
UNIT 7 ROLE OF THE UNITED NATIONS AGENCIES

Structure

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7.1 INTRODUCTION

In Unit 6, we have dealt with international laws and agreements pertaining to environment. We now discuss the role of the UN agencies in the upkeep of global environment. You may know that the United Nations was officially formed on the 24th October, 1945. Its forerunner, the League of Nations was conceived of in similar post-war circumstances in 1919. The League of Nations was meant to promote international cooperation and to achieve peace and security. Its demise happened due to its failure to prevent the Second World War. The term United Nations was first coined by the U.S. President Franklin D. Roosevelt and was first used as a collective pledge of representatives of 26 nations on the 1st January, 1942, as a commitment to continue to fight against the Axis Powers.

On October 24th, 1945, as many as 51 countries signed the United Nations Charter in South Africa. The charter was worked out based on the proposals drafted by the representatives of China, the United Kingdom, the Soviet Union and the United States. The central role of the United Nations was the promotion of peace and security, development and human rights. In order to attain these goals, the UN was meant to take effective and collective measures to prevent war, to develop friendly relations between countries and to achieve international cooperation for resolving international problems. The UN was meant to be the harmonising centre for all member states.

At present, there are 191 sovereign states who are members of the United Nations, which are virtually all nation-states. The United Nations is based on the principle of sovereign equality of each nation state. It is also the place where countries are meant to come together to address common problems. The United Nations is meant to be a conduit through which countries cooperate together and build structures of international governance that are acceptable to all and which help improve the standard of living of all. Therefore, the UN has an active role in the area of environment and sustainable development, which we now examine.

Objectives

After studying this unit, you should be able to:

- describe the structure of the UN;
- analyse the role of UN agencies in international environmental governance; and
- assess the role of Bretton Woods Institutions.

7.2 STRUCTURE OF THE UNITED NATIONS

The United Nations consists of six main organs – the General Assembly, the Security Council, the Economic and Social Council, the International Court of Justice, the Secretariat and the Trusteeship Council. Second, there are a number of United Nations programmes and funds such as the UN Children’s Fund (UNICEF), UN Development Programme (UNDP), and UN Environment Programme (UNEP) etc. These programmes and funds fall under the Economic and Social Council of the UN but are also reported to the General Assembly. The third set of actors within the UN is the specialised agencies and analogous bodies working in diverse areas such as agriculture, health, labour and meteorology. Well known among these bodies are UNESCO, ILO, FAO and the World Bank set of institutions.



Fig.7.1: The structure of the United Nations

The UN system has a vast array of responsibilities. These responsibilities include peacekeeping, disaster management, health, natural resource management and even lending of money. In that sense, the scope of the UN mandate is aimed at providing a more stable and secure world with enhanced opportunities for all across the globe.

General Assembly



Fig.7.2: The General Assembly

The General Assembly is the mainstay of the UN. It is a unique body, in the sense, that it is the only forum where all countries sit down together and discuss their pressing problems. Moreover, all nation states have equal voting rights regardless of their economic status. The vote of the General Assembly represents at one level world opinion. The decisions of the General Assembly, however, are not legally binding on the Member States and only represent, at best, the moral authority of the community of nations.

Security Council

The Security Council is the UN organ which is in charge of security and international peace and deals with crises as they arise. Under the UN Charter, the Security Council's decisions are legally binding and the Member States are obligated to carry them out. At present, the Security Council is made up of 15 members out of whom 5 members are permanent. The 10 non-permanent members are periodically elected for a 2 year term.

The permanent members – China, France, the Russian Federation, the United Kingdom and the United States – have the veto power, i.e., they can block a proposal by casting a negative vote. This is something which has often happened and cast aspersions on the egalitarian nature of the United Nations.



Fig.7.3: The Security Council

Economic and Social Council

The Economic and Social Council (ECOSOC) is the central UN forum with regard to international economic and social issues. It has 54 members who are elected by the General Assembly for a three year term. ECOSOC plays a central role in strengthening the regional cooperation for development as well as setting priorities in terms of economic and social work.

Most of the UN programmes and funds and functional commissions including environmental ones such as the Commission on Sustainable Development (CSD) fall under the purview of ECOSOC. It thus coordinates the work of the UN specialised agencies, programmes and funds and undertakes follow-up action in terms of major UN conferences. This role has become all the more important in the context of globalisation and with regard to issues such as sustainable development. Environmental concerns fall under the jurisdiction of ECOSOC.

Secretariat

The UN Secretariat comprises various UN departments and is thus the backbone of the UN system. A number of offices/departments within the Secretariat address the environmental concerns. These departments are used in various UN programmes, but often they function in a very fragmented manner. As of late, under the process of UN reforms, attempts were made to create a separate department called the Department for Economic and Social Development. This was further split into two departments,

one of them being the Department for Policy Coordination and Sustainable Development (DPCSD) being the backbone of the UN's environmental agenda. This has led to a certain amount of overlap and conflict within the UN.

