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The IMF and the World Bank

7-9 minutes

March 25, 2020

The International Monetary Fund (IMF) and the World Bank are institutions in the United Nations system. They share the same goal of raising living standards in their member countries. Their approaches to this goal are complementary, with the IMF focusing on macroeconomic and financial stability issues and the World Bank concentrating on long-term economic development and poverty reduction.

What are the purposes of the Bretton Woods Institutions?

The International Monetary Fund and the World Bank were both created at an international conference convened in Bretton Woods, New Hampshire, United States in July 1944. The goal of the conference was to establish a framework for economic cooperation and development that would lead to a more stable and prosperous global economy. While this goal remains central to both institutions, their work is constantly evolving in response to new economic developments and challenges.

The IMF's mandate. The IMF promotes international monetary cooperation and provides policy advice and capacity development support to help countries build and maintain strong economies. The IMF also provides medium-term loans and helps countries design policy programs to solve balance of payments problems when sufficient financing cannot be obtained to meet net international payments. IMF loans are short and medium term and funded mainly by the pool of quota contributions that its members provide. IMF staff are primarily economists with wide experience in macroeconomic and financial policies.

The World Bank's mandate. The World Bank promotes long-term economic development and poverty reduction by providing technical and financial support to help countries reform certain sectors or implement specific projects—such as building schools and health centers, providing water and electricity, fighting disease, and protecting the environment. World Bank assistance is generally long term and is funded both by member country contributions and through bond issuance. World Bank staff are often specialists on particular issues, sectors, or techniques.

Framework for cooperation

The IMF and World Bank collaborate on a routine basis and at many levels to assist member countries, including joint participation in several initiatives. The terms for their cooperation were set out in the 1989 concordat and subsequent frameworks to ensure effective collaboration in areas of shared responsibility.

High-level coordination. During the Annual Meetings of the Boards of Governors of the IMF and the World Bank, Governors consult and present their countries' views on current issues in international economics and finance. The Boards of Governors decide how to address international economic and financial issues and set priorities for the organizations.

A group of IMF and World Bank Governors also meet as part of the Development Committee, whose meetings coincide with the Spring and Annual Meetings of the IMF and the World Bank. This committee was established in 1974 to advise the two institutions on critical development issues and on the financial resources required to promote economic development in low-income countries.

Management consultation. The Managing Director of the IMF and the President of the World Bank meet regularly to consult on major issues. They also issue joint statements, occasionally write joint articles, and have visited several regions and countries together. The First Deputy Managing Director of the IMF and the World Bank Managing Director of Operations also hold regular meetings to discuss country and policy issues

Collaboration. IMF and Bank staffs collaborate closely on country assistance and policy issues that are relevant for both institutions. The two institutions often conduct country missions in parallel and staff participate in each other's missions. IMF assessments of a country's general economic situation and policies informs the Bank's assessments of potential development projects or reforms. Similarly, Bank advice on structural and sectoral reforms informs IMF policy advice. The staffs of the two institutions also cooperate in specifying the policy components in their respective lending programs.

The 2007 external review of Bank-Fund collaboration led to a Joint Management Action Plan on World Bank-IMF Collaboration (JMAP) to further enhance the way the two institutions work together. Under the plan, Fund and Bank country teams discuss their country-level work programs, which identify macroeconomic and sectoral issues, the division of labor, and the work needed in the coming year. A review of Bank-Fund Collaboration underscored the importance of these joint country team consultations in enhancing collaboration.

To strengthen IMF-WB collaboration at the Board level, joint meetings of Executive Directors of the two institutions are held once or twice a year to exchange views and capitalize on the strong complementarities in the two institutions' work.

Reducing debt burdens. TThe IMF and World Bank have worked together to reduce the external debt burdens of the most heavily indebted poor countries under the Heavily Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI). To date, debt reduction packages under the HIPC Initiative have been approved for 36 countries out of 39 eligible countries providing $76 billion in debt-service relief over time. The IMF and World Bank continue to collaborate in assisting low-income countries achieve their development goals without creating future debt problems. IMF and Bank staff jointly prepare country debt sustainability analyses under the Debt Sustainability Framework (DSF) developed by the two institutions.

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Setting the stage for the 2030 development agenda. Between 2004 and 2015 the IMF and the Bank jointly published the annual Global Monitoring Report (GMR), which assessed progress towards meeting the Millennium Development Goals (MDGs). In 2015, with the replacement of the MDGs with the Sustainable Development Goals (SDGs) under the 2030 Global Development Agenda, the IMF and the Bank have actively engaged in the global effort to support the Development Agenda. Each institution has committed to new initiatives, within their respective remits, to support member countries in reaching their SDGs. They are also working together to better assist the joint membership, including through enhanced support of stronger tax systems in developing countries and support of the G-20 Compact with Africa to promote private investment in Africa.

Assessing financial stability. The IMF and the World Bank are also working together to make financial sectors in member countries resilient and well regulated. The Financial Sector Assessment Program (FSAP) was introduced in 1999 to identify the strengths and vulnerabilities of a country's financial system and recommend appropriate policy responses.

More detailed information can be found on the institutions' websites: www.imf.org and www.worldbank.org.