IMF: International Monetary Fund (IMF)

What is IMF

The International Monetary Fund (IMF) is a association of 189 countries, working to promote global monetary assistance, secure financial stability, facilitate international business, encourage high employment and sustainable economic growth, and lessen poverty around the world.

Shaped in 1945, the IMF is governed by and accountable to the 189 countries.

The IMF's main purpose is to ensure the solidity of the international monetary system—the system of exchange rates and international payments that permits countries and their citizens to transact with each other. The Fund's mandate was restructured in 2012 to include all macroeconomic and financial sector issues that impact on global stability.

(Source: IMF Web Site)

The IMF in History

In 1944, delegates of 44 nations met in Bretton Woods, New Hampshire, to prepare a plan for the post-World War II economic order. Their plan was to avoid a repetition of the destructive policies that could spark another clash. So they created the IMF to encourage international monetary cooperation. Ever since, the IMF has played a prominent role in maintaining global economic stability and ensuring largely shared prosperity.

What IMF Does?

The IMF's basic mission is to make sure the stability of the international monetary system. It does so in these ways:

1) Observing The Global Economy and The Economies of Member Countries: The IMF observe the international monetary system and the economic and financial policies of its 189 member countries. By doing so the IMF points out possible risks to stability and suggests needed policy adjustments. As done by IMF in case of Vietnam
2) Giving Loan to Countries : The IMF makes available loans to member countries facing actual or potential balance of payments problems to help them reconstruct their international reserves, stabilize their currencies, regular payments for imports, and renovate conditions for strong economic growth, while correcting underlying problems. As done by IMF in case of Ireland.
3) Giving Practical Help to Members: (Capacity Development) The IMF works with governments of different countries to modernize their economic policies and institutions, and prepare their people. This helps countries making stronger their economy, improve growth and employment creation.

Organization & Finances of IMF

With a management team and 17 departments IMF carries out its country, policy, analytical, and technical work.

The IMF has a Managing Director, who is head of the staff and Chairperson of the Executive Board. The IMF's employees are from all over the world; they are accountable to the IMF and not to the authorities of the countries of which they belong.

Major resources for IMF loans are provided by member countries as per their quotas. Each member country of the IMF is allotted a quota, based broadly on its relative position in the world economy.

IMF supplements its member countries' official reserve by Special Drawing Rights (SDR), SDR is an international reserve asset.

Gold- IMF is one of the world's major official holders of gold. Gold is an important asset in the reserve holdings of many countries.

IMF Governance

In its 70 plus years history The IMF has emerged along with the global economy and maintained to retain a prime role within the international financial architecture.

Country Representation

Decision making at the IMF was planned to show the relative positions of its member countries in the global economy. The IMF continues to undertake reforms as per fundamental changes taking place in the world economy.

Accountability

Created in 1945, the IMF is governed by and accountable to the 189 countries that make up its near-global membership. Decision making at the IMF was designed to reflect the relative positions of its member countries in the global economy.

Transparency

The IMF has its own methodology to ensure that meaningful and accurate information regarding its own role in the global economy and the economies of its member countries is made available in real time to its global audiences.

Corporate Giving

The IMF Giving Together is the IMF's corporate giving program which helps employees' giving back to the community, both locally and internationally. it includes: (i) Staff Giving; (ii) Disaster Relief Appeals; (iii) Management Donations; (iv) Grants to Local and International Charities; and (v) Staff Volunteering Activities.

World Bank

The World Bank is an international organization committed to providing financing, advice and research to developing countries to help their economic advancement. The World Bank was formed out of the Bretton Woods agreement, as a result of many European and Asian nations needing financing to fund reconstruction efforts. The Bank mainly acts as an organization that attempts to fight poverty by offering developmental assistance to middle- and poor-income nations.

The World Bank is a provider of financial and technical help to developing countries around the world. The World bank is a exclusive financial institution that provides partnerships to lessen poverty and support economic development by offering loans and offering advice and training to both the private and public segments. The World Bank was founded in 1944, is headquartered in Washington D.C., and 10,000 plus employees in over 120 offices worldwide.

The Structure of the World Bank

The World Bank has extended from the single institution that was created in 1944 to a group of five exclusive and supportive institutional organizations. The first institute is the International Bank for Reconstruction and Development (IBRD), an

organisation that provides debt financing to nations that are considered middle income. The second institute within The World Bank is the International Development Association (IDA), an association that gives interest-free loans to the governments of poor countries.

The International Finance Corporation (IFC), the third institute, centred on the private sector and offers developing countries with investment financing and financial advisory services. The fourth institute of The World Bank is the Multilateral Investment Guarantee Agency (MIGA), an institute that encourages foreign direct investments in developing countries. The fifth and final institute is the International Centre for Settlement of Investment Disputes (ICSID), an organisation that provides adjudication on international investment disputes.

The Goals and Benefits of the World Bank

The World Bank has two clear goals that it wants to achieve by 2030. The first is to end severe poverty by lessening the amount of people living on less than $1.90 a day to under 3% of the world population. The second is to raise overall prosperity by increasing the income growth in the bottom 40% of the world's population.

Beyond its clear goals, the World Bank offers qualifying individuals and governments with low-interest loans, zero-interest credits and grants. These debt borrowings and cash collections help global education, health care, public administration, infrastructure and private sector development. The World Bank also distribute information with world governments through policy advice, research and analysis and technical assistance.

References:

1) https://www.imf.org
2) https://www.worldbank.org