“CONDINATIONING WORLD BANK ASSISTANCE: DETERMINANTS OF MANAGINGSUSTAINABLE ECONOMIC GROWTH IN DEVELOPING COUNTRIES”

Introduction

The object of this course work is the World Bank as an international financial organization, and the subject is its role in the development of the system of international relations.

The structure of the work is determined by the logic of the conducted research, its goals and objectives. Coursework consists of an introduction, two chapters divided into paragraphs, conclusions and a list of used literature.

Inclusive economic growth means that the effort to advance a country's growth and development should be produced with the contribution of all citizens without excluding an important group of the society, more specifically, women. A small sample of these gender variables include the existence of quota systems or positive laws that favor the participation of women in different decision-making bodies; the educational level of women; the fertility of adult women or adolescent women; the participation of women in governing bodies, including female directors or advisors in companies and women in the political arena; women in competitive areas, such as sports; and the effect of women on the culture of a country. This is the philosophy that underlies our paper and which aimed to determine which gender variables favor inclusive and sustained economic growth of a country. Previous studies have examined the relationship between gender factors and economic growth. A significant number of studies showed that, on a micro level, gender gaps negatively affect macroeconomic results and economic growth, and that the influence of gender factors on economic growth seems to be determined by variables such as the economic system, education of women, distribution of work between sexes, and political regime. The concept of 'gender' has acquired outstanding protagonism in different social areas, as it is considered an elemental and strategic principle in development policy. However, other studies investigated the effects of gender gaps, determining that the higher the gap, the higher the economic growth by keeping women in a role that balances the family, favors the education of the children, and reduces the available labor force. These results are obviously solely based on economic reasons and the concept of inclusive economic development, where economic efficiency should be obtained, while respecting human rights and defending the equality of women in accessing the same rights as their male peers. A third group of studies found the significance of the relationship between the gender gap and economic growth varied according to whether the impact was measured in the short or long term. Regardless, the understanding and quantification of the economic importance of gender factors in their different dimensions—including education, employment, fertility, democracy, and technology, as well as the quantification of their effects on the economic growth and how the economic growth helps to reduce these gaps—are a basic question for gender research and advances in equality. This is important from an academic perspective, but even more so in the political sphere to facilitate decision-making that favors economic growth and the equitable distribution of profits between men and women. This equitable distribution is what we term 'inclusive economic growth' in this paper. These policies stress the need to ensure equal opportunity in the processes of human development as a fundamental element for achieving equitable and sustainable development, and growth for all. The aim of this paper was to analyze the effects that gender factors produce on a country's economic growth from a macroeconomic perspective, considering different gender dimensions: female education, female labor force, fertility, and access of women to the political arena (democracy). Previous literature analyzed some of these female dimensions. The effects are also positive when women have access to active political participation.To the best of our knowledge, this is the first investigation that incorporates all these dimensions into the same model. To accomplish this, we conducted an empirical study from an international database, rarely used in previous studies. The study was based on a robust methodology that applies panel data and dynamic models such as the Generalized Method of Moments (GMM), allowing us to control for the endogeneity inherent in the model as well as the unobservable heterogeneity (country effects) by using the first differences for all the variables. Using this method, we wanted to offer robust, current, and timely results on the link between the inclusion of women and economic growth in a globalized and multi-country environment. The results obtained from a sample of 127 countries lead to the conclusion that high female fertility has negative effects on economic growth. However, when women have greater access to secondary education and to the labor market, the effects are positive.

SECTION 1.
WORLD BANK AS GLOBAL PARTNERSHIP FOR SUSTAINABLE ECONOMIC SOLUTIONS

1.1World Bank role in inclusive economic development

After the crises of the 1930s, which literally shook the whole world and as a result of losses from the Second World War, the world economy turned out to be unbalanced. Countries have become involved in trade conflicts with each other, the financial, monetary and credit system has declined. But by the middle of the twentieth century, there was gradually an understanding that the world economy was not able to function steadily without any coordination and management mechanisms common to all countries, one of which was the World Bank.

The World Bank is one of the world's largest sources of development assistance, whose main goal is to help the poorest groups and the poorest countries.July 1, 1944 in Bretton Woods, New Hampshire, a conference was held with the participation of representatives of 45 countries. The main goal of this conference was the development of a new financial and economic order that, on the basis of international cooperation and state intervention, would allow for sustained long-term economic growth on a global scale.The main initiator of the creation of a new post-war international monetary and financial system based on the primacy of the dollar was the United States, which by that time had become the leading holder of gold and currency assets, as well as the debt obligations of the allies.The result of the work was the establishment of the World Bank Group.

The Bank began operations on June 25, 1946. A year later, on May 9, 1947, the first loan for the reconstruction of France was approved. Its size was 250 million dollars, which, taking into account inflation, at the moment would be equivalent to 2.4 billion dollars. Thus, we can say that the first loan of the Bank was one of the largest loans issued to them for all the years of operation.Already for the first two years of work, in addition to the above loan, another $ 247 [1,62]. million was allocated to finance production facilities in the Netherlands, Denmark and Luxembourg. Later, these funds were redistributed for reconstruction.

However, soon the World Bank Managing Directors began to argue that its future lies in a different field - the urgent need to revive Europe does not detract from the need to restore and develop other regions of the world in need of help: Latin America, Asia, Africa and the Middle East. Therefore, the main task of the Bank should be to finance development projects in these regions. Indeed, pursuing its initial objective of the goal of economic and political stabilization in Europe and promoting the spread of the influence of American capital, the World Bank later changed the orientation of its credit policy to developing countries, and later to post-socialist countries. The task set by the Bank was the development of market relations in them and, thereby, the acceleration of the process of their integration into the world economic system.And already in 1948 the World Bank began to provide long-term assistance to developing countries. On March 25, the first such loan was approved, within which the Chilean economy was financed by 13.5 million dollars. Then came the loans to Mexico, Brazil, India, Yugoslavia, Japan.

By the end of the 50's. Japan and the West European states have grown so strong that they have been able to abandon the World Bank allocations and move on to private loans. This is eloquently evidenced by the fact that in the period from 1952 to 1960 the share of these countries in the loan portfolio of the Bank decreased from 50 to 27%. Thus, by the beginning of the sixties, the World Bank policy had undergone radical changes - a reorientation to developing countries.

A turning point in the development of the World Bank was the currency crisis of 1958 in India, which was one of the reasons for the establishment of the International Development Association (MAP) in 1960. It was the MAP that provided significant assistance in overcoming the consequences of this crisis.One of the most important moments in deciding on financing for a long time remained checking the solvency of the debtor. Later, the World Bank's efforts began to focus on improving the efficiency of the economic policy of the borrowing country as a whole.

More than one third of all loans of the Bank in the 60-ies. were directed to the development of transport, agriculture, infrastructure in this region.6 The world economy is at a crossroads. Global growth is slow by post-World War II standards, and decelerating. The International Monetary Fund (IMF) projects growth of 3.1% in 2016,1 down from a rate of about 4% in 2011.2 International merchandise trade is decelerating even faster, declining from an average growth rate of 7% between 1980 and 20113 to an estimated 2% or less in 2016.4 The relationship between growth in global trade and GDP has [7,52]. reversed from a post-war pattern in which merchandise trade grew about one-and-a-half times faster than economic output to one in which it is expanding at about three-quarters of the GDP growth rate.5 After generating the majority of global growth since the financial crisis, the BRICS countries and other major emergingmarket economies are experiencing a marked slowdown, with the possible exception of India. Advanced economies are even less buoyant. While the US economy is showing strength recently, nearly all of Europe as well as Japan, Canada, and possibly even Australia are expanding at less than 2% – many barely more than 1% – despite the application of years of extraordinary monetary stimulus in the Eurozone and Japan. Monetary policy is near the zero lower bound in the Eurozone, Japan, and the US, with interest rates either explicitly or effectively negative while inflation is negligible.6 Yet investment and output remain sluggish, leading some observers to believe that these economies have entered an extended period of secular stagnation7 – a chronic propensity to grow slowly – weighed down by accumulated debt and changing demographics. See the United Nations Population Fund (UNFPA) perspective on demographic changes and inclusive growth , as well as Box 2 on secular stagnation and long-term investment, contributed by McKinsey Global Institute. The prospect of secular stagnation is all the more worrisome because many countries have already been experiencing a secular dispersion of income and opportunity. While income inequality across countries has declined significantly over the past 20 years, it has grown markedly within a wide range of countries. A combination of accelerating technological change, global integration, domestic deregulation, and immigration has been driving major changes in labor markets in most advanced countries. This has resulted in heightened dislocation, pressure on median wages, and insecurity, even though these countries have enhanced efficiency and overall national income. At the same time, many developing countries have had difficulty diffusing the benefits of rapid growth and industrialization widely enough to satisfy rising social expectations. The World Bank's Global Economic Prospects January 2017 said that growth in advanced economies is expected to edge up to 1.8 per cent in 2017. Growth in the United States is expected to pick up to 2.2 per cent, as manufacturing and investment growth gain traction after a weak 2016 [7,54].

