

International financial institutions, wto and sustainable development - thesis pr...



International financial institutions, WTO and sustainable development

The International financial s mainly refer to two Bretton Woods s, the International Monetary Fund and the World Bank. In a broader sense, it includes all multilateral banks like African Development Bank, Asian Development Bank etc. They provide financial support to development projects. The World Bank, created in 1944 is a UN agency. The World Bank is owned by 184 countries and it lends \$20 billion each year (Peter P. Rogers). While the UN focuses on political issues, the World Bank focuses on economic growth. However, the meaning of development has changed over the years. The present approach to development recognizes that environmental and human rights protection is linked closely to economic growth and development (Kirk Herbertson). Kirk argues that the World Bank has invested in activities that promote sustainable development. But, the legal mandate of the World Bank has not changed to reflect this broader understanding (Kirk Herbertson). In the 1980 and 1990s, the World Bank demanded economic reforms. Now it allows the borrowing government to choose what is most appropriate for them. Sometimes governments demand funds for projects that are not environmentally sustainable. The civil society sometimes protests against such projects. In the recent past, World Bank has adopted policies to support sustainable development. In 2006, the Bank created its Sustainable Development Network. It provides financial support on issues such as climate change, agriculture, and natural resource management (Kirk Herbertson). The international financial institutions now serve more as advisors to government than regulators. Kirk further argues

that in the next decade, the World Bank and other IFIs will play an important role in financing sustainable development. The IFI favourably responds to demands of government after considering the risk factors. Its fossil fuel related projects have grown. It did not consider climate change factor when sanction energy projects. Countries are also finding it difficult to make a choice between economic development and clean environment. Kirk says that changing the mandates of IFIs into “green institutions” is unlikely (Kirk Herbertson). The WTO considers Trade as a powerful ally of sustainable development (Sustainable Development). Trade liberalization is a powerful engine of economic growth, and that growth is vital to creating conditions which helps sustainable development (News). The principle of WTO is that liberalisation of trade and facilitating fair trade contributes to optimal use of resources. It provides for non discriminatory trade with a powerful dispute settlement mechanism. This helps all countries to follow sustainable development policies. At the Doha round of multilateral negotiation from 9 to 14 November 2001, trade ministers of the world affirmed their commitment to sustainable development (Sampson). During The World Summit on Sustainable Development held at Johannesburg, South Africa in 2002, the environmental ministers of the world stressed that open, equitable, rules-based, predictable and non-discriminatory multilateral trading and financial systems will benefit all countries in the pursuit of sustainable development (Sampson). From the perspective of WTO, making optimal use of resources of the world helps sustainable development. Sustainable development means “securing a growth path where providing for the needs of the present generation does not mean compromising the ability of future generations to meet their own needs (Sampson).” According to Pascal Lamy, WTO Director-
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General, WTO may not make major institutional changes for supporting sustainable development. But it will adapt while focusing on fair trade rules to guarantee better, more long-lasting, and more predictable and more transparent trade (Sampson). The informal meeting of the World Trade Organization's Committee on Trade and Environment in Special Session met on 10-14 January 2011 stressed the need for liberalisation and reduction tariffs of environmental services (WTO Members Address Environmental Issues within the Doha Mandate). Works Cited Kirk Herbertson. Greening the International Financial Institutions (IFIs): Finance for the next decade's sustainable development. 14 March 2011 . News, WTO. The Coming Challenge: Global Sustainable Development for the 21st Century. 17 March 1998. 15 March 2011 . Peter P. Rogers, Kazi F. Jalal, John A. Boyd. An introduction to sustainable development. 2008. 15 March 2011 . Sampson, Gary P. The WTO and sustainable Development. 2005. 15 March 2011 . Sustianable Development. 2005. 15 March 2011 . WTO Members Address Environmental Issues within the Doha Mandate. 15 March 2011. 15 March 2011 .