

“PAISII HILENDARSKI” UNIVERSITY OF PLOVDIV

FACULTY OF ECONOMICS AND SOCIAL SCIENCES

DEPARTMENT OF ECONOMIC SCIENCES

ELITSA VASILEVA KANTARDZHIEVA

**THE GLOBALISATION OF THE ECONOMY AND THE
INTERNATIONAL FINANCIAL INSTITUTIONS**

ABSTRACT

of dissertation thesis for obtaining the educational and scientific degree "doctor"

Field of higher education: 3. „Social, economic and legal sciences“

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The dissertation thesis was discussed at the Department Council (DC) on 06.01.2025 and is scheduled for defence by a decision of the DC of the Department of Economics at the Faculty of Economic and Social Sciences of Paisii Hilendarski University of Plovdiv.

This dissertation paper contains an introduction, three chapters, a conclusion, a bibliography, a list of abbreviations used, a list of figures (41 figures) and a list of tables (39 tables) and an appendix. It consists of a total of 288 pages. Of these: an introduction, three chapters and a conclusion – 259 pages, a bibliography of the sources used – 22 pages and an appendix – 5 pages. The bibliography consists of 357 sources, of which 4 are in Bulgarian and 353 are in english.

There are three independent publications about the dissertation work.

The public defense of the dissertation thesis will take place on April 28, 2025, at 11 a.m. in room 126, Rectorate of Paisii Hilendarski University of Plovdiv, at an open meeting of the Scientific Jury.

The author is a full-time PhD student at the Department of Economic Sciences of the Faculty of Economic and Social Sciences at Paisii Hilendarski University of Plovdiv.

The materials for the defense are available to the interested parties in the university library of Plovdiv University “Paisii Hilendarski”.

1. OVERVIEW OF THE DISSERTATION THESIS

1.1. Relevance and Significance of the Dissertation Subject

The relevance of the research topic is determined by the dynamically changing environment in which they operate. With each crisis, in addition to changing their behavior with the development of new tools to support the public and private sectors, the environment in which they operate also changes. That is, change is observed from two sides - IFIs change based on external factors and they change the course of events through their actions.

The processes and trends in the world economy reveal serious defects in the effective functioning of the market mechanism. The negative consequences of the global financial crisis of 2007-2008, the COVID-19 pandemic and the war in Ukraine generate severe social and geopolitical problems for both international financial institutions and the world economy.

The importance of the study of IFIs is determined by the contemporary economic situation in the national dimension, global geoeconomic processes and globalization, which revive with particular relevance the choice of countries for economic and political behavior between the free market and determining the role of the state for economic growth.

The place that international financial institutions occupy in the modern financial architecture is extremely significant and it is important to determine a theoretical and methodological framework for its study through which to support the development of adequate policies. The neoliberal paradigm and the Washington Consensus conditioned the actions that promote international cooperation and trade. Deglobalization trends are putting pressure on the instruments IFIs offer and the policies they implement and are forcing a paradigm shift.

The radical nature of the changes within them has not yet found a scientific explanation in the literature. The very emergence of new international financial institutions and the changes in the existing ones means that a rethinking of their role and place in the modern economic world is necessary, for which the neoliberal paradigm is clearly insufficient.

The relevance of the study is also defined by the enormous financial resources that development banks have at their disposal, as well as by their political nature, as composed solely of member states. Tracing their historical development raises a number of important questions that seek scientific explanation, such as their failure to predict crises and reduce risks in the global economy. The presence of a huge research capacity and expertise proves to be insufficient.

In the recent researches and the debate in the theory about their financial condition and prospects and the extent to which they manage to balance between expanding their activities, especially during crises, and maintaining financial stability, taking into account the low return and high risk profile of financed projects, has not been sufficiently reflected in the research. The issue of their governance and adherence to good financial practices and risk management in their operations also needs in-depth research. It is necessary to examine their overall performance in order to draw lessons for their future.

The activities of IFIs have been subject of constant criticism, including from the mass anti-globalization movements of the 1990s, and also the creation of new institutions shows that there are deficiencies in their activities and insufficient effect from the enormous financial resources and trust of the member countries and the markets at their disposal.

An important aspect to study is the extent to which they are able to mobilize their own capacity for change, self-reform and to create new financial instruments to provide timely responses to the countries affected by the crises and to the greatest extent developing economies, and in recent years also to the developed ones.

A major interest is the influence of geopolitical factors on their activities, despite their claim to political neutrality. The last three crises – the global financial crisis of 2007-2008, the COVID-19 pandemic and the war in Ukraine – are new challenges that have an impact on making changes in the behavior of international development banks.

The significance of the study is also determined by the need to track how international financial institutions adapt their behavior to the new goals set by organizations such as the UN, OECD and other international initiatives in the face of the Paris Agreement. As institutions created in continuation of the activities of political economic organizations, they continue to be the instrument for implementing the common policies adopted globally regarding the green transition, climate change, food crises and other important topics for the economic and social well-being of the world. Given their entirely public nature and large number of member states, the main challenge facing them is to contribute to balancing interests and global peace.

Research on this extremely relevant and significant issue is of great importance for modern economic science and practice. The supranational significance of international financial institutions is justified by the need to strengthen scientific and public-political engagement with their activities.

For Bulgaria, the topic is particularly important, as IFIs play an important role in the formation of a market economy in the country and continue to play a significant role in supporting economic growth, social cohesion and meeting the challenges of the external environment.

1.2. Object and Subject of the Study

The object of research is globalization and deglobalization trends, which have a significant impact on the global economic and financial system, as well as on individual countries.

The subject of the study is the behavior of international financial institutions in the ongoing changes at the global level. The focus of the dissertation is their role before, during and after the global financial crisis of 2007-2008, the COVID-19 pandemic and the war in Ukraine. Special attention is paid to their financial performance before, during and after the mentioned crises.