Growth in emerging market and developing economies as a whole should pick up to 4.2 per cent this year from 3.4 per cent in the year just ended amid modestly rising commodity prices.

Nevertheless, the outlook is clouded by uncertainty about policy direction in major economies. A protracted period of uncertainty could prolong the slow growth in investment that is holding back low, middle, and high income countries.

In emerging market and developing economies, which account for one-third of global gross domestic product (GDP) and about three-quarters of the world's population and the world's poor, investment growth fell to 3.4 per cent in 2015 from 10 per cent on average in 2010, and likely declined another half percentage point last year.Slowing investment growth is partly a correction from high pre-crisis levels, but also reflects obstacles to growth that emerging and developing economies have faced, including low oil prices for oil exporters, slowing foreign direct investment for commodity importers, and more broadly, private debt burdens and political risk.Commodity-exporting emerging market and developing economies are expected to expand by 2.3 per cent in 2017 after an almost negligible 0.3 per cent in 2016, as commodity prices gradually recover and as Russia and Brazil resume growing after recessions.In contrast, commodity-importing emerging market and developing economies should grow at 5.6 per cent this year, unchanged from 2016. China is projected to continue an orderly growth slowdown to a 6.5 per cent rate. However, overall prospects for emerging market and developing economies are dampened by tepid international trade, subdued investment, and weak productivity growth.Growth is projected to ease to 6.2 per cent in East Asia and the Pacific, pick up to 2.4 per cent in Europe and Central Asia, return to positive growth and expand by 1.2 per cent in Latin America and Caribbean, recover modestly to a 3.1 per cent in Middle East and North Africa, pick up modestly to 7.1 per cent in South Asia, and to 2.9 per cent in Sub-Saharan Africa [6,21].

1.2.World Bank achievements in resolving international crisis

The period from 1968 to 1981 was characterized for the World Bank by the Board of Robert McNamara and important changes in the credit policy under his leadership. First, many countries began to experience difficulties in servicing the debt, and the World Bank leadership faced a dilemma - either to write off part of the debt, or increase the volume of loans. It was decided to go the second way, and as a result, the total amount of borrowing by 1981 increased more than 10 times and amounted to 12 billion dollars. At the same time, the emphasis in lending to the Bank shifted from the creation of basic infrastructure and industry facilities to more comprehensive programs for industrial growth, the provision of basic services, and improved income distribution. The main areas of investment growth were financing for the development of human resources, agriculture, water supply and sanitation, development of oil and gas fields. In addition, the characteristics of the projects financed by the Bank have changed: more attention has been paid to the employment of the population, the development of local resources and institutions, the training of local personnel, and the assessment of the impact on the environment.

The next important change was the increase in attention paid to the problem of poverty. Until now, it was believed that foreign investment directed to infrastructure development in developing countries is sufficient to achieve economic growth and, as a result, to solve social problems. Such a concept was called the theory of seepage. However, it turned out to be untenable, and the Bank refused to support it.7 In return, a more balanced approach was adopted, combining the acceleration of economic growth with a direct onslaught on poverty through programs to increase labor productivity and the living standards of urban and rural residents. Thus, since the late 60's. direct assistance was rendered to the poorest sections of the population.

The rise in oil prices in 1970-1973. led to an increase in the size of external borrowing from importing countries, from $ 46 billion in 1970 to $ 410 billion in 1980. The exporting countries also increased the size of their loans, counting on an endless rise in prices. Later, they all suffered losses when prices went down. The result of the losses incurred was the debt crisis of 1982. First, Mexico, and then other Latin American countries, had to refuse payments on external debt. And this despite the fact that this region accounted for about 37% of total loans to developing countries. The flow of private capital in a similar situation has sharply declined.All this forced the specialists of the World Bank and the International Monetary Fund, on the one hand, to seek ways to support debtors, and on the other, to seek an agreement with commercial banks on restructuring their loans.The result of adaptation to the current conditions of the already existing practice of concessional financing was the adoption of loan programs designed to carry out reforms in the economic policies of recipient countries. The peculiarity of this type of loans, called "loans for structural adjustment" (or "adaptation loans"), was the absence of a rigid object binding. Thus, the World Bank approached the IMF, in terms of the functions performed and the objectives pursued. Over the next two incomplete decades, the share of funds earmarked for lending to structural adjustment programs in the total annual liabilities of the Bank increased from 10% to 63% in 1999 [11,23-24]. To overcome the consequences of the crisis, a special action plan was adopted providing for a number of activities in developing countries:

-privatization of state-owned enterprises in order to increase production efficiency;

-increase of prices for agricultural products to stimulate the work of farms;

-devaluation of local currencies aimed at increasing export competitiveness;

-reduction of government spending by abolishing subsidies for social services (education, health);

Promoting free trade through the abolition of protection barriers.

In parallel, the World Bank has emphasized the application of co-financing practices. Since 1983, he began to provide about a third of his funds on this line. The practice of co-financing gives private investors a number of advantages, and therefore they actively participate in such transactions. In addition to certain benefits, the Bank itself provides expertise for the project, approves it for financing, and, most importantly, removes the risk of non-payment of the loan from the borrower from the investor. Following the path of attracting new partners for joint lending, in the midst of the debt crisis, the World Bank adopted a new program in this area: the debtor was obliged primarily to repay its obligations to private lenders and only then to the Bank. In addition, in some cases, the Bank took the initiative to provide the developing country with the necessary foreign currency, if the growth of interest rates in the credit markets or other circumstances prevented the borrower from implementing a specific project. The measures taken by the World Bank to overcome the consequences of the 1982 debt crisis, together with the assistance provided by the IMF, contributed significantly to the overall improvement of the economic situation. The reverse side of the medal was the fact that the total amount of external debt of developing countries was constantly increasing, and its size by the mid-1990s. quadrupled, in relation to the average indicators of the 80's. The increase in debt went in two main ways. First, the presence of economic growth, which has been observed all this time, in the conditions of lack of own funds from developing countries led to the accumulation of external borrowing. Secondly, with the restructuring of the debt, part of the interest to be paid was added to the principal amount. A particularly deplorable situation has developed in a number of the poorest countries, many of which are located on the African continent. Debt service has become an unbearable burden for them, jeopardizing the success of further development. As a result, amid calls from the general public, the World Bank, together with the IMF and other multilateral and bilateral creditors, adopted in 1996 a new initiative, the Heavily Indebted Poor Countries (HIPC). This "Initiative to reduce the external debt of the poorest countries" to an economically acceptable level is designed to help poor countries that pursue sound economic policies in releasing scarce public resources for much-needed social spending. This case was the first, when the Bank and the Fund agreed not to restructure, but to write off part of the debt.

The following states could count on support within the framework of the "Initiative to reduce the external debt of the poorest countries":

-countries whose external debt situation does not improve dramatically, despite the use of traditional mechanisms for debt management;

-countries that show serious commitment to reforms.

To assist the Initiative, with the active international cooperation of multilateral and bilateral partners, the Trust Fund (HIPC Trust Fund) was established. The Fund exempts countries that meet certain requirements from debt repayment through prepayment, the acquisition and cancellation of part of their debt or payment of amounts for debt servicing as they become due. The specific financial instruments used by the World Bank to implement the Initiative are IBRD loans and MAP grants. Over the years of the Initiative's existence, 23 countries have been able to use its services. As a result, the total debt of these countries was reduced by 75% or 34 billion US dollars, and annual payments for its services were reduced by 1.1 billion dollars.Joining the World Bank in the early 90's. the former countries of the socialist camp allowed to make the Bank's activities truly global in nature and led to a further transformation of its credit policy and the appearance of new types of loans.

In the fall of 1991, the World Bank opened its temporary office in Moscow. And on January 7, 1992, the government of the Russian Federation applied for membership in the IMF and the World Bank Group. Russia became a member of these organizations in June 1992.In early 1993, the Bank opened a permanent office in Moscow, which currently employs about 70 people, mostly Russian citizens. In June of the same year, the Bank organized a multilateral meeting in Paris to discuss the most priority reforms in Russia and coordinate related external assistance.

From January 1, 1995 to June 1, 2005, the president of the World Bank was James D. Wolfensohn. He first visited the Russian Federation in October 1995 and has since every year visited the country on an official visit [7,13].

