



INTERNATIONAL MONETARY FUND FACTSHEET

The IMF and the World Bank

The 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 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 [technical assistance](#) to help countries build and maintain strong economies. The Fund also [makes loans](#) and helps countries design policy programs to solve balance of payments problems when sufficient financing on affordable terms 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 particular sectors or implement specific projects—for example, 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 in particular issues, sectors, or techniques.

Framework for cooperation

The IMF and World Bank collaborate regularly and at many levels to assist member countries and work together on several initiatives. In 1989, the terms for their cooperation were set out in a [concordat](#) 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 and occasionally write joint articles, and have visited several regions and countries together.

Staff collaboration. The staffs of the IMF and the Bank collaborate closely on country assistance and policy issues that are relevant for both institutions. The two institutions also 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 provide input to the Bank's assessments of potential development projects or reforms. Similarly, Bank advice on structural and sectoral reforms is taken into account by the IMF in its policy advice. The staffs of the two institutions also cooperate on the [conditionality](#) involved 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 macro-critical sectoral issues, the division of labor, and the work needed from each institution in the coming year. A recent [review of JMAP implementation](#) underscored the importance of these joint country team consultations in enhancing collaboration.

Reducing debt burdens. The IMF and World Bank also work 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 \(MDRI\)](#). The objective is to help 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.

Reducing poverty. In 1999, the IMF and the World Bank initiated the [Poverty Reduction Strategy Paper \(PRSP\)](#) approach—a country-led plan for linking national policies, donor support, and the development outcomes needed to reduce poverty in low-income countries. PRSPs underpin the HIPC Initiative and most [concessional lending by the IMF](#) (in particular, the [Extended Credit Facility \(ECF\)](#)) and World Bank.

Monitoring progress on the MDGs. Since 2004, the Fund and Bank have worked together on the [Global Monitoring Report \(GMR\)](#), which assesses progress needed to achieve the UN [Millennium Development Goals \(MDGs\)](#). The report also considers how well developing countries, developed countries, and the international financial institutions are contributing to the development partnership and strategy to meet the MDGs.

Assessing financial stability. The IMF and 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.