In terms of the scope of the dissertation, the activities of development banks of different mandates, number of countries and nature are examined. To ensure the representativeness of the selected IFIs, the study includes those that correspond to the main classifications: 1. According to the number of countries participating in the IFI - small, medium and large institutions are included; 2. According to the geographical scope, global and regional institutions operating in Europe, Asia, Africa are included; 3. According to the age of the IFI - institutions with different duration of operation are included, both created during the Bretton Woods Conference and established in the 1990s; 4. According to the type of operations: both IFIs that focus on the private sector and those that finance primarily the public sector are included. The study also examines regional and global institutions, some of which Bulgaria participates in.

It is important to note that in the first chapter the research has a broader scope, as it traces in temporal aspect their entire 80-year period of activity and the changes in the theoretical explanations of their functions, role and place. The scope in terms of the number of institutions examined is also expanded, by adding the International Monetary Fund, which has a key role in shaping the policies of the Washington Consensus and the implementation of the neoliberal paradigm. In this way, we consistently move from the general in the theoretical part to the empirical studies on their behavior and financial sustainability in the second and third chapters

1.3. Research Thesis

The main thesis of the dissertation is that despite the challenges facing international financial institutions in the contemporary processes of deglobalization and crises, they retain their important role in the modern financial architecture with clearly expressed anti-cyclical activity and financial stability. To prove this thesis, quantitative and qualitative methods of analysis are used, testing the following hypotheses:

The first hypothesis in the theoretical field is that the concept of international financial institutions is an intersection of several theories that explain the form in which they operate, their purpose, the context of emergence, the environment in which they operate and theories that simultaneously summarize part of the result of their activities, adding another layer of understanding to the context in which they operate. This hypothesis is tested through a historical analysis of their role and functions in the international financial architecture. Their stages of development and the neoliberal paradigm for their activities are traced. A periodization is performed based on their over 80 years of activity. The applicable theories are analyzed in relation to their role and essence.

The second hypothesis is that they have a countercyclical role, especially in the last two decades, which is expressed in the expansion of their activities during crises and in the post-crisis recovery. This hypothesis is tested by collecting and analyzing information from the 96 annual reports and financial statements of the selected six international financial institutions for a sixteen-year period. A wide range of indicators is used, including the volume of operations, gross payments, assets and capital. Their mandates and their compliance with the developed new instruments and products are analyzed. Changes in their statutes are examined and whether a transformation has occurred as a result of the crises. It is monitored whether there is a division between the development banks under consideration as a result of the war in Ukraine.

The third hypothesis is that during crises, the risks to the financial stability of IFIs increase, but thanks to good financial management, high ratings and the support of member states, they remain financially stable. This hypothesis is tested during crises based on three pillars by assessing their financial performance based on indicators of return on assets and capital, methodologies for internal assessment of their activities and through external assessments of activities by rating agencies.

1.4. Purpose and Tasks of the Study

The main purpose of the study is to assess the ability and capacity of international financial institutions to reform themselves to respond to the challenges of recent crises and the related deglobalization trends.

The tasks of the dissertation are:

1. To examine and analyze the applicable theories on the role and activities of MFIs, in relation to the form under which they operate, the environment in which they operate, the effect they have on it and the purpose for which they were created in the changing world economy, and on this basis to define the main challenges facing the activity and their essence in the context of the processes of deglobalization;
2. To determine in a theoretical and applied aspect their place in the context of the modern financial architecture and modern crises and to outline the main periods in their development;
3. To follow the theoretical discussion on the essence and role of them and to identify the main factors, weaknesses and benefits of their activities during their 80-year history. Special attention should be paid to the positions of leading economists who have played an important role in the constitution and development of MFIs, such as John Maynard Keynes, Stanley Fisher, John Williamson, Danny Rodrick, Joseph Stiglitz and other researchers;
4. To conduct an empirical analysis of their activities during the last three crises of different nature and to determine whether they are countercyclical or procyclical;
5. To compare the activities of different IFIs depending on their mandate, scope and nature, identifying the factors, deducing the trends in their activities and drawing conclusions about their effectiveness;
6. To conduct a comprehensive analysis of the financial stability of IFIs during the sixteen-year period under study and identifying factors and trends based on quantitative and qualitative indicators.

1.5. Methodology and Limitations in the Scope of the Study

The research **methodology** includes a combination of historical analysis, empirical methods and a statistical model, using indicators of sustainability and effectiveness, as follows:

➤ A historical approach was used to outline the time horizon of the emergence and development of the theory of international financial institutions. It is applied to the study of their 80-year-old activity and allows to define and classify the different stages of their development, as well as to understand the context of their modern operations from the beginning of the 1990s to the present;

➤ A historical and dynamic comparative approach are combined to identify the changes of IFIs in the context of different theories. The combination of different methods of data analysis is in accordance with modern methodological principles, because it allows not only to specify the ideas about the object under study, but also to obtain new knowledge about it;

➤ An inductive method is applied in the second chapter in collecting and processing data and in performing an analysis of trends, both for each of the MFIs under consideration, and for them in general;

➤ the deductive method is a good tool used in the second and third chapters to review the results of the empirical study to test the hypotheses;

➤ correlation analysis is used in the third chapter when studying the change in MFI assets;

➤ In the course of data analysis, a systematic approach is used, applying various methodologies to obtain the most complete information possible about the object of the study.

➤ the methods of analysis and synthesis are applied in all three chapters of the dissertation.

In structural terms, the dissertation work contains an introduction, three chapters and a conclusion.

The basis of the developed own methodology is the quantitative analysis of their essence and activities and, above all, the incorporation of financial analysis for each international financial institution. The added value of this own methodology is expressed in the fact that the changing role of IFIs is associated with the need to prepare an assessment of their financial management, which is usually not studied in the literature. However, this is of particular importance for the successful implementation of their future projects. The methodology is based on a three-pronged approach, which includes the following pillars:

- first: analysis of key financial indicators of MFIs (dynamics of IFI assets, return on equity ratios and return on assets) for a 16-year period and drawing conclusions about their financial sustainability and financial capacity;

- second: analysis of internal self-assessments of the effectiveness of IFIs' activities as one of the most important conditions for their sustainability, as this determines the trust and support of member states;

- third: analysis of the external assessment of stability based on the methodologies of rating agencies for assessing the risk of IFIs, which plays a fundamental role in their financial stability, as their credit rating determines the capacity to raise sufficient resources from financial markets and under favorable financial conditions, so that they can, on the one hand, fulfill their diverse functions and mandates and, on the other, preserve their financial sustainability.

