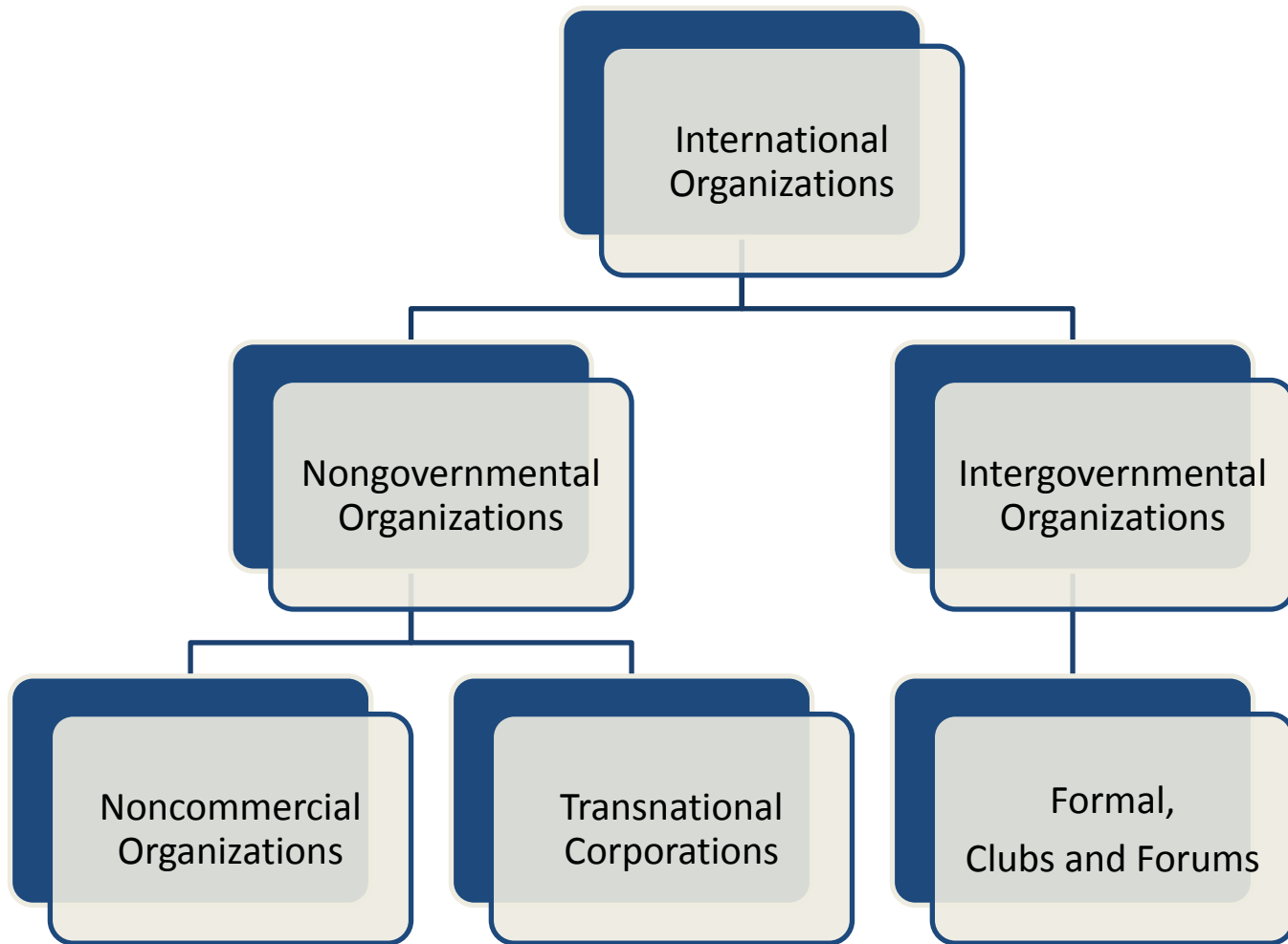


Lecture 3
Global and Regional International
Organizations supporting
Development
Part 1

March 25, 2022
Dr. Tatyana Leonova
tleonova1203@gmail.com

International Organizations



Lecture Plan

- Part 1: Global IOs supporting development:
 - International Financial Institutions: IMF, BIS, World Bank Group;
 - Other: WTO
- Part 2: Regional IOs:
 - Globalization, Regionalization and Regionalism
 - Examples of Regional Organizations
 - Regional Development Banks

Part 1

GLOBAL INTERNATIONAL ORGANIZATIONS SUPPORTING DEVELOPMENT

International Financial Institutions

Bretton Woods agreements (1944) formed the basis for the emergence of the global financial system in the second half of XX century.

Objective - to maintain stable exchange rates of currencies in economically developed countries, and to assist in the post-war recovery of Europe and Japan.

The following measures were taken:

- **Major world currencies were linked to the US dollar through a “pegged rate” currency regime** (exchange rates of major currencies were regularly revised), and the USA, in turn, **informally** committed to link the dollar to gold (**gold standard**);
- **A system of international financial institutions was established:**
 - **the International Monetary Fund (IMF),**
 - **the International Bank for Reconstruction and Development (IBRD)** intended to assist long-term economic development, in particular, through financing infrastructure projects such as road construction and improvement of water supply systems;
- Simultaneously with the foundation of the IMF and IBRD, **creation of an agency to assist liberalization of the world trade was considered;**
- however, **the World Trade Organization was established only in 1995.** Prior to that, trade issues were addressed in the framework of the General Agreement on Tariffs and Trade (GATT).

