LESSON 15

INTERNATIONAL FINANCIAL INSTITUTIONS

STRUCTURE

15.0 OBJECTIVES

After reading this lesson, you should be able to-

- Describe the working and objectives of some of the international financial institutions;
- Explain the various dimensions of World Bank and IMF; and
- Know how the international financial institutions are regulated.

15.1 INTRODUCTION

At the Bretton Woods Conference in 1944 it was decided to establish a new monetary order that would expand international trade, promote international capital flows and contribute to monetary stability. The IMF and the World Bank were borne out of this Conference of the end of World War II. The World Bank was established to help the restoration of economies disrupted by War by facilitating the investment of capital for productive purposes and to promote the long-range balanced growth of international trade. On the other hand, the IMF is primarily a supervisory institution for coordinating the efforts of member countries to achieve greater cooperation in the formulation of economic policies. It helps to promote exchange stability and orderly exchange relations among its member countries. It is in this context that the present chapter reviews the purpose and working of some of the international financial institutions and the contributions made by them in promoting economic and social progress in developing countries by helping raise standards of living and productivity to the point of which development becomes self-sustaining.

15.2 INTERNATIONAL SOURCES OF FINANCE

One major source of financing is international non-profit agencies. There are several regional development banks such as the Asian Development Bank, the African Development Bank and Fund and the Caribbean Development Bank. The primary purpose of these agencies is to finance productive development projects or to promote economic development in a particular region. The Inter-American Development Bank, for example, has the principal purpose of accelerating the economic development of its Latin American member countries. In general, both public and private entities are eligible to borrow money from such agencies as long as private funds are not available at reasonable rates and terms. Although the interest rate can vary from agency to agency, these loan rates are very attractive and very much in demand.

Of all the international financial organisations, the most familiar is the World Bank, formally known as the International Bank for Reconstruction and Development (IBRD). The World Bank has two affiliates that are legally and financially distinct entities, the International Development Association (IDA) and the International Finance Corporation (IFC). Exhibit 1 provides a comparison among IBRD, IDA and IFC in terms of their objectives, member countries, lending terms, lending qualifications as well as other details. All three organisations have the same central goals: to promote economic and social progress in poor or developing countries by helping raise standards of living and productivity to the point at which development becomes self-sustaining.

Toward this common objective, the World Bank, IDA and IFC have three interrelated functions and these are to lend funds, to provide advice and to serve as a catalyst in order to stimulate investments by others. In the process, financial resources are channelled from developed countries to the developing world with the hope that developing countries, through this assistance, will progress to a level that will permit them, in turn, to contribute to the development process of other less fortunate countries. Japan is a prime example of a country that has come full circle. From being a borrower, Japan is now a major lender to these three organisations. South Korea is moving in a direction similar to that of Japan nearly a quarter of a century ago.

EXHIBIT 1: THE WORLD BANK AND ITS AFFILIATES

	The World Bank		International Finance Corporation (IFC)
	International Bank for Reconstruction and development (IBRD)	International Development Association	

	The World Bank		International Finance Corporation (IFC)
	International Bank for Reconstruction and development (IBRD)	International Development Association	
Objectives of the institutions	To promote economic progress in developing countries by providing financial and technical assistance, mostly for specific projects in both public and private sectors		To promote economic progress in developing countries by helping to mobilise domestic and foreign capital to stimulate the growth of the private sector
Year established	1945	1960	1956
Number of member countries (April 1983)	144	131	124
Types of countries assisted	Developing countries other than the very poorest. Some countries borrow a 'blend' of IBRD loans and IDA credits.	The poorest: 80% of IDA credits go to countries with annual per capita incomes below $ 480. Many of these countries are too poor to be able to borrow part or any of their requirements on IBRD terms.	All developing countries, from the poorest to the more advanced.

	The World Bank		International Finance Corporation (IFC)
	International Bank for Reconstruction and development (IBRD)	International Development Association	
Types of activities assisted	Agriculture and rural development, energy, education, transportation, telecommunications, industry, mining, development finance companies, urban development, water supply, sewerage, population, health and nutrition. Some nonproject lending, including structural adjustment.		Agribusiness, development, finance companies, energy, fertiliser, manufacturing, mining, money and capital market institutions, tourism and services, utilities.
Terms of lending:			
Average maturity period	Generally 15 to 20 years	50 years	7 to 12 years
Grace period	Generally 3 to 5 years	10 years	An average of 3 years
Recipients of financing	Governments, government agencies and private enterprises which can get a government guarantee for the IBRD loan.	Government. But they may relend funds to state or private organisations.	Private enterprises; government organisations that assist the private sector.