By analyzing information from all annual reports and financial statements of financial institutions for the entire 16-year period and financial analysis of data from a total of 96 annual reports and annual reports, using various analytical methods, the resulting array of information is reduced and examined without narrowing or violating confidence limits. This activity was carried out using mathematical and statistical methods.

Limitations in Dissertation Thesis

1. Time limitation: for the purposes of analysis and selection of theories relevant to their essence and activities, it is necessary to determine a time range for research. The activities of international financial institutions, as the subject of the study, are examined in the context of the

global financial crisis of 2007-2008, the COVID-19 pandemic and the war in Ukraine, covering the period 2006-2022. In the first chapter, the time range is extended to the period before their establishment and follows their development as institutions throughout the entire 80-year period of activity.

2. Quantitative limitations: the selection of international financial institutions was made based on the context of globalization. Development banks of different scale, area of operation and mandate were examined. Out of over 30 international financial institutions, six were selected, which differ in number, period of activities and global and regional in their scope. The activities of the selected institutions extend to all economically active continents. Both those in which Bulgaria participates and those in which it does not participate were selected.

3. Theoretical limitations: the study does not aim to provide a complete historical overview of theoretical concepts and trends in the field of international financial institutions. The economic theories presented are used only to explain their essence and clarify the philosophy and main characteristics of aspects of their activities, as well as to identify the leading economic paradigms and debates about IFIs. The dissertation does not claim to cover in detail all aspects of the activities of international financial institutions, but focuses on the essence and their main activities..

2. STRUCTURE AND CONTENT OF THE DISSERTATION RESEARCH

This dissertation work contains an introduction, three chapters, a conclusion, a bibliography, an appendix, a list of used abbreviations, a list of tables and a list of figures.

The text is organized in the following structure:

Abbreviations used

List of figures

List of tables

INTRODUCTION

CHAPTER ONE

HISTORICAL AND THEORETICAL OVERVIEW OF THE ACTIVITIES OF
INTERNATIONAL FINANCIAL INSTITUTIONS

1. Essence, history and stages of development of international financial institutions

1.1. Essence

1.2. History of the Bretton Woods institutions

1.3. Stages in the development of IFIs

2. Washington Consensus and the neoliberal paradigm for IFIs

2.1. International Monetary Fund

2.2. Washington Consensus

2.3. The neoliberal paradigm for IFIs

3. Theoretical foundations of IFIs

3.1 Institutional theory

3.2 Theories of crises

3.3 Trends and concepts of banking and financial institutions

3.4 Theories of globalization and deglobalization

3.5 Development theories

Conclusions

CHAPTER TWO

BEHAVIOR OF INTERNATIONAL FINANCIAL INSTITUTIONS DURING CRISIS

1. IFI activities before and after the global financial crisis of 2007-2008

1.1 Changes in operations

1.2 Quantitative analysis of IFI assets before and after the crisis

1.3 New IFI products in the context of the crisis

2. IFI activities before and after the COVID-19 pandemic

2.1 Changes in operations

2.2 The impact of the pandemic on IFI priorities

2.3 Correspondence between developed new instruments and the mandates of IFIs

3. Actions of IFIs in conditions of military conflicts. The crisis in Ukraine

3.1 Assessment of IFIs for the crisis in Ukraine

3.2 New financial instruments in conditions of the crisis

3.3 Correspondence between developed new instruments and the mandates of IFIs

3.4 Division of IFIs in conditions of the war in Ukraine

Conclusions

CHAPTER THREE

FINANCIAL PERFORMANCE OF IFIs. TYPES OF ASSESSMENTS OF THEIR ACTIVITIES.

1. Financial condition of IFIs

1.1 Capital structure

1.2 Determination of key financial indicators for the activities of IFIs

1.3 Data sources and comparability of financial indicators

1.4. Financial performance of IFIs

2. Internal assessment of the activities of IFIs.

2.1 Internal assessment of the activity

3. External assessment of the financial condition and financial sustainability of MFIs

3.1. Assessment of Member States

3.2 Approach of rating agencies

4. Role of rating agencies in the international financial architecture

4.1 Functions of rating agencies

4.2. Analysis of IFI ratings by rating agencies

Conclusions

CONCLUSION

References

Appendix 1

3. BRIEF DESCRIPTION OF THE DISSERTATION STUDY

The introduction to the dissertation explains the significance and relevance of the problem, indicates the object and subject of the study, formulates the research thesis, hypotheses, goals and objectives, methodology and limitations that are imposed, as well as the structure of the dissertation research.

3.1. CHAPTER ONE. HISTORICAL AND THEORETICAL OVERVIEW OF THE ACTIVITIES OF INTERNATIONAL FINANCIAL INSTITUTIONS

The first chapter provides an overview of the nature, history and stages of development of international financial institutions. The approach of the study has been developed, based on five applicable scientific theories that relate to their nature and activities. Special attention is paid to the World Bank and the International Monetary Fund as institutions, defining a new form of action in the international financial architecture and proponents of the neoliberal policy summarized in the 10 policies of the Washington Consensus.

The first chapter is structured in fifteen paragraphs. The first part presents the nature, history and stages of development of international financial institutions. The main scientific theories are identified, and an own approach is developed to explain their nature, mission, goals and activities. The second part of the first chapter provides an overview of the neoliberal paradigm of their nature and the Washington Consensus. Special attention is also paid to the International Monetary Fund as one of the two first established institutions with a specific role and unique functions.

The third part identifies the theories applicable to the nature, mandate and objectives of international financial institutions. The theories of institutions, crises, development theories, globalization and deglobalization and banks are successively examined. Institutional theory explains the framework through which they operate, as well as distinguishes their place among

other types of institutions. Crisis theory explains the reason for their emergence and defines the environment in which they operate. The trends and concept of banking and financial institutions explain the nature of the form in which they carry out their activities and the way in which they ensure the sustainability and viability of their operations. International financial institutions have made a significant contribution to the modern theory of globalization, as their actions have contributed to a large extent to reaching its modern scale. As a result of its negative effects, anti-globalization trends arise, and development banks are increasingly implementing their policies in their programs under the influence of global climate and economic initiatives such as the green transition. Development theories summarize their essence as international financial institutions with a development mandate.