“Money is the Lifeblood of the Economy”

Functions on Money:

- Medium of Exchange
- Measure of Value
- Store of Value

Characteristics of Money:

- Portable
- Divisible
- Durable
- Limited in Availability

In Ancient Rome, soldiers were paid in salt



Salarium → “Salary”

International Financial Institutions: mandate and status

- International financial institutions (IFIs) have a common goal: **promote cooperation and ensure integrity and stability of the complex and controversial global economy**
- IFIs operate on the basis of **intergovernmental agreements** and are intended **to regulate international (trade, financial) relations (!)**
- IFIs serve **to support key UN goals** – i.e. promoting security, prosperity and understanding

International Monetary Fund (IMF)



Initial Functions:

- Assist countries in maintaining **the fixed exchange rate through providing short-term capital (emergency package credit money) to support balance of payments (BoP);**
- **Monitor macroeconomic distortions** threatening the stability of external economic situation in a given country, and **provide credits for macroeconomic stabilization and economic restructuring;**
- The IMF was also intended to act **as a central bank** following Keynesian model, authorized to issue accounting units — the so called **Special Drawing Rights (SDR)**

Council for Mutual Economic Assistance (СМЕА), byname “Comecon”

Совет Экономической Взаимопомощи (СЭВ)



- **International intergovernmental organization** established January 1949 to facilitate and coordinate the economic development of the Eastern European countries belonging to the Soviet bloc. Headquarters were established in Moscow.
- **Original members** - the Soviet Union, Bulgaria, Czechoslovakia, Hungary, Poland, and Romania. Albania joined in 1949, ceased taking an active part in 1961. The German Democratic Republic joined in 1950, Mongolia in 1962. Yugoslavia – in 1964, Cuba in 1972, and Vietnam in 1978.
- **Affiliated agencies** - the International Bank for Economic Cooperation - managed the “transferable ruble” system, the International Investment Bank was in charge of financing joint projects.
- After the start of transition to market economy in eastern Europe in 1989, and with the dismantling of the Soviet Union, the organization largely lost its purpose and faced disintegration in 1990–92.

Present-Day IMF



- The IMF current membership is 187 countries (except Cuba, North Korea, Andorra, Monaco, Nauru and Lichtenstein)
- Staff: 2500 employees from 160 countries
- IMF mandate:
 - **FOSTER GLOBAL ECONOMIC AND FINANCIAL STABILITY**
 - **PROVIDE SHORT-TERM SUPPORT OF BALANCE OF PAYMENTS**
 - **FACILITATE GROWTH OF INTERNATIONAL TRADE, INCREASED EMPLOYMENT AND POVERTY REDUCTION**

Works in collaboration with the UN, WB, WTO and ILO

Major functions:

- global fire-fighter (lending);
- trainer/adviser (technical assistance and support, analysis, statistics)

Bank for International Settlements (BIS)



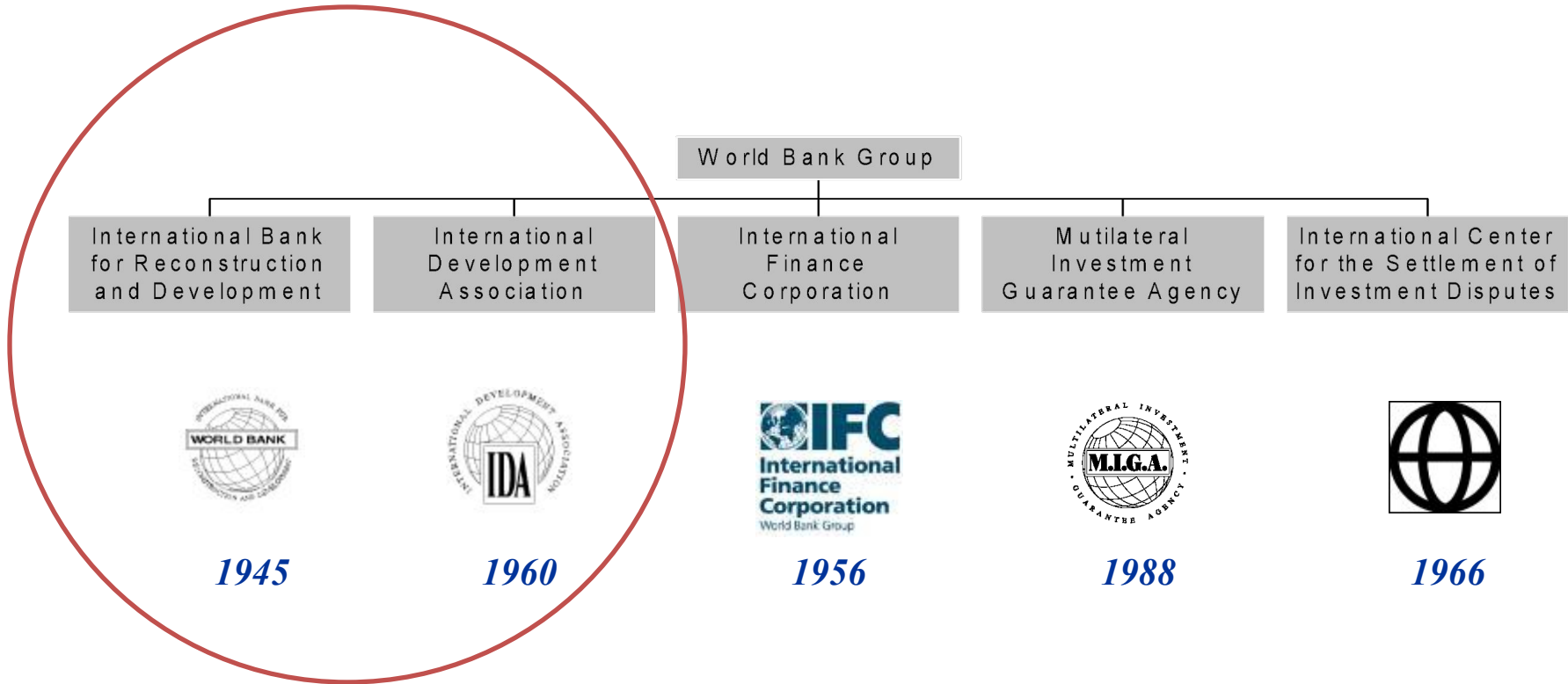
- The Bank for International Settlements (BIS) is based in Basel, Switzerland
- **The BIS is an organization of national central banks**
- BIS functions:
 - Facilitate collaboration among central banks,
 - Foster favorable environment for international financial operations,
 - Provide advice on banking supervision and monitoring of financial operations;
 - Act as an agent or trustee in connection with international financial operations of its customers;

The BIS is not entitled to accept deposits from or provide loans to governments



World Bank Group

World Bank Group's Agencies



Country can only be a member of the WB if it is a member of the IMF. Membership in IBRD is conditional on IMF membership; and membership in IFC, IDA, MIGA - conditional on IBRD membership.

