INTERNATIONAL ECONOMIC INSTITUTIONS: DIFFERENT TASKS AND RISKS OF REPERCUSSIONS AT THE GLOBAL LEVEL

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\textbf{ARTICLE INFO} & \textbf{ABSTRACT} \\
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\textbf{Article history:} & \textbf{Purpose:} International economic institutions occupy a great position at the level of global economies by providing great financial support to member countries. These institutions also seek to study their position at the international level and the extent of their capabilities to confront the crises that afflict developed and developing countries, as they have contributed to addressing the crises faced by the countries of the world. Since its inception and the repercussions and potential risks that threaten its economic stability. The study aims to achieve several goals, most notably studying the concept of international economic institutions and their implications for international economies, knowing the tasks of the International Monetary Fund and the World Bank regarding loan policies, and clarifying the implications and risks of loans provided by the Fund and the World Bank on the reality of global economies. \\
\textbf{Received} 21 November 2022 & \textbf{Theoretical framework:} To approve the hypothesis of the study and achieve its aims, a deductive approach is adopted starting from realistic constants in collecting data and facts, as well as adopting the descriptive analytical method in the study of international financial institutions. \\
\textbf{Accepted} 16 February 2023 & \textbf{Design/methodology/approach:} The impact of the chaos witnessed by the First and Second World Wars prompted the international financial institutions to assume the responsibility of managing the international monetary system and ensuring global economic stability through the application of policies to achieve this and address the deficit in the balance of payments of the member states of these institutions. \\
\textbf{Keywords:} & \textbf{Findings:} The study hypothesized that despite the repercussions and risks of wars on developing and developed countries, the international financial institutions represented by the IMF and the world bank were able, through their tasks, to offer packages of loans to fill part of the deficit that these countries were exposed to, which enabled the countries to finance its economic projects. \\
Risks Management; & \textbf{Research, Practical \& Social implications:} The most prominent finding of the study is that what distinguishes the work of the international monetary fund from the world bank is the duration of time, as the fund provides short-term loans, unlike the world bank, which deals with long-term loans. Regarding the lending policy, despite the high-interest rates imposed on loans by international economic institutions, they are linked to structural measures that constitute an obstacle to the lending country. \\
Risks Repercussions; & \textbf{Originality/value:} The problem of the study lies in the fact that most countries of the world, whether developed or developing, are exposed to many economic problems as \\
Monetary Fund; & \\
Lending Policy. & \\
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institutions economics internacionais, os países em desenvolvimento e em desenvolvimento, estes instituições também procuram estudar sua posição no nível internacional e a extensão de suas capacidades para enfrentar as crises que afligem os países desenvolvidos e em desenvolvimento, pois contribuiriam para enfrentar as crises enfrentadas pelos países do mundo. Desde sua criação e as repercussões e riscos potenciais que ameaçam sua estabilidade econômica. O estudo visa atingir vários objetivos, principalmente estudar o conceito de instituições econômicas internacionais e suas implicações para as economias internacionais, conhecer as tarefas do Fundo Monetário Internacional e do FMI em relação às políticas de empréstimos, e esclarecer as implicações e riscos dos empréstimos concedidos pelo FMI e pelo Fundo Mundial sobre a realidade das economias globais.

Estrutura teórica: Para aprovar a hipótese do estudo e atingir seus objetivos, adota-se uma abordagem dedutiva a partir de constantes realistas na coleta de dados e fatos, bem como adotando o método analítico descritivo no estudo das instituições financeiras internacionais.

Concepção/metodologia/abordagem: O impacto do caos testemunhado pela Primeira e Segunda Guerras Mundiais levou as instituições financeiras internacionais a assumir a responsabilidade de administrar o sistema monetário internacional e assegurar a estabilidade econômica global através da aplicação de políticas para alcançar este objetivo e lidar com o déficit no balanço de pagamentos dos estados membros destas instituições.

Conclusões: O estudo pressupunha que, apesar das repercussões e riscos das guerras nos países em desenvolvimento e desenvolvidos, as instituições financeiras internacionais representadas pelo FMI e o banco mundial puderam, através de suas tarefas, oferecer pacotes de empréstimos para preencher parte do déficit a que esses países estavam expostos, o que permitiu que os países financiassem seus projetos econômicos.