From the historical review of the economic and political context in which IFIs were created and operate, several conclusions emerge. They are institutions with the main goal of sustainable development and economic prosperity, promoting international cooperation and the free movement of goods and capital. Despite the political influence exerted on them, they continue to operate as financial institutions and occupy a specific place in the international financial architecture, guided by good banking practices for risk assessment and management.

Throughout their entire period of activity, they have been an important political and financial instrument in allocating resources in the pursuit of economic prosperity and for the implementation of modern global goals such as sustainable development through initiatives for the inclusion of the private sector, providing technical assistance in the transition from a planned to a market economy, reducing poverty by promoting vulnerable groups and women's entrepreneurship, combating climate change, developing medicine and a number of other sectors recognized by international financial institutions as key.

They capitalize on their experience, knowledge and skills to implement their mandates. One of the challenges facing them is how the neoliberal theory of limiting public spending fits into the generous financial instruments during the COVID-19 pandemic that institutions are granting. An interesting phenomenon is how they manage to adapt increasingly quickly to the type of crises and finance to a greater or lesser extent the public and private sectors.

After the periodization of the new stages of activity, a change in the neoliberal paradigm is distinguished, which they apply most pronouncedly in the early 80s and 90s of the last century. The global financial crisis of 2007-2008 is the moment that clearly takes into account the degree

of globalization. It is the IFIs that are the engine for the implementation of the ideas, goals and theory of it and are its main tool. According to the level of openness of the economy and susceptibility to external shocks, countries are affected to varying degrees. During the crisis, it turns out that advanced economies fail, but have sufficient mechanisms to counteract its consequences, while for developing countries it further deepens their dependence on foreign aid.

At the global level, there is an erosion of the policy of free movement of goods and capital. It is becoming increasingly limited by the introduction of a number of tariff and non-tariff restrictions in the USA, Europe and Asia, expressed in a global tax on the activities of multinational companies, trade sanctions on trade. International financial institutions are moving beyond their role as proponents of neoliberal policies.

The events of deglobalization are outpacing the theory of it. At the same time, IFIs are also changing the focus of their activities. They are becoming much “greener” in their policies based on the Paris Agreement and combining regional realities with international technologies in implementing projects for regional sustainable development. The policies implemented to limit global cooperation and promote regional cooperation threaten and put at risk the economic future of the world. Historically, “bad” capitalism and the neoliberal policies implemented in the former socialist countries made them competitive again in international markets after the collapse of the Soviet Union. In an economic sense, the neoliberal paradigm has proven its advantages in every respect, giving the private sector the freedom to realize its potential, where the market determines its value and utility. On the other hand, historically, the experimental paradigm of all totalitarian forms of government is compromised from the start and doomed to decline.

The first hypothesis is tested through a historical analysis of their role and functions in the international financial architecture. The stages of development and the neoliberal paradigm for their activities are traced and a periodization is performed based on their over 80 years of activity.

3.2. CHAPTER TWO. BEHAVIOR OF INTERNATIONAL FINANCIAL INSTITUTIONS DURING CRISIS

The second chapter examines the behavior of international financial institutions and how they react and function in the period before, during and after global and regional crises of different nature - the global financial crisis of 2007-2008, the COVID-19 pandemic and the war in Ukraine. An empirical study is carried out on the activities of selected IFIs, with the results of the analysis

of 96 annual financial statements presented in tables and graphs for the entire 16-year period. An analysis is carried out of the changes in operations in the International Bank for Reconstruction and Development, the International Finance Corporation, the European Bank for Reconstruction and Development, the Black Sea Bank for Trade and Development, the Asian Development Bank and the African Development Bank. IFIs have adapted their policies and instruments to meet the global needs arising from the crises. They have also developed new mechanisms for financial support and incentives for vulnerable economies, providing new mechanisms to a greater extent to global development banks and to a much lesser extent to small regional IFIs.

A quantitative analysis of the assets and capital of IFIs before, during and after the crises was carried out. A quantitative analysis was also carried out on the new products of development banks as a result of the crises considered. The analysis shows that innovative financial instruments have been introduced, designed to provide greater liquidity and flexibility in supporting member countries. The period for providing financing has been shortened compared to the global financial crisis of 2007-2008, and during the COVID-19 pandemic, for the first time, an adaptation of financing for projects that are in progress has been observed. The empirical study proves that international financial institutions provide financing to a greater extent during a crisis and have countercyclical activity. The comparative analysis of different in their scale, period of activity and global and regional nature showed that the numerous global financial institutions are more committed to providing a response to the crises of different nature, while the newly emerged small regional institutions are more focused on fulfilling their specific mandate and do not develop new instruments to overcome the crises. Black Sea Trade and Development Bank is one of the few IFIs that managed to report positive indicators almost throughout the entire period under review. The reason for this is the narrow regional and operational scope of activity. On the other hand, this proved to be highly destabilizing during the war in Ukraine in 2022, when the bank reported the largest decline compared to other IFIs of 166% in just one year.