International Court of Justice

The International Court of Justice arbitrates on disputes between nation-states. In 1949, the Court confirmed an important principle, namely that every state has an obligation not to allow its territory to be utilised for actions which could harm the rights of other states. This act subsequently became important vis-à-vis environmental concerns as well and was to later emerge as Principle 21 of the Stockholm Conference. The International Court of Justice is an important body in terms of international environmental governance.



Fig.7.4: The International Court of Justice, the Hague, Holland

So far we have briefly described the structure of the United Nations. You may like to recapitulate it before studying further.

SAQ 1

In the graphic given in Fig. 7.1, list the functions of various arms of the UN.

7.3 UN's ENVIRONMENTAL AGENDA

There is nothing specific in the UN charter which addresses environment per se. The UN has, however, to achieve international cooperation with regard to economic, social, cultural and humanitarian problems which are of international scale. Moreover, environmental concerns have been subsumed under Article 55 of the Charter which aims at higher standards of living, social progress and solutions for health and related problems. Under Article 22 of the UN Charter, the General Assembly can and has established a number of specialised agencies and has launched a number of programmes and conferences related to the environment.

In addition to the action taken by the General Assembly, a number of other UN agencies have indirectly addressed several environmental concerns though they have been largely peripheral to wider socio-economic concerns. For example, the International Labour Organisation has addressed issues of occupational health. The Food and Agriculture Organisation (FAO) has been involved in issues related to the soil, land and forest management. UNESCO has also addressed natural resource concerns whereas UNDP too has a significant environmental mandate.

The beginning of environmental action by the UN itself (not other autonomous agencies) started in 1947 when ECOSOC passed a resolution to convene a UN Conference on the Conservation and Utilisation of Resources (UNCCUR) which took place in 1949. This conference highlighted the need for the conservation of natural resources. But it was essentially a conference to exchange ideas and had no mandate to make recommendations. In 1954, the General Assembly convened another

conference on the Conservation of the Living Resources of the Sea which led to the 1958 Geneva Convention. A number of other treaties emerged as a result of these UN conferences though not all were under the auspices of the UN. These included the 1958 High Seas Fishing and Conservation Convention, the 1971 Ramsar Convention on Wetlands, the 1968 African Nature Convention and the 1972 Oslo Dumping Convention on hazardous substances.

Such initiatives were very fragmentary in nature. In 1968, Sweden had tabled a resolution within the Economic and Social Council calling for a comprehensive look at the prior initiatives around the environment and an examination of how global environmental problems could be solved by international cooperation through the UN. The Secretary General was requested to prepare a report which highlighted the work of various UN organisations and programmes relevant to the human environment.

UNCHE

The Swedish initiative led to a recognition that human environment had to be put onto the agenda of the UN in a more comprehensive way. A preparatory committee (PC) was established with an aim to identify urgent environmental problems and priorities for international action. The Committee prepared a *Report on the State of Human Environment* and governments were asked to prepare national reports with regard to their experience in confronting environmental problems.

The foci were management of human settlements in terms of environmental quality, management of natural resources, control of pollutants, international institutional implications and the economic, financial, social and educational aspects of environmental issues.

The 1972 UN Conference on the Human Environment (UNCHE) for the first time brought the developed and the developing countries together to map out a common future with regard to the protection of the environment. Representatives of 113 member countries of the UN members from the UN bodies, GATT and the IAEA attended the conference. The broad agreement which emerged from the meeting came in the form of:

1. A Declaration on the human environment highlighting a collective commitment to govern the environment,
2. An Action Plan of 109 recommendations calling on governments, UN agencies and international organisations to cooperate in taking specific action in the area of human settlements, natural resource management and pollution control, and
3. The need for continued UN institutional commitment in the area of environment with the necessary financial arrangements.

The **UNEP** was created to act as a focal point for environmental action and coordination and was to be headed by an Executive Director to be elected by the General Assembly. The UNEP was to have its own assembly elected every three years and was to be responsible to the General Assembly through the Economic and the Social Council. In addition to the UNEP, a voluntary environment fund was to be established based on energy consumption of the nations to help finance various programmes. Finally, an Environmental Coordination Board (ECB) was to be formed as an inter-secretariat body and was to meet under the chairmanship of the UNEP Executive Director.

The UNCHE put forth a number of recommendations in the form of an Action Plan for the Human Environment. One of the important programmes included the Global Assessment Programme to monitor pollution and curtail the release of dangerous pollutants into the atmosphere. Other initiatives aimed at natural resource management, protection of the world's genetic resources, control of pollutants and toxic wastes etc. The Conference also called for a 10 year moratorium on commercial whaling and called for a draft convention to control marine pollution. In addition, the Conference looked into the issues of trade and environment urging countries not to

use the environment as a means to prevent free trade. This was to be a precursor to the debates within the World Trade Organisation (WTO). The Conference also led to the follow-up meetings to discuss vital 'environmental' questions with regard to food, housing, safe drinking water etc.