Pesquisa, implicações práticas e sociais: A conclusão mais proeminente do estudo é que o que distingue o trabalho do fundo monetário internacional do banco mundial é a duração do tempo, já que o fundo oferece empréstimos de curto prazo, ao contrário do banco mundial, que lida com empréstimos de longo prazo. Quanto à política de empréstimos, apesar das altas taxas de juros impostas aos empréstimos por instituições econômicas internacionais, eles estão ligados a medidas estruturais que constituem um obstáculo para o país mutuante.

Originalidade/valor: O problema do estudo reside no fato de que a maioria dos países do mundo, desenvolvidos ou em desenvolvimento, estão expostos a muitos problemas econômicos como resultado de sua falta de necessidades de financiamento internacional para enfrentar as crises às quais estão expostos, forçando-os a recorrer a instituições financeiras internacionais para preencher o déficit.

Palavras-chave: Gestão de Riscos, Repercussões de Riscos, Fundo Monetário, Política de Empréstimos
Diseño/metodología/enfoque: El impacto del caos que supusieron la Primera y la Segunda Guerra Mundial llevó a las instituciones financieras internacionales a asumir la responsabilidad de gestionar el sistema monetario internacional y garantizar la estabilidad económica mundial mediante la aplicación de políticas para lograrlo y hacer frente al déficit de la balanza de pagos de los Estados miembros de estas instituciones.

Conclusiones: El estudio planteó la hipótesis de que a pesar de las repercusiones y los riesgos de las guerras en los países en desarrollo y desarrollados, las instituciones financieras internacionales representadas por el FMI y el banco mundial pudieron, a través de sus tareas, ofrecer paquetes de préstamos para cubrir parte del déficit al que estaban expuestos estos países, lo que permitió a los países financiar sus proyectos económicos.

Invertigación, implicaciones prácticas y sociales: La conclusión más destacada del estudio es que lo que distingue la labor del fondo monetario internacional de la del banco mundial es la duración en el tiempo, ya que el fondo concede préstamos a corto plazo, a diferencia del banco mundial, que se ocupa de préstamos a largo plazo. En cuanto a la política de préstamos, a pesar de los elevados tipos de interés impuestos a los préstamos por las instituciones económicas internacionales, éstos están vinculados a medidas estructurales que constituyen un obstáculo para el país prestatario.

Originalidad/valor: El problema del estudio radica en que la mayoría de los países del mundo, ya sean desarrollados o en vías de desarrollo, están expuestos a numerosos problemas económicos como consecuencia de su falta de necesidades de financiación internacional para hacer frente a las crisis a las que están expuestos, lo que les obliga a recurrir a las instituciones financieras internacionales para cubrir el déficit.

Palabras clave: Gestión de Riesgos, Repercusiones de los Riesgos, Fondo Monetario, Política de Prestamos.

INTRODUCTION

The international financial institutions represented by the International Monetary Fund and the World Bank are among the most important pillars of the international financial system because of their great importance at the level of developed and developing countries by providing long- and medium-term loans during crises that afflict countries. They also play an important role in regulating international economic relations towards the period of repayment of the interests granted on loans. It appeared as based on the presentation of two projects by economists (Keynes, Harry White) during the exposure of most countries of the world to the economic collapse during the Second World War to control fluctuations in the international market and exchange rates, achieve control over global financial markets, limit crises, and minimize their impact and repercussions on the global economy.

The objective of the article is to achieve several goals, most notably studying the concept of international economic institutions and their implications for international economies, knowing the tasks of the International Monetary Fund and the World Bank regarding loan policies, and clarifying the implications and risks of loans provided by the Fund and the World Bank on the reality of global economies.

MATERIAL AND METHODOLOGY

The Emergence of International Economic Institutions

The idea of the emergence of international economic institutions dates back to the impact of the chaos that occurred during the period between the two world wars, to serve as the
international institution that is responsible for managing the international monetary system and ensuring global economic stability through the application of policies to achieve this, addressing the deficit in the balance of payments of member states in these institutions and mitigating In addition to achieving stability of exchange rates and maintaining their systems without falling into financial crises (IMF Annual Report, 2007). The establishment of these institutions cannot be considered a product of the moment. Several factors contributed to the acceleration of its establishment, starting with the great depression in 1929, through the Second World War, and ending with the collapse of the gold standard. The great depression in the global economic crisis reached a decline in production and prices at the international level, and this depression reinforced the belief that the public sector should play an active role in the economic activity of countries. Analysts also began thinking about finding an intergovernmental body with great tasks and powers to maintain the international financial system. As soon as the Second World War ended, the United States and Britain began preparing plans for the reconstruction of the international financial system that governs international relations, which was destroyed by the war (Paul Halod, 2007).