After the in-depth analysis of the discussion on the 10 policies defining the so-called Washington Consensus and the analysis of behavior during crises, the new instruments developed and the change in the mandates of IFIs, in the second chapter, it is less and less possible to speak of international financial institutions as a single concept, since with each newly established development bank, they become an increasingly diverse community in terms of goals and mandates. The classic Bretton Woods financial institutions are also changing with the development

of the scope of their activities compared to the classic understanding of them. Today they are far from the Washington Consensus and this is proven by the analysis of modern policies for financing projects and developing their activities, defining a new paradigm for their activities, expressed in the following new characteristics:

1. They have a decidedly more tolerant attitude towards the role of the state in the economy, which reaches its culmination during the pandemic. Then, IFIs encourage countries to invest more resources, even at the cost of high budget deficits, to support health systems exposed to this shock, as well as economies to overcome the crisis. Another evidence of the reformulation of the role of the state by IFIs is the expansion of their resources for public projects. The EBRD is actively financing municipal and environmental infrastructure projects, as well as government projects in the energy sector (28 projects were approved from July 2023 to February 2024, EBRD);

2. IFIs and especially the IMF and the World Bank allow higher budget deficits and looser fiscal policy. The debt-to-GDP ratio has deteriorated dramatically, especially in developed donor countries, which are actively promoting policies for macroeconomic stability and financial discipline;

3. Higher tolerance for the skyrocketing growth of public debt. During the crisis in Latin America, sovereign defaults occurred at much lower levels of public debt to GDP than are currently the case in most developed countries. In 2022, Latin American debt amounted to \$5.8 trillion, or 117% of GDP, compared to \$327 billion, or almost 50% of GDP, in 1982 (Arias, M.A. and Restrepo-Echavarria, P., 2015);

4. New instruments developed are aimed at financing gender equality programs and developing participatory frameworks, such as the Project Preparation and Implementation Support Trust Fund, the Climate Innovation and Development Fund, the Energy Transition Mechanism Partnership Trust Fund under the Clean Energy Financing Partnership Facility. The African Development Bank has a dominant focus on the public sector, and in particular infrastructure projects, with 18 projects financed in 2018 and 2019. The AfDB is developing initiatives such as the Urban and Municipal Development Fund, the Finance Action for Women in Africa (AFAWA) program, and the African Financial Stability Mechanism (AFSM);

5. Adopting the concept and implementing policies leading to sustainable development and promoting the green transition. All this goes far beyond the Washington Consensus. In 2015, 193 countries united to achieve 17 sustainable development goals, which replaced the Millennium Development Goals. The IFIs under review are successively implementing some or all of them in their programs and instruments and taking a new direction in the development of their activities;

6. Changing the attitude of IFIs towards multinational companies - one of the main areas of criticism against them in the past. They are calling for the introduction of a global minimum tax of 15% on the activities of multinational companies with revenues over 750 million euros, which is in force from the beginning of 2024.

7. There has been a significant shift in tax policy promoted by the IFIs - from the fundamental principle of the Washington Consensus of "broadening the tax base and reducing overall tax rates", they now encourage the creation of new taxes and increasing tax rates, as well as the introduction of progressive income taxation instead of flat taxation;

8. It is difficult to define the current activity of the IFIs as promoting "Liberalization of financial markets". After the global financial crisis, they have been at the forefront of introducing many new regulations in all areas of financial markets. Rating agencies, which were deregulated, have now been revised, new Basel agreements and new licensing and permitting regimes have been introduced, to reach a point where the IFIs actively support the regulation of cryptocurrencies, regulations for the fintech sector and artificial intelligence in international financial markets. They also support something that was previously unthinkable - the creation of digital currencies by central banks (green bonds). They are an active proponent and participant in the transition from deregulation to full regulation of the financial sector;

9. According to the Washington Consensus and the established reputation of the IFIs, they promote the free movement of goods, services and capital and assist in removing obstacles to them through their policies. However, the activities of the IFIs in no way, especially in recent years, show that they uphold this principle. They remain indifferent to the spreading and increasingly powerful policies of outright protectionism, especially by donor countries (USA, Canada, Japan, China, Turkey) of closing and creating tariff and non-tariff restrictions in international trade.

The World Bank and the IMF no longer prioritize privatization among their policies, moreover, they provide resources to state-owned enterprises (EBRD, AfDB, for example) and thus continue their existence and expansion of their activities in the economy. A total change is also found in one of the main principles summarized by Williamson - from an active policy of IFIs to reduce and eliminate subsidies, now there is great tolerance for them and even in some periods and sectors IFIs encourage subsidies. They do not criticize the policy of the European Union for granting subsidies, investing in new program periods in the member states considered to be developing, but on the contrary, they continue to finance development projects in these countries.

3.3. CHAPTER THREE. FINANCIAL PERFORMANCE OF IFIs. TYPES OF ASSESSMENTS OF THEIR ACTIVITIES.

Due to their banking nature, international development banks must maintain healthy levels of profitability to support their operations and to continue to attract resources from member states and international capital markets. Crises have a significant impact on their financial situation and draw resources and human capital to develop and adapt specific programs. Chapter three provides an empirical study of the financial performance of IFIs and examines the micro-level effect of crises on their operations.

To assess the financial condition of the development banks under study, classical quantitative indicators for assessing assets and capital are used, as the main financing tool at their disposal. The review uses widely used indicators for assessing banking and financial institutions in order to examine the behavior of development banks and whether they apply more conservative rules for managing their resources or are more liberal in relation to their financial performance.

Return on assets (ROA) and return on equity (ROE) are considered to analyze their financial condition. The two key indicators are used to assess the profitability and efficiency of financial institutions.

Although IFIs do not operate to distribute profits, assessing their financial condition helps to assess how effectively they use their assets and equity to generate income that ensures their financial sustainability. Full use of assets and equity is essential for the long-term sustainability and growth of their activities. Comparative analysis helps to identify areas for improvement and potential competitive advantages.

If international development banks were ordinary commercial banks, the effect of shareholder participation in them would be measured mainly by dividends. This market approach is inappropriate for IFIs, since they do not distribute dividends, although they have the opportunity to do so.

A correlation analysis was performed and there are several clearly expressed positive upward statistically significant and very large dependencies. The largest global IFIs as IBRD have a positive statistically moderate and significant dependency with the other large global and regional development banks with the exception of the Asian Development Bank, where there is no dependency. The only institution with which the IBRD has a large positive statistically significant dependency is with the IFC, which is also from the World Bank Group.

In turn, the IFC has a very large positive statistically significant dependency with the EBRD and the AfDB, a large one with the IBRD and the BSTDB, and a significant one with the Asian Development Bank, and a clear trend for a very large statistical dependency with other large regional institutions in Europe and Africa can be deduced.

The general conclusion reached is that there is a very significant and significant positive statistically significant correlation in the change in assets between all development banks. The only exceptions are the Asian Development Bank and the International Bank for Reconstruction and Development.

