

Navya

World Bank:

WHO:

- 1944 Bretton Woods established the world bank.
- To use loans to help European countries rebuild after ww2
- First multilateral development bank
- Headquartered in Washington, D.C.
- 189 member countries

WHAT:

- The World Bank Group is a global partnership
- Consists of 2 development institution
 1. international Bank for Reconstruction and Development
 2. International Development Association
- 3 other institutions, including both institutions and:
 1. International Finance Corporation
 2. The Multilateral Guarantee Agency
 3. The International Centre for the Settlement of Investment Disputes
- World bank comprises of five institutions working for sustainable solutions that reduce poverty and build shared prosperity in developing countries.
- It is an international organization that helps emerging market countries reduce poverty
- By turning rich country resources into poor country growth, it is supposed to bridge the economic divide between poor and rich countries. Their long-term vision is to achieve sustainable poverty reduction

HOW:

- Provides low interest loans, interest free credit and grants
- Focuses on improving:
 1. Education
 2. Health
 3. Infrastructure
- Funds to modernize a country's
 1. Financial sector
 2. Agriculture
 3. Natural resources management
- To achieve this goal, the Bank focuses on six areas:
 1. Overcome poverty by spurring growth, especially in Africa.
 2. Help reconstruct countries emerging from war, the biggest cause of extreme poverty.
 3. Provide a customized solution to help middle-income countries remain out of poverty.
 4. Spur governments to prevent climate change. It helps them control communicable diseases, especially HIV/AIDS and malaria. It also manages international financial crises and promotes free trade.
 5. Work with the Arab League on three goals. They are to improve education, build infrastructure and provide micro-loans to small businesses.
 6. Share its expertise with developing countries. Publicize its knowledge via reports and its interactive online database.

EXAMPLE:

- China: Reducing soil erosion and improving protection in Xining
 1. Xining Flood and Watershed Management Project supported (2009-2015)
 2. enhanced flood protection for 414, 300 people
 3. 5 million tons of urban waste water redirected from being directly discharged into rivers annually

- Reduced soil erosion by more than 1 million tons annually
 - Therefore, improved the environment + quality of life for local residents

Evaluation of the World Bank:

POSITIVE	NEGATIVE
<ul style="list-style-type: none"> ○ Helps reduce poverty ○ Improves education ○ Focuses also on health and improvement of infrastructure ○ Assists in the reconstructions of countries emerging from war ○ Focuses on how to make economical improvements 	<ul style="list-style-type: none"> ○ Focuses too much on GDP growth rather than improving living standards ○ Some development projects resulted in environmental damage ○ Larger contributors have too much power over the policies ○ One-sided for being a global organization – head is always from US ○ Imposition of policies in developing countries ○ Sometimes too expensive technology implemented

INTERNATIONAL MONETARY FUND

WHO:

- 1944 created in Bretton Woods to avoid a repetition of the competitive devaluations that had contributed to the Great Depression of the 1930s.
- Headquarters: Washington, D.C.
- CEO: Christine Lagarde

WHAT:

- Played a part in stabilising the global economy after the world war and continues to shape the global economy.
- Oversees the international monetary system to ensure exchange rate stability and to encourage members to eliminate exchange restrictions that hinder trade
- Primary purpose is to ensure the stability of the international monetary system
- The Fund's mandate was updated in 2012 to include all macroeconomic and financial sector issues that bear on global stability.

ORIGINAL AIMS:

1. promote international monetary cooperation;
2. facilitate the expansion and balanced growth of international trade;
3. promote exchange stability;
4. assist in the establishment of a multilateral system of payments; and
5. make resources available (with adequate safeguards) to members experiencing balance of payments difficulties.
6. Biggest borrowers (amounts outstanding as of 8/31/16): Portugal, Greece, Ukraine, Pakistan
7. Biggest precautionary loans (amount agreed as of 9/8/16): Mexico, Poland, Colombia, Morocco

HOW:

- Resources: Member quotas are the primary source of IMF financial resources. A member's quota broadly reflects its size and position in the world economy. Member countries have also committed resources to increase the IMF's emergency resources through bilateral borrowing agreements.

EXAMPLES:

- Jamaica has made significant strides in restoring economic stability over the past three years, supported by an IMF-backed program—the Extended Fund Facility (EFF)
 - growth still short of expectations, and poverty and unemployment high, the authorities
 - stabilizing the economy since May 2013
 - no longer has a need for IMF financing support, given the country has regained access to domestic and international capital markets.
 - reduced significantly since 2013—from 145 percent of GDP to about 120 percent

POSITIVE	NEGATIVE
<ul style="list-style-type: none"> ○ IMF is about balancing the international financial system in both rich and poor countries ○ Promotes exchange stability and orderly exchange relations among its member countries ○ Assists all members – both industrial and developing countries- that find themselves in temporary balance of payments difficulties by providing short- to medium- term credits ○ Supplements the currency reserves of its members through the allocation of SDRs (special drawing rights); to date SDR 21.4bn has been issued to member countries in proportion to their quotas ○ Draws its financial resources principally from the quota subscriptions of its member countries 	<ul style="list-style-type: none"> ○ The IMF have supported some undemocratic governments that have been favourable to European and US TNCs. ○ SAPs imposed on borrowing countries were often damaging, forcing countries to sell state assets and to cut funding to education and health. ○ The IMF has forced countries to impose strict austerity measures in order to receive money (increased taxes and reduced spending). Greece has had to follow very strict austerity measures to get help from the IMF and EU. ○ The main funding nations (MEDCs) have too much influence over decisions. ○ The head of the IMF always comes from Europe ○ That it often has reactionary policies rather than preventative ones.

**INTERNATIONAL MONETARY FUND
v.s. WORLD BANK:**

INTERNATIONAL MONETARY FUND	WORLD BANK
<ul style="list-style-type: none"> ○ Promotes monetary cooperation internationally and offers advice and assistance to facilitate building and maintaining a country's economy ○ Provides loans and helps countries develop policy programs that solve balance of payment problems if a country cannot obtain financing sufficient to meet its international obligations. ○ For countries in serious debt ultimately only stabilizes international trade and eventually results in the country repaying the loan at rather hefty interest rates 	<ul style="list-style-type: none"> ○ Purpose is to aid long-term economic development and reduce poverty in developing countries accomplishes this by making technical and financial support available to countries. ○ Helps countries reform inefficient economic sectors and implement specific projects, such as building health centres and schools or making clean water and electricity more widely available. ○ Typically long-term, funded by countries that are members of the bank through the issuing of bonds