Despite the importance of the UNCHE, little headway was made in the 1970s with regard to global environmental concerns. One of the major reasons for this was that there was substantial disagreement amongst member states with regard to the recommendations and proposed action plans. Further, there was a lot of criticism that the recommendations made were not based on adequate data and good scientific analysis. All of this coupled with the fact that the Declaration put forward by the conference was not in anyway legally binding meant that little progress took place in the 1970s.

The UNEP has constituted six awards to those who make a significant and recognised contribution, regionally or beyond, to the protection and sustainable management of the Earth's environment and natural resources. Some of these are **UNEP Sasakawa Environment Prize**, **Global 500 Roll of Honour for Environmental Achievement**, **Ozone Awards**, **Volvo Environment Prize**, and **Zayed International Prize for the Environment**. One of the prominent recipients from India include Dr. M.S. Swaminathan, (Presently, the Chairman of the M.S. Swaminathan Research Foundation, in Chennai) has played a pivotal role in the conservation of biological diversity. As one of the world's leading agricultural scientists, he has played a catalytic role in his country's green revolution and in agricultural research and development. Dr. Swaminathan is widely known as the father of the economic ecology movement and his research on the conservation of wild relatives of the potato, wheat and rice led to India developing a strong national food security system.

Source: UNEP. www.unep.org/

WCED

In 1983, the UN General Assembly established the **World Commission on Environment and Development (WCED)**. The Commission was an independent body outside the auspices of governments and the UN system but having crucial links with them. The Commission had three main mandates:

- (1) to critically examine the environment and development issues with a view to dealing with them through realistic proposals of action,
- (2) to suggest ways in which international cooperation could be fostered to deal with these issues, and
- (3) to promote understanding and involvement of individuals, non-government organisations, institutes, governments etc. with regard to environmental issues.

The Brundtland Report (which was the output of WCED) was published in 1987. The report was important for a number of reasons. It explicitly (much more than in the past) highlighted the linkage between development and environmental degradation and spoke about sustainable development. It paid significant attention to the 'common future' of the North and the South and the need for collaborative work. It also spoke explicitly about inter-generational equity, i.e., the possible consequences of phenomena such as acid rain, global warming, ozone depletion, and desertification or biodiversity loss for future generations.

While the Brundtland Commission was pivotal in highlighting the need for North-South cooperation, the after effects brought out the difficulties involved in such cooperation. While the linkage between development and environmental destruction was becoming clear, the nation states were reluctant to cut back on their living standards in order to protect the global environment. As a non-legally binding document, the Brundtland Commission did not have much power behind it.

7.4 ROLE OF THE UN AGENCIES

As you have learnt in the previous unit, the UN Conference on Environment and Development (UNCED), popularly known as the Earth Summit, was held in Rio de Janeiro, Brazil. The Conference was the culmination of a process, started in 1989, of planning, negotiations and education of all member states of the UN. The primary aim of the Earth Summit (a result of the Brundtland Commission) was to support the socio-economic development and prevent the continued deterioration of the environment through cooperation between the developing and the developed countries. The Summit was a landmark in a number of ways: not only were a large number of countries represented by their officials, but a parallel conference of NGOs also took place ensuring that environment was firmly placed on the international agenda.



Fig.7.5: The UNCED, Rio de Janeiro, 1992

The Earth Summit went beyond the previous UN conferences in emphasising the need for international development initiatives to account for environmental impacts. It recognised the need for governments and business to pay greater attention to eco-efficiency in terms of patterns of production, the search for alternative sources of energy, the reduction of sources of pollution and the use of scarce water resources.

Earth Summit Agreements

The Rio Conference resulted in three broad agreements aimed at moving nation states towards sustainable development practices. These were Agenda 21, the Rio Declaration on Environment and Development, and the Statement of Forest Principles. Agenda 21 was the successor of *Our Common Future* (Brundtland Commission) aimed at promoting sustainable development and cooperative North-South environmental management. Agenda 21's 40 chapters addressed varied topics such as toxic chemicals and radioactive waste, biodiversity conservation, sustainable agriculture, patterns of production and consumption, poverty etc. The document addressed not only questions related to environmental degradation but also political, economic and financial aspects of sustainable development.

The UN **Commission for Sustainable Development (CSD)** was established by the General Assembly in December, 1992, under the umbrella of ECOSOC, to follow up on Agenda 21. The CSD has its own small secretariat and an assembly of representatives. It was given two main tasks: to monitor and highlight national initiatives in pursuit of Agenda 21 and to follow-up on questions of financing Agenda 21 (a concern of the South especially) and the transfer of technology which would enable the South to adopt more sustainable development practices. The CSD was given general guidelines (13 guidelines) by which to monitor the implementation of

Agenda 21. It was to follow up how individual countries adopted policies to meet the goals of Agenda 21, institutional mechanisms adopted by various nations for sustainable development including the mechanisms by which NGOs could become more involved. The CSD was also to look at how the adoption of new sustainable practices affected developing countries, the capacity of countries to adopt such measures and the impact of sustainable practices on trade policies.