As these institutions were the birth of a global financial and economic system, which was later known as the Bretton Woods Conference, which was held in New Hampshire and lasted for three weeks since the first of July 1944, when the conference was attended by 730 people representing 44 countries of the world, to continue discussions In-depth discussion among those mentioned on the halls of the Washington Mount Hotel about the prospective global financial system (G. S. Smith et al., 2017). Among the most prominent discussions that took place and were determining the future of the international financial system is what Benn Steil mentions in his book “The Battle of Bretton Woods,” in which he presents events that occurred during the three weeks during which the Bretton Woods negotiations took place. With the cooperation of the victorious allies in shaping the economy of the post-war world, but the reality of Bretton Woods was different, because the essence of the conference was imprinted with the conflict between the United Kingdom and the United States, to be the conflict between two important economists who were leading the first economic negotiations John Maynard Keynes Britain, but was not He had enough power to impose British views on Britain's war debts, and he also failed to obtain interest-free loans that supported the British economy. Keynes' proposal was to create a global central bank that would issue a politically independent international settlement currency backed by gold, called Bancor. This was the main purpose of the Americans to promote American aspirations in the post-war economic system, and White's
The view was reasonable at the time because the US Federal Reserve of gold constituted half of the world's reserves (Frances Coppola, 2020).

The goals of America, through their representative, Harry White, led to pushing the negotiations towards the establishment of a global arrangement that would push more dollars into transactions worldwide, because until 1947 the proportion of global reserves of the pound sterling reached 78% because transactions in the pound sterling were prevalent in about 35 countries during period of the first half of the twentieth century. This desired global economic system is based on three pillars:

1. The International Monetary System: It is led by the International Monetary Fund (IMF), which is responsible for the international monetary system and controls the rules of conduct for exchange rates, balances of payments, sources of deficit financing, and corrective policies.

2. The International Financial System: It is led by the International Bank for Reconstruction and Development, later known as the World Bank WB, and is responsible for matters relating to external loans, capital movement, foreign aid, and direct and indirect investments.

3. The international trading system: that is, the total of procedures related to the movement of goods and services, protection policies, import and export, and the GATT has undertaken this (Mahmoud Hamed, 2017).

The Bretton Woods Conference is the basis and turning point in international economic relations, which laid the basis for cooperation among countries to solve global monetary problems and resulted in the emergence of international economic institutions (the International Monetary Fund and the World Bank). It came into force in 1945 (Kenida Zulekha, 2006). As a result of the foregoing, Article 1 of the Bretton Woods Conference Agreement stipulates the objectives of the new international economic order, which are (H. A. Z. Amin, 2008):

1. Encouraging exchange rate stability.

2. Giving confidence to member states by making available the resources of the International Monetary Fund.

3. Encouraging international monetary cooperation through consultation and cooperation on international monetary problems.

4. Establishment of a multilateral system for payments for current account transactions (Paul Halod, 2007).
The Concept of the International Monetary Fund

It is a specialized agency of the United Nations system that came under an international treaty in 2009 to work to enhance the safety of the global economy. It is headquartered in Washington, and the number of its members at the time of its establishment was approximately 44 members in 1945. Membership in it does not require that the country be a member of the United Nations and the Fund consists of: The original members are the countries that attended the Bretton Woods conference and that deposited documents of accession until the end of December of the year 1945, and the countries that acceded after December of 1945, are not considered original members, but their membership was accepted by decisions by the Board of Governors of the Fund and there is no difference in rights and obligations between each of the original members and the new members, and each country has the right to withdraw from the fund after being notified. He is requested to withdraw from the Fund.

Therefore, the International Monetary Fund can be defined as an institution of the global economic system, which is superior to the International Bank for Reconstruction and Development in importance and due to the reason In this, the International Monetary Fund has entrusted it with the most dangerous task in the post-World War II period, which is to work on stabilizing exchange rates and freedom of currency financing, in addition to that it remained for a period concerned with the affairs of the developed countries, while the World Bank was preoccupied with the affairs of developing countries, which are less at the level strategic (A. Abdelkarim, 2016). It can also be considered the central institution in the international financial system, i.e. the system of international payments and currency exchange rates, which allows trade transactions between countries to be carried out with high flow, as it supervises this system and provides the global institutional framework within which countries cooperate in international financial affairs (IMF, 2003).