From June 1, 2005 to June 30, 2007, the President of the World Bank was Paul Wolfowitz, who resigned from his post as a result of scandals. Since June 30, 2007, the Bank's President is Robert Zelik.To date, the Bank employs about 10 thousand people, including economists, engineers, education specialists, as well as in such fields as ecology, financial analysis, anthropology, and many others. Employees of the Bank are citizens of 160 countries, and more than 3 thousand people work in the permanent representative offices of the Bank in the member states. It is the view of the diagnostic team that this decline is not inevitable. It is in our view not the competition from private sources of capital, nor the competition of development ideas that flourish outside the Bank that pose the greatest threats. The major threats to the Bank stem from: the lack of a clearly articulated vision combined with a passion for development; poor HR policies that have allowed sectoral expertise to erode and have made nationality an increasingly important criteria for senior level appointments; failures to deal with clear cases of under-performance that have hastened decline oftechnical units and have eroded the espirit de corps of Bank staff, a tendency to define the role of the Bank in terms of visibility at international fora rather than its impact on the global economy; and advancement of a series of isolated initiatives, often donor financed, that has left the institution as a second-string player in many arenas and a prime-time player in none. Knowledgeable observers see a Bank that is rapidly being depleted of experienced staff and using an archaic organizational structure that re-enforces the "de-skilling" process. This is 3 occurring at a time when countries are not only improving their own economic management and therefore demanding more specialized and globally relevant expertise, but also have a greater array of choice.

The World Bank's competitive advantage as a provider of integrated financial and advisory services is falling behind, largely because of internal management failures. Hence, the new chief executive of the Bank faces a stark choice at the outset: whether to continue to patch a leaky boat or bring it into the shipyard for a much-needed overhaul. Using the experience of Strauss-Kahn at the Fund, swift and bold action to fix the institution seemed to work. True, it was assisted by the financial crisis that made the Fund relevant once more, but an unreformed IMF would not have been seen as an institution ready to accept new challenges. By contrast, during the last 7 years of leadership, no fundamental reform of the Bank's basic operating model has taken place. That trend needs to be reversed if the fortunes of the Bank are to be improved, and herein lies the most fundamental decision facing the new President. New Bank leadership still has assets to work with. The World Bank Group combines the IBRD that still retains some cache and demand for integrated services from middle-income countries, the IFC that can invest directly in the private sector and has proven to relatively agile in identifying opportunities, and the IDA remit that is of great interest to shareholders. The issue of the WBG's finances requires a detailed diagnosis and analysis, since both IBRD and IFC earnings have been used to bolster IDA's lending capacity, and because the Bank's business lines should be viewed as part of a larger Bank Group business model. The diagnostic looks at some of the critical areas that require attention in order to renew and strengthen the Bank. These include: the over-arching issue of the effectiveness and efficiency of internal management and the challenges facing the institution; the Bank critical role as a provider of advice, global best practice and development ideas; the Bank as a lender in the rapidly changing world of development finance; issue of managing the institution's human resources, its key asset; and the question of the Bank's longer-range strategy and vision.

1.3.World Bank on raising competitiveness of national economies.

Today, the members of the International Bank for Reconstruction and Development (IBRD) are 184 states, that is, almost all the countries of the world. The International Development Association (IDA) includes 163 states, 175 countries to the International Financial Corporation (IFC), 158 states to the Multilateral Investment Guarantee Agency (MIGA), and 134 states to the International Center for Settlement of Investment Disputes (ICSID). In accordance with the IBRD Agreement Articles, in order to become a member of the Bank, a country must first join the International Monetary Fund (IMF). In order to join the IDA, IFC and MIIG, the country must be a member of IBRD.

However, it should be said that there is still a vague idea of the World Bank, on the one hand, and the IMF, on the other. This often leads to misunderstandings due to a number of external similarities between these organizations. The World Bank and the IMF are legally independent organizations with different objectives. The main objective of the World Bank is to promote sustainable economic growth, which leads to a reduction in poverty in developing countries, by helping to increase production through long-term financing of development projects and programs. And the IMF, mainly, monitors the functioning of the international monetary system, currency policy and exchange rate policies of its member countries. While the World Bank lends only to poor countries, the IMF can do this to any of its member countries that lacks foreign currency to cover short-term financial obligations to creditors in other countries.

Poverty is still a global problem of enormous proportions. We live in a world that is so rich that global income exceeds 31 trillion. dollars per year. In some countries, the average person earns more than 40 thousand dollars a year. However, in the same world, 2.8 billion people - more than half the population of developing countries - earn less than $ 700 a year. Of these, 1.2 billion people earn less than $ 1 per day [8,21]. As a result, 33,000 children die each day in developing countries. In these countries, women die in childbirth every minute, and poverty does not allow more than 100 million children, mostly girls, to attend school.3 The poor are deprived of economic prospects. Their opinion is not taken into account when making decisions that affect their lives. They are vulnerable to AIDS and other preventable diseases, before violence and natural disasters.The events of September 11, 2001, once again showed that the fight against poverty is crucial for the preservation of peace and stability in an era when universal interdependence is growing.To reduce this level of poverty in the conditions of continuing population growth (it is estimated that in the next 50 years the world population will increase by 3 billion people) is an extremely complex and large-scale task. The World Bank is trying to bridge this gap and use the resources of rich countries to ensure the economic growth of poor countries [8,26].

SECTION 2.
CRITICIZING WORLD BANK CONTRIBUTION: GLOBAL ISSUES FOR GLOBAL BANK

2.1 World Bank conditionality as global harm

The Bank acts as a partner for countries with developing economies and expanding markets, with the aim of improving the quality of life of people. Unlike many humanitarian and technical assistance programs, the Bank does not provide guarantors. All loans issued by the Bank are repayable. Developing countries that are able to pay interest on loans, without damage to the economy, borrow from the Bank, as they need to attract financial resources, technical and organizational assistance. The money for these loans is attracted from investors from around the world. These investors buy bonds issued by the World Bank. The main partners of the Bank are the governments of member states. The matter is that in accordance with the Charter, the Bank lends only loans to the governments of member states or under their guarantees. Moreover, it is the governments that have most of the information necessary for the Bank's normal operations and all projects are implemented in accordance with national laws and under national jurisdiction. The Bank encourages governments to work closely with non-governmental organizations. Many of the Bank's Missions even have in their staff liaison specialists with non-governmental organizations to facilitate this cooperation.

Sources of finance: The IBRD, with its capital subscribers all member countries, finances its lending operations mainly from this capital, borrowed funds from the financial markets, and through payments to repay previously provided loans.

The project cycle of the IBRD consists of six stages:

-definition of the object,

-preparatory work,

-preliminary estimation of cost,

-negotiations and provision of the project to the management of the Bank,

-practical implementation and monitoring,

-evaluation of results.

