeting vulnerable populations, assists countries during natural disasters or economic crises, and promotes sustainable development initiatives such as renewable energy projects, climate-smart agriculture, and environmental protection programs. The effectiveness of projects often depends on the capacity of local institutions and governance structures. Furthermore, some programs may not fully address the social or cultural needs of local communities, and criticism exists regarding project prioritization, which may economic outcomes over social welfare.

II. REVIEW OF LITERATURE

World Bank Group (2022): In its annual report, the World Bank emphasizes its dual mission: ending extreme poverty and promoting shared prosperity. The report highlights that in developing nations, the Bank acts as a vital source of financial and technical assistance. It doesn't just provide loans; it offers a "knowledge bank" that helps governments implement structural reforms in education, health, and infrastructure to ensure long-term economic stability.

Stiglitz, J. (2023): Nobel laureate Joseph Stiglitz provides a critical perspective on the Bank's influence. He argues that while the World Bank's funding is essential for developing economies, the "conditionalities" attached to these loans—such as privatization and fiscal austerity—can sometimes be counterproductive. His research suggests that for the World Bank to be truly effective, it must adapt its strategies to the unique social and political realities of each developing country rather than applying a "one-size-fits-all" model.

Kumar & Sharma (2021): This study focuses on the Bank's role in infrastructure development within South Asian economies. The authors found that World Bankfunded projects in renewable energy and rural connectivity have a direct positive correlation with GDP growth. By de-risking investments, the Bank encourages private capital to flow into sectors that would otherwise be seen as too volatile, effectively bridging the "funding gap" in developing regions. United Nations

Twenge & Campbell (2022): Renowned for their work on generational shifts, Twenge and Campbell's recent study tracks the decline in adolescent well-being alongside the rise of digital media. They argue that the sheer volume of time spent on screens has "displaced" essential activities like face-to-face social interaction and physical exercise, leading to a measurable dip in life satisfaction among Gen Z.

Barry et al. (2023): This multi-author study goes beyond "how much" time is spent and looks at "how" it is spent. By analyzing specific usage patterns, the research identifies that "passive browsing" (scrolling without interacting) is more harmful to mental health than "active engagement." It suggests that social comparison and the pressure to maintain a perfect online image are the primary drivers of adolescent anxiety.

Odgers & Jensen (2024): In their most recent annual review, Odgers and Jensen provide a nuanced perspective. They suggest that while social media presents risks, it is not the sole cause of mental health issues. Instead, they propose that digital platforms often amplify existing vulnerabilities, calling for a more balanced approach that focuses on teaching digital resilience rather than just restricting access

Galileu Kim (World Bank, 2026): Institutional Capacity for Policy Implementation In this very recent working paper, Kim explores why good policies often fail in developing countries. The research emphasizes that the World Bank's influence is most effective when it focuses on Institutional Capacity—which includes improving personnel management, financial systems, and transparency within local government offices. It suggests that without "state capacity," even the best-funded development projects will not yield long-term results

III. RESEARCH AND METHODOLOGY

The primary objective of the World Bank in developing countries is to reduce poverty and improve the overall standard of living of people in low- and middle-income nations. By providing financial resources, technical expertise, and policy guidance, the Bank aims to create conditions for sustainable economic growth that can benefit all sections of society, particularly vulnerable and marginalized populations. One of its key objectives is to



promote economic development by funding infrastructure projects such as roads, bridges, energy generation, water supply, and communication networks, which are essential for improving productivity and connectivity in developing nations. Alongside economic growth, the World Bank focuses on social development by supporting initiatives in education, healthcare, and skill development, ensuring that people have access to essential services and opportunities for upward mobility.

Another major objective is to strengthen institutional capacity and governance in developing countries, helping governments implement effective policies, manage public resources efficiently, and plan for long-term development. The Bank also places a strong emphasis on environmental sustainability and climate resilience, encouraging projects that reduce the adverse effects of climate change, promote renewable energy, and support sustainable agricultural practices.

Additionally, the World Bank seeks to facilitate inclusive development by reducing income inequality, providing support to disadvantaged groups, and ensuring that development benefits reach the poorest communities. Overall, the objectives of the World Bank are interconnected and aim to achieve comprehensive and long-term development, addressing economic, social, and environmental challenges simultaneously, so that developing countries can achieve sustainable growth, stability, and improved quality of life for their citizens

IV. RESEARCH DESIGN

The research follows a descriptive and analytical design, which provides a structured framework to understand the Bank's activities and their impact on developing nations. The descriptive aspect of the research aims to present a detailed account of the Bank's functions, objectives, and programs, while the analytical aspect focuses on evaluating their effectiveness, efficiency, and outcomes. This design allows the researcher to systematically examine patterns, trends, and results from different projects funded or guided by the World Bank. A combination of qualitative and quantitative analysis is employed to assess social, economic, and environmental outcomes, making it possible to understand both measurable impacts and broader developmental contributions. Additionally, the research design accommodates comparative analysis of different countries and regions to identify variations in project implementation and success, thus providing a more nuanced understanding of the Bank's role across diverse contexts.