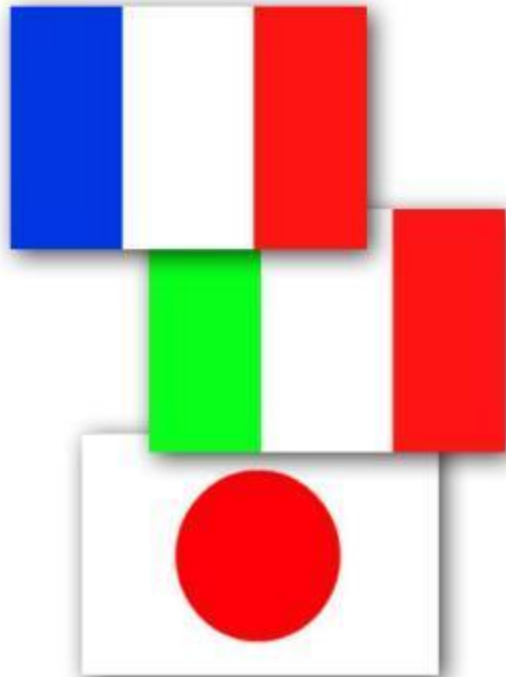
Russia joined the WBG in 1992 (IDA, IBRD, MIGA) and 1993 (IFC). It is not a member of ICSID.

How did it begin...

- International Bank for Reconstruction and Development established July 1944, Bretton Woods
- Operations started in 1946
- Mission - to rebuild Europe and Japan after World War II.



Early Borrowers



- **France** first to borrow \$250 million to finance post-war reconstruction in 1947, and later was the first one to graduate from the borrower's status and became the WB donor.
- Many current donor nations such as Austria, Australia, Denmark, Japan, Italy, Korea and Greece were borrowers.



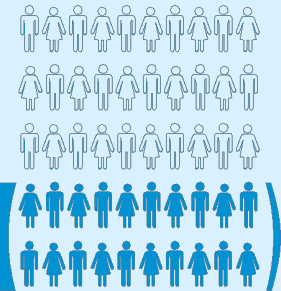
Evolving Development Paradigm

- ❖ **1950s (Europe Reconstruction)** ***Physical***
- ❖ **1960s (Rural)** ***Natural***
- ❖ **1970s (Human Development)** ***Human***
- ❖ **1980s (Economic Reform)** ***Financial***
- ❖ **1990s (Poverty Reduction)** ***Social***
- ❖ **2000s (Governance)** ***Institutional***
- ❖ **2010 (Climate Change)** ***Environmental***
- ❖ ***Now – Combat extreme poverty and boost shared prosperity***

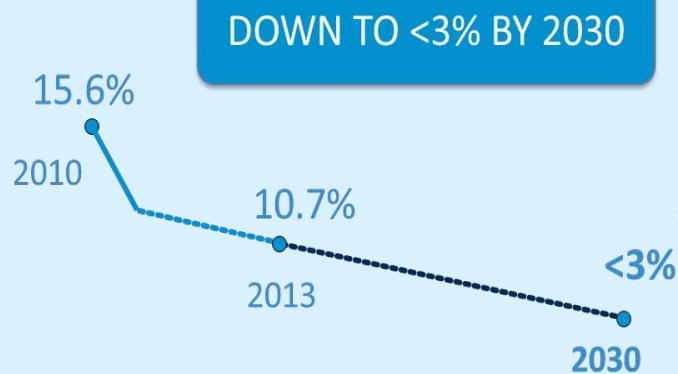
Current Mandate: Two Ambitious Twin Goals

End Extreme
Poverty
(less than \$1,90 per day)

INCOME GROWTH
OF THE BOTTOM 40%



Boost Shared Prosperity

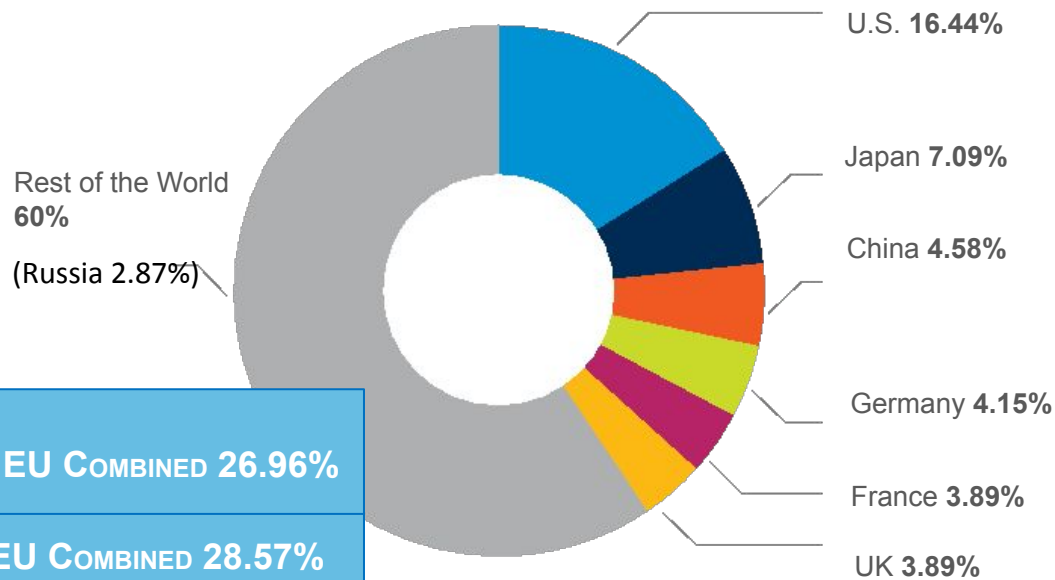


The overall framework for these goals are the sustainable development goals (SDGs), which come from the millennium development goals (MDGs)

Who owns the World Bank Group?