	The World Bank		International Finance Corporation (IFC)
	International Bank for Reconstruction and development (IBRD)	International Development Association	
Government guarantee	Essential	Essential	Neither sought nor accepted
Main method of raising funds	Borrowings capital markets	Grants from in world's governments.	Borrowings and IFC's own capital, subscribed by member governments.
Main sources of funds	Financial markets in US, Germany, Japan and Switzerland.	Governments of US, Japan, Germany, France, other OECD countries and certain OPEC countries.	Borrowings from IBRD.

Source: The World Bank and international Finance Corporation (Washingto0n, D.C. The World Bank, 1983).

15.3 THE WORLD BANK

The World Bank group is a multinational financial institution established at the end of World War II (1944) to help provide long-term capital for the reconstruction and development of member countries. The group is important to multinational corporations because it provides much of the planning and financing for economic development projects involving billions of dollars for which private businesses can act as contractors and suppliers of goods and engineering related services.

The purpose for the setting up of the Bank are

- To assist in the reconstruction and development of territories of members by facilitating the investment of capital for productive purposes, including the restoration of economies destroyed or disrupted by war, the reconversion of productive facilities to peacetime needs and encouragement of the development or productive facilities and resources in less developed countries.
- To promote private foreign investment by means of guarantees or participation in loans and other investments made by private investors; and when private capital is not available on reasonable terms, to supplement private investment by providing, on suitable conditions, finance for productive purposes out of its own capital, funds raised by it and its other resources.
- To promote the long-range balanced growth of international trade and the maintenance of equilibrium in balance of payments by encouraging international investment for the development of the productive resources of members, thereby assisting in raising productivity, the standard of living and condition of labour in their territories.
- To arrange the loans made or guaranteed by it in relation to international loans through other channels so that the more useful and urgent projects, large and small alike, can be dealt with first.

- To conduct its operations with due regard to the effect of international investment on business conditions in the territories of members and, in the immediate post-war years, to assist in bringing about a smooth transition from a wartime to a peacetime economy.

The World Bank is the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). The IBRD has two affiliates, the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA). The Bank, the IFC and the MIGA are sometimes referred to as the "World Bank Group".

15.3.1 International Bank for Reconstruction and Development

The IBRD was set up in 1945 along with the IMF to aid in rebuilding the world economy. It was owned by the governments of 151 countries and its capital is subscribed by those governments; it provides funds to borrowers by borrowing funds in the world capital markets, from the proceeds of loan repayments as well as retained earnings. At its funding, the bank's major objective was to serve as an international financing facility to function in reconstruction and development. With Marshall Plan providing the impetus for European reconstruction, the Bank was able to turn its efforts towards the developing countries.

Generally, the IBRD lends money to a government for the purpose of developing that country's economic infrastructure such as roads and power generating facilities. Funds are directed towards developing countries at more advanced stages of economic and social growth. Also, funds are lent only to members of the IMF, usually when private capital is unavailable at reasonable terms. Loans generally have a grace period of five years and are repayable over a period of fifteen or fewer years.

The projects receiving IBRD assistance usually require importing heavy industrial equipment and this provides an export market ror many US goods. Generally bank loans are made to cover only import needs in foreign convertible currencies and must be repaid in those currencies at long-term rates.

The government assisted in formulating and implementing an effective and comprehensive strategy for the development of new industrial free zones and the expansion of existing ones; reducing unemployment, increasing foreign-exchange earnings and strengthening backward linkages with the domestic economy; alleviating scarcity in term financing; and improving the capacity of institutions involved in financing, regulating and promoting free zones.

The World Bank lays special operational emphasis on environmental and women's issues. Given that the Bank's primary mission is to support the quality of life of people in developing member countries, it is easy to see why environmental and women's issues are receiving increasing attention. On the environmental side, it is the Bank's concern that its development funds are used by the recipient countries in an environmentally responsible way. Internal concerns, as well as pressure by external groups, are responsible for significant research and projects relating to the environment.