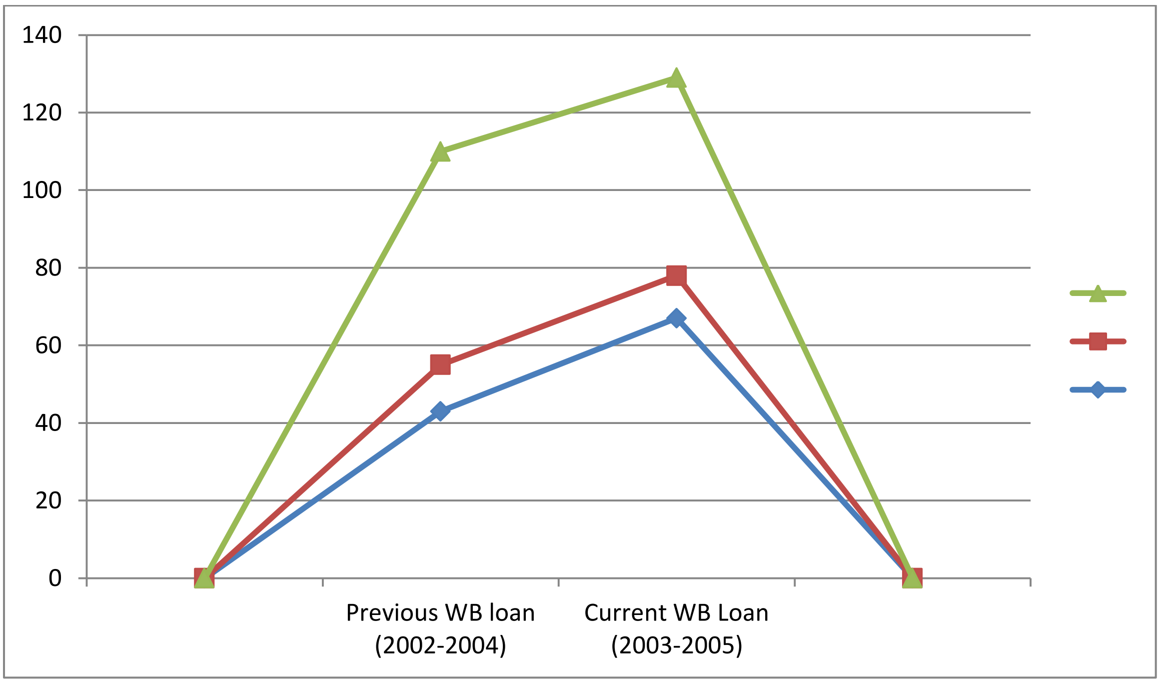
The Bank carries out a large research program to support its operational activities and take appropriate measures in response to the acute problems that its members face. Since 1995, IBRD has been a member of an advisory body established by Canada, France, the Netherlands, the United States, ADB, IFAD and the United Nations Capital Development Fund to coordinate the activities of creditor countries in the systematic financing of programs and to provide the creditor countries and borrowing countries with the necessary tools. The Institutional Development Fund is a kind of rapid response tool for financing small, action-oriented plans, defined during the general economic and raslevoy of the Bank and its political dialogue, in low- and middle-income countries. The Global Environment Facility is the funding mechanism through which developing countries are provided with funds for environmental projects and activities. The World Bank is one of the sponsors of the Consultative Group on International Agricultural Research, established to use modern science for the development of sustainable agriculture in poor countries. Regional missions of the Bank operate in Africa, Asia, Europe and Latin America. Its goal is to provide particularly concessional loans to the poorest developing countries that are not in a position to borrow from the World Bank. Research found that 14 out of the 20 low income countries it assessed have more than fifty conditions attached to each of their current World Bank grants.And 3 out of the 20 have more than 100 conditions. Uganda, where 23% of all children under 5 are malnourished,8 faced the highest number of conditions out of the 20 countries assessed, with 197 conditions attached to its World Bank development grant in 2005.9 The Ugandan Government faced 87 social and environmental conditions followed by 72 public sector reform related conditions and finally 35 financial and economic reform conditions Not only are there too many conditions, but the number of conditions that the Bank is imposing on low income countries is rising not falling. Conditions contained within current and previous World Bank loans across the 20 countries

Eurodadassessed have risen on average from 48 per loan to 67 per loan between 2002 and 2005 [9, 13].

Tab1. Average number of conditions imposed with current and previous World Bank Loans to Low Income Countries

	Average No. of Total Conditions	Average No. of Binding Conditions	Average No. of NonBinding Conditions
Previous WB loan (2002-2004)	43	12	55
Current WB Loan (2003-2005)	67	11	51

Diagram.Average number of conditions imposed with current and previous World Bank Loans to Low Income Countries



There has been a rise in both the number of conditions which are prior actions (which must be completed before a country gets access to development finance) and the number of benchmarks (conditions which must be completed during the course of a given financing period). The World Bank argues that the dramatic rise in the number of non-binding conditions is relatively benign as this type of condition does not hold up development finance if a country does not implement it. Following this logic, the World Bank does not officially count benchmarks/non-binding conditions as conditions. This convenient classification by the Bank fails to take account of how recipient governments perceive non-binding conditions and most importantly respond to them. According to a World Bank survey last year 77% of developed country recipients thought that their country had to comply with all the benchmarks in a policy matrix. 12 On top of this, even if these conditions do not automatically stop development finance flows if they are not met, they do place a massive administrative burden on developing countries which have to monitor and report on their progress as part of a World Bank assessment. In addition, our study also found a rise in the number of binding conditions, which do hold up crucial finance for poor countries. This contradicts the findings from the World Bank conditionality review last year, which actually found a decline in the number of binding conditions imposed on developing countries.13 Amongst the countries Eurodad assessed two countries had loans that were made up entirely of these types of conditions: Vietnam and Armenia. The Vietnamese Government, which has 29% of its population living under the poverty line14 had to fulfil 41 policy conditions before it was entitled to access one cent of its World Bank development grant in 2004.15 More recently, Armenia had to fulfil 39 conditions before it could receive its World Bank development grant in 2005.16 Despite the fact that both these countries have enormous numbers of poor people, who depend on external assistance, the World Bank continues to withhold lending until poor countries have fulfilled an extraordinarily high number of conditions. Inappropriate conditions can prevent much needed aid reaching some of the world's poorest countries desperately in need of help. Our research revealed a high prevalence of micro-management conditions in World Bank lending, revealing an inability by Bank staff to prioritise conditionality and make rational judgements as to what should or should not constitute a condition in development finance. For example, the Burkina Faso Government, where just under 10% of all woman aged between 15-24 are HIV positive,17 was forced, before it could gain access to its World

Bank development finance in 2005 to “purchase software and train agents in procedures on the new software” in relation to the implementation of a government property accounting system. The Republic of Mali, where over 100 of every 1000 children die as infants, was pushed as a condition of its development finance in 2005 to move one of its government offices to a new location; “Move the Land Management Unit to the CEO’s Office”. 19 This is hardly what one would imagine constitutes a vital development finance condition. The Ugandan Government found that to access its development finance in 2005 that it had to “review and approve its school sports policy for tertiary schools.” 20 The World Bank has been forced to acknowledge the burden that conditionality imposes on developing countries and made some ad hoc attempts to streamline the number of conditions it imposes. For example, the Bank’s new guidelines for development policy lending, employ the concept of ‘criticality’. This is meant to confine the Bank to setting only conditions that are deemed critical for the implementation and expected results of a country program. However while the Bank is happy to continue imposing binding conditions on recipient countries, the guidelines for its staff are vague and nonmandatory. The concept also currently only applies to binding conditions In addition to inappropriate conditions, the World Bank is continuing to impose a significant number of controversial economic policy conditions on low income countries through its development lending. According to our research 20% of all World Bank conditions for poor countries are economic policy conditions. And over half of these (11%) impose some sort of privatisation and trade liberalisation. Economic policies such as trade liberalisation and privatisation can often have a harmful impact on poor people, limiting their access to vital services. This harmful impact has been recognised in many studies and by the British government and Norwegian government, both of which have formally rejected tying their development aid to privatisation and trade liberalisation conditions. G8 leaders also last year highlighted the importance of national governments sovereign right to determine their own national economic policies. Economic policy decisions like whether to privatise essential services or liberalise trade barriers within any given country – developing or developed - should be made by national governments and not influenced by leverage of increased external funding. 15 of the 20 poor countries Eurodad assessed have privatisation-related conditions as part of their World Bank lending. Our research also found that the overall number of privatisation-related conditions is rising not falling. Conditions contained within current and previous World Bank loans across the 20 countries Eurodad assessed have risen on average from 4 per loan to 5 per loan between 2002 and 2005. For some countriesprivatisation-related conditions make up a substantial part of their overall conditions. For example, just under one third of all of Bangladesh's conditions within its second Development Support Credit granted for 2005 were privatisation-related. Bangladesh, where over 50% of the population live under the poverty line, 23 faces direct conditions calling for privatisation of its banks, electricity and telecommunications sectors and additional reforms to the gas and petrol sectors that will facilitate private sector involvement. Just under one quarter of the conditions contained within Armenia's development finance for 2005 from the World Bank are privatisationrelated (9 out of 39).24 Other countries that face a high number of privatisation conditions include Honduras and Nicaragua. About one in every seven of Honduras's conditions (11 out of 72) in 2004 were privatisation-related and about one in every ten of Nicaragua's conditions (10 out of 107) in 2003 were privatisation-related [21,87-88].

Our research reveals that though the number of conditions which call for direct privatisation has actually marginally declined between previous and current World Bank loans25 there has been a massive increase in the number of conditions that push for reforms associated with facilitating privatisation i.e. regulatory reforms, restructuring of certain sectors and corporate reform. The number of 'privatisation associated reforms' have almost doubled between previous and current World loans across the 20 countries assessed. For example, Armenia has nine privatisation associated reform conditions, despite having no actual privatisation conditions attached to its second poverty reduction support credit. These range from the demand to "Initiate railway company reforms (to get ready for commercialisation)" to demanding that the Armenian parliament "enact a new telecommunication law and a modern regulatory framework {to} …allow for progressive licensing of additional service providers". The World Bank recognises this type of condition in its review and the rise in their number, which it attributes to greater recognition by the Bank about the importance of a conducive regulatory environment as the key to successful of privatisation.26 Together, conditions which call for direct privatisation and those that push for associated reforms have risen substantially Our research, however, reveals that the Bank is continuing to impose these often controversial economic policy reforms on poor countries, even when they are not clearly expressed within country's own national poverty strategies. For example, four countries out of the eleven that have privatisation conditions imposed by the World Bank in their current loans, do not mention the privatisation policy in their national poverty strategies.