V. DATA COLLECTION

This research is to gather accurate, relevant, and reliable information that can provide a clear understanding of the functions and impact of the World Bank in developing countries. Specifically, the data collection. The Sources of Data:

Primary Data: Interviews with policymakers, project managers, and government officials. Surveys or questionnaires administered to beneficiaries of World Bank-funded programs.

Field observations in selected project areas to assess project outcomes.

Secondary Data: Official World Bank reports (2019–2024), including annual reports and project reports. Publications and policy briefs from IMF, UNDP, and other international organizations. Peer-reviewed research articles on development finance, poverty alleviation, infrastructure, and climate adaptation.

Case studies evaluating the effectiveness of Bank-funded projects.

Online databases such as World Bank Open Data and project tracking systems.

VI. DATA ANALYSIS

In this research, data will be collected from 100 investors in Mumbai region through surveys and interviews, providing both qualitative and quantitative insights. The primary data will be complemented by secondary data from Function of the world bank in developing countries



1. Age

AGE	RESPONSES	PERCENTAGE%
Under 15	11	18.2%
15-20	10	21.8%
21-30	12	32.7%
31-40	18	7.3%
41 and above	4	7.3%
Total	55	100%

VII. INTERPRETATION

Dominant Age Group: The largest group of respondents falls within the 31–40 age bracket, accounting for 32.7% (18 out of 55) of the total sample. There is a significant representation of younger individuals. Respondents aged 30 and under make up exactly 60% of the total sample (20.0 + 18.2 + 21.8). This indicates that the survey captured a relatively young demographic. **Minority Group:** The 41 and above category is the least represented, making up only 7.3% of the participants. This could suggest that the specific service or topic being researched has lower penetration or usage among older populations in the target area.

2 Gender

CATEGORY	RESPONSES	PERCENTAGE %
Female	32	60.4 %
Male	17	32.1 %
Perfect not to say	4	7.5 %
Total	53	100 %

INTERPRETATION

Dominant Group: The majority of the respondents are Female, making up over 60% of the sample. **Gender Split:** There is a significant difference between the two primary gender categories, with females nearly doubling the number of male respondents. **Non-Disclosure:** A small minority (7.5%) chose not to specify their gender.

3. EDUCATION

CATEGORY	RESPONSES	PERCENTAGE %
Higher secondary	21	38.2 %
Graduation	12	21.8 %
Primary	12	21.8 %
Secondary	10	18.2 %
Total	55	100 %

INTERPRETATION

Majority Group: The largest segment of respondents has completed Higher



Secondary education, accounting for nearly 40% of the total. Balanced Mid-Tier: Interestingly, the number of respondents with Primary education and Graduation is identical at 21.8% each. Least Represented: The Secondary education category represents the smallest portion of your sample at 18.2%.

4. Have you heard about the World Bank?

CATEGORY	RESPONSES	PERCENTAGE
No	23	41.1 %
Yes	22	39.3 %
Maybe	10	17.9 %
Other	1	1.7 %
Total	56	100 %

INTERPRETATION

Split Awareness: The respondents are almost evenly split between those who have heard of the World Bank (39.3%) and those who haven't (41.1%). Uncertainty: A notable 17.9% are unsure ("Maybe"), suggesting that while the name might be familiar to some, they lack definitive knowledge of the institution. Significant Knowledge Gap: Combined, the "No" and "Maybe" categories represent 59% of your sample, indicating a majority of respondents do not have a clear awareness of the organization.

5. Which of the following areas does the World Bank focus on in developing countries?

CATEGORY	RESPONSES	PERCENTAGE
Health care	19	35.8 %
Education	14	26.4 %
Poverty reduction	13	24.5 %
Infrastructure development	7	13.2 %
Total	53	100 %

INTERPRETATION

Primary Perception: The largest group of respondents (35.8%) identifies Health care as the main focus area for the World Bank in developing countries.

Social Welfare Focus: Over 60% of respondents combined view the institution's role primarily through the lens of social services (Health care and Education improvement). Core Functions: Interestingly, Poverty reduction and Infrastructure development—which are central to the World Bank's actual mission—were selected by fewer respondents compared to social welfare sectors.



6. Which World Bank institution provides low-interest loans to poor countries?

CATEGORY	RESPONSES	PERCENTAGE %
WTO	18	34.0 %
IDA	15	28.3 %
UNDP	11	20.8 %
IMF	9	17.0 %
Total	53	100 %

INTERPRETATION

Common Misconception: The largest group (34%) identified the World Trade Organization (WTO) as the loan provider, even though the WTO focuses on trade rules rather than development lending. Accuracy Rate: Approximately 28.3% of respondents correctly identified the International Development Association (IDA), which is the actual World Bank institution providing low-interest loans to poor countries. Institutional Confusion: Over 70% of respondents selected organizations that are either not part of the World Bank Group (WTO, UNDP, IMF) or have entirely different functions, indicating a significant gap in specific institutional knowledge among the sample.