The women's issues category, specifically known as Women In Development (WID) is part of a larger emphasis on human resources. The importance of improving human capital and improving the welfare of families is perceived as a key aspect of development. The WID initiative was established in 1988 and it is oriented to increasing women's productivity and income. Bank lending for women's issues is most pronounced in education, population, health and nutrition and agriculture.

15.3.2 International Development Association

The IDA was formed in 1960 as a part of the World Bank Group to provide financial support to LDCs on a more liberal basis than could be offered by the IBRD. The IDA has 137 member countries, although all members of the IBRD are free to join the IDA. IDA's funds come from subscriptions from its developed members and from the earnings of the IBRD. Credit terms usually are extended to 40 to 50 years with no interest. Repayment begins after a ten-year grace period and can be paid in the local currency, as long as it is convertible. Loans are made only to the poorest countries in the world, those with an annual per capita gross national product of $480 or less. More than 40 countries are eligible for IDA financing.

An example of an IDA project is a $8.3 million loan to Tanzania approved in 1989 to implement the first stage in the longer-term process of rehabilitating the country's agricultural research system.

Cofinancing is expected from several countries as well as other multilateral lending institutions.

Although the IDA's resources are separate from the IBRD, it has no separate staff. Loans are made for similar projects as those carried out by IBRD, but at easier and more favourable credit terms.

As mentioned earlier, World Bank/IDA assistance historically has been for developing infrastructure. The present emphasis seems to be on helping the masses of poor people in the developing countries become more productive and take an active part in the development process. Greater emphasis is being placed on improving urban living conditions and increasing productivity of small industries.

15.3.3 International Finance Corporation

The IFC was established in 1956. There are 133 countries that are members of the IFC and it is legally and financially separate from the IBRD, although IBRD provides some administrative and other services to the IFC. The IFC's main responsibilities are (i) To provide risk capital in the form of equity and long-term loans for productive private enterprises in association with private investors and management; (ii) To encourage the development of local capital markets by carrying out standby and underwriting arrangements; and (iii) To stimulate the international flow of capital by providing financial and technical assistance to privately controlled finance companies. Loans are made to private firms in the developing member countries and are usually for a period of seven to twelve years.

The key feature of the IFC is that its loans are made to private enterprises and its investments are made in conjunction with private business. In addition to funds contributed by IFC, funds are also contributed to the same projects by local and foreign investors.

IFC investments are for the establishment ne1x enterprises as well as for the expansion and modernization of existing ones. They cover a wide range of projects such as steel, textile production, mining, manufacturing, machinery production, food processing, tourism and local development finance companies. Some projects are locally owned, whereas others are joint ventures between investors in developing and developed countries. In a few cases, joint ventures are formed between investors of two or more developing countries. The IFC has also been instrumental in helping to develop emerging capital markets.

15.3.4 The multilateral investment guarantee agency (MIGA)

The MIGA was established in 1988 to encourage equity investment and other direct investment flows to developing countries by offering investors a variety of different services. It offers guarantees against noncommercial risks; advises developing member governments on the design and implementation of policies, programmes and procedures related to foreign investments; and sponsors a dialogue between the international business community and host governments on investment issues.

15.3.5 What does the World Bank do?

The World Bank is the world's largest source of development assistance, providing nearly $30 billion in loans, annually, to its client countries. The Bank uses its financial resources, its highly trained staff and its extensive knowledge base to individually help each developing country onto a path of stable, sustainable and equitable growth. The main focus is on helping the poorest people and the poorest countries hut for all its clients, the Bank emphasises the need for: investing in people, particularly through basic health and education; protecting the environment; supporting and encouraging private business development; strengthening the ability of the governments to deliver quality services efficiently and transparently; promoting reforms to create a stable macroeconomic environment conducive to investment and long-term planning; focusing on social development, inclusion, governance and institution building as key elements of poverty reduction. The Bank is also helping countries to strengthen and sustain the fundamental conditions that help to attract and retain private investment. With Bank support- both lending and advice- governments are reforming their overall economies and strengthening banking systems. They are investing in human resources, infrastructure and environmental protection which enhance the attractiveness and productivity of private investment. Through World Bank guarantees, MICA's political risk insurance and in partnership with IFC's equity investments, investors are minimising their risks and finding the comfort to invest in developing countries and countries undergoing transition to market-based economies.