Table 2: Controversial World Bank privatisation conditions not mentioned in national Poverty Reduction Strategy [21, 89].

	WORLD BANK LOAN	CONTROVERSIAL POLICY CONDITION	IN NATIONAL POVERTY STRATEGY?
Zambia	Economic Management and Growth Credit	Privatisation of Zambian Telecommunications Company	No
Uganda	PRSC 5	Privatisation of water supply system through the country	No
Mozambique	PRSC 2	Privatisation of the Bank of Mozambique	No

These findings lend weight to the World Bank's own conditionality survey carried out last year, which revealed that 50% of recipient countries felt that the "World Bank introduced elements that were not part of the country's program" into their loan conditions. They also support research undertaken last year by the Debt and Development Coalition on World Bank conditionality in Poverty Reduction Support Credits. The study found numerous examples of controversial

World Bank conditions which were not mentioned in countries' own national poverty reduction strategies. The above is especially worrying given that national poverty reduction strategies have often been heavily influenced by the World Bank and other financing agencies, and thus do not always reflect the wishes of governments and citizens. A World Bank survey carried out last year on recipient government's views on conditionality found that over a third of countries noted that negotiations with the World Bank significantly modified their original policy program.31 World Bank still imposing trade liberalisation on poor countries Four out of the twenty countries Eurodad assessed had some form of trade liberalisation conditions: Uganda, Rwanda, Benin and Armenia.Armenia has a binding condition on its current World Bank loan that calls for prices to be in line with World Trade Organisation rulings; whilst Bangladesh has a condition calling for quantitative restrictions to trade imports on sugar to be removed; and Rwanda has a condition that it must join the East African Trade Agreement and Uganda to submit a World Trade Organisation bill to parliament. However, overall our research notes that trade related conditions only constitute 3% of all World Bank conditions to Low Income Countries and conditions directly relating to liberalisation constitute only 1%. The World Bank Conditionality Review also found that trade related conditions now account for less than 2 percent of the total number of conditions imposed on low income countries." 32 Public sector reform conditions There is a consensus amongst a majority of civil society groups that governance does matter for development. The question is whether the World Bank is the right agency to assess and push for governance reforms in developing countries and whether conditionality is the right vehicle to address this important issue. No one is disputing the need for basic fiduciary conditions on loans, but attaching more deep-seated reforms that deal with long term institutional changes is far more questionable. A recent evaluation of general budget support by International Development Department (University of Birmingham, UK) noted that "there is no consensus…. that political conditionality should not be specifically linked to budget support or any individual aid instrument, but should rather be handled in the context of the overarching policy dialogue between a partner country and its donors”. Our research found that by far the largest number of conditions pushed by the Bank relate to public sector reform policies. 43% of all World Bank conditions attached to poor countries loans are public sector reform-related. These conditions push a range of policies: anti-corruption, civil service reform, public finance management, judicial and legal reforms and enhancing civil society monitoring and evaluation powers. All the countries assessed by Eurodad have public sector reform conditions within their current loans with the World Bank. Conditions which push for public finance management and tax reforms constitute just under half of all public sector reform conditions. Not only are there too many conditions and many are harmful, but it appears that there is no rationale behind which countries get the most conditions and which get the least. The World Bank claims that development funds are distributed to countries that have a ‘favourable development climate’, rewarding those countries that the Bank deems to be good performing countries with greater volumes of lending. In order to assess whether a country has a ‘favourable development climate’ the World Bank assess countries’ policy and institutional framework on an annual basis to see whether it fosters poverty reduction, has sustainable growth and has the ability to effectively use development assistance. It does this using a Country Policy and Institutional Assessment (CPIA) tool, which scores countries on a number of set criteria. Eurodad and other civil society groups are highly critical of aspects of the CPIA approach adopted by the Bank, highlighting that the criteria by which the Bank judges a country’s performance gives too much weight to economic liberalisation policies and applying a one size fits all approach to development. However, even under this inappropriate allocation system, one should find that the number of overall conditions a country faces goes down in relation to a positive CPIA score, given that a country with a high score should have the ‘good’ policies. However, this research shows that the reverse is true.

2.2.Main concerns arising from assistance to developing countries

Throughout the day, speakers said developing countries — especially the poorest — faced high unemployment, heavy debt burdens and trade constraints, which hindered sustained growth and social well-being. That was especially true for small island developing States, which — with compounded challenges of small size, isolation and narrow resource bases — could not be expected to mobilize domestic resources.

Official development assistance (ODA), many said, remained a crucial source for financing basic health, infrastructure and energy needs. After years of declines, it had surged beyond pre-financial crisis levels and its catalytic role in mobilizing public and private financing must be fully exploited. Without it, said Belgium's Deputy Prime Minister, least developed countries would be caught in a "downward spiral".

In that context, the Minister of Finance, Economic Planning and Development of Malawi cited the "constant argument" over the adequacy of ODA, which developing countries said was insufficient and developed nations said was not being efficiently used. While welcoming domestic resource mobilization as central to the new agenda, he urged States to "tread carefully" on the targeted 20 per cent of tax-to-gross domestic product ratio as a threshold, above which countries were considered to not need technical assistance.

While Governments fully embraced their primary responsibility for national development, "that acceptance does not absolve international partners from their responsibility to complement national efforts", said the Minister of Finance and Economic Development of Zimbabwe. African countries took their development responsibilities seriously, having adopted the Agenda 2063, which prioritized infrastructure, among other things critical to transforming economies.

The Minister of Finance of South Africa, speaking on behalf of the "Group of 77" developing countries and China, pressed developed countries to show leadership and commitment in a "revitalized" global partnership. South-South cooperation was a complement to North-South cooperation and the principle of common but differentiated responsibilities must be upheld.

At the same time, it was important to change how development assistance was used, several speakers said, with Norway's Minister for Foreign Affairs explaining that investments in developing countries would materialize only if Governments worked with the private sector. Aid must be used to leverage funds from many sources and enable the private sector, and Governments must do their part by creating a transparent and accountable environment for inclusive growth.

The Commissioner for International Cooperation and Development of the European Union added that Europe already was the world's most open market for developing countries' exports and collectively provided more than half of global ODA. It was committed to achieving the 0.7 per cent rate within the post-2015 agenda, dedicating 1.15 per cent to 0.2 per cent of that to least developed countries in the short term and continually designing additional, innovative financing mechanisms.

Other speakers underscored that domestic resources, used efficiently, were primary financing sources, as they generated the most direct, reliable impacts on national development. They agreed that enabling environments were needed for their mobilization. The overall goal, said Turkey's Deputy Prime Minister, was to create an environment in which assistance was no longer needed. Domestic resource mobilization was a critical part of that effort, as was reducing the cost of remittance transfers and access to affordable sustainable energy.

Also speaking in the general debate today were ministers and other senior officials from Slovakia, Tuvalu, Italy, Serbia, Ecuador (on behalf of the Community of Latin American and Caribbean States), United States, China, Saudi Arabia, Jordan, Uganda, Kuwait, Cambodia, Morocco, Panama, United Republic of Tanzania, Nigeria, Liechtenstein, Luxembourg, Mozambique, Republic of Korea, Guatemala, Libya, Poland, Nicaragua, Latvia, Japan, United Kingdom, Botswana, Gabon, Mauritius, Sierra Leone, Bahamas, Canada, Ghana, Croatia, Fiji, Samoa, Togo, Côte d'Ivoire, France, Gambia and Colombia. A senior official from the Observer State of Palestine also spoke.