The **Rio Declaration** on Environment and Development was a supportive agreement to Agenda 21. The Rio Declaration defined the rights and responsibilities of States vis-à-vis the goals of Agenda 21 and urged swift international action even if a certain amount of scientific uncertainty existed (precautionary principle) so as to avoid irreversible environmental damage. The Declaration highlighted the importance of sustainable development practices within states, the need for developed countries to take responsibility in pursuing sustainable development given the pressure they place on the global environment and the need to eradicate poverty in order to achieve sustainable development. The need of participation of women in sustainable development was also highlighted.

The third agreement was the “Statement on Forest Principles” which addressed the issue of sustainable forest management. This statement was a non-legal binding statement of principles which highlighted the need for countries to greening the world through reforestation and conservation, that countries should develop their forests within the context of national sustainable development principles and financial resources should be channelled into promoting economic and social substitutes to forest resources.

UN Conventions

Two high profile conventions also emerged from the Rio Summit, the UN Framework Convention on Climate Change and the Convention on Biological Diversity, both of which are legally binding for the signatories. The Convention on Biological Diversity had three main aims: to conserve biodiversity, to ensure the sustainable use of biodiversity and to share the benefits arising from the commercial and other utilisation of genetic resources in a fair and equitable way. The Convention recognised that biological diversity is ‘a common concern for humankind’ and set overall goals, policies and general obligations. However, it was left to the nation states to take steps towards conserving biodiversity. Some countries like the United States are still to ratify the convention because of concerns related to intellectual property rights and thus the impact of the treaty has been diluted to some extent (see module on conventions).

The Convention on Climate Change like the Convention on Biological Diversity is binding for its signatories. The Convention was aimed at countries committing themselves to reduce pollutants which would cause climate change (see module on conventions). Like the Convention on Biodiversity, it has not been ratified and followed up by a number of countries unwilling to cut back on their standard of living.

World Summit on Sustainable Development (Johannesburg Summit)

The Johannesburg Summit was authorised by the United Nations General Assembly and took place in 2002. The Johannesburg Summit was recognition that progress in implementing sustainable development had been extremely slow and disappointing since the 1992 Earth Summit. At Johannesburg, delegates affirmed the need for more action and results. There was also much greater dialogue than at Rio between governments, civil society and the private sector.

Unlike at Rio, there were no major agreements and treaties. There were also no grand solutions to solving the problems of environmental degradation and poverty. But new targets were set such as: halving the proportion of people without access to basic sanitation by 2015, using and producing chemicals by 2020 in ways that do not lead to adverse effects on human health and environment, maintaining or restoring fish stocks

so that sustainable yields can be produced on an urgent basis by 2015 and reducing the loss of biodiversity significantly by 2010. Commitments were also made with regard to energy, improving agricultural yields and improving ecosystem management. Of course, there were many who felt that Johannesburg did not go far enough, especially in terms of commitments for moving towards non-polluting and renewable energy sources.

SAQ 2

- a) Spell out the environmental agenda of the United Nations and the role of various UN agencies in carrying out the activities set in the agenda.
 - b) In your opinion, is the UN an effective organisation for global environmental action? Justify your answer with facts and evidences.
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7.5 OBSTACLES FOR AN EFFECTIVE UN ROLE

Despite significant UN initiatives in the area of global environmental policy, there is not much clarity and coordination in terms of overall efforts at moving towards sustainable development. Part of the problem has been that the current global ecological order is complex and often, different actors are at loggerheads with each other. Although the UNEP was formed in 1972 to serve as the global environmental institution, it has been unable to take the lead.

This is because there are a number of other institutions and forums within the UN (such as CSD) which compete with it. In fact, after the Rio Conference, the CSD assumed a much more important role than UNEP. In financial terms, the UNEP is relatively under-funded. In addition to other institutions and forums, there are also secretariats linked to various multilateral environmental conventions, institutions such as the Global Environmental Facility, the multilateral fund for the implementation of the Montreal Protocol which is in charge of financing and other UN and autonomous bodies such as the UNDP and World Bank which have large global environmental programmes.

These competing environmental voices have at times resulted in different bodies competing for turf. The CSD, for example, claims that while UNEP is only interested in the environment, it is concerned with both environment and development. Another example of this was the GEF objecting to UNEP playing a greater role in shaping GEF's priorities. The UNDP and the World Bank have much larger budgets than UNEP. Though initiatives have been taken to give UNEP a higher profile, this has not happened because other agencies (for example, CSD) have been unhappy with it.

