

Nauru's World Bank and IMF Membership

Introduction

Nauru became a member of the IMF and World Bank Group on the 12th April 2016. The formal signing was held in at the State Department in Washington, DC and signed by the Hon David Adeang MP – Minister for Finance. In addition, Nauru joined the ISCID (International Centre for Settlement of Disputes). These prestigious memberships while certainly increasing Nauru's international profile bring obligations for transparency with adherence to the goals and international standards in monetary, fiscal management and policy direction.



The World Bank's mandate. The World Bank promotes long-term economic development and poverty reduction by providing technical and financial support to help countries reform particular sectors or implement specific projects—such as, building schools and health centres, providing water and electricity, fighting disease, and protecting the environment. World Bank assistance is generally long term and is funded both by member country contributions and through bond issuance. World Bank staff are often specialists in particular issues, sectors, or techniques.

The IMF's mandate. The IMF promotes international monetary cooperation and provides [policy advice](#) and [technical assistance](#) to help countries build and maintain strong economies. The IMF also [makes loans](#) and helps countries design policy programs to solve balance of payments problems when sufficient financing on affordable terms cannot be obtained to meet net international payments. IMF loans are short and medium term and funded mainly by the pool of quota contributions that its members provide. IMF staff are primarily economists with wide experience in macroeconomic and financial policies.

The IMF and World Bank collaborate regularly and at many levels to assist member countries and work together on several initiatives. In 1989, the terms for their cooperation were set out in a [concordat](#) to ensure effective collaboration in areas of shared responsibility.



High-level coordination. During the [Annual Meetings](#) of the [Boards of Governors of the IMF](#) and the World Bank, Governors consult and present their countries' views on current issues in international economics and finance. The Boards of Governors decide how to address international economic and financial issues and set priorities for the organizations.

- **IMF Country Assessment of Nauru:**

IMF economists continually monitor members' economies. They visit member countries—usually annually—to exchange views with the government and the central bank and consider whether there are risks to domestic and global stability that argue for adjustments in economic or financial policies. Discussions mainly focus on exchange rate, monetary, fiscal, and financial policies, as well as macro-critical structural reforms. During their missions, IMF staff also typically meets with other stakeholders, such as parliamentarians and representatives of business, labor unions, and civil society, to help evaluate the country's economic policies and outlook.

Upon return to headquarters, the staff presents a report to the IMF's [Executive Board](#) for discussion. The Board's views are subsequently transmitted to the country's authorities, concluding a process known as an Article IV consultation. In recent years, surveillance has become more transparent. Nauru completed its first review in January 2017 with formal approval with recommendations finalised in April. These reviews will continue on an annual basis going forward to support the countries fiscal management in systems and directions. Almost all member countries now agree to publish a [Press Release](#) summarizing the views of the Board, as well as the Staff Report and accompanying analysis. Nauru has agreed to publish a statement by staff at the end of an IMF mission.



- **Access to IMF Technical assistance (TA) and training:**

Technical assistance (TA) and training—which together the IMF calls capacity development—are important benefits of IMF membership. Building human and institutional capacity within a country helps the government implement more effective policies, leading to better economic outcomes. In FY 2016, low-income and developing countries received about half of all IMF TA (versus about 40 percent for emerging market and middle-income countries), while emerging market countries received the largest share of IMF training (just over half).

Further, technical assistance provided to emerging and advanced economies in select cutting-edge areas—for example, in the financial sector—helps increase the impact of IMF policy advice, keeps the institution up-to-date on innovations and risks to the global economy, and help address crisis-related challenges and spillovers.

- **Facilitates attendance at Annual Meetings:**

During the [Annual Meetings](#) of the [Boards of Governors of the IMF](#) and the World Bank, Governors consult and present their countries' views on current issues in international economics and finance. The Boards of Governors decide how to address international economic and financial issues and set priorities for the organizations.

A group of IMF and World Bank Governors also meet as part of the [Development Committee](#), whose meetings coincide with the Spring and Annual Meetings of the IMF and the World Bank. This committee was established in 1974 to advise the two institutions on critical development issues and on the financial resources required to promote economic development in low-income countries.



Global Monitoring:

The IMF also monitors global and regional economic trends, and analyzes spillovers from members' policies onto the global economy. The key instruments of multilateral surveillance are the regular publications *World Economic Outlook*(WEO), *Global Financial Stability Report* (GFSR), and *Fiscal Monitor*. The WEO provides detailed analysis of the world economy and its growth prospects, addressing issues such as the macroeconomic effects of global financial turmoil. It also assesses key potential global spillovers with a particular focus on the cross-border impact of economic and financial policies in systemic economies. The GFSR assesses global capital market developments and financial imbalances and vulnerabilities that pose risks to financial stability. The Fiscal Monitor updates medium-term fiscal projections and assesses developments in public finances.

Lending:

A member country may request IMF financial assistance if it has an actual or potential balance of payments need—that is, if it lacks or potentially lacks sufficient financing on affordable terms to meet its net international payments (e.g., imports, external debt redemptions) while maintaining adequate reserve buffers going forward. IMF resources provide a cushion that eases the adjustment policies and reforms that a country must make to correct its balance of payments problem and help restore conditions for strong economic growth.

Links:

Full Report:

<http://www.imf.org/en/Publications/CR/Issues/2017/04/03/Republic-of-Nauru-2017-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-44794>

Press release:

<http://www.imf.org/en/News/Articles/2017/04/03/PR17110-Nauru-IMF-Executive-Board-Concludes-2017-Article-IV-Consultation>

Press release 2019 Article IV:

<https://www.imf.org/en/Publications/CR/Issues/2020/01/29/Republic-of-Nauru-2019-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-49001>