From the tabular and graphical presentation of the change in assets, a growth trend is observed for the entire period under review for all institutions. The assets increase their volume between 1.5 and 4 times for the entire period. This is expected given the several times larger volume of activity compared to other MFIs. From this point of view, the selection of financial institutions of different maturity (maturity refers to their period of operation), scope and volume of activity offers a complete picture of the various representatives of international financial institutions.

Low levels of ROA around 0% also show that the institutions provide accessible financing and investments to member countries and for projects with significant social or environmental benefits, even if this is at the expense of profitability. Their long-term operation testifies to the fact that low levels of ROA do not lead to bankruptcy and are due to the characteristic conditions of loans with lower interest rates and longer repayment terms.

Risk management is a priority for both traditional banks and international financial institutions. Adopting conservative investment and lending practices to minimize risk exposure

also leads to lower returns on assets. Although this policy reduces profitability in the short term, it improves financial stability and resilience to economic downturns.

After a historical review of the activities of the development banks under consideration, both the Bretton Woods institutions and those newly established during the Cold War and those established after the fall of the Berlin Wall continue to exist and successfully manage their capital. Financially successful refers to several main criteria:

- they continue to operate, increasing the resources provided and expanding the areas of activity;
- according to the analysis of activity carried out in the second chapter, they increase the volume of operations during crises of different nature;
- their assets increase between 1.5 and 4 times for the period 2006-2022;
- their capital is growing, which means that confidence in them is also growing and they manage to attract new capital by issuing bonds, as well as manage the available resources, which guarantees the continuation of their activities.

Similar trends are observed in the return on capital. In 2006-2007, they had one of the highest ROE levels for the entire period under review for all MFIs. After the onset of the global financial crisis in 2007-2008, a sharp deterioration in the indicators was reported, with the decline in 2009 being between 25% for the African Development Bank, nearly 30% for the EBRD and the Black Sea Bank, 63% for the ADB, 75% for the IBRD and 110% for the International Finance Corporation. In 2010, the levels of return on capital increased and were in the range of 2-10%, with the highest being at the IFC.

The review of the return on capital and the significantly higher levels recorded compared to the return on assets shows that international financial institutions are capable of generating significant profits relative to the equity (at levels of nearly 20%) invested in them. On the other hand, during crises, international financial institutions are just as vulnerable to external shocks as other market participants. However, they show resilience and overcome external shocks in a short time, providing investments in critical sectors of social projects (the house building program in Nepal, for example). IFIs are expanding their activities also thanks to the increase in their capital, which for the entire period has recorded a growth of between 1.5 and 4 times for the various development banks. The review of financial indicators confirms the anti-cyclical position of IFIs and confirms their role in the financial architecture of banking institutions, which do not compete

with traditional banks in the conditions under which they provide financing. The reported levels of ROA and ROE suggest that IFIs have high-risk exposure, providing financing with low or zero returns. In the long term, they continue to expand their activities by issuing bonds, increasing their assets and capital. Even banks with a narrow regional character such as Black Sea Trade and Development Bank developed their activities throughout the period under review.

Depending on the stakeholders, IFIs are assessed on an internal and external level. They operate largely with public resources from their member states, which they provide in the form of loans and instruments to both the public and private sectors. Internal assessments ensure that these funds are used appropriately and effectively.

The external assessment of the activities of international development banks is carried out by the member states and by the rating agencies. On the part of the member states, the assessment of the activities can be divided into two levels, as their objectives for participating in development banks differ – by the donor countries and by the beneficiary countries.

Rating agencies are of additional interest due to their significant contribution to the global financial crisis of 2007-2008. Their great advantage is expressed in the developed expertise of their over 100-year history and the large number of clients to whom they provide a standardized way of assessment, conducting in-depth research and analysis of different sectors, industries and regions. For their long-term activity, rating agencies have occupied an important place in the global financial architecture, creating a set of criteria through which they provide unified information to interested parties in the financial markets. Their function as intermediaries for unifying information to uniform principles in international markets ranks them in importance next to regulatory authorities in terms of providing methodologies for preparing an assessment of institutions and financial instruments that are not subject to supervision and control.

3.4. Conclusion

Having begun their historical path at the beginning of globalization and having played a significant role in its promotion and scale, international financial institutions are now faced with the processes of deglobalization and continuous crises of various nature. Crises provide an opportunity to assess their contemporary role in the changing nature of global processes. The research conducted in this dissertation proves the main thesis that in the contemporary processes of deglobalization and crises, international financial institutions retain their financial stability and

an important role in the modern financial architecture, managing to cope with the challenges of expanding their activities and maintaining financial sustainability, which allows them to mobilize significant public and private resources to support economic security in the conditions of global instability.

Thanks to the expansion of the scope of institutions considered in the first chapter, by including the International Monetary Fund, it is proven how significant a role they have in the formation of the Washington Consensus and in imposing the neoliberal paradigm in the world economy. The analysis provides the richness of the theoretical overview precisely because it includes the main reasons that led to the choice of the neoliberal paradigm by international financial institutions, as well as helps to strengthen the contrast between their fundamental principles and the contemporary policies that they propose in the direction of strengthening support for the public sector.

The review of scientific research also found that there is sharp criticism of their activities in scientific circles, despite their declared altruistic motives for promoting development, transparency and openness in their management and activities. Despite the accumulated criticism of them, which is also expressed in the establishment of new development banks, they only confirm the successful model of development financial institutions, the prototype of which is the Bretton Woods institutions. Although the new institutions are created in denial of the existing ones, the empirical analysis proves that there is convergence between their policies, products and financial indicators. Their different mandates do not divide them, but contribute to common goals. The forward movement of the various development banks and the general economic cycle, which has been empirically proven through correlation analysis, shows the high degree of synchronicity in their activities, and the expansion of co-financing of common projects seals this unity, despite the trends of deglobalization.

From the historical review and analysis of their activities, it was concluded that during the more than 80-year period of existence of the Bretton Woods development banks, as well as the newly established global and regional IFIs, they continue to adapt to modern challenges and to be an important political and financial instrument for promoting economic cooperation between countries in support of economic prosperity not only at the global, but also at the regional and national levels. From being the engine of globalization as it is known today, promoting the development of the private sector and international economic cooperation, after the global financial

crisis of 2007-2008 and especially after the coronavirus pandemic, they increasingly support regional cooperation.