North-South Divide

A significant North-South divide exists, which hampers major progress on international environmental issues within a broad UN framework. Not only are there vast differences in the positions taken by the countries of the North and South, but also little change has taken place in terms of individual country positions. One major source of contention is with regard to sustainable development in general. The G77 countries argue that sustainable development must include concern for sustained economic growth. The G7 countries do not equate sustained economic growth with sustainable development.

There are also huge differences with regard to individual conventions/treaties. Examples of this include the Kyoto Protocol and the Convention on Biodiversity both of which the US is reluctant to ratify. The lack of attention given to the Convention to Combat Desertification is another case in point. The fact that these conventions are only legally binding for those who are signatories means that countries can opt out if they so choose.

North-South Divide: The most critical challenge facing the developing world is how to bridge the huge gap between the North and the South in the production and utilisation of scientific and technological knowledge. Measured in terms of publications, the science-rich North, representing 20% of humanity, contributes more than 90% of the world's share of current scientific knowledge; meanwhile, the science-poor South, representing 80% of humanity, generates less than 10% of this knowledge.

In terms of technological output, measured by patents, the inequality is much greater. The South's 1995 share of patents, held by the two largest and most international patent systems in the USA and Europe, amounted to less than 1% of the world's total. While the North is ahead with its huge investments in research and development (R&D), the developing countries are spending small proportions of their gross domestic product (GDP) often less than 1 percent, on R&D.

The world's total R&D expenditure in 1994 was about US\$470 billion; only 10% of that amount was attributed to the South. Huge investments in scientific research and knowledge in the past 30 years have been the driving force behind the considerable wealth and high living standards now being enjoyed by the North. In 1995, the income share of the richest 20% of humanity was 86% of the world's total. For example, the richest 20% of humanity's ratio of income compared to that of the poorest 20% of humanity rose from 30:1 in 1960, to 61:1 in 1991, to 82:1 in 1995.

Source: http://wmy2000.math.jussieu.fr/9_2000_Feb-_KOREA.htm

UN and Bretton Woods Institutions

The role and authority of the UN bodies has been increasingly challenged by Bretton Woods institutions such as the World Bank (though broadly speaking the Bank is also a specialised body of the UN). Unlike the UN which operates on the principle of one country one vote, the Bank operates under the principle of one dollar one vote.

Over the years, as the UN programmes have experienced budgetary cuts, the Bank has increased its environmental profile significantly. At the same time, the US has been withholding its financial contributions to the UN, maintaining that there is a need for structural reform within the UN. Developing countries have highlighted this unequal relationship between the UN and the World Bank.

The Southern countries are increasingly insisting that the reform of the UN (see next section) should be accompanied by the reform of Bretton Woods institutions as well, giving the developing countries a greater role. At present, however, the limited influence of the UN is being further undermined.

WTO

International trade has also had considerable impact on the effectiveness of international environmental initiatives. The developing countries, in particular, have expressed concerns that trade should not be restricted because of global environmental governance.

In the age of globalisation, the concerns of developing countries are overlapping with those of free trade proponents. For example, the US's decision to ban tuna imports from countries where dolphins were being killed in the process of catching tuna fish was deemed to be illegal under the GATT system. With the advent of WTO, it is likely that economic considerations will continue to dampen the effectiveness of environmental treaties. For this reason, some countries are calling for the establishment of a **World Environment Organisation (WEO)**.

SAQ 3

List the obstacles to an effective UN role in environmental management.

“Most developing countries are against a comprehensive agenda because of their bitter experience of the Uruguay Round in which they were made to surrender a big chunk of their domestic policy options in the non trade-related areas of TRIPS & TRIMS in lieu of the marginal gains in the trade-related areas of textiles, industrial tariffs, agriculture and services. They know that they will have very little to gain and much to lose if they are compelled to negotiate on the establishment of new regimes within WTO, for investment, competition policy and environment. Thus, they are extremely wary of entering into trade negotiations as a single undertaking embracing both trade-related and non-trade-related issues, and in which the outcome is presented on an all or nothing alternative, and on a take-it-or-leave-it basis. A vast majority of them are uncompromisingly against linking trade with labour or environmental standards. For they know that these are blatant neo-protectionist devices under the garb of concern for the protection of labour rights and the environment in developing countries. These are designed to extinguish the comparative cost advantage of developing countries in a whole range of their competitive products. This cannot but seriously undermine their export and hence growth prospects for all time to come.”

Source: Muchkund Dubey, *New WTO Round and India*, *The Hindu*, 9 August, 2001.

7.6 FUTURE ROLE OF THE UN

A number of concerns have intermittently arisen over the years for clearly redefining the role of the UN with regard to various global environmental management and specific agencies within the UN. Calls for reform have come from different circles with regard to the following concerns: defining the role of the UNEP more clearly, restructuring the UN itself and creating a World Environment Organisation (WEO). It is important to take note of some of these initiatives.