World Bank Group is owned by the governments of member nations
All member countries are shareholders of the WB. The size of the share is based on the size of a country's economy.

Voting power in IBRD



IBRD: EU COMBINED 26.96%

IFC: EU COMBINED 28.57%

Shareholders

Member Countries
[IBRD: 189, IFC: 184,
IDA: 173, MIGA: 181]

Board of Governors

Board of Directors
[25]

President

Management and
Staff

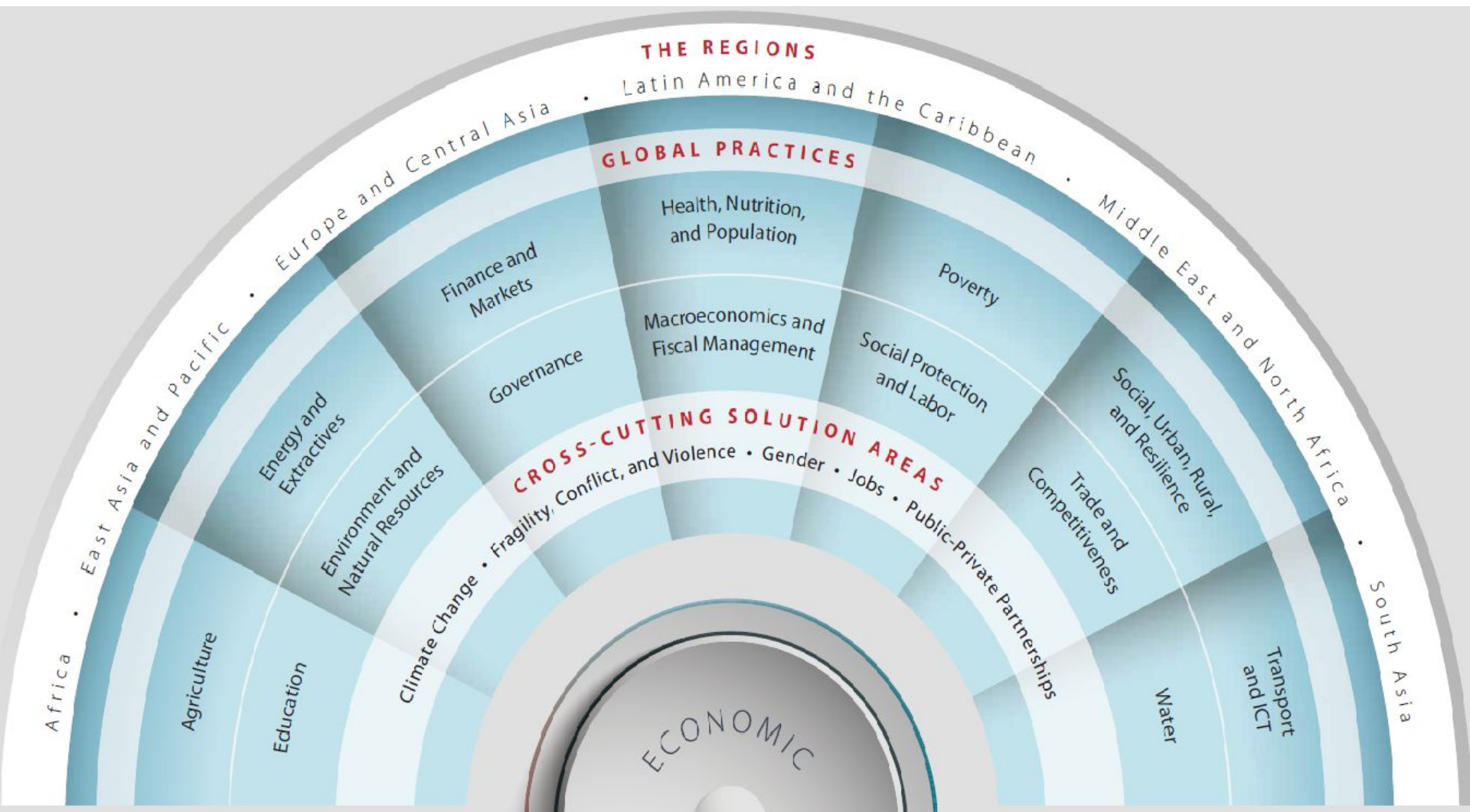
World Bank Staff

- 130 offices
- 16,000 staff
- 15,000 Consultants
- 130 offices
- 174 nationalities