To support one global agenda of equitable sustainable development, resources should be focused, first and foremost, on the least developed and fragile States, to which Belgium directed over half its official development assistance (ODA). The whole world would pay a heavy price if those States were not assisted. In addition, a wide range of resources must be mobilized; domestic tax bases must be broadened and the money must be well directed to such necessities as education and good governance. There could be no sustainable development without transparency. His country and the European community stood ready to assist in ensuring proper flows of funds. The transition from the informal to formal economy must also be prioritized, as should the opportunities presented by the digital revolution, which must be turned into a "development revolution" with the possibilities for the people-centred societies it offered.Also pleased with the holding of the Conference in Africa, he said that enhancing cooperation with African nations was among Turkey's top international priorities. Creating the conditions to attract financing for development was presently the most important endeavour. ODA remained the most important source of development financing for many countries, particularly the least developed; Turkey's ODA commitments were rising steadily in past years. He pledged it would continue to honour the Istanbul Programme of Action, the review of which would be held next June. As an emerging donor,his country had learned the value of partnerships and was currently carrying out hundreds of projects in 120 partner countries. The long-term objective, it had learned, was to create an environment where assistance was no longer needed. Domestic resource mobilization was a critical part of that effort as was reducing the cost of remittance transfers and access to affordable sustainable energy. The Conference, a first step towards a more ambitious new framework, constituted a new international deal where resources, experiences and cultures must be pooled. Noting that Italy could be a bridge between Africa and Europe, he said the country understood solidarity, having saved the lives of thousands of migrants who had come from the continent's northern shores. The real challenge in Africa was to create new jobs — and a new perspective of hope — for those escaping poverty, conflict and persecution. "We widen our ties and straighten our cooperation," he said, urging that the root causes that forced people to leave be addressed. Investment in African small and medium–sized enterprises would be an important strategy for the coming decades. On the draft outcome document, he welcomed the inclusion of issues of human rights, gender equality, peace and justice. Some elements of the text were problematic, but the Union would accept it as it stood in the spirit of compromise and to ensure the success of the Conference. It was time to move forward to harness all resources and other means available to drive sustainable development and poverty eradication in an integrated, comprehensive and universal manner, in which all contributed their fair share, he stressed. An inclusive private sector played a central role in sustainable development, as both the means and the end of financing for development — whether through the taxes Governments collected, the funds they borrowed, the savings banks lent or the funds households spent. As such, financing for development must speak to the "things that mattered" to households and businesses across their sizes, locations, generations and gender structures. Financing the post-2015 agenda required a fraction of the $218 trillion of the global financial asset stock. To strengthen partnership, international financial institutions and multilateral development banks should lower the cost of investment finance. Mechanisms for increasing access to less expensive infrastructure project finance must be agreed, while those that promoted respect for Africa's policy space must be supported.

2.3.Questioning efficiency of World Bank economic management

Every government has a fundamental responsibility to establish a sound macroeconomic policy framework within which economic agents can function efficiently. It is important that this framework be flexible enough to permit the economy to adjust to external disburbances, that it provide adequate incentives for longer-term growth, and that it permit the attainment of the objectives of equity and social advance. The macroeconomic policy framework is composed of a series of interlocking policies that affect all aspects of economic behavior. The key elements are fiscal, monetary, exchange rate, wage, and trade policies. They combine in determining the rate of domestic inflation, the rate and pattern of capital accumulation and resource utilization, and the amount of foreign exchange earnings, the maintenance of balance of payments equilibrium and foreign borrowing, and ultimately, the pace of economic activity and growth. There are no simple generalizations about a single set of appropriate policies that will apply to all countries in all circumstances. Similarly, there are no institutional arrangements for managing economic policy that are uniformly suitable. The appropriateness of policies and institutions varies with a country's level of development, size, and natural endowment. The establishment of planning agencies for formulating comprehensive development strategy represented an important institutional departure in many developing countries. In some countries finance ministries continued to oversee economic policy, primarily through their control of the budget and supervision of the central bank. Both arrangements have their weaknesses. Finance ministries tend to be preoccupied with short-run questions of financial management and pay inadequate attention to long-term development issues. Planning agencies have generally failed to fulfill the high hopes placed in them in the 1950s and 1960s, and have often been limited to assembling public investment programs with only weak links to budgets and policymaking. In most coun tries, the institutional arrangements do not exist to coordinate short-term financial management with longer-term policy analysis and investment planning, or to respond quickly to changing circumstances. The existence of short-term costs suggests that reforms may need to be gradual, as long as gradualism does not imply timidity or policy reversal on the part of the government. Experience suggests that the costs of stabilization are reduced and the benefits of import liberalization enhanced if external assistance is provided in a timely manner in support of stabilization and liberalization packages Given the current uncertainties, comprehensive planning intent on managing quantities (of production and investment) over the medium to long term will be increasingly inappropriate. Instead, emphasis should be put on rationalizing the current policy framework. First and foremost, governments must ensure macroeconomic stability through sound monetary, fiscal, and exchange rate policies. Within such a framework of macroeconomic stability, it is necessary to correct price distortions in order to provide an environment for the best possible use of resources. Such reorientationaffecting many aspects of policy, from medium-term investment planning to the incentive systemis already taking place in several countries. In the Republic of Korea, for example, the latest plan puts most weight on changing incentives and treats projections for investment and output more as background scenarios to aid decisionmaking than as targets. In both India and Pakistan recent plans give much greater attention than before to prices and incentives. While attempts to plan overall national investment have generally proved futile, governments clearly need a strong capacity for appraising public investment programs. In many countries the efficiency of public investment would increase significantly if, as a minimum, large projects were carefully vetted. In addition, it is important to aggregate all public sector projects to discover their implications for financial management over several years. Together, public sector projects can change some basic parameters in the economy and affect the implementation and viability of otherwise sound projects. Experience during the 1970s has shown that even the most carefully designed policies and investment programs can be confounded by changes in the world economy. In addition, limited knowledge about how quickly economies adjust to policy changes means that rigid adherence to policy prescriptions can be hazardous: Chile has provided an example of this danger. The failure to adjust investment programs to reduced resources has also been costly in countries such as Turkey, Mexico, Yugoslavia, and Venezuela. Governments therefore need to be much more flexible in their policies and programs. To be both flexible and successful, they require better facilities for obtaining and analyzing information on the effect of their policies and programs.

To design adjustment policies and programs, consultation and coordination between policymakers and interest groups is essential. The examples of Brazil, Japan, and the Republic of Korea show that consultation and coordination among different agencies within government and between government and the private sector can provide practically sounder, if analytically less articulate, policies and programs. For the purposes of sectoral coordination, central ministriessuch as finance and planning or any other central coordinating bodyneed to agree on clear guidelines for such ministries as agriculture, industry, and energy, and then act as a clearinghouse for contacts between them. Similarly, while proposals for policy issues such as agricultural prices, or exchange rates, or interest rates originate in the responsible ministries, some central agency should analyze the links and present political leaders with well-evaluated options on which to base decisions. Governments have found considerable merit in involving academics and businessmen in policy discussions. Their participation, usually through committees, working groups, and conferences, improves official awareness and helps build a consensus on the means and ends of national development. Development research institutes (such as the Korea Development Institute) can provide forums for government and outsiders to exchange ideas[16, 13].

SECTION 3. NECESSITY OF WORLD BANK REFORMS TOWARDS THE IMPLEMENTATION OF ORIGINAL GOALS

3.1 Reasoning the needs for better governance.

Reforming the national economy at the present stage causes profound transformational processes in the sphere of the economy. Their complexity in Kyrgyzstan poses a challenge for the economic science to comprehensively comprehend the current situation, to determine the main causes of the ongoing processes, scientific conclusions and proposals on the practical use of macroeconomic instability mechanisms and the analysis of the state of poverty in the country.) The World Bank provides assistance to both developed and developing countries, providing loans, guarantees, analytical work and advising countries on various issues, promoting institutional capacity and monitoring activities aimed at global development.From eternity the Creator has laid the foundations of the heavens and the earth. Within this order the Creator has established a purpose for all material, intellectual and spiritual phenomena in the universe. In the time when human beings were first introduced to the animal people on earth the Creator gave the humans the laws that they would guide themselves by. This was to be their sovereignty and life was good. With the arrival of the Europeans this way of life would be fundamentally changed forever. The first change saw the development of economic, social and political alliances between the First Nations and the Europeans providing new opportunities for both societies. The second fundamental change came with the imposition of British and French colonialism and their desire to occupy First Nations' land. The Treaty making process and the destruction of the First Nations economies led to European colonial actions against the First Nations people and their lands. The third fundamental change came with the introduction of the newly formed Canadian government's inimical Indian Policy. It was this policy of assimilation that created the Indian reserves, introduced the residential schools and legislated the Indian Act – all precursors for the conditions First Nations find themselves in today. First

Nations people are in the process of rebuilding their systems of governance, including their social, political and economic institutions. They fully understand that they are guided by the responsibilities gifted to them by the Creator. The rebuilding of their communities is driven by their necessity to fulfill their divine obligations as stewards of the land, as relatives and as international citizens. For First Nations people the reestablishment of social governance is an endeavor in finding a balance between First Nations' culture, custom, tradition and protocol and Canadian social, economic, political and social systems. In a manner of speaking it is the process of "getting the best of both worlds" – whereby the developments create a synergy between First Nations cultural traditions and European Canadian systems. For First Nations communities – and their governments – It is important that the dynamics of finding this balance continue, and once established and implemented it is eventually revisited. Through this process First Nations people will ensure that the rebuilding of their governance (nation-building) ensures their process of self-determination and is better equipped to leverage life in the larger Canadian society.