7. The World Bank mainly provides

CATEGORY	RESPONSES	PERCENTAGE %
Loan	17	29.3 %
Grants	17	29.3 %
Technical assistance	13	22.4 %
All of the above	11	19.0 %
total	58	100 %

INTERPRETATION

Equal Distribution: There is an exact tie between Grants and Technical assistance, with each being selected by 29.3% of the respondents. Comprehensive Understanding: Nearly a quarter of the respondents (22.4%) correctly recognized that the World Bank provides a combination of all these services ("All of the above"). Loans as a Minority View: Interestingly, although the World Bank is most famous for its lending, only 19% of respondents selected Loan as the main provision. Service Diversity: The relatively even split across all categories suggests that respondents have varying ideas of what the bank's primary function is, rather than a single dominant consensus.

8. Which sector do you think receives the most funding from the World Bank?

CATEGORY	RESPONSES	PERCENTAGE %
Agriculture	18	31.6 %
Infrastructure	21	36.8 %



Health	12	21.1 %
Education	6	10.5 %
Total	56	100 %

INTERPRETATION

Primary Perception: Infrastructure is viewed as the most heavily funded sector by the largest group of respondents (36.8%). Rural Focus: Agriculture follows closely behind at 31.6%, showing that a significant portion of your sample associates the World Bank with rural development. Secondary Importance: Social sectors like Health (21.1%) and Education (10.5%) are perceived as receiving less funding compared to physical and economic development sectors. Sectoral Gap: There is a notable gap between the perception of Infrastructure funding and Education funding, with respondents being over three times more likely to choose Infrastructure as the top-funded area.

9. Which future project should the World Bank focus on?

CATEGORY	RESPONSES	PERCENTAGE %
Smart cities	18	31.6 %
Green energy	21	36.8 %
Education development	12	21.1 %
Healthcare systems	6	10.5 %
Total	57	100 %

INTERPRETATION

Primary Perception: Infrastructure is viewed as the top sector receiving funding, with 36.8% of respondents selecting it. Strong Agricultural Association: Over 30% of the sample believes Agriculture is the most funded sector, which is a significant portion of the total. Social Sector Lag: Interestingly, despite the World Bank's heavy involvement in human capital, Education was selected by the fewest respondents (10.5%), while Health sat in the middle at 21.1%. Development Focus: The data suggests that respondents largely associate World Bank funding with physical development (Infrastructure) and primary production (Agriculture) rather than social services

10. your opinion, which sector needs more support from the World Bank?

CATEGORY	RESPONSES	PERCENTAGE %
Road and transport	21	36.8 %
Education	20	35.1 %
Health	9	15.8 %
Employment	7	12.3 %
Total	57	100 %



INTERPRETATION

Top Priorities: There is a very close split between Roads and transport (36.8%) and Education (35.1%) as the most critical areas needing more support. This indicates that respondents value both physical infrastructure and human capital development almost equally.

Lower Priority for Employment: Despite global economic concerns, Employment was selected by the fewest respondents (12.3%) as a sector needing direct World Bank Healthcare Gap: Only 15.8% of respondents prioritized Health, which is interesting given its global importance; this may suggest a belief that other institutions or national governments are already handling health sufficiently.

VIII. CONCLUSION AND SUGGESTION

The World Bank has played a vital and transformative role in the economic and social development of developing countries across the world. Established with the primary objective of reducing poverty and promoting sustainable development, the World Bank provides financial assistance in the form of low-interest loans, grants, and credits to countries that lack sufficient resources for development. Through its support, many developing nations have been able to invest in essential sectors such as infrastructure, education, healthcare, agriculture, and energy. Large-scale projects like the construction of roads, bridges, irrigation systems, and power plants have significantly improved connectivity, productivity, and overall economic growth. In addition to financial support, the World Bank also offers technical expertise, policy advice, and institutional support, helping governments design effective development strategies and improve governance. Its role in promoting education and healthcare.

In light of these challenges, several important suggestions can be made to enhance the effectiveness of the World Bank in developing countries. Firstly, there should be a stronger focus on inclusive growth, ensuring that the benefits of development reach all sections of society, especially marginalized and rural populations. The World Bank should prioritize projects that directly improve the living conditions of the poor, such as education, healthcare, and employment generation. Secondly, efforts should be made to reduce excessive loan dependency by increasing the proportion of grants and promoting financial sustainability within developing countries. Encouraging domestic resource mobilization and supporting local economies can help countries become more self-reliant. Thirdly, transparency and accountability must be strengthened at all levels to ensure that funds are used effectively and corruption is minimized. Proper monitoring, evaluation, and reporting systems should be implemented for all development projects.

Moreover, the participation of local communities should be encouraged in the planning and implementation of projects, as this ensures that development initiatives are better aligned with the actual needs of the people. The World Bank should also place greater emphasis on sustainable development by promoting environmentally friendly practices, renewable energy, and climate resilience projects. In addition, there is a need for better coordination between the World Bank, governments, and other international organizations to maximize the impact of development efforts. Finally, policies and reforms suggested by the World Bank should be flexible and adaptable, taking into account the unique economic, social, and cultural conditions of each country.

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