15.3.6 Where does the World Bank get its money?

The World Bank raises money for its development programmes by tapping the world's capital markets and in the case of the IDA, through contributions from wealthier member governments. IBRD, which accounts for about three-fourths of the Bank's annual lending, raises almost all its money in financial markets. One of the world's most prudent and conservatively managed financial institutions, the IBRD sells AAA-rated bonds and other debt securities to pension funds, insurance companies, corporations, other banks and individuals around the globe. IBRD charges interest from its borrowers at rates, which reflect its cost of borrowing. Loans must be repaid in 15 to 20 years; there is a three to five year grace period before repayment of principal begins. IDA helps to promote growth and reduce poverty in the same ways as does the IBRD but using interest free loans (which are known as IDA "credits"), technical assistance and policy advice. IDA credits account for about one-fourth of all Bank lendings. Borrowers pay a fee of less than 1 per cent of the loan to cover administrative costs. Repayment is required in 35 to 40 years with a 10 years grace period. Nearly 40 countries contribute to IDA's funding, which is replenished every three years. IDA's funding is managed in the same prudent, conservative and cautious way as is the IBRD's. Like the IBRD, there has never been default on an IDA credit.

15.3.7 Who runs the World Bank?

The World Bank is owned by more than 180 member countries whose views and interests are represented by a board of governors and a Washington based board of directors. Member countries are shareholders who carry ultimate decision making power in the World Bank. Each member nation appoints a governor and an alternate governor to carry out these responsibilities. The governors, who are usually officials such as ministers of finance or planning, meet at the Bank's annual meetings each fall. They decide on key Bank policy issues, admit or suspend country members, decide on changes in the authorised capital stock, determine the distribution of the IBRD's net income and endorse financial statements and budgets.

15.4 INTERNATIONAL MONETARY FUND

The International Monetary Fund (IMF) came into official existence on December 27, 1945, when 29 countries signed its Articles of Agreement (its Charter) agreed at a conference held in Bretton Woods, New Hampshire, USA, from July 1-22, 1944. The IMF commenced financial operations on March 1, 1947. Its current membership is 182 countries. Its Total Quotas are SDR 212 billion (almost US$300 billion), following a 45 per cent quota increase effective from January 22,1999.

- Staff: approximately 2,700 from 110 countries.
- Accounting Unit: Special Drawing Right (SDR). As of August 23, 1999, SDR I equalled US $1.370280.

IMF is a cooperative institution that 182 countries have voluntarily joined because they see the advantage of consulting with one another on this forum to maintain a stable system of buying and selling their currencies so that payments in foreign currency can take place between countries smoothly and without delay. Its policies and activities are guided by its Charter known as the Articles of Agreement.

IMF lends money to members having trouble meeting financial obligations to other members, but only on the condition that they undertake economic reforms to eliminate these difficulties for their own good and that of the entire membership. Contrary to widespread perception, the IMF has no effective authority over the domestic economic policies of its members. What authority the IMF does possess is confined to requiring the member to disclose information on its monetary and fiscal policies and to avoid, as far as possible, putting restrictions on exchange of domestic for foreign currency and on making payments to other members.

There are several major accomplishments to the credit of the International Monetary System. For example, it

- sustained a rapidly increasing volume of trade and investment;
- displayed flexibility in adapting to changes in international commerce;
- proved to be efficient (even when there were decreasing percentages of reserves to trade);
- proved to be hardy (it survived a number of pre-1971 crises, speculative and otherwise, and the down-and-up swings of several business cycles);
- allowed for a growing degree or international cooperation;
- established a capacity to accommodate reforms and improvements.

To an extent, the fund served as an international central bank to help countries during periods of temporary balance of payments difficulties by protecting their rates of exchange. Because of that, countries did not need to resort to exchange controls and other barriers to restrict world trade.

15.4.1 Origins of IMF

The need for an organisation like the IMF became evident during the great depression that ravaged the world economy in the 1930s. A widespread lack of confidence in paper money led to a spurt in the demand for gold and severe devaluation in the national currencies. The relation between money and the value of goods became confused as did the relation between the value of one national currency and another.

In the 1940s, Harry Dexter (US) and John Maynard Keynes (UK) put forward proposals for a system that would encourage the unrestricted conversion of one currency into another, establish a clear and unequivocal value for each currency and eliminate restrictions and practices such as competitive devaluations. The system required cooperation on a previously unattempted scale by all nations in establishing an. innovative monetary system and an international institution to monitor it. After much negotiations in the difficult war time conditions, the international community accepted the system and an organisation was formed to supervise it.