3.2 Refining World Bank economic intervention in developing countries

With developing countries still facing serious economic difficulties, the demand for World Bank loans has risen to unprecedented levels in the period beyond the financial crisis. It is expected that the volume of financial support provided by the Bank from 2013 FY. the current fiscal year will exceed 150 billion US dollars. According to forecasts, the growth rate of the world economy in 2016 will be 2.9%. This means that the acceleration of growth from the level of 2015, which was estimated at 2.4%, will be slower than previously expected. At the same time, since the beginning of the year the economic conditions as a whole have worsened even more.

Against the backdrop of these difficulties, the demand for IBRD loans from middle-income countries in the last fiscal year (2015) reached 23.5 billion US dollars and was a record high for the period beyond the financial crisis. The World Bank expects that this record can easily be surpassed in the financial year 2016: according to forecasts, the volume of lending may exceed 25 billion US dollars *(Financial support from IBRD and IDA for 2013-2016 fiscal years will exceed $ 150 billion).*

In recent decades, noticeable progress has been recorded in the reduction of poverty. The first indicator from the Millennium Development Goals, namely, halving the level of poverty in 1990 by 2015, was achieved in the world in advance - in 2010. Despite these achievements, the share of the world's population living in extreme poverty remains unacceptably high.

The most radical reduction in extreme poverty occurred in East Asia, where its level fell from 80% in 1981 to 7.2% in 2012. In South Asia, the proportion of people living in extreme poverty has reached its lowest level since 1981, declining from 58% in 1981 to 18.7% in 2012. In sub-Saharan Africa, the poverty rate in 2012 was 42.6%.

The greatest part of the reduction of extreme poverty in the last three decades has come from China. During the period from 1981 to 2011, a threshold of extreme poverty of $ 1.9 a day was overcome by 753 million people in China. In all developing countries combined, the number of poor has declined by 1.1 billion people over the same period.

In 2012, a little over 77.8% of the extremely poor lived in South Asia (309 million) and in sub-Saharan Africa (388.7 million). Another 147 million people were in East Asia and the Pacific.

In Latin America and the Caribbean, Eastern Europe and Central Asia combined, less than 44 million extremely poor lived. Work to eradicate extreme poverty is far from complete, and many problems remain. It is becoming increasingly difficult to bring aid to an extremely poor population, which often lives in politically unstable regions and in remote areas. Access to good schools, health services, electricity, safe water and other essential services for many people remains difficult, often determined by their socio-economic status, gender, ethnicity and geography. In addition, for people who managed to overcome poverty, progress is often provisional: economic shocks, food insecurity and climate change threaten to deprive them of hard-won gains and again push them into poverty. On the way to 2030, it is extremely important to find ways to solve these problems. Several toolkits on local economic development techniques are readily available from a number of development organizations,1 and local economic development efforts have been undertaken for decades. Yet in practice, urban economic development efforts commonly suffer from some of the pitfalls identified in the final section of the preceding chapter, particularly in not striking a balance between the what, who, and how of strategy design and implementation. In some cases, economic development initiatives are implemented as process alone, without robust analytics to help leaders define targets, structure the process, and make decisions between various competing viewpoints and desires. In further cases, local economic development is interpreted narrowly as a need to focus on local small and medium enterprises and cooperatives rather than to solve particular problems that move the whole local economy toward greater competitiveness. This chapter attempts to respond to some of those pitfalls with a consolidated approach. The boards are formed to provide feedback, offer consultation, and help hold the city officials to account. Examples include the Amsterdam Economic Board in the Netherlands, Boston World Partnerships in the United States, Greater Manchester Local Enterprise Partnership in the United Kingdom, and Oslo Teknopol in Norway (see box 3.3). These public-private structures are relatively unusual: Indeed, the Organisation for Economic Co-operation and Development (OECD) finds that less than one-tenth of governance bodies include members from the private sector and other city interest groups. Such boards allow for decision making on economic development initiatives to be made in consultation with economic stakeholders. They also mirror the benefits of structured dialogues on specific value chains (see the growth coalitions section in this chapter), building consensus on strategies, programs, and projects for the city. New political administrations will be less likely to abolish initiatives if they continue to be backed by key city actors.

3.3 World Bank on rebuilding framework for reducing injustice

The fight against poverty has always been central to the work of the Group of Organizations The World Bank. To achieve this goal in a world in which in recent years significant changes occurred, further development of the Group is needed. In order to support the development achievements that will stand the test the World Bank Group has undertaken to achievement of the set goals on the principles of ecological, social and economic sustainability.

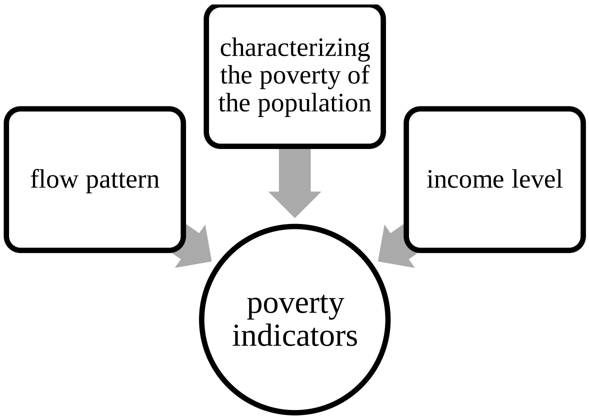
At present, the activities of the World Bank Through more than 120 offices in all the world. Expanding presence in client countries allows It is better for the Bank to understand their needs, to cooperate more effectively with them and to provide more expeditious provision of services to their partners in these countries. At present, 92 percent directors and managers by country and 39 percent of staff The Bank works in field offices. In six the geographical areas of its presence the Bank carries out the most diverse activity that is determined the particularities of member countries in each region. In the following The section highlights the main events of the 2013 financial year year: achieved goals, implemented projects, refined strategies and published publications. Also presented essays on the results of the activity, as well as brief facts and statistics for each region.

In 2012, in sub-Saharan Africa, there was a marked economic downturn growth Production is estimated to have increased by 4.7 percent in 2013-2015 The growth rate is projected to be more than 5 percent per year. The level of poverty has decreased, and the proportion of people living on less than $ 1.25 per day has fallen from 58 percent in 1996 to around 48 percent in 2010. And yet, despite these achievements, Africa still faces enormous development challenges.

In the past fiscal year, the Bank approved the provision of $ 8.2 billion to implementation of 95 projects. The assistance included $ 42 million from IBRD and 8.2 billion US dollars from IDA funds. The sectors that received the largest volumes assistance included transportation (US $ 1.8 billion), judicial system and government ($ 1.8 billion), as well as energy and mining industry (1.2 billion US dollars). In accordance with the strategy adopted in 2011 for Africa, the main focus was on energy, transport, education, health care, agriculture, social protection, water supply, as well urban development. Search for regional solutions Due to infrastructure shortages, Africa has significant economic costs, losing growth rate up to 2 percentage points per year. Acknowledging the need Implementing regional solutions, the Bank is working to assist countries in the implementation of transformational projects, the impact of which goes beyond separate country. One such example is the "Kandahi" Program, which provides for measures at the regional, national and local levels and contributes an increase in the synergistic effect between agriculture and the environment environment, energy and water supply in the Niger River basin. In October 2012, the Bank approved the provision of $ 203 million to finance Phase 2A of the Program development of water resources and sustainable management of river basin ecosystems Niger, which is part of its long-term solution to periodic problems drought and a chronic shortage of food and energy in the Sahel area. Means This non-interest-bearing IDA loan will be provided to some of the poorest countries in the world. The program, funded by 10 donors, will increase food production and power generation, create jobs and Expand the economic potential of communities in the Niger River Basin. It will become part of it West African energy pool, which improves cross-border flows Electricity by combining national energy systems into a single regional one the system. Programs like "Kandahi" are vital for improvement Infrastructure in Africa, without which development will slow down.

