

TOPIC: The IFIs – their mission and structure

Conceptual rating: [BASIC to INTERMEDIATE level](#)

Suggested module objectives:

- 1) Provide a historical context for understanding why the IFIs were established and how their mission has and is evolving.
- 2) Provide some basic facts about how the IFIs operate (functions and decision-making) so that participants have a basis for understanding the relationship between their country's government and the IFIs
- 3) Provide an overview of the various types of loans, policy advice and prescriptions, debt relief, etc. that IFIs offer and the leverage points they have with respect to Southern governments.

Key concepts:

- 1) Aims of Bretton Woods conference.
- 2) The IMF as the financial “policeman” of the world. It’s power in terms of providing a “signaling effect”.
- 3) World Bank’s multiple arms and expanding mission.
- 4) Challenges to the Washington Consensus. The need for the WB and IMF to reinvent themselves at various points in time.

Cross references:

- ***Link with Module 11:*** The IFIs’ importance to people’s lives. This offers a more historical and practical introduction.
- ***Link with Module 5:*** The macroeconomic prescriptions involved in IFI loans and debt relief, why and how the IFIs get involved with Southern governments. Gender impacts of debt and IFI prescriptions.

Time required: 90-120 minutes

Suggested methodology: TIMELINE. Large group DISCUSSION. VISUAL MAPPING.

Relevant readings:

- Bank Information Center, World Bank Toolkit for Activists, 2007.

- Bank Information Center, NGO Primer – African Development Bank
- Bank Information Center, NGO Primer – Asian Development Bank, Parts 1 and 2
- Bradlow, Daniel, “IMF Identity Crisis”, *Foreign Policy in Focus*, Dec. 12, 2006.
- Bradlow, Daniel, “The Changing Role of the IMF in the Governance of the Global Economy and its Consequences”, May 2006.
- Bretton Woods Project, “Knowledge Bank-rupted: Evaluation says key World Bank research ‘not remotely reliable’,” 2007.
- Broad, Robin, “Research, Knowledge and ‘Paradigm Maintenance’: The World Bank’s Development Economics Vice Presidency (DEC)”, excerpted with permission from the *Review of Political Economy* by the Bretton Woods Project.
- Buira, Ariel, “The Bretton Woods Institutions: Governance With Legitimacy?” F-24 Secretariat, 2005. (first half of the paper.)
- Callan, Eoin, “World Bank uses doubtful evidence to push policies”, *Financial Times*, 2006.
- Center for Global Development, “Building Africa’s Development Bank: 6 Recommendations for the AfDB and Its Shareholders”, August 2006.
- Center for Global Development, “A New Era at the Inter-American Development Bank: 6 Recommendations for the New President”, January 2006.
- Callan, E., “World Bank ‘uses doubtful evidence to push policies’”, *Financial Times*, December 21, 2006.
- Foster, Mick and Fozzard, Adrian, “Aid and Public Expenditure: A Guide”, Centre for Aid and Public Expenditure, Overseas Development Institute, October 2000, London.
- Foster, Mick and Leavy, Jennifer, “The Choice of Financial Aid Instruments”, Centre for Aid and Public Expenditures, October 2001, Overseas Development Institute, London.
- IMF, The Managing Director’s Report on Implementing the Fund’s Medium-Term Strategy”, 2006.
- New Economics Foundation, Submission to the New International Development Select Committee Inquiry on the Autumn Meetings of the IMF and World Bank, 7 October, 2006.
- NGO Coalition, “The IMF: Shrink It or Sink It” A Consensus Declaration and Strategy Paper. 2006.
- South Centre, “Comparative Analysis of Developing Country Participation in the Governance of Global Economic Institutions”, August 2006.

- Woods, Ngaire, “The Globalizers in Search of a Future: Four Reasons Why the IMF and World Bank Must Change and Four Ways They Can”, Center for Global Development Brief, 2006.

Preparation and supplies needed:

- Newsprint pad/flip chart paper and various colors of markers to record certain parts of the discussion.
- Review suggested reading material.
- Consult the websites for the WB, IMF, and the relevant regional development bank in your area for information about their organizational structures. Using a separate sheet of newsprint/flipchart paper for each, draw a simple organizational diagram for each institution. Put the name of the organization and the date it was established in large letters at the top. For the WB, it may be of interest to the group to put the date that each of its components was created (e.g. IBRD, IDA, IFC, MIGA, ICSID) as a way of showing how its mission has expanded and evolved.
- While perusing the IFI websites, take some notes about dates of key intervention points (e.g. major loan agreements, debt relief granted, etc.) related to the IFIs and your country.
- Post on a wall a long horizontal sheet of blank paper in a way that you can draw and write on it. This will be your time line. Draw a long horizontal line on it and in advance, mark a few dates on it – independence of your country, the establishment of the WB (1944), the IMF (1945), the IADB (1959), the AfDB (1964), the ADB (1966), the EBRD (1991). Tip to facilitator: mark dates in black; events in dark blue or green. Write large enough so people in the audience can read it. Historical note: while the IMF and WB were both created out of the Bretton Woods conference in 1944, their websites list two different years for their establishment. Decide whether you want to write on the time line or whether you will ask for help from a volunteer during the session. Sometimes it makes facilitation easier to have assistance.