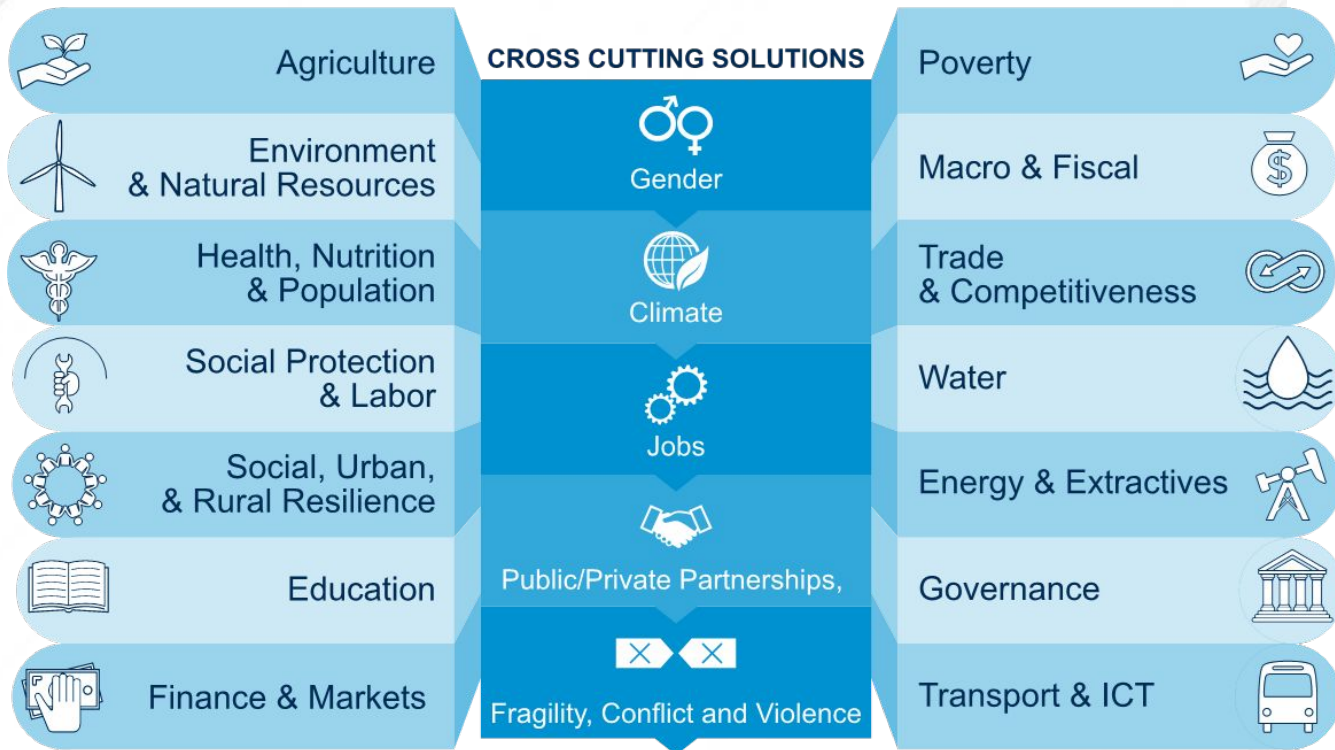
Who they are - economists, anthropologists, educators, engineers, environmental specialists, social scientists, financial analysts, healthcare experts, etc.



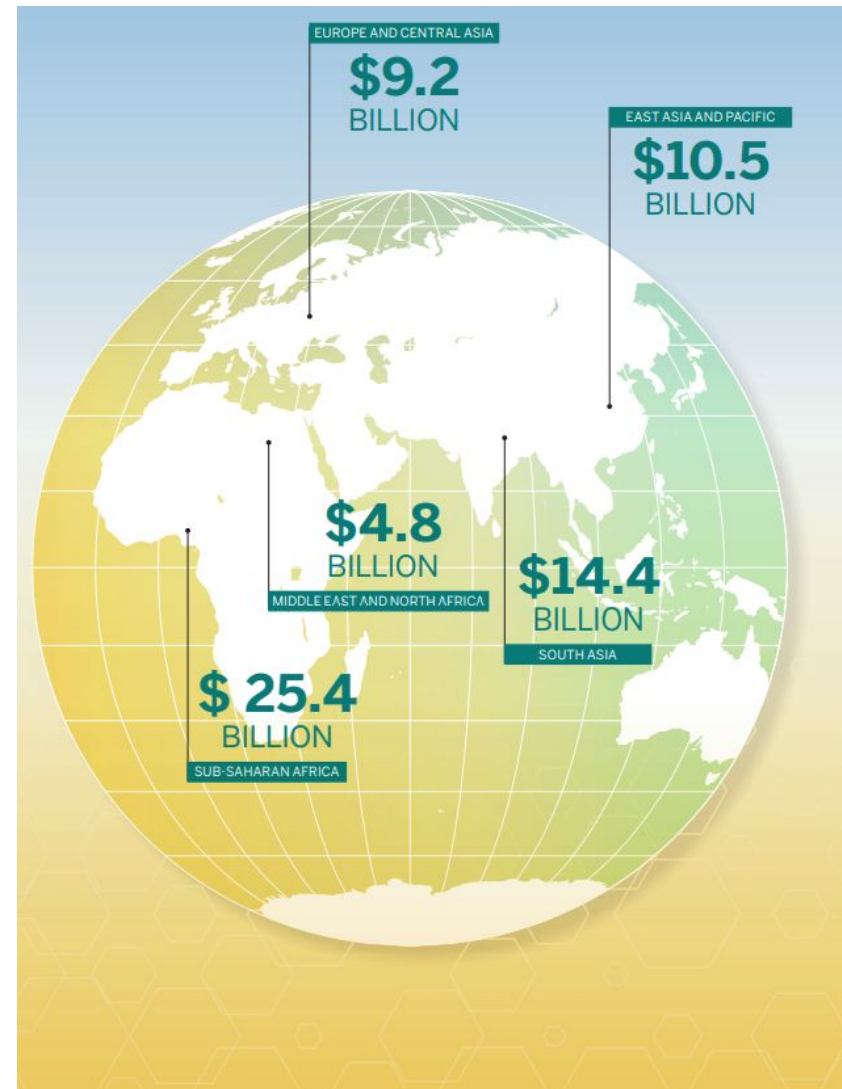
How is the World Bank organized?



