

Commentary

BUFFIN PARTNERS INC.

ECONOMIC INVESTMENT AND ACTUARIAL RESEARCH

The World Bank

The World Bank, the International Monetary Fund (IMF) and the World Trade Organization (WTO), have a powerful influence on global development, economics and trade. These three institutions are agencies of the United Nations and originated with the 1944 Bretton Woods Agreement. The World Bank Group includes the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC) and the International Development Association (IDA).

IBRD provides loans or grants to member countries for specific projects that are typically linked to implementing policy changes in the development of the client country's economy. The World Bank's development programs are mainly targeted in the areas of infrastructure development, environmental protection, rural and agricultural development, human development and protection; and institutional governance and development. IBRD aims to reduce poverty in middle-income and poorer countries by promoting sustainable development through loans, guarantees, and analytic and advisory services. IFC is the private sector investment entity of the World Bank Group; it invests in sustainable private enterprises in developing and transition countries without accepting government guarantees; it provides equity, long-term loans, structured finance and risk management products, as well as technical assistance and advisory services. IDA provides favorable financing to the world's poorest countries. IDA's interest-free credits and grants, financed by contributions to IDA from donor countries and IBRD's net income transfers, are vital because these poorest countries have little or no capacity to borrow on market terms.

The World Bank's strategic planning initiatives are based on the goals of supporting the creation of a favorable investment climate and empowering the world's

poor people. These initiatives include support for sustainable development, improved infrastructure, private sector development, job creation, delivery of social services, and sound governance. The major emphasis of the bank's recent activity has been in the areas of poverty reduction, debt relief and specific Country Assistance Programs.

The United Nations Millennium Development Goals (MDG) set the broad framework for much of the World Bank's development work. There are eight MDG's: Eradicate Extreme Poverty and Hunger; Achieve Universal Primary Education; Promote Gender Equality and Empower Women; Reduce Child Mortality; Improve Maternal Health; Combat HIV/AIDS, Malaria, and Other Diseases; Ensure Environmental Sustainability; and Develop a Global Partnership for Development. Each of these MDG's has specific quantified objectives for achievement by 2015: reduce by half the proportion of people in extreme poverty and the proportion of people who suffer from hunger; ensure that all children complete a full course of primary schooling; eliminate gender disparity in primary and secondary education; reduce by two-thirds the mortality rate among children under age five; reduce by three-quarters the maternal mortality ratio; halt the spread of HIV/AIDS, reduce the incidence of malaria and other major diseases; reverse the loss of environmental resources; reduce by half the proportion of people without sustainable access to safe drinking water; and improve significantly the lives of at least 100 million slum dwellers; develop further an open, rule-based, predictable, nondiscriminatory trading and financial system; and address the special needs of the least developed countries; deal comprehensively with the debt problems of developing countries; develop and implement strategies for decent and productive work for youth; provide access to afford-

able essential drugs; and make the benefits of new technologies broadly available.

In terms of reducing poverty and inequality, the Bank works with countries to prioritize their needs, articulate development strategies, and select financial instruments appropriate to fund those needs. In Africa, for example, many countries face similar problems that are rooted in the region's extreme poverty. Other challenges are worldwide in scope, from climate change, to avian influenza, and the stability of the international financial system. Many cross-border challenges cannot be resolved by individual country efforts alone, but require collective multinational cooperation and action. Global health threats, environmental deterioration, and economic and trade integration, all require multinational rather than unilateral action.

Other issues that the World Bank is addressing include improving governance and accountability, implementing a Multilateral Debt Relief Initiative (MDRI), and supporting agriculture in the poorest countries. Promoting good governance includes fighting corruption, strengthening accountability, and increasing transparency. The MDRI is based on recommendations of the G-8 nations to cancel the debt owed to IDA and IMF by some of the world's poorest countries, mainly in Africa and Latin America; relief under the plan is provided in support of government efforts to tackle poverty issues. Agriculture is a vital part of the Bank's work in Africa as it represents the engine of growth in most of the world's low-income countries.

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