Restructuring the UN

Debates around the restructuring of the UN have been taking place for a long time now. The Pronk-Iglesias report in the early 1990s suggested the restructuring of ECOSOC to give environment a higher profile through CSD and the establishment of high-level Advisory Board on Sustainable Development which would report to the Secretary-General. While an Advisory Board was established, it was non-functional and was finally disbanded in 1997. Attempts were also made at reforming the UNEP so as to make it more prominent in terms of setting global environmental priorities. This too, however, did not materialise effectively.

The UNDP's role became more prominent with its *Agenda for Development*. The *Agenda for Development* was an attempt to get the World Bank and the IMF to have stronger developmental policy inputs. The report had suggested the restructuring of ECOSOC into the Economic and Security Council. This agenda too did not materialise because of differences with regard to the questions of sustainable development, i.e. the developing countries wanted the focus to be on economic growth.

A number of other initiatives at reforming the UN have taken place. The ‘Quiet Revolution’ of reforms initiated by Kofi Annan, the Secretary General of UN at present, recommended the establishment of four executive groups:

- A peace and security group,
- A humanitarian affairs group (including the World Food Programme),
- An economic and social group (including UNCTAD, UNEP and CSD) and
- A development group (including UNICEF and UNFPA).

While these broad reforms took place, there are still huge differences between the developing and the developed countries. The United States, in particular, has been eager to link the UN closely to Bretton Woods institutions in the context of open



Fig.7.6: Kofi Annan

economies, a thriving private sector and more emphasis on good governance and human rights (as defined by them) whereas developing countries would prefer to see the UN role strengthened in the Bretton Woods institutions and more emphasis on sustained economic growth. The reform of the Security Council has also been an important concern of developing countries.

World Environment Organisation

Another area of proposed reform has been the establishment of a World Environment Organisation. Some countries such as France and environmental NGOs have tabled the idea of a WEO to work alongside the WTO. The idea of a WEO has emerged in the context of increased international trade and the fear that the environment will be the loser. The developing countries fear that such an organisation will result in the institutionalisation of global environmental governance which will restrict trade from the developing countries and consequently their efforts at development. Efforts at creating such an organisation have not materialised so far.

During the 2001 Jakarta Meeting, the G-15 called on the developed countries to address the concerns of the developing countries. "Industrialised countries have not fulfilled their commitments to provide the necessary assistance, including new and additional financial resources, technical expertise and the transfer of environmentally friendly technology on favourable terms to developing countries. These factors are crucial to the implementation of national policies and multilateral environmental agreements as well as the improvement of the competitiveness of environmentally friendly goods and services of developing countries".

Source : <http://www.hinduonnet.com/thehindu/2001/06/01/stories/0201000d.htm>

7.7 BRETTON WOODS INSTITUTIONS

The Bretton Woods institutions which were created after the World War II originally aimed at reconstructing Europe, and later, have become major financiers of development projects in the Third World. Organisations such as the World Bank have also developed huge environmental portfolios. In fact, today the World Bank spends more on the environment than on any other international organisation. At the same time, the Bretton Woods institutions are accused of not alleviating but aggravating poverty and causing massive environmental destruction. This section looks at the role of the Bretton Woods institution (mostly the World Bank) in the context of environmental issues.

Bretton Woods Institutions

In 1944, in Bretton Woods, New Hampshire, USA, three organisations were proposed to be created to form the foundation of the new, post-World War II, economic order. The three organisations were the World Bank, the International Monetary Fund (IMF) (collectively known as the Bretton Woods institutions) and the International Trade Organisation. The first two were set up but the third aroused a considerable controversy (see trade and environment discussion in Unit 2).

The World Bank and the IMF are considered to be independent, specialised agencies of the United Nations and are also member observers in several UN bodies. But unlike the UN institutions which function on the basis of equality of nation-states, the Bretton Woods institutions wield power to those who contribute more. While, the UN is based on the principle of one nation-one vote, the Bretton Woods institutions are based on the principle of one dollar-one vote.

World Bank

The World Bank was originally created to finance the reconstruction of the war-torn Europe. However, over the years, it has become the primary financier of the Third World development projects. The role of the Bank, however, was not uncontested. A 1951 report of a group of experts entitled 'Measures for the Economic Development

of Underdeveloped Countries' in fact recommended the establishment of a Special UN Fund for Economic Development (UNFED) which would give grants to the developing countries. The North opposed this proposal and came out with an alternative, namely an institution which would give soft loans based on capital subscribed from Northern countries – later to be known as the International Development Association (IDA).

The World Bank encompasses both the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). The former was established in 1945 following the Bretton Woods Conference and mainly provides development assistance and loans to middle income countries and creditworthy low income countries. The IBRD raises finance on the international capital markets. Only about 5 percent of its funds come from the member countries. The IDA was established in 1960 and is more concerned with poverty reduction. It receives significant contributions from member countries (especially wealthy countries). The IDA, unlike IBRD, provides interest free loans (on paper) to countries who cannot afford commercial rates. Loans can be paid back in 35 – 40 years with a ten year grace period.