Global Practices and Cross Cutting Solution Areas

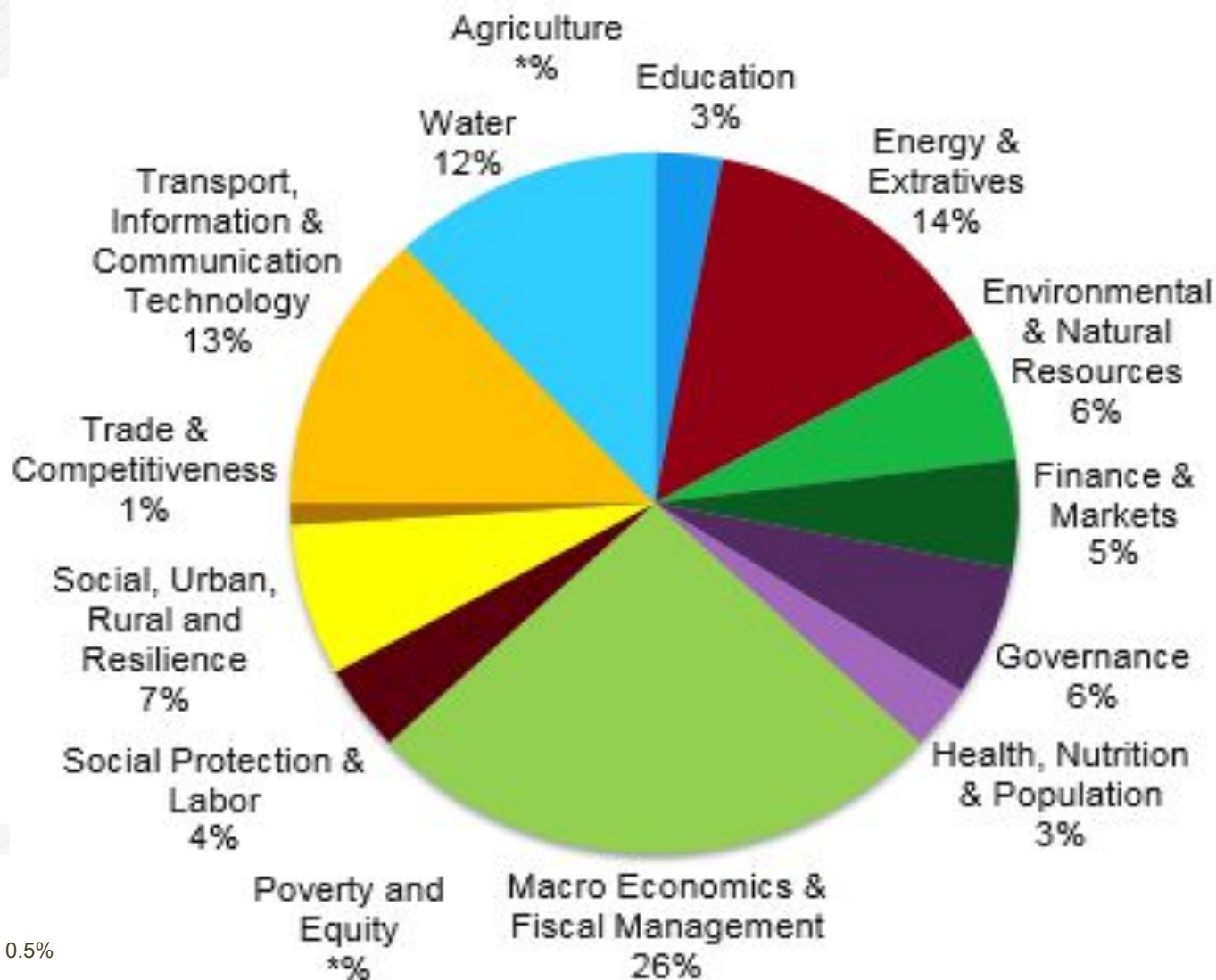


WBG GLOBAL COMMITMENTS in fiscal 2020



IBRD – What do We Support Today

IBRD Global Lending by Sector (GP) and Region FY16 - \$29.7B



*Indicates amounts less than 0.5%

Where does the money come from?

IBRD: Raises funds on capital markets at rates lower than commercial banks

IDA: Donor contributions + IBRD profits and credit repayments.

(No interest rate /38 year repayment)

- \$1,135 GNI per capita/79 countries



WORLD BANK

**Sells bonds
AAA credit**



MIDDLE

**LIBOR +
Bank spread
Up to 35 years
5 year grace**



**Donors, Markets
IBRD and IFC
Repayments**



POOR

**0%
Up to 38 years
6 year grace**



WB Classification of Countries

Each year on July 1, the World Bank updates its classification of world economies based on estimated gross national income (GNI) per capita for the preceding year calculated using the World Bank Atlas method.

Based on updated estimates of GNI per capita, the Bank compiles its operational classification of countries **defining their eligibility for lending.**

Group	July 1, 2020 (new)	July 1, 2019 (old)
Low income	< 1,036	< 1,026
Lower-middle income	1,036 - 4,045	1,026 - 3,995
Upper-middle income	4,046 - 12,535	3,996 - 12,375
High income	> 12,535	> 12,375

Low and lower middle income countries are sometimes called **developing countries**

The term is used for convenience and does not imply that all countries referred to this category are developing in the same way, nor that other countries have achieved the preferable or final development stage.

Russia in 2019 had 11,260 per capita GDP => upper-middle income country

Financing instruments

- **Investment Project Financing** provides IBRD loan, IDA credit/grant and guarantee financing to governments for activities that create the physical/social infrastructure necessary to reduce poverty and create sustainable development.
- **Development Policy Financing** provides IBRD loan, IDA credit/grant and guarantee budget support to governments or a political subdivision for a program of policy and institutional actions to help achieve sustainable, shared growth and poverty reduction.
- **Program-for-Results** links disbursement of funds directly to the delivery of defined results, helping countries improve the design and implementation of their own development programs and achieve lasting results by strengthening institutions and building capacity.
- **Trust funds and grants** allow scaling up of activities, notably in fragile and crisis-affected situations; enable the Bank Group to provide support when our ability to lend is limited; provide immediate assistance in response to natural disasters and other emergencies; and pilot innovations that are later mainstreamed into our operations.

Top Borrowers in Fiscal Year 2015 (mln. \$)

IBRD		IDA	
COUNTRY	COMMITMENT	COUNTRY	COMMITMENT
India	2,098	Bangladesh	1,924
China	1,822	India	1,687
Colombia	1,400	Ethiopia	1,395
Egypt, Arab Rep.	1,400	Pakistan	1,351
Ukraine	1,345	Kenya	1,305
Argentina	1,337	Nigeria	975
Turkey	1,150	Tanzania	883
Morocco	1,055	Vietnam	784
Indonesia	1,000	Myanmar	700
Poland	966	Ghana	680

Note: Amounts for multicountry operations are allocated across borrowers.