The ability of IFIs to change is traced in the first, second and third chapters. The first chapter proves that the theory of them and criticisms are one of the main factors for their change. In addition, the anti-globalization movements are also studied, which have an impact on softening the basic principles and expanding the social aspects of development. The second chapter analyzes the effect of external factors on their activities and what changes occur in their operations. The third chapter examines the impact of crises as an external factor for financial sustainability and for development banks.

Due to the specific capital structure of development banks, another important factor for the continuation of their activities is identified and analyzed in the third chapter, namely the role of rating agencies for the activities of IFIs. The preparation of regular assessments by the three largest agencies maintains confidence in them based on high ratings and gives grounds for member states and international capital markets to continue to provide them with resources at low cost. It is of utmost importance that IFIs continue to be subject to external assessments of their activities, thus declaring transparency and accountability. On the other hand, the independence in preparing these assessments and the reputation of the big three rating agencies should not be underestimated. A successful approach to assessing the condition of IFIs is the comprehensive approach developed in this dissertation, which takes into account their internal assessments, those of the Member States and the external ones of the rating agencies. When preparing future assessments of the activities of international financial institutions, it is important to take into account the frequency and reasons for increasing their capital.

The theory of institutional isomorphism partly explains why they begin to resemble each other structurally over time and why new development banks continue to be created. Other elements that complement this explanation are the accumulated dissatisfaction with their activities, the “one size fits all” approach and the establishment of new international financial institutions as a result of the emergence of new international alliances such as BRICS and the need to support their initiatives with the establishment of the New Development Bank, created in continuation of the activities of the alliance.

After the in-depth analysis in the first chapter of the discussion of the 10 policies defining the so-called Washington Consensus and the analysis of their activities in the second chapter, it is

less and less possible to speak of international financial institutions as a single concept, since with each newly established development bank, they are becoming an increasingly diverse community in terms of goals and mandates. The classic Bretton Woods financial institutions are today far from the Washington Consensus and this was established through the analysis of their modern policies for financing projects and developing their activities, expressed in a more tolerant attitude towards the role of the state in the economies, which reached its culmination during the pandemic. Then the IFIs encouraged countries to invest more resources, even at the cost of high budget deficits, to support health systems exposed to this shock, as well as economies to overcome the crisis and they themselves financed more public projects during the pandemic.

IFIs, especially the IMF and the World Bank, are allowing higher budget deficits and looser fiscal policies, with developed countries increasingly being the cause of economic and financial turmoil than developing countries. Globally, there is a much higher tolerance for the skyrocketing growth of public debt. The debt-to-GDP ratio has deteriorated dramatically, especially among donor countries that are active proponents of macroeconomic stability and financial discipline policies in developing countries.

The implementation of policies leading to sustainable development and promoting the green transition goes far beyond the Washington Consensus. The attitude of IFIs towards multinational companies is also changing, with them calling for the introduction of a global minimum tax of 15% on the activities of multinational companies, which will come into force in early 2024. There has also been a significant change in the tax policy promoted by the IFIs - from the fundamental principle of the Washington Consensus of "broadening the tax base and reducing overall tax rates", they now stimulate the creation of new taxes and increasing tax rates.

Since the global financial crisis, they have been at the heart of many new regulations in all areas of financial markets, and it is increasingly difficult to define the current activities of IFIs as promoting "financial market liberalization." Rating agencies, which were deregulated, are now subject to regulations, including licensing and permitting regimes. Development banks actively support the regulation of cryptocurrencies, regulations for the fintech sector and artificial intelligence in international and national financial markets. They also support something that was previously unthinkable – the creation of central bank digital currencies (green bonds) and, from being an active proponent and participant in the transition from deregulation, they are now promoting full regulation of the financial sector.

According to the neoliberal paradigm of activity, they promote the free movement of goods, services and capital and help to remove obstacles to them through their policies. Their actions, especially in recent years, do not in any way indicate that they uphold this principle. They are tolerant of the widespread and increasingly powerful policies of outright protectionism for the creation of tariff and non-tariff restrictions in international trade.

The WBG and the IMF no longer prioritize privatization among their policies, and what is more, they provide resources to state-owned enterprises (EBRD, AfDB, for example) and thus continue their existence and expansion of their activities in the economy. A total change is also found in one of their basic principles and from an active policy of reducing and eliminating subsidies, there is now great tolerance towards them and even in some periods and sectors they encourage them. International financial institutions do not criticize the European Union's policy of granting subsidies, investing in new and new grants and subsidized programs. The periodization of their development over the past 80 years further helps to outline their changing role at each stage in the processes of globalization and economic development.

After the empirical study of their operations in the second chapter before, during and after the global financial crisis of 2007-2008, the COVID-19 pandemic and the war in Ukraine, it was found that they are adapting increasingly quickly to the type of crises and are managing to overcome the challenges by developing and offering new instruments and adapting their products to the specifics of the crises. The analyses and comparisons between global and regional international financial institutions show that during crises, small regional IFIs do not provide a response in the form of developed new instruments and an increase in the volume of operations, which makes it more difficult for them to realize their anti-cyclical role.

The analysis and summary of criticisms of them in different periods of their activity gives them the opportunity to address the problems and change. The academic discussion about their past, present and future continues, with the contemporary discussion leading to the denial of their neoliberal policies and pointing towards a more active role of the state in the economy, tolerance for higher debt, more regulations and restrictions on multinational companies. IFIs increasingly support public projects at the expense of private initiatives. As natural as this process of change in the development banks' policy is, driven by changes in the environment in which they operate, it also contains risks for the global, regional and national economies. IFI support for private sector development in a wide range of countries has proven its positive impact on their economic growth

and social development. Increasing the role of the state in the economy, especially supported by international financial institutions, creates risks for the prosperity and sustainability of the economy. These are related to the accumulation of excessively high debts, to the limitation of foreign direct investment, the engine of which is multinational companies, and to the limitation of free trade, which hides many risks for the global financial framework. It is precisely maintaining free trade and the free movement of people, goods and capital and promoting compliance with financial discipline by all countries that is the path to prosperity at a global level.