The Tasks of the International Monetary Fund

One of the tasks of the International Monetary Fund is to provide technical assistance and training in order to support the financial and technical sectors, organize the banking system, improve the management of tax and customs policies, and manage external and internal debt in order to tie it up with exorbitant debts to be an entry point for setting the conditions of the creditor countries and confiscating their national decision.

As for the lending policy, despite the high interest rates imposed on loans, they might have become acceptable if they were not linked to the structural change that leads to the dependence of the debtor economies on the will of the debtor capitalist countries (O. M. I.
Mohamed, 2012). In order for the International Monetary Fund to achieve its tasks, it performs two main tasks (A. A. F. Abu Sharar, 2007):

1. The first task is the financing task which relates to providing members with international means of payment in the form of loans. Sub-tasks fall under this task are the following:
   a) Granting countries that suffer from a temporary deficit in their balance of payments the necessary resources to correct this imbalance without resorting to imposing monetary measures on the economies of these countries.
   b) Providing the necessary international liquidity to settle international payments through special drawing rights.
   c) Providing resources and loans in cooperation with the World Bank, which is called structural adjustment facilities.

2. The second task is related to control and guidance: the following sub-tasks fall under this task:
   a) Maintaining the stability of exchange rates and preventing countries from competing to devalue their currencies.
   b) Establishing a multilateral system that prevents the imposition of restrictions on the exchange that prevent the development and revitalization of trade.
   c) The Fund provides advice and advice to member states in the field of monetary and economic matters.
   d) Regulatory functions, which means managing the rules governing currency values and convertibility.
   e) Financial tasks are achieved by providing supplementary liquidity to members who face problems in the balance of payments.

Also, one of the Fund’s tasks is to issue bonds on the basis of Special Drawing Rights upon the conclusion of the first bond purchase agreement with the member country, that is, after purchasing these bonds, they become tradable in the official sector with its commitment to pay interest on a quarterly basis according to the interest rate towards the Special Drawing Rights (IMF, 2010). For more clarity, see Table (1).
Table (1): Bond purchase agreements for 2010

<table>
<thead>
<tr>
<th>Country</th>
<th>Actual Date</th>
<th>Amount</th>
<th>Currency</th>
<th>Equivalent in US Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>China's central bank</td>
<td>September 2, 2009</td>
<td>32.00</td>
<td>Special Drawing Rights Unit</td>
<td>49.9</td>
</tr>
<tr>
<td>Brazil</td>
<td>January 22, 2010</td>
<td>10.00</td>
<td>American dollar</td>
<td>10.0</td>
</tr>
<tr>
<td>Reserve Bank of India</td>
<td>March 8, 2010</td>
<td>10.00</td>
<td>American dollar</td>
<td>10.0</td>
</tr>
<tr>
<td>Total Bond Purchase</td>
<td></td>
<td></td>
<td></td>
<td>69.9</td>
</tr>
<tr>
<td>Agreements</td>
<td></td>
<td></td>
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</tbody>
</table>

Source: Prepared by the authors (2022).

The Organizational Structure of the International Monetary Fund

**Board of governors**

It represents the supreme authority of the Fund, which meets annually to consult on the global monetary system. Each member of the Board is represented by one governor assisted by an alternate governor. Each member state of the Fund has the right to choose one governor to represent it on the Board of Governors. Usually, the governors and their deputy are from the Ministry of Finance or Central bank governors, assisted by two committees (M. A. Sahib, 2008).

**Executive board**

The Executive Board, consisting of 24 members and headquartered in Washington, manages the day-to-day business of the International Monetary Fund and exercises the powers conferred upon it by the Board of Governors in addition to the powers conferred upon it by the agreement (M. A. Sahib, 2008).

**Fund manager**

He is elected with the knowledge of the executive directors, and in this position, he represents the head of the staff of the fund, in light of the agreement of the fund that he heads the executive board, but he does not have a vote in it, except for the weighted vote in the event of a split in the number of votes within the board, and the term of his contract is five years. It is renewable, and in most cases, a person with extensive experience in the field of cash, credit and money is appointed as a fund manager, who is assisted in his work by one or two deputies.
The Fund's administrative body

One of the tasks of the fund manager is to appoint a selected group of technical employees who represent the working body of the fund so that the maximum levels of efficiency and technical allocation are taken into account in their selection while expanding the base from which these employees are selected to the greatest extent possible.

RESULTS AND DISCUSSION

Definition of the World Bank

We can define the concept of the World Bank as a global economic institution responsible for managing the international monetary system and concerned with the application of economic policies to achieve economic development for member states, and therefore its responsibility focuses mainly on development and investment policies, structural reform policies, and resource allocation policies. In the public and private sectors, it is also concerned with creditworthiness because of its dependence on borrowing from money markets for its financing (A. M. A. Muttalib, 2003).

Therefore, the World Bank is considered complementary to the work of the International Monetary Fund, as the work of the World Bank is according to a long-term period of time, but it is required for structural adjustment operations. This is preceded by the stabilization stage, which is the main concern of the Fund, i.e. reducing inflation, reducing the budget deficit, and correcting the exchange rate, as they are preliminary conditions for structural adjustment operations to succeed in the medium and long term, and from here the close relationship between the International Monetary Fund and the World Bank becomes clear (H. Nour El-Din, 2016).

The Tasks of the World Bank

Among the most important tasks performed by the World Bank are the following (A. K. J. Al-Issawi, 2008):

Providing loans

The World Bank does not lend to members unless it is confirmed that the member state that wishes to obtain the loan cannot provide the cash resources it needs from the regular financial market on reasonable terms, and it is not permissible to exceed the loans granted by or participating in the Bank and the guarantees it provides At any time, his total subscribed
capital, including reserves and surplus profits. The loans provided by the bank take the following forms:

a) Direct lending from the bank’s money: where the bank can lend (2%) paid in gold or US dollars without the need to obtain the approval of the member states, and the (18%) is in the currency of the member state, so the approval of the country that owns the currency must be obtained for the procedure the loan in its currency.

b) Direct lending from money borrowed by the bank: the bank has the right to borrow by issuing bonds, to loan the recipient to countries and authorities for investment or development, in case of approval of the state in which the bank sells the bonds, i.e. from which the bank borrows. The amount of the loan in a currency is equal to what the bank borrowed from the same currency.

c) The bank guarantees, in whole or in part, the international loans offered by ordinary investors through the normal investment methods that are held outside the bank, with the aim of encouraging international investment and to encourage lending.

**Sectorial operations loans**

The Bank has set a rural development strategy, the aim of which is to reach the poor in the countryside, in cooperation with developing and transitional (formerly socialist) countries, to fulfill the obligations of the international community to reduce the number of people suffering from poverty by half by 2015. This strategy focuses on attention agriculture as the main engine of economic growth and then increases land rent.

**Granting long-term credit**

The World Bank is the best aid to carry out long-term construction and development projects, and the conditions for granting this credit are flexible and can be modified according to the conditions of the debtor state. The World Bank loans are also characterized as unconditional loans. The borrower can buy goods from any market desired (A. K. J. Al-Issawi, 2008).

**Structural adjustment loans**

These loans were introduced in 1980 and seek to achieve a wide range of interrelated goals in general and based on a set of economic, political and social considerations. The achievement of these goals depends on the balanced relationship between the required and
available resources and then prioritizing the options to achieve the goal in the shortest possible period.

**Activating international trade**

The failure to link loans granted by the World Bank leads to the freedom of debtor countries to buy what they need with this debt from the cheapest markets, and this leads to the revival of international trade, thus deepening the specialization of each country in the commodity that it produces with the lowest relative costs. On the other hand, the increase in incomes arising from construction and reconstruction leads to an increase in the tendency to import and a revival of external exchange. The trade shocks often occur as a result of economic and trade policies adopted by different countries (Fahad et al., 2022).

**The Organizational structure of the World Bank**

The organizational structure of the World Bank can be highlighted through the following boards (B. Al-Taher, Master Thesis):

**Board of governors**

This board supervises the management of the bank, and each member state of the bank appoints (67) governors and deputy governors for five years to represent the member in the meetings of the board that meets once a year.

**The board of executive directors**

The Board of Governors delegated to the Directors this Board all the powers conferred on the Bank, and it bears the responsibility for managing the affairs of the Bank and also exercises the powers granted throughout the year. For the remaining members, the election process takes place every two years.

**Advisory board**

More than (9,300) employees work in the Bank, including economists, educators, environmental scientists, financial analysts and scientists. These belong to about 160 countries, and more than 3000 people work in country offices.
The Implications and Risks for International Economic Institutions

One of the most important risks that have posed repercussions at the global level is the demands generated by most countries to reform the global financial system as it brought about changes in the global economy. Emerging and developing economies must have greater voice and representation in international economic institutions, whose chiefs and CEOs should be appointed through an open, transparent and merit-based selection process. We also believe that there is a strong need for a stable, predictable and more diversified international financial system (Joint Statement BRIC Countries', 2009). BRICS bloc enabled them to overcome the global financial crisis, unlike most countries in the world that were under the brunt of this crisis, and this is a clear indication of the success of this bloc (A. Neamah Ali et al., 2022). Among the most prominent risks of these repercussions are:

a) The system of international economic institutions lacks multilateral representation and developing economies should not be involved.

b) These institutions are slowing down from growth in the direction of global changes.

c) Lack of transparency in the process of appointing senior officials in the bodies of economic institutions, and that these appointments are dominated by ambiguity and favoritism without looking at the issue of competence and experience.

d) The adoption of the dollar as a basis for transactions in the institutions' apparatus which confirms the Western hegemony led by the United States of America.

In addition, there are other risks for emerging countries that have had repercussions on the direction of international economic institutions, including (Bretton Woods Project, London):

a) Lack of democracy in institutions in terms of representation and large positions within the framework of the institution, such as the structural lack of representation of the countries of the South in the world. This is related to the imbalances of political power, where voting shares depend mainly on the size and “openness” of the economies of the countries, and the poorest countries - Often those receiving loans are underrepresented in decision-making processes.

b) Undermining democratic ownership: Economic policy terms that are often attached or “recommended” as part of loans and projects, technical assistance or financial control, undermine the sovereignty of borrowing countries, limit their ability to make policy decisions and are a catalyst for eroding their ownership of development strategies.
c) Biased and inconsistent decision-making: The Bank and the Fund have also been heavily criticized for the role that the political expediency of shareholders plays in decision-making and the choice of interventions, including their support for dictatorships.

d) Lack of thinking about the consequences: In the 1980s, the Bank was suffering from a series of controversies related to the environmental and social impacts of Bank-financed projects, with the Sardar Sarovar Dam project in India sparking a global opposition campaign.

e) Causing significant damage during development projects, as happened in the Indian dam project, and the absence or lack of positive effects of the projects: Experiences prove that the development projects adopted by the Bretton Woods institutions did not take into account the human rights for which they were found.

f) Criticisms related to the environment, exemplified by the model based on unsustainable growth and the continuation of fossil fuel investments (R. Vollgraaff, 2020). For more information on this, see Table (2).

Table (2): The superiority enjoyed by international economic institutions over the emerging countries bloc

<table>
<thead>
<tr>
<th>International economic institutions</th>
<th>Emerging countries bloc</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>World Bank</td>
<td>IMF</td>
<td>Total</td>
</tr>
<tr>
<td>Number of members</td>
<td>189</td>
<td>5</td>
</tr>
<tr>
<td>Total financial contributions</td>
<td>661</td>
<td>661</td>
</tr>
<tr>
<td>Number of Employees</td>
<td>10000</td>
<td>2,700</td>
</tr>
<tr>
<td></td>
<td>12700</td>
<td>200</td>
</tr>
<tr>
<td></td>
<td>200</td>
<td>200</td>
</tr>
</tbody>
</table>

Source: Prepared by the authors (2022).

CONCLUSIONS

The obstacles of the international financial institutions are represented through their missions in providing aid to developed and developing countries, whether as a result of war or the occurrence of structural imbalances in the economies of these countries. What distinguishes the work of the International Monetary Fund from the World Bank is the length of time. The Fund provides short-term loans, unlike the World Bank, which deals with long-term loans. With regard to the lending policy, despite the high interest rates imposed on loans by international economic institutions, they are linked to structural measures that constitute an obstacle to the lending country. Most of the countries of the world during the Second World War had their
economies collapsed, which prompted the United States of America to establish these institutions to be a tributary and a catalyst for achieving balance and economic cooperation in order to control the fluctuations in the economy of these countries and the large deficit and weakness in economic spending as a result of the wars.

The study proposes the below recommendations. The necessity of working to follow up on the economic reforms and developments taking place in developing countries as a result of the economic reform program agreed upon by the International Monetary Fund and the World Bank in return for obtaining loans. It requires the countries that owe loans to reduce the policy of reliance on loans by the International Monetary Fund and the World Bank and benefit as much as possible from these loans in the activities of economic activities and stay away from spending these loans on operational budgets, specifically in developing countries. The necessity of providing studies and well-studied consultations by developing countries, explaining the stages of operating loans in the programs agreed upon with international economic institutions in order to know the extent of the importance of the loan to these countries. Demanding countries that have been exposed to crises and wars to stay away as much as possible from the loan policy and not to resort to it except in cases of necessity.

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