Suggested content to be covered:

- Aims of the Bretton Woods conference.
- Historical contexts surrounding the founding of 6 IFIs.
- Organizational structures, missions, and basic decision-making systems of the WB, IMF, and at least one regional development bank (appropriate for your region)
- Key types of products and services the IMF and WB offer, including some of the major documents that policy advocates need to know about in order to track what is happening in their country (e.g. LOIs, PRGFs, PRSPs, SWAPs,

etc.) The level of detail here will depend on the level of interest and expertise of the group.

- Current challenges related to the missions and impact of the IFIs – what privatization and inflation targeting, for example mean for the role of the State (vis a vis Southern governments) and the related fiscal space debate

Description of how to conduct the session:

1. Welcome by host group(s) and introduction of facilitator(s); provide any needed logistical information; outline goals for session.
2. Depending on size of group, invite participants to introduce themselves, share an expectation or question they bring. (Record expectations or questions on newsprint, if you are doing this step, and refer to them throughout the session.) If this is part of a larger workshop, and the group has met previously, this step may be shortened or eliminated.
3. **TIME LINE.** Use a dialogical process in the large group to construct the time line, tapping whatever knowledge participants have as a starting point for the analysis. Begin with a discussion of the Bretton Woods conference and why it was called at the end of WWII. Mention the connection with the GATT and that the WTO is the modern day third leg of the 3-part plan constructed in 1944. Work chronologically to the present on the time line. As you hit upon a date for the founding of one of the IFIs, put up the newsprint diagram of the organizational chart on the wall near that point of the time line and discuss it. As you and the participants are able, talk about the historical context for the creation of each IFI and add dates, movements, events, etc. to the timeline that you think are germane. To save time, this set of instructions assumes you will only discuss the structure of the regional development bank related to your region. However, it is helpful for participants to get a sense of all the regional development banks and the context for their founding in terms of an overall political-economic analysis. Provide basic information about membership and decision-making structures in each institution. Provide examples and dates of key points on the timeline related to the relationship between your country and a particular IFI.
4. Depending on the time available, and the level of knowledge and interest of the group, discuss the current global political and economic environment and what this means for challenges to the identity and functioning of the IFIs, including proposals for Southern-led alternative financing bodies. This might also be the place to discuss the ideological agenda of the IFIs related to the role of the State, and what this means for the functioning of Southern governments. (The facilitator can link this to the pressure to privatize public assets, and how the fiscal space is squeezed in other ways.)
5. Summarize the relevance and role of the IFIs today, and conclude with some statement related to the challenges facing them and the opportunities these challenges provide for advocacy and change.

6. If this is part of a larger economic literacy effort, link this session to the next one. Provide logistical details related to the next session, as appropriate. Thank the audience for their participation.

Ideas for alternative methodologies/modification of the level of discussion:

- **For an intermediate to advanced group:** focus on the challenges facing the IFIs today re: their identities and missions. Break into small groups, with each group examining one particular IFI. Provide **CASE STUDY** study material from the readings and ask the groups to explore the economic, political and cultural challenges that IFI is facing, what kind of advocacy is occurring, what the implications are for their country. Have them report back to the large group and lead a discussion on this.
- **For an intermediate to advanced audience or a more activist-oriented group:** Shorten the TIME LINE exercise, and focus instead on the various key documents and ways the IMF and WB can influence national policy. If you can locate LOIs, PRGFs, PRSPs, or SWAPs, etc. for your country, then use these as a launch pad for a more detailed study of the IFIs' roles in your country, and a lesson in what to track, and advocacy intervention points.

Some useful organizations or websites related to this topic:

- www.adb.org The official website for the Asian Development Bank.
- www.afdb.org The official website for the African Development Bank.
- www.coc.org Look at the "Rethinking Bretton Woods" project info.
- www.bankwatch.org
- www.bicusa.org
- www.brettonwoodsproject.org
- www.ebrd.org The official website for the European Bank for Reconstruction and Development.
- www.eurodad.org Information in French, Spanish, and English.
- www.focusweb.org Focus on the Global South, has articles in a variety of languages. Their strength is in the area of globalization and trade issues, critiquing existing policies and offering alternatives.
- www.g24.org The official website of the G24, the representation of developing countries at the International Financial Institutions (comparable to G77 in UN settings)
- www.genderaction.org
- www.if-watch.net
- www.imf.org The official website of the International Monetary Fund.
- www.iadb.org The official website of the Inter-American Development Bank.

- www.jubileesouth.org
- www.new-rules.org New Rules for Global Finance Coalition, a coalition of academics and groups from around the world, focusing primarily on IMF reform (particularly “voice and vote” issue).
- www.twinside.org.sg offers analyses of various topics in English. Check out their “issues” tab, as well as their magazine “Third World Economics” and the short essays written by Martin Khor under “Global Economic Trends” series in the “publications” tab.
- www.worldbank.org The official website of the World Bank. They advertise interactive teaching materials on the Bank and development under the “Learning” tab.