The IMF began operations in Washington DC in May 1946. It then had 39 members. The IMF's membership now is 182.

15.4.2 Members and administration

On joining the IMF, each member country contributes a certain sum of money called a 'quota subscription', as a sort of credit union deposit. Quotas serve various purposes.

- They form a pool of money that the IMF can draw from to lend to members in times of financial difficulty.
- They form the basis of determining the Special Drawing Rights (SDR).
- They determine the voting power of the member.

15.4.3 Statutory purposes

The purposes of the International Monetary Fund are:

- To promote international monetary cooperation through a permanent institution that provides the machinery for consultation and collaboration on international monetary problems.
- To facilitate the expansion and balanced growth of international trade and to contribute, thereby, to the promotion and maintenance of high levels of employment and real income and to the development of the productive resources of all members as primary objectives of economic policy.
- To promote exchange stability, to maintain orderly exchange arrangements among members and to avoid competitive exchange depreciation.
- To assist in the establishment of a multilateral system of payments in respect of current transactions between members and in the elimination of foreign exchange restrictions which hamper the growth of world trade.
- To give confidence to members by making the general resources of the Fund temporarily available to them under

adequate safeguards, thus providing them with opportunity to correct maladjustment in their balance of payments without resorting to measures destructive to national or international prosperity.

- In accordance with the above, to shorten the duration and lessen the degree of disequilibrium in the international balances of payments of members.

15.4.4 Financial assistance

The IMF lends money only to member countries with balance of payments problems. A member country with a payments problem can immediately withdraw from the IMF the 25 per cent of its quota. A member in greater difficulty may request for more money from the IMP and can borrow up to three times its quota provided the member country undertakes to initiate a series of reforms and uses the borrowed money effectively. The frequently used mechanisms by the IMF to lend money are

1. Standby Arrangements
2. Extended Arrangements
3. Structural Adjustment Mechanism (With low interest rates)

Regular IMF facilities

- Standby Arrangements (SBA) are designed to provide short-term balance of payments assistance for deficits of a temporary or cyclical nature, such arrangements are typically for 12 to 18 months. Drawings are phased on a quarterly basis, with their release made conditional on meeting performance criteria and the completion of periodic programme reviews. Repurchases are made 31/4 to 5 years after each purchase.

- Extended Fund Facility (EFF) is designed to support medium-term programmes that generally run for three years. The EFF aims at overcoming balance of payments difficulties stemming from macroeconomic and structural problems. Performance criteria are applied, similar to those in standby arrangements and repurchases are made in 4½ to 10 years.

Concessional IMF facility

- Enhanced Structural Adjustment Facility (ESAF) was established in 1987 and enlarged and extended in 1994. Designed for low-income member countries with protracted balance of payments problems, ESAF drawings are loans and not purchases of other members' currencies. They are made in support of three year programmes and carry an annual interest rate of 0.5 per cent, with a 51h year grace period and a 10 year maturity. Quarterly benchmarks and semi-annual performance criteria apply; 80 low income countries are currently eligible to use the ESAF.

15.5 SDRs

As time passed, it became evident that the Fund's resources for providing short-term accommodation to countries in monetary difficulties were not sufficient. To resolve the situation, the Fund, after much debate and long deliberations, created new drawing rights in 1969. Special Drawing Rights (SDRs), sometimes called paper gold, are special account entries on the IMF books designed to provide additional liquidity to support growing world commerce. Although SDRs are a form of money not convertible to gold, their gold value is guaranteed, which helps to ensure their acceptability. Initially, SDRs worth $9.5 billion were created.

Participant nations may use SDRs as a source of currency in a spot transaction, as a loan for clearing a financial obligation, as a security for a loan, as a Swap against currency, or in a forward exchange operation. A nation with a balance of payments need may use its SDRs to obtain usable currency from another nation designated by the fund. A participant also may use SDRs to make payments to the Fund, such as repurchases. The Fund itself may transfer SDRs to a participant for various purposes including the transfer of SDRs instead of currency to a member using the Fund's resources.

By providing a mechanism for international monetary cooperation, working towards reducing restrictions to trade and capital flows and helping members with their short-term balance of payments difficulties, the IMF makes a significant and unique contribution to human welfare and improved living standards throughout the world.

Services

Besides supervising the international monetary system and providing financial support to member countries, the IMF assists its members by:

- Providing technical assistance in certain areas of its competence.
- Running an educational institute in Washington and offering training courses abroad.
- Issuing wide variety of publications containing valuable information and statistics that are useful not only to the member countries but also to banks, research institutes, university and the media.

15.6 ASIAN DEVELOPMENT BANK (ADB)

The Asian Development Bank is a multilateral developmental finance institution founded in 1966 by 31 member governments to promote social and economic progress of Asian and the Pacific region. The Bank gives special attention to the needs of smaller or less developed countries and gives priority to regional/non-regional national programmes.

In early 1960, the United National Economic Commission for Asia and Far East (UNECAFE) estimated that Asia and the Pacific region had an annual deficit of US $ one billion. The ADB was formed to fill this gap. The inaugural meeting was held in Tokyo and the newly named bank was installed in Manila (Philippines). The first President was Mr. Wanatanade and during his initial years the bank conducted regional surveys to develop a fuller understanding of the social and economic conditions of the Developing Member Countries (DMC).

In 1974, the Asian Development Fund was established to streamline the bank's means of financing. During 1972-76, the Banks' commitment to the DMCs increased from $316 million to 776 million. In the late 70s, the bank recognised the need to develop additional strategy to reduce poverty in the region, so they evolved the concept of multi-project loans which was a cost-effective means for funding projects too small for the Bank's involvement.

In 1978, the Asian Development Fund was increased to 2.15 billion. 1986 was a significant year for the Bank because the Peoples Republic of China joined the Bank and India received her first loan of $100 million to the ICICI (Investment Credit and Investment Corporation of India) for one lending to Private Sector enterprises. In 1993, annual lending commitments rose to $5 billion and the cumulative total by 1991 was $37.6 billion for 1039 projects.

On the borrowing front, in 1991, the Bank offered Dragon Bonds which was a US $ 300 million offering in the capital markets or Hong Kong, Singapore and Taipei.

The present President is Mr. Tadao Chino, who was Japan's former Vice Minister of Finance for International Affairs, before he took over in January 1999.

Bank Profile

Over the past 41 years, the bank's membership has grown from 31 to 57, of which 41 are from within the region and 16 from outside the region.

The Bank gives special attention to the needs of the smaller or less developed countries and priority to regional, sub-regional and national projects and programmes.

The Bank's principal functions are

- To extend loans and equity investments for the economic and social development of its Developing Member Countries (DMCS);
- To provide technical assistance for the preparation and execution of development projects and programmes and for advisory services;
- To promote and facilitate investment of public and private capital for development purposes; and
- To respond to requests for assistance in coordinating development policies and plans of its DMCs.

Shareholders

The two largest shareholders of the Bank, as of31 December 1997, were Japan and the United States, each accounting for 16 per cent of the total subscribed capital. Forty one regional members accounted for 63 per cent of total shareholding while 16 non-regional members contributed 37 per cent of the total.

Location

The Bank's headquarters are in Manila, Philippines. It has resident missions in Bangladesh, Cambodia, India, Indonesia, Nepal, Pakistan, Sri Lanka and Vietnam and has opened resident missions in Kazakhstan and Uzbekistan. These resident missions improve the Bank's coordination with the governments and donor agencies; assist with activities related to country programming and processing of new loans and technical assistance projects; and help ensure project quality.

15.7 SUMMARY

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Toward this common objective, the World Bank, IDA and IFC have three interrelated functions and these are to lend funds, to provide advice and to serve as a catalyst in order to stimulate investments by others.

15.8 KEYWORDS

SDRs: Special drawing rights, sometimes called paper gold, are special account entries on the IMF books designed to provide additional liquidity to support growing world commerce.

15.9 SELF ASSESSMENT QUESTIONS

1. What are the goals and functions of the World Bank, the IDA and the IFC?
2. What are the role and functions of the IMF?
3. What role does the International Monetary Fund play in determining the value of exchange rates?
4. How did the Bretton Woods agreement provide a stable monetary environment?
5. What are Special Drawing Rights? Why were they created?
6. Enumerate the important purposes of the World Bank.
11. What are the objectives of the Asian Development Bank?

15.10 REFERENCES/SUGGESTED READINGS

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