The World Bank is the largest multinational lending and technical agency for the Third World Development. Its mandate includes consolidating loans for large scale development projects, as well as providing structural adjustment loans for countries that have balance of payment problems. In the 1970s, with McNamara at its helm, the World Bank's resources increased manifold from \$2.7 billion a year in 1968 to \$8.7 billion a year in 1978. Besides an increase in funds, there was a greater focus on poverty reduction.

The World Bank Group also includes the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for Settlement of Investment Disputes (ICSID). While the IFC was established in 1956 to promote private sector development in the developing world through technical assistance, MIGA (formed in 1988) was formed to stand guarantor to foreign investors for developing countries. ICSID was established in 1966 to deal with the investment disputes between foreign investors and their host country.

International Monetary Fund (IMF)

The IMF has also had a chequered history. Originally, it was conceived of as a guardian institution of global liquidity, a function that it was to pursue through the maintenance of stable exchange rates. However, in the 1970s when the US President Nixon inaugurated a new era of floated exchange rates, the IMF became redundant. Its focus changed therefore. The IMF today has three main objectives:

1. to promote international monetary cooperation,
2. to facilitate the expansion of international trade, and
3. to promote exchange rate stability.

To meet these objectives, the IMF advises member countries on economic policies and provides conditional assistance to the countries that are experiencing balance of payments problems.

The IMF is most famous for its **Structural Adjustment Programmes (SAPs)**. Structural adjustment refers to free market economic policy reforms imposed on the developing countries as a condition for receiving loans. SAPs aim to improve a country's foreign investment climate through the promotion of exports and reduce government deficits through cuts in public expenditure. The stated logic of SAPs is that they will help boost the economies of the developing countries to economies, recover and grow. Economic growth is seen in terms of private sector foreign investment which will eventually percolate down to the poor.

SAPs have been heavily criticised for a number of reasons. SAPs, critics argue, impose harsh economic measures on countries which deepen poverty, undermine food security and result in unsustainable environmental and social development. These consequences are seen to be a result of a shift away from food crops and an emphasis on cash crops, the abolition of food and agricultural subsidies (to reduce government expenditure), cuts in social programmes in the areas of health, education and housing, currency devaluation which increases import costs, liberalisation of trade and investment and privatisation.

World Bank's Environmental Agenda

Although the environment is not an explicit part of the World Bank's agenda, it has taken aboard environmental concerns over the last few years. Not only has the Bank spent a lot of money on the environment and brought aboard over 300 specialists, but also it has put together broad environmental objectives. These objectives are:

1. addressing potentially adverse environmental impacts of World Bank financed activities,
2. assisting member countries promote environmental protection,
3. helping member countries to set and implement sound environmental programmes, and
4. promoting global environmental participation through the Global Environment Facility (GEF).

These aims have been pursued in a number of ways. The Bank has Operational Policies, Bank Procedures and Good Practices all of which are aimed at addressing environmental and social concerns. In 1984, the Bank consolidated its environmental focus into an Operational Manual Statement. The most important feature of this statement is the requirement of an **environmental assessment (EA)**.

The World Bank makes it mandatory for borrowers to perform an EA for projects which could have adverse environmental impacts according to the nature of the project. The EA is meant to ensure that development is 'environmentally sound and sustainable' in terms of natural environment, human health and safety issues, social aspects such as cultural property, involuntary resettlement and trans-boundary and global environmental aspects. The EA should include an assessment of the project's potential negative and positive environmental impacts and viable alternatives. It should also make recommendations as to how environmental impacts can be minimised.

The World Bank has also put in place a number of other measures aimed at environmental protection. It has policy on public information which aims to make available relevant document about its development projects to the public. As part of the EA, borrowers are made to consult the project-affected people. The Bank also maintains a list of international treaties and applicable laws so as to ensure that its projects do not conflict with any international environmental agreements. Finally, an independent Inspection Panel was set up in 1993 to address the concerns of private citizens who feel that their interests have been harmed by a World Bank Project.

Assessing the Bretton Woods Institutions

The record of the World Bank and the IMF in poverty alleviation and environmental protection has been poor. In February 2000, the International Financial Institution Advisory Commission said the Bank was irrelevant to solving the problem of poverty. Even within the Bank, there is an acknowledgement that the Bank's primary mission of poverty alleviation has not been very successful. Some critics have gone much further and argued that the World Bank has functioned mainly as an export financing facility for Northern corporations and that Southern countries have in fact benefited

little. Criticism of the IMF is even more severe. SAPs, some argue, have resulted in the exacerbation of economic crises in the countries of Africa and Latin America and a vicious cycle of debt.