A sustainable way is to develop and reduce poverty, which provides management of the resources of our planet without prejudice to future generations. "Green" economic growth offers the only possible way achieve a balance between the high rates of economic development required for poverty reduction and the promotion of general welfare, and the urgent need to improve environmental management. Sustainable path It also involves creating an inclusive society not only in terms of economic wellbeing, but also in terms of strengthening the voice and empowering all groups of the population. The World Bank Group can use its rich experience and considerable resources for working with countries and partners in the search for creative and innovative solutions to development problems. However, new programs and services They bring great benefits if their effective transfer is not provided to those who are in them needs. As a "Solutions Bank" with extensive experience in determining What promotes development, and what does not, the World Bank Group works with its partners and clients to generate knowledge and create mechanisms and global support networks that can solve transmission problems these projects to the beneficiaries and provide feedback in real time. Together, these elements form the "science of realization", i.e. finding solutions, adapted to the specific conditions of programs, services and achieve the results of the highest quality. It is estimated that 2.5 billion adults worldwide are excluded from the financial sphere, which means that they have neither savings nor access to credit and other financial services. Almost 80 percent of them live on less than $ 2 a day. Savings and payment services are closely linked to poverty reduction; access to credits, insurance, savings and payment services opens opportunities for a steady increase in the incomes of the poorest 40 percent of the population. Women in features can benefit from initiatives to increase access to financial services, because they are more isolated from formal financial services than men. Over the past two years, more than 40 countries have set priorities and identified indicators in the area of increasing the population's access to financial services. Many Governments are requesting the World Bank Group funding, information and assistance to increase access to financial services and the introduction of innovative payment systems. The Bank has significant active regional portfolio of loans and grants for expansion access to financial services and technical assistance amounting to $ 3.4 billion. USA in 62 countries. The Bank provides data, consultations on policy issues, models, technicalassistance, financing and acceptance of a part of risks. IFC provides additional investment, guarantees and consulting services. The poorest sections of the population (CGAP) are a global partnership with a number of donors headquartered in the Bank - disseminates modern knowledge and promotes innovation in area of business models. These three institutions have undertaken a number of joint initiatives to increase the access of the population to financial services, including in 2012, the Global Finance Facility for SMEs and the access to financial services in 2013. The Bank published a report on "Creating employment universal prosperity: time for active action in the Middle East and North Africa, "which identified steps to address the problems associated with high unemployment and slow growth. In addition, the Bank provided financing in the amount of $ 70 million for the implementation of the project for the development of micro, small and medium-sized enterprises in order to ensure comprehensive growth in Jordan. The unemployment rate among young women in many countries of the region reaches40 percent. The report presents objective data need to create a large number of different employment opportunities as for women and for men. The World Bank as an institution More broadly the past two years of work on governancein the World Bailk underlines the key role played by institutions in the development process, both from the perspective of the enabling environment for the private sector and f6r. effective programs in the public sector in poverty alleviation and other areas.. Central objectives of the Bank's economic and sector work and research efforts in the coming years should be how to assist countries in building strong instituidons and to explore further the relationship between institutional development,.public sector management, and the other dimensions of governance. A better understanding of these key relationships should help operational staff develop. more coherent country strategies for institutional development and public management reform. A major strategic issue for the Bank is how much further the govemance agenda should be developed.

Very often there is a confusion of what to attribute to indicators of poverty, and what - to the factors that determine it. The system of these indicators and factors is shown in the figure



Quantitative and qualitative assessment of poverty, as well as economic inequality is of great importance for the development of economic and social policies of the state. To ensure effective management of socio-economic processes in the country, monitoring of changes in the social and economic structure of society is necessary.

Afghanistan: 23%	local The population was built 11 000 km roads that allowed the creation of workers places, as well as improve access to markets, schools and medical institutions for rural residents.
Bangladesh: 15%	more than 6 million girls today attend secondary schools what five times more than the figure of 1.1 million girls in 1991.
Bhutan: 42%	90 per cent of children in 2009 year ended school compared to 76 percent in 2006.
Bosnia and Herzegovina: 22%	100 percent residents of 20 municipalities in 2011, had 24-hour access to the systems, water supply compared to 75 percent in 2004
Colombia: 51%	as of the end 2012 by one of five transit high-speed bus lines, working across the country, is transported almost 1.7 million passengers per day.

In fiscal year 2013, the Bank assisted in the implementation of 16 projects, increasing volume financing to $ 2.1 billion, including IBRD loans of $ 1.8 billion and IDA loans worth $ 249 million. The Bank has also reserved $ 56.4 million for special funding for the West Bank and the Gaza Strip.

Along with funding, the Bank has prepared 74 economic and sectoral areas for the region research, as well as conducting non-related technical assistance activities lending RAS Advisory Services Program

gives the Bank the opportunity not only to cooperate with the governments of the client countries, but also to provide analytical and consulting services to the governments of the administrative-territorial entities, state enterprises, non-governmental organizations organizations and multilateral institutions. In recent years, the Bank has increased its volume services provided to members of the Gulf Cooperation Council within the framework of the agreements RAS These agreements were aimed at solving the issues of labor employment, water security, education, urban development and energy security. In response to the serious political transformations in the region, the Bank has developed new framework for cooperation. In addition to accounting the views of new governments for the purposes development of support programs that ensure achievement of their goals in Development area, the Bank expanded the range of participants in the consultations, including in he interested representatives of various civil society organizations, not who had the opportunity to express their opinion openly under the former regimes. New frame The program was developed in the light of ongoing reforms and requirements put forward during the time "Arab Spring", and envisaged four main components: perfection government, raising the level of social integration, creating workers places and ensuring sustainable growth. In addition, it included a number of intersectoral aimed at: strengthening regional and global integration, and ensuring gender equality equality and development of the private sector. In addition, at the request of the participants of Deauville Partnership, led by the G-8 (G-8) and the Persian Gulf, Bank has created a Fund for the Support of Countries in Transition in the Middle East and in the North Africa, whose initial capital amounted to $ 250 million. The fund has been created together with 11 international organizations in six countries with economies in transition (Arab Republic of Egypt, Jordan, Libya, Morocco, Tunisia and the Republic of Yemen) for providing technical assistance in implementing policy and institutional reforms devices in accordance with the above principles of the framework program.

Conclusion and recommendations

The modern world economy is interconnected and interdependent. Special mechanisms and tools have been created to serve the various interests of the representatives of individual countries. An important place in the system of international economic relations is occupied by international monetary, financial and banking organizations.

It should be noted that poverty as a socio-economic phenomenon is inherent in any country, including Belarus, which belongs to countries with transitional economies. This problem is especially urgent for our country over the past 15 years, because the official level of poverty is very high, and only in recent years it began to decline. The World Bank provides not only financial support to member countries. Its activities are also aimed at providing analytical and advisory services that developing countries need. An analysis of the policies pursued by countries and the development of appropriate recommendations to improve the socio-economic situation in countries and improve the living conditions of the population are part of the World Bank's activities. The Bank conducts research on a wide range of issues, such as the environment, poverty, trade and globalization, and economic and sectoral research in specific sectors. The Bank analyzes the prospects for economic development of countries, including, for example, the banking and / or financial sector, trade, poverty and social protection.

A significant part of the effort is also directed to educational activities and the dissemination of knowledge that helps solve the problems of the country's development.The World Bank provides assistance to both developed and developing countries, providing loans, guarantees, analytical work and advising countries on various issues, promoting institutional capacity and monitoring activities aimed at global development.

Thus, the main objective of the World Bank is to promote sustainable economic growth in developing countries and reduce poverty. However, its role in the development of the system of international relations is not limited only to the economic aspect of the organization's activities. Priority for the Bank is structural transformation: trade liberalization, privatization, education and health reform, infrastructure investments. The main advantage of cooperation with the World Bank for the recipient country lies in the significantly lower interest rates on loans compared to other international lenders. Another promising benefit for the beneficiary of the Bank's assistance is that intergovernmental loans are lending to the World Bank, and the country's credit rating for private investors is rising.

The World Bank is an international financial organization set up to organize financial and technical assistance to developing countries.

In the course of its development, the World Bank has undergone various structural changes, therefore the term "World Bank" was understood at different stages by different organizations.

The modern world economy is interconnected and interdependent. Special mechanisms and tools have been created to serve the various interests of the representatives of individual countries. An important place in the system of international economic relations is occupied by international monetary, financial and banking organizations.

The World Bank carries out its activities through the Departments of Vice-Presidents (DWP), dealing with specific regions or sectors or combating poverty and promoting economic development. In addition, there is a system of professional networks promoting cooperation and the sharing of knowledge and information between regions and sectors.

The Bank acts as a partner for countries with developing economies and expanding markets, with the aim of improving the quality of life of people. Unlike many humanitarian and technical assistance programs, the Bank does not provide guarantors. All loans issued by the Bank are repayable.

International monetary and financial organizations can be conditionally called international financial institutions. These organizations share a common goal - the development of cooperation and ensuring the integrity and stability of a complex and contradictory world economy.

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