**International Monetary Fund (IMF) and the World Bank: An Overview**

The main difference between the International Monetary Fund (IMF) and the World Bank lies in their respective purposes and functions. The IMF oversees the world's monetary system's stability, while the World Bank’s goal is to reduce poverty by offering assistance to middle-income and low-income countries.

Both organizations are based in Washington, D.C., and were established as part of the Bretton Woods Agreement in 1945. The Bretton Woods Agreement was a monetary and exchange rate management system that attempted to encourage international financial cooperation through the introduction of a system of convertible currencies at fixed exchange rates, with the dollar trading for gold at $35 per ounce.

**The International Monetary Fund (IMF)**

Comprised of 189 member countries including the United States, the International Monetary Fund's main mission is to ensure monetary stability around the world. Member countries work together to foster global monetary cooperation, secure financial stability, facilitate international trade, and promote employment and economic growth. It also aims to reduce poverty around the world.

The IMF maintains its mission in three ways. First, it keeps track of the global economy and those of its member countries. The group employs a number of economists who monitor member countries' economic health. Each year, the IMF provides each country with an economic assessment. Secondly, it gives practical help to members by providing policymakers by helping them plan fiscal policies, coming up with tax and fiscal legislation, and overseeing the economy through analysis. Finally, it lends to countries with balance of payments difficulties. It provides this financial assistance as long as the borrowing country implements initiatives suggested by the IMF.

But the group's loan program doesn't come without criticism. The IMF helps countries develop policy programs that solve balance of payment problems if a country cannot obtain financing sufficient to meet its international obligations by advancing loans. But they are loaded with conditions. A loan provided by the IMF as a form of "rescue" for countries in serious debt ultimately only stabilizes international trade and eventually results in the country repaying the loan at rather hefty interest rates.

**The World Bank**

The World Bank's purpose is to aid long-term economic development and reduce poverty in developing countries. It accomplishes this by making technical and financial support available to countries. The bank initially focused on rebuilding infrastructure in Western Europe following World War II and then turned its operational focus to developing countries.

World Bank support helps countries reform inefficient economic sectors and implement specific projects, such as building health centers and schools, or making clean water and electricity more widely available.

The World Bank has two goals set for 2030: End poverty by decreasing how many people live on less than $1.90 a day and promoting shared prosperity through income growth for the lowest 40% of each country.

The World Bank president comes from the United States—the group's largest shareholder. Members are represented by a board of governors. Powers are delegated throughout the year to a board of 24 executive directors.

**The World Bank consists of five different organizations which all aim to meet the group's mission.**

• The International Bank of Reconstruction and Development (IBRD) lends to middle-income and creditworthy low-income governments. There are 189 members of this branch of the World Bank.

• The International Development Association offers interest-free loans and grants to the world's poorest countries.

• The International Finance Corporation finances investment, capital mobilization, and gives advisory services to businesses and governments in developing nations.

• The Multilateral Investment Guarantee Agency promotes foreign direct investment in developing nations.

• The International Center for Settlement of Investment Disputes provides investment dispute conciliation and arbitration.

World Bank assistance is typically long-term, funded by countries—mainly the world's richest—that are members of the bank through the issuing of bonds. The bank’s loans are not used as a type of bailout, as is the case with the IMF, but as a fund for projects that help develop an underdeveloped or emerging market nation and make it more productive economically.

**KEY TAKEAWAYS**

• The IMF oversees the world's monetary system's stability, while the World Bank aims to reduce poverty by offering assistance to middle-income and low-income countries.

• To maintain its mission, the IMF monitors economic activity, offers members policymaking tools and analysis, and also provides loans to member countries.

• The World Bank accomplishes its goals through technical and financial support available to countries.

**What is the WTO?**

The World Trade Organization (WTO) is the only global international organization dealing with the rules of trade between nations. At its heart are the WTO agreements, negotiated and signed by the bulk of the world’s trading nations and ratified in their parliaments. The goal is to help producers of goods and services, exporters, and importers conduct their business.