



THE LAW OF INTERNATIONAL INSTITUTIONS EXAMINED THROUGH THE LENSES OF
INTERNATIONAL ECONOMIC LAW

CHRIS WIGWE (PhD)¹
&
Veronica Wigwe-Chizindu (PhD)²

ABSTRACT

This article reviews the economic perspective of the law of International Institutions whose activities in managing the relationship among states are gradually leading to the emergence of a global regime with imperial tendencies. Nations join international institutions for the aim of gaining socio-economic and political advantages achievable under a unified regime of interdependence. Although this work is not set out to consider whether the developing nations are better off as members of the international institutions, it nonetheless reviews the reason why developing nations maintain their membership of international institutions despite the widening gap between the rich and the poor nations. The strategic positioning of the international institutions leans favourably towards indirectly assisting developed countries to retain dominance over the developing nations. Exercise of power by international institutions indicates that states - particularly the less developed states - are gradually losing their sovereignty and inherent power to determine their domestic affairs without external interference.

Keywords: Global Economic Regime, Politics, Commercial law, