**International Monetary Fund**

1. The IMF was established in 1944 in the aftermath of the Great Depression of the 1930s. 44 founding member countries sought to build a framework for international economic cooperation. Today, its membership embraces 190 countries, with staff drawn from 150 nations.

The IMF is governed by and [accountable](http://www.imf.org/en/About/Factsheets/Sheets/2018/09/11/imf-accountability) to those 190 countries that make up its near-global membership.

1. At the top of its [organizational structure](http://www.imf.org/external/np/obp/orgcht.htm) is the [Board of Governors](http://www.imf.org/external/np/sec/memdir/members.htm). The day-to-day work of the IMF is overseen by its 24-member [Executive Board](http://www.imf.org/external/np/sec/memdir/eds.htm), which represents the entire membership and supported by IMF staff. The Managing Director is the head of the [IMF staff](http://www.imf.org/external/np/sec/memdir/officers.htm) and Chair of the Executive Board. S/he is assisted by four Deputy Managing Directors.
2. The IMF's resources mainly come from the money that countries pay as their capital subscription (quotas) when they become members. Each member of the IMF is assigned a quota, based broadly on its relative position in the world economy. Countries can then borrow from this pool when they fall into financial difficulty.
3. The IMF provides loans—including emergency loans—to member countries experiencing actual or potential balance of payments problems. The aim is to help them rebuild their international reserves, stabilize their currencies, continue paying for imports, and restore conditions for strong economic growth, while correcting underlying problems.
4. The IMF monitors the international monetary system and global economic developments to identify risks and recommend policies for growth and financial stability. The Fund also undertakes a regular health check of the economic and financial policies of its 190 member countries. In addition, the IMF identifies possible risks to the economic stability of its member countries and advises their governments on possible policy adjustments.
5. The IMF provides technical assistance and training to governments, including central banks, finance ministries, revenue administrations, and financial sector supervisory agencies. These capacity development efforts are centered on the IMF’s core areas of expertise ranging from taxation through central bank operations to the reporting of macroeconomic data. Such training also helps countries tackle cross-cutting issues, such as income inequality, gender equality, corruption, and climate change.

What is the dark side of the IMF?

**Shortcoming # 1. Limited Scope:**

International Monetary Fund has very limited scope as it strictly deals with the imbalance’s of payments arises out of current trade transactions.

On the other side, it fails to make adjustments in repayments of war loans or of blocked starting or with exports and imports of capital.

Moreover, it lends only financial help to those countries which are facing a temporary deficit in the balance of payments. This right is also almost reserve in favour of developed member countries.

**Shortcoming # 2. Indifferent Treatment:**

Another shortcomings of the Fund is that the Fund adopts discriminate policy in favour of certain countries in its day-to-day functioning. It is said that IMF is only a “Rich countries Club.” It provides special treatment to western countries while ignores the interests of backward and underdeveloped countries.

All decisions are taken according to the wishes of rich nations. Even if they flout the directives of the Fund, no disciplinary action is taken against them.

#### ****Shortcoming #****3. Unscientific Fixation of Quotas:

It is pointed out that the fixation of quotas has been purely on unscientific grounds. There is no second opinion to say that only economic and political considerations are made. Only rich nations like USA and UK have been kept in mind at the time of fixation of quotas.

In other words, the less developed countries are getting step motherly treatment in fixation of quotas for their need of international liquidity. However, it is argued that there must be some link between IMF quotas and the needs of the country.

#### ****Shortcoming #****4. Failure to Remove Exchange Controls:

IMF has utterly failed to achieve the objective of eliminating exchange controls and trade restrictions. It has not succeeded to restrictions on foreign trade of member countries. In the present era, even the most developed countries like USA and UK are adopting protective policies in the field of trade. How action is expected on their part on other member countries.

#### ****Shortcoming #****5. Fails to Attain Exchange Stability:

The Fund is being criticised to achieve the objective of exchange stability. In other words, it could not maintain complete stability in foreign exchange rates. For instance, exchange rates of different countries have been continuously changing despite the existence of the Fund. France has made the devaluation of her currency against the opposition of Fund. Thus, the failure of exchange stability is the major defect of the IMF.

**World Bank**

The World Bank Group is one of the world’s largest sources of funding and knowledge for developing countries. Its five institutions share a commitment to reducing poverty, increasing shared prosperity, and promoting sustainable development.

1. The International Bank for Reconstruction and Development (IBRD) is a global development cooperative owned by 189 member countries. As the largest development bank in the world, it supports the World Bank Group’s mission by providing loans, guarantees, risk management products, and advisory services to middle-income and creditworthy low-income countries, as well as by coordinating responses to regional and global challenges. Created in 1944 to help Europe rebuild after World War II, IBRD joins with IDA, our fund for the poorest countries, to form the World Bank.  They work closely with all institutions of the World Bank Group and the public and private sectors in developing countries to reduce poverty and build shared prosperity.
2. The International Development Association (IDA) is the part of the World Bank that helps the world’s poorest countries. Established in 1960, IDA aims to reduce poverty by providing zero to low-interest loans (called “credits”) and grants for programs that boost economic growth, reduce inequalities, and improve people’s living conditions.