On the environmental front, things are no better. A recent World Bank review of its own projects (Wapenhans Report) highlighted the significant deterioration of the overall quality of project lending. Another internal report on the IDA funded Sardar Sarovar project pointed out that the Bank failed to live up to its own internal guidelines. Many have accused the Bank as responsible for displacement and environmental destruction.

Several people's groups and non-governmental organisations have demanded a moratorium on World Bank funding in the country citing the "enormous and severe" dispossession and displacement brought about by the "destructive" projects funded by it. A delegation that met World Bank officials, sought the withdrawal of funding from strategic sectors such as power and water and also an eventual withdrawal of the Bank from the country. They have held the World Bank responsible for financing and pushing the Sardar Sarovar Dam project. Since the affected people had not been resettled, they continued to live on the edges of the reservoir now swollen with silt. As a result, there had been a large number of deaths in the Narmada valley. Thousands were yet to receive land and other benefits due to them. Many of those who got pieces of land found that they were smaller than promised or bad.

It was pointed out that the World Bank had not taken any lessons from the human rights disaster that they funded in the Narmada valley and continued to have a presence there — either directly or indirectly. The World Bank was also considering funding the National Hydro Power Corporation (NHPC), which was building the Omkareshwar and Narmada Sagar dams, but without any plans to rehabilitate the affected population or provide it alternative land.

Source: <http://www.thehindu.com/2004/04/30/stories/2004043000441700.htm>

Challenges to Bretton Woods

In the 1970s, some Southern countries challenged the omnipotence of the global economic order dominated by the Bank. With the rise of OPEC, World Bank aid became less crucial as banks were much more willing to give loans from the billion dollar deposits of OPEC.

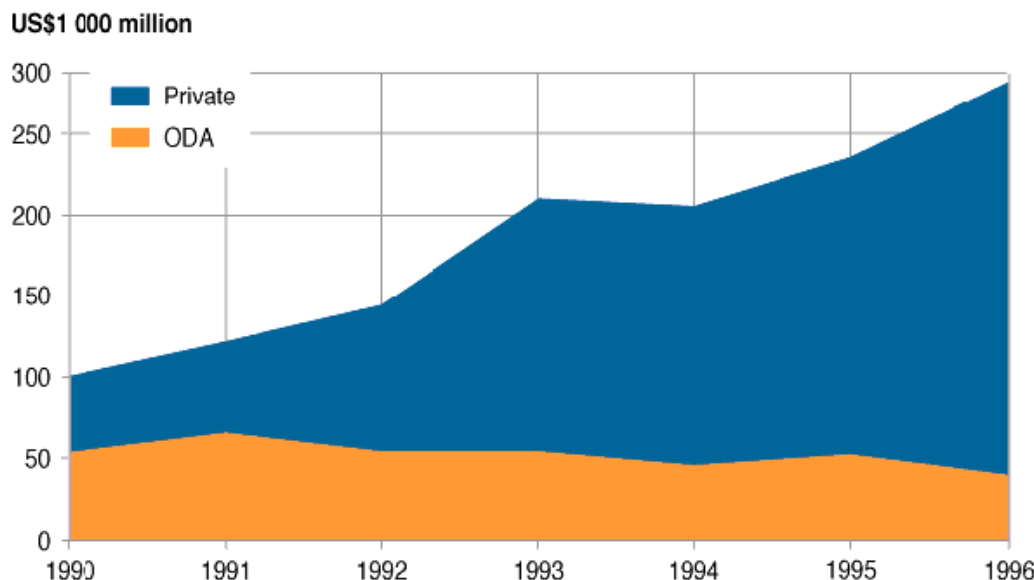


Fig.7.7: Resource flows to developing countries (Source: www.grida.no/geo2000)

As you can see from Fig.7.7, private foreign investment, was about US\$250 000 million, compared to overseas development assistance (ODA) of less than US\$50 000

million. These figures demonstrate the overriding importance of the private sector in the world's economy and, consequently, in environmental issues.

The emergence of the Non-Aligned Movement, G77 and especially the UNCTAD also challenged the status quo. The UNCTAD argued for a global reform strategy which included a call for commodity price stabilisation, a scheme of preferential tariffs and expansion and acceleration of foreign assistance. The UN General Assembly Special Session in 1974 called for a new international economic order. Most of these efforts, however, did not result in any real reform.

We now summarise what you have studied so far.

7.8 SUMMARY

- This unit looked at the genesis of the United Nations and the role of the UN Agencies in terms of environmental governance, both of UN bodies and Conventions and their role before and after Rio.
- The unit also gives an idea as to how international agencies function and how the functioning is plagued by conflicting agendas of nation states as well as inter-organisational disputes.

7.9 TERMINAL QUESTIONS

1. Write a detailed note on the main organs of UN and their functioning.
2. What are the different agencies working towards the preservation of global environment?
3. Critically examine the obstacles for an effective functioning of the UN and its future role as a World Environmental Organisation.
4. What are the challenges faced by the Bretton Woods Institutions in environmental protection?

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