

INTERNATIONAL FINANCIAL INSTITUTIONS

WORLD BANK AND AFFILIATES

The International Bank for Reconstruction and Development (IBRD, or World Bank) is the largest single source of multilateral funding for development projects. Based in Washington, DC, the bank lends money and provides technical assistance for projects throughout the developing world. Traditionally, it has supported the development of agriculture and the construction of national power facilities infrastructure, such as the roads, ports, and bridges. Increasingly, the Bank has emphasized human development—from rural education to improvement of urban neighborhoods.

International Development Association (IDA) makes loans on very easy terms (interest-free, with a ten-year grace period) to the poorest of the developing countries (those with an annual per capita income of \$1,095 or less). The IDA disburses roughly \$10 billion annually.

International Finance Corporation (IFC) channels private investment to developing countries and has helped to establish private credit markets, stock exchanges, and other financial institutions from Angola to Poland. Included within the IFC is the

Foreign Investment Advisory Service (FIAS) which coordinates the advisory services such as attracting money, technology, and managerial expertise that MIGA and IFC provide to developing countries.

Multilateral Investment Guarantee Agency (MIGA) is the World Bank's affiliate that ensures money invested by industrial-country investors is secured against non-commercial (political) risk in developing countries.

International Centre for Settlement of Investment Disputes (ICSID) provides facilities for the conciliation and arbitration of disputes between member countries and investors who qualify as nationals of other member countries.

REGIONAL DEVELOPMENT BANKS

Regional Development Banks are “clones” of the World Bank in structure and function, but quite separate from it. The regional development banks focus on the special finance and development needs of particular geographic areas. They are the African Development Bank, the Asian Development Bank, the Inter-American Development Bank, and the European Bank for Reconstruction and Development.

INTERNATIONAL MONETARY FUND (IMF) AND RELATED FINANCE FACILITIES

The IMF provides financial advice and funds to countries that are experiencing balance of payments difficulties. Such assistance begins with “crisis management”—an initial stopgap loan, with strict rules as to how the monies should be spent (IMF “conditionally”), followed by consultations with government leaders to design new fiscal and monetary policies for the long term.

The Fund closely adheres to “free market economies” when advising national governments on economic restructuring. It encourages the elimination of state subsidies, the privatization of state industries, the liberalization of trade and foreign investment policies, and the reform of the banking sector and tax laws.

In assessing a country’s steps toward economic reform, the IMF takes into consideration the current account balance, trade balance, real domestic demand, consumer price levels, and real Gross National Product (a measure of the value of all final goods and services produced not only in that country, but also by its citizens abroad) or Gross Domestic Product (a measure of all final goods and services produced within the country).

The Fund is supported by its members, who make contributions “according to [their] size and importance to trade”— a quota that determines the number of votes allocated to each. It makes loans to its developing country members not in the form of any single currency but, instead, in units of account known as Special Drawing Rights (SDRs). SDRs take their value from a weight basket of five currencies to facilitate financial transactions between and among IMF member states. A “reserve asset,” SDRs are allocated in proportion to a member country’s quota through a variety of channels:

David and Lucile Packard Foundation

The David and Lucile Packard Foundation supports leaders and institutions working to achieve a biologically rich, sustainable world where all families can plan for their children and all children reach their potential. The Foundation provides grants to nonprofit organizations in the following program areas: conservation and science; population; children, families, and communities.

www.packard.org

Compensatory and Contingent Financing Facility is mainly for countries that export primary commodities and have encountered balance of payments problems due to drought, a fall in world economic prices, or other unfavorable conditions.

Structural Adjustment Facility provides loans to low-income countries on highly concessional terms (at a very low interest rate, with a long initial grace period, and with provisions for rescheduling).

THE UNITED NATIONS FAMILY OF DEVELOPMENT AGENCIES AND PROGRAMS

(Partial List)

Bodies That Carry Out Research and Policy Analysis on Global Economic and Resource-Use Issues:

- *UN Conference on Trade and Development* (UNCTAD) encourages the adoption of international agreements and policies that support the efforts of less-industrialized countries to improve their trade prospects.
- *International Labour Organization* (ILO) promotes international labor standards to ensure fair wages/hours/working conditions, freedom of association for workers, and industrial safety. The ILO also provides technical support for developing-country governments and employers seeking to improve management techniques, social security systems, and small-scale industry.
- *UN Environment Programme* (UNEP) works as a catalyst within the UN System and with governments and communities to promote environmental protection, the development of international environmental law, and new technology for addressing environmental problems. Its Earthwatch program collects data on global environmental conditions. It is headquartered in Nairobi, Kenya.

Bodies That Provide Support to Developing-Country Governments for Training and Technical Needs:

- *UN Development Programme (UNDP)* provides technical support to government ministries to strengthen the ability of staff in delivering basic social services and conducting long-term economic development analysis and programs. UNDP is intended to serve as the lead development agency of the UN system, coordinating the work of multiple UN development agencies each of which works with a government ministry in its area of expertise: natural resources management, agriculture, education, health, etc...
- *UN Children's Fund (UNICEF)* works with governments to plan, develop, and extend low-cost, community-based services—both urban and rural— in maternal and child health, applied nutrition, clean water and sanitation, formal and vocational/adult education, responsible parenting, and gender sensitive development.
- *UN Population Fund (UNFPA)* promotes understanding of population factors, such as growth, fertility, mortality, and distribution/migration. Works with governments to shape national programs and assist in family planning efforts through data collection and analysis as well as through the formulation of policies and special programs for women and youth.
- *World Food Programme (WFP)* uses food commodities, cash, and services contributed by UN member states to alleviate immediate hunger (whether as a result of natural disasters or refugee movements). It addresses conditions of chronic poverty through food for work projects.
- *International Fund for Agricultural Development (IFAD)* lends money on highly concessional terms to increase the access of smallholder farmers to credit, agricultural employment opportunities and income levels with a special focus on women farmers.
- *Food and Agriculture Organization of the UN (FAO)* assists governments in improving the production, processing, marketing, and distribution of food and agricultural products.
- *UN Industrial Development Organization (UNIDO)* helps small and medium-sized businesses in developing countries expand their markets abroad by facilitating technology transfer, training, and the promotion of foreign investment.
- *World Health Organization (WHO)* promotes the development of primary healthcare programs, basic healthcare facilities, and healthcare providers in non-industrialized countries and encourages research on technologies appropriate for local programs in nutrition, environmental safety, diseases prevention and control and maternal and child health.