High levels of indebtedness in developed economies and the protectionist policies undertaken create a sense of favoritism for developed economies. Policies to limit global cooperation and oppose regional cooperation threaten the economic stability of the world. Historically, “bad” capitalism and the neoliberal policies implemented in the former socialist countries made them competitive again in international markets after the collapse of the Soviet Union. In an economic sense, the neoliberal paradigm has proven its advantages, providing the private sector with the freedom to realize its potential in every respect, where only the market determines its value and utility. On the other hand, historically, all totalitarian forms of government are compromised from the start and doomed to decline.

The dissertation proposes and tests a rich set of tools for developing a comprehensive approach to assessing the financial stability of IFIs, which corresponds to their specifics - on the one hand as multinational development institutions, and on the other as financial institutions.

The application of this three-part approach allowed for a comprehensive assessment of the stability and prospects of international financial institutions. Despite their lower financial indicators compared to conventional financial institutions, the data confirm the hypothesis that they pursue an appropriate policy and achieve a balance between the reasonableness of financial sustainability and the activity of their activities, including in times of crisis, when the risks for them also increase. Despite the external political and economic pressure exerted on them, the preservation of high credit ratings also confirms this thesis.

The empirical analysis in the third chapter shows general trends for increasing assets during crises, but they have a different impact on different institutions and regions, which proves even more categorically their anti-cyclical nature. Regional IFIs responded to the global financial crisis of 2007-2008 and the COVID-19 pandemic to varying degrees, depending on the extent of the impact on economies. During the global financial crisis, the Asian Development Bank did not

increase its assets to the same extent as other financial institutions, as the region was not as severely affected by it.

In addition to the conclusions on the impact of the three crises studied on IFI assets, a relatively high homogeneity of cyclical fluctuations in assets is identified through correlation analysis over the entire period.

The study reveals a relative synchrony in the activities of IFIs and the expanding cooperation between them, despite widespread allegations of contradictions between the old and new development banks.

The main conclusion of the dissertation is that from the creation of the first international financial institutions to the modern conditions of deglobalization, they continue to occupy an important place and play a significant role in the changing global, regional and national economies. This conclusion is made on the basis of the results of a comprehensive study of their activities using quantitative and qualitative indicators: an increase in the number of their member states, the emergence of new IFIs (chapter one), the expansion and diversification of their activities (chapter two), the significant increase in the volume and efficiency of their operations (chapter three), a high degree of financial stability, including during the three consecutive crises studied (chapter three), the success in obtaining high external assessments of their stability from credit rating agencies and an active role in global and national financial markets (chapters two and three).

International financial institutions continue to be an appropriate mechanism for promoting joint efforts, given the principles of additionality of investments, project management expertise and a developed partner network embedded in their mandates. Their experience in supporting regional and international cooperation, as well as the ability to align global initiatives and ongoing projects with policies, further rank them among the preferred partners. Their high ratings in times of crisis strengthen the trust of international markets in them and make them a preferred partner, even in uncertain times, which distinguishes them from other lending institutions.

Although political factors on their activities have not been independently studied, but rather the trust and support from member states, the analysis of the impact of the war in Ukraine on IFIs exposed to this region shows that political risks and crises in recent years have been among the main sources of vulnerability for them.

In conclusion, this study established the significant role of international financial institutions in the modern global financial architecture, proving their resilience to external shocks

and reliability as a partner, despite the high-risk environment in which they operate. During crises of various nature, they develop and provide a response in an urgent manner. They fail to anticipate crises, but they adapt more and more quickly, revising even ongoing projects. From the change in their paradigm, both developing countries and developed countries, which are increasingly the cause of economic and financial turmoil, can draw experience and knowledge. They continue to operate in an environment of revolving crises of various nature under political and public pressure to provide a timely response in the form of financial resources, instruments and technical assistance

4. CONTRIBUTIONS OF THE DISSERTATION THESIS

Theoretical and Methodological Contributions

- Unlike conventional methodologies examining international financial institutions in the neoliberal context, the dissertation substantiates its own approach to studying their essence and activities as an intersection of five theories. This methodology allows for their comprehensive study in changing conditions;
- Based on the historical approach, the changes in IFIs during their 80-year period of operation are systematized and their development is periodized;
- The factors and results of the change in the essence and activities of international financial institutions are defined.

Theoretical and Applied Contributions

- A proprietary approach to assessing the financial stability of IFIs has been developed and implemented, with predominantly quantitative indicators. On this basis, the risk to the stability of MFIs can be assessed at each stage;
- The anti-cyclical nature of IFI activity has been empirically proven and significant links in the dynamics of activity between different international financial institutions have been established;
- A classification of IFIs has been carried out by duration of activity, number of member countries, financed sector and global or regional area of operation. The classification makes it possible to identify their specifics and advantages, which can be used by member states to assess the effects of their participation in global and regional international financial institutions.

5. LIST OF PUBLICATIONS ON THE TOPIC AND PROBLEMS OF THE DISSERTATION

1. Кантарджиева, Е. (2021) България и кризата COVID-19, Сборник с доклади „Икономически предизвикателства пред България (2021-2023 г.) – устойчивост и рискове“, Висше училище по застраховане и финанси, ISBN 978-619-7622-05-8
2. Kantardzhieva, E. (2021) International financial institutions: an opportunity to prompt the Green Transition in Bulgaria, Conference proceedings „Economic, regional and social challenges in the transition to a green economy“, Plovdiv University Press, 2021, ISBN (print) 978-619-7663-08-2, ISBN (online) 978-619-7663-07-5
3. Кантарджиева, Е. (2023) „Кога международните финансови институции превключиха на неолиберализъм“, Научни трудове на Факултета по икономически и социални науки, том № 12, стр.47, Университетско издателство „Паисий Хилендарски“, 2023, ISSN: 1313-227X

DECLARATION OF ORIGINALITY

I declare that this dissertation is a complete author's product and in its development, no foreign publications and developments have been used in violation of their copyrights..

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