IDA complements the World Bank’s original lending arm—the International Bank for Reconstruction and Development (IBRD). IDA supports a range of development activities that pave the way toward equality, economic growth, job creation, higher incomes, and better living conditions. IDA is one of the largest sources of assistance for the world’s 75 poorest countries and is the single largest source of donor funds for basic social services in these countries.

IDA lends money on concessional terms. This means that IDA credits have a zero or very low interest charge and repayments are stretched over 30 to 40 years. More than half of IDA countries receive all, or half, of their IDA resources on grant terms, which carry no repayments at all. These grants are targeted to the low-income countries at higher risk of debt distress.

IDA has historically been funded largely by contributions from the governments of its member countries. Donors meet every three years to replenish IDA resources and review its policy framework. The most recent replenishment of IDA’s resources, the twentieth (IDA20), was finalized in December 2021, resulting in a historic $93 billion financing package for IDA countries for fiscal years 2022-2025.

In addition to concessional loans and grants, IDA provides significant levels of debt relief through the [**Heavily Indebted Poor Countries (HIPC) Initiative**](https://www.imf.org/en/About/Factsheets/Sheets/2016/08/01/16/11/Debt-Relief-Under-the-Heavily-Indebted-Poor-Countries-Initiative) and the [**Multilateral Debt Relief Initiative (MDRI)**](https://www.imf.org/external/np/exr/facts/jdsf.htm).

In the fiscal year ending June 30, 2022, IDA commitments totaled $37.7 billion, of which $13.2 billion in grants. Africa region received 73 percent of the total commitments. Since 1960, IDA has provided $496 billion to 114 countries. Annual commitments have increased steadily and averaged about $34.7 billion over the last three years (FY20-FY22).

Thirty-six countries have graduated, and many have become IDA donors, including China, Chile, India, South Korea, and Turkey.

1. **IFC is the largest global development institution focused on the private sector in developing countries.**

IFC, a member of the World Bank Group, advances economic development and improves the lives of people by encouraging the growth of the private sector in developing countries.

We achieve this by creating new markets, mobilizing other investors, and sharing expertise. In doing so, we create jobs and raise living standards, especially for the poor and vulnerable. Our work supports the World Bank Group’s twin goals of ending extreme poverty and boosting shared prosperity.

IFC was founded in 1956 on a bold idea: that the private sector has the potential to transform developing countries. Since then we’ve expanded to more than 100 countries, coining the term “emerging markets” and pioneering new markets such as sustainable bonds.

We help countries develop their private sectors in a variety of ways:

* **Investing in companies** through loans, equity investments, debt securities and guarantees.
* **Mobilizing capital** from other lenders and investors through loan participations, parallel loans and other means.
* **Advising businesses and governments** to encourage private investment and improve the investment climate.

1. The Multilateral Investment Guarantee Agency (MIGA) is a member of the [**World Bank Group**](http://www.worldbank.org/). Our mandate is to promote cross-border investment in developing countries by providing guarantees (political risk insurance and credit enhancement) to investors and lenders.

[**Our guarantees**](https://www.miga.org/products) protect investments against noncommercial risks and can help investors obtain access to funding sources with improved financial terms and conditions. The Agency derives its unique strength from the World Bank Group and from its structure as an international organization whose [**shareholders**](https://www.miga.org/member-countries) include most countries of the world. This enables us to provide an umbrella of deterrence against government actions that could disrupt projects, and assist in the resolution of disputes between investors and governments. We also add value through our ability to offer clients extensive knowledge of emerging markets and of international best practice in [**environmental and social management**](https://www.miga.org/environmental-social-sustainability).

MIGA will help countries and companies respond to the COVID-19 pandemic and its wider economic impact.

The Agency is committed to playing its full part in delivering the World Bank Group’s twin goals and supporting the World Bank and IFC in meeting their capital package commitments.

The Agency will increase its proportion of guarantees in IDA countries and Fragile and Conflict-Affected Situations (FCS) and guarantees in support of Climate Finance.

1. ICSID (the International Centre for Settlement of Investment disputes) is the world’s leading institution devoted to international investment dispute settlement. It has extensive experience in this field, having administered the majority of all international investment cases. States have agreed on ICSID as a forum for investor-State dispute settlement in most international investment treaties and in numerous investment laws and contracts.

ICSID is one of the five organizations of the World Bank Group, along with the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA). The goal of the World Bank Group is to end extreme poverty within a generation and to boost shared prosperity.

Each of the five World Bank Group organizations contributes to the overall goal of poverty reduction through its particular work.

Learn more: <https://icsid.worldbank.org/about>

Difference between IMF and WB: <https://www.youtube.com/watch?v=lN3qrFA4jXc>

IMF and WB controversies: <https://www.youtube.com/watch?v=IaSdTz2Oi6k>