IBRD and IDA top country borrowers FY20

TABLE 19 IBRD TOP COUNTRY BORROWERS, FISCAL 2020

MILLIONS OF DOLLARS

COUNTRY	COMMITMENTS	COUNTRY	COMMITMENTS
India	4,580	Angola	1,380
Philippines	1,870	Colombia	1,250
Turkey	1,855	Mexico	1,230
Indonesia	1,660	China	1,200
Egypt, Arab Republic of	1,450	Morocco	1,110

TABLE 25 IDA TOP COUNTRY BORROWERS, FISCAL 2020

MILLIONS OF DOLLARS

COUNTRY	COMMITMENTS	COUNTRY	COMMITMENTS
Nigeria	2,576	Tanzania	950
Bangladesh	2,265	Nepal	949
Congo, Democratic Republic of	1,642	Kenya	943
Pakistan	1,471	Somalia	903
Ethiopia	1,046	Myanmar	900

Advisory Services and Analytics (ASA)

- **Economic and Sector Work:** diagnostic and analytical work aiming to influence policy choices and programs
- **Technical Assistance:** transfer of skills and data for the purposes of country institutional development and capacity-building– draft laws, sector reforms, conferences, workshops, etc.
- **Impact Evaluations** establishing the causal link between the change in outcomes and specific policy actions. By measuring cause-effect relationships

Country Assistance Strategy – Country Partnership Strategy – Country Partnership Framework

- A 4-6 year **framework document** – guidelines for cooperation with the client country
- A detailed description of the World Bank Group assistance strategy for a country within a specified period
- The primary purposes are:
 - to inform the Board and others of the objectives of the WBG engagement
 - to help coordinate the engagement across the different WBG institutions
 - CPF also establishes a basis for accountability in the WBG's country engagement.
- Defines the levels and areas of **lending, analytical work and technical assistance** from the Bank in accordance with the Strategy, and depending on the implementation progress of the country project portfolio.

Content of the CPF

II. COUNTRY CONTEXT AND DEVELOPMENT AGENDA

Sociopolitical and Institutional Factors	
Recent Economic Developments and Outlook	
Poverty and Shared Prosperity.....	
Development Agenda	

III. WORLD BANK GROUP PARTNERSHIP FRAMEWORK.....

A. Government Program and Medium-term Strategy

B. Proposed World Bank Group Partnership Framework.....

Lessons from CPF Completion Report, IEG Evaluation and Stakeholder Consultations (if available).....	
Overview of World Bank Group Partnership Strategy	
Focus Areas, Objectives supported by Program of Lending and Non-lending Activities.....	
- Focus Area 1:.....	
- Focus Area 2:.....	
- Focus Area 3:.....	
- Focus Area <i>n</i> :.....	

C. Implementing the FYXX Country Partnership Framework.....

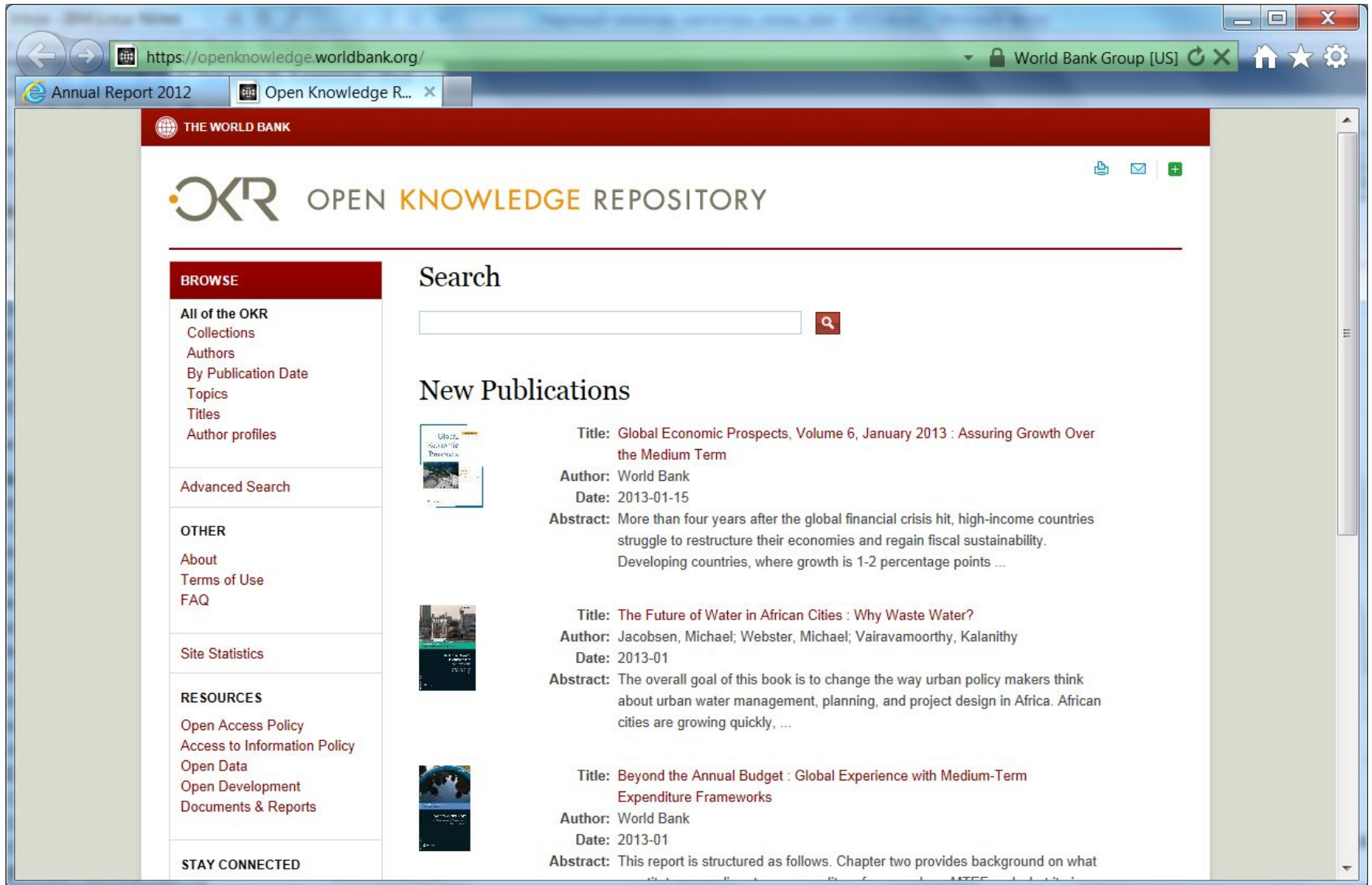
Financial Envelope.....	
FM, Procurement and government systems	
Managing Program Implementation.....	
Partnerships and Donor Coordination.....	

IV. MANAGING RISKS

World Bank as Knowledge Bank

WB Analytical and Research Work

https://openknowledge.worldbank.org/




The screenshot shows a web browser window displaying the Open Knowledge Repository (OKR) website. The browser's address bar shows the URL <https://openknowledge.worldbank.org/>. The website header features the World Bank logo and the text "THE WORLD BANK" and "OPEN KNOWLEDGE REPOSITORY".


BROWSE


- All of the OKR
 - Collections
 - Authors
 - By Publication Date
 - Topics
 - Titles
 - Author profiles
- Advanced Search
- OTHER
 - About
 - Terms of Use
 - FAQ
- Site Statistics
- RESOURCES
 - Open Access Policy
 - Access to Information Policy
 - Open Data
 - Open Development
 - Documents & Reports
- STAY CONNECTED


Search



New Publications

- 

Title: Global Economic Prospects, Volume 6, January 2013 : Assuring Growth Over the Medium Term
Author: World Bank
Date: 2013-01-15
Abstract: More than four years after the global financial crisis hit, high-income countries struggle to restructure their economies and regain fiscal sustainability. Developing countries, where growth is 1-2 percentage points ...
- 

Title: The Future of Water in African Cities : Why Waste Water?
Author: Jacobsen, Michael; Webster, Michael; Vairavamoorthy, Kalanithy
Date: 2013-01
Abstract: The overall goal of this book is to change the way urban policy makers think about urban water management, planning, and project design in Africa. African cities are growing quickly, ...
- 

Title: Beyond the Annual Budget : Global Experience with Medium-Term Expenditure Frameworks
Author: World Bank
Date: 2013-01
Abstract: This report is structured as follows. Chapter two provides background on what

http://data.worldbank.org/

The screenshot shows the World Bank Data website. At the top, there is a navigation bar with the World Bank logo and the tagline "Working for a World Free of Poverty". The main navigation menu includes "ABOUT", "DATA", "RESEARCH", "LEARNING", "NEWS", "PROJECTS & OPERATIONS", "PUBLICATIONS", "COUNTRIES", and "TOPICS". Below this, there is a search bar and a language selector with options for English, Español, Français, Русский, العربية, and 中文. The "Data" section is highlighted in red, and below it, there are links for "By Country", "By Topic", "Indicators", "Data Catalog", "Microdata", "Blog", "News", "About", "For Developers", and "Products".

The main content area features several articles and updates:

- What does data tell us about debt of high income and developing countries?**
Rasiel Vellos | Posted on 23 Jan 2013
What does the statistical data from the QEDS and PSD databases tell us about trends in debt levels of some high income and developing countries? [Read More >>](#)
- The future of the Open Data Catalog**
Alison J. Kwong and Tim Herzog |
Posted on 17 Jan 2013
We want to make our data as user-friendly, readable and as understandable as possible. Let us know what you think about the Open Data Catalog and how we can make it better for you. [Read More >>](#)
- Global economy to grow by a weak 2.4% in 2013**
Posted on 16 Jan 2013
The new Global Economic Prospects (GEP) report has been released. [Read More >>](#)

On the right side, there is an "Updates" section with the following items:

- International Debt Statistics**
New! 20 December 2012
- Open Government Data Toolkit**
Updated 10 July 2012

Below the updates, there is an "Open Data Services" section with the following statistics:

- 8,000+**
Time series indicators in dataBank >>
- 850+**
Datasets in Finances >>
- 11,000+**
Activities in Projects & Operations >>
- 700+**
Surveys in Microdata >>

At the bottom right, there is a "Feedback" button.

Documents and Reports, and Operations

- Operations: country aggregate reports, strategies, policies and procedures, procurement, list of debarred firms, etc.
- Projects: data on World Bank lending projects from 1947 to present.
- Documents and Reports: over 14,000 World Bank full-text documents

Major WB Publications

- WB Annual Report
- World Development Report (WDR)
- World Development Indicators
- Global Economic Prospects

Joining the World Bank Group

- Young Professionals Program
- Junior Professional Associate
- Analyst (GE-level)
- Extended Term Consultant/Temporary
- Short Term Consultant/Temporary
- IFC: Investment Analyst Program
- Internship Programs

Books to Read

- *“The Bottom Billion: Why the poorest countries are failing and what can be done about it”* by Paul Collier
- *“The Trouble with Africa: Why foreign aid isn’t working”* by Robert Calderisi
- *“The End of Poverty: Economic possibilities for our time”* by Jeffrey Sachs
- *“The White Man’s Burden: Why the West's efforts to aid the rest have done so much ill and so little good”* by William Easterley
- *“The World Bank: From reconstruction to development to equity”* by Katherine Marshall
- *“The World’s Banker”* by Sebastian Mallaby
- ***Forgotten Foundations of Bretton Woods: International Development and the Making of the Postwar Order, 2014***, by Eric Helleiner



World Trade Organization (WTO)

- The WTO was established in 1995, replacing the General Agreement on Tariffs and Trade (GATT) as the only international organization dealing with the global rules of trade between nations
- WTO Headquarters is in Geneva, Switzerland. The governing body of the WTO — **the Ministerial Conference**— meets every two years; **the General Council** conducts everyday business; **as of March 2013, the WTO consisted of 159 member-countries.**
- The WTO is **not a specialized institution** of the UN System, but there are mechanisms and procedures for collaboration with the UN
- **Functions** of the WTO:
 - Assisting in greater coherence of trade in the framework of a system based on specific rules;
 - Unbiased settling of trade disputes between the governments;
 - Facilitating trade negotiations.
- The WTO oversees **60 agreements** containing major legal rules of international commerce and trade policies
- **Principles** underpinning these agreements include **non-discrimination**, liberalization of international trade, **encouraging competition**, and additional provisions for less developed countries.

One of the main WTO objectives is to combat **protectionism**.