

УДК 327.102

**ROLE OF INTERNATIONAL FINANCIAL INSTITUTIONS IN THE SYSTEM
OF INTERNATIONAL RELATIONS**

Shahzadaev Rahim

ramu99@mail.ru

2-d year master's student, Faculty of International relations,
L.N. Gumilyov Eurasian National University, Nur-Sultan, Kazakhstan

Supervisor – D. Akhmedyanova

IFIs - institutions established on the basis of interstate (international) agreements in the field of international finance.

In many parts of the world, international financial institutions (IFIs) play a major role in the social and economic development programs of nations with developing or transitional economies. This role includes advising on development projects, funding them and assisting in their implementation.

Characterized by AAA-credit ratings and a broad membership of borrowing and donor countries, each of these institutions operates independently. All however, share the following goals and objectives:

- to reduce global poverty and improve people's living conditions and standards;
- to support sustainable economic, social and institutional development;
- to promote regional cooperation and integration.

IFIs achieve these objectives through loans, credits and grants to national governments. Such funding is usually tied to specific projects that focus on economic and socially sustainable development. IFIs also provide technical and advisory assistance to their borrowers and conduct extensive research on development issues. In addition to these public procurement opportunities, in which multilateral financing is delivered to a national government for the implementation of a project or program, IFIs are increasingly lending directly to non-sovereign guaranteed (NSG) actors. These include sub-national government entities, as well as the private sector.

All IFIs use country strategy documents, as these are fundamental to establishing an IFI's lending priorities for a particular country. Based on the country's own vision for its long-term development and written by the IFI, the document lays out the IFI's support program for the nation.

A country strategy begins by analyzing the causes of poverty within the population and identifying key areas where the IFI's assistance can reduce it most effectively. This establishes a foundation for the IFI's future activities in the country, which can range across the entire spectrum of economic and social needs.

The development of the country strategy involves extensive discussions with many stakeholders, including government authorities, representatives of civil society, non-government organizations, development agencies and the private sector. These discussions are crucial to the success of the strategy because they promote collaboration and coordination among the various national partners.

Participants of IFIs are states and non-governmental institutions.

What functions do IFIs perform for global economic development?

- analysis of the situation, trends and factors of the development of the world economy;
- transactions on the world currency and stock market in order to regulate the world economy, maintain and stimulate international trade;
- investment activity (lending in the field of international and domestic national projects);
- lending to government projects;
- financing of international assistance programs;
- financing of scientific research;
- charitable activities.

Which IFIs are functioning today?

The International Monetary Fund, established in 1945, contributes to the development of the international monetary system, as well as the economic and financial policies of 189 member countries. The IMF provides loans to member countries experiencing current or potential balance of payments difficulties to help them restore their international reserves, stabilize national currency rates, continue to pay for imports and restore conditions for strong economic growth, while eliminating the main problems.

The World Bank Group includes 5 organizations that were created at different times as the tasks expanded and united functionally, organizationally and geographically, such as:

- International Bank for Reconstruction and Development (IBRD);
- International Development Association (IDA);
- International Finance Corporation (IFC);
- Multilateral Investment Guarantee Agency (MIGA);
- International Center for Settlement of Investment Disputes (ICSID).

The main goal of the World Bank Group is to provide financial support to developing countries and countries with economies in transition. Each of the institutions included in the group independently uses its resources and on its own terms to finance investment projects, contributing to the implementation of economic development programs of these countries.

The International Bank for Reconstruction and Development (IBRD) was established in accordance with the decision of the Bretton Woods Conference in 1944. It is a global development organization, the largest bank supporting the mission of the World Bank Group by providing loans, guarantees, risk management products and advisory services to middle-income countries, as well as the most creditworthy low-income countries.

The International Development Association (IDA), established in 1956, is an organization that provides interest-free loans and grants to the governments of the poorest countries in the world. Countries with a GDP per capita of no more than \$835 are eligible to receive loans from IDA. IDA provides interest-free loans with a 30-40-year maturity and deferred principal payments for the first ten years.

The Multilateral Investment Guarantee Agency (MIGA) was established in 1988 in addition to the IBRD to facilitate the direction of foreign direct investment in developing countries, insurance against political risks and providing guarantees to private investors, as well as providing consulting and information services. MIGA guarantees protect investors from the risks of restricting the movement of funds, confiscation, military and civil unrest, and violation of contract terms.

The International Center for Settlement of Investment Disputes (ICSID), established in 1966, is an international arbitration institution for the settlement of disputes between States and private investors (international investment arbitration).

References:

- 1 Международные финансовые институты. Международные финансовые институты - Образовательный веб-сайт по финансовой грамотности Центрального банка РУз (finlit.uz)
- 2 Overview of International Financial Institutions. Overview of International Financial Institutions (IFIs) (tradecommissioner.gc.ca)