At the end of the Second World War, the holiday resort of Bretton Woods in New Hampshire (USA) was the scene of an historic international conference. This is where both the International Monetary Fund (IMF) and the World Bank (WB) were set up. The conference promoters, British economist John Maynard Keynes and American economist Harry Dexter White, a member of the US Treasury Department, wanted to establish a framework for economic cooperation and development which would pave the way to a more stable and prosperous world economy. The intention was also to proceed with the reconstruction of Europe, laid waste by the war. The activities of these institutions, which currently have 188 member countries, have adapted to the changes in the global economy and its new challenges.

The IMF, whose first Managing Director (from 1946 to 1951) was the Belgian, Camille Gutt, works to promote international monetary cooperation, and offers its members advice on economic policy as well as technical assistance. It grants them loans (on a relatively short-term basis, financed mainly by the members’ quota subscriptions) and helps them to devise action programmes to solve their balance of payments problems.

The World Bank fosters long-term economic development and poverty reduction by granting its members technical and financial assistance, helping them to carry out sectoral reforms or to execute specific projects – building schools and health centres, providing water and electricity supplies, etc. As a rule, this is long-term aid, financed by members’ contributions and bond issues.

The IMF and the WB collaborate on a regular basis. The IMF assessments of the countries’ economic situations and policies provide the WB with information which it can use to examine potential development projects or reform plans. At the same time, the IMF’s opinions on economic policy take account of the advice given by the WB on structural and sectoral reforms.

These two institutions have joined forces in certain specific areas:

- 1996: initiative in favour of heavily indebted poor countries, to alleviate the burden of their foreign debt;
- 1999: the Poverty Reduction Strategy Papers set the framework for the 1996 initiative and form the basis of the loans offered on highly advantageous terms by the IMF and the WB;
- 1999: the Financial Sector Assessment Programs are used to assess national financial systems and recommend appropriate corrective measures.
- 2004: the first Global Monitoring Report records the progress of the measures and actions necessary in the light of the Millennium Development Goals adopted at the United Nations Millennium Summit. It also examines the contributions to the Partnership for Development adopted at the United Nations conference held in Monterrey in 2002 and attended by the IMF and the WB, among others.
- 2009: at the G20 summit in London, delegates agree to make additional resources available for the IMF to help it to tackle the economic and financial crisis. They also give it a more important role in the field of macro-prudential supervision. The IMF therefore has to collaborate closely with the Financial Stability Board in order to pinpoint as quickly as possible any possible risks looming over the global financial system and propose appropriate action. It must also check whether the new rules governing financial regulation are being respected everywhere.

For more information:

- Information sheet: The Benelux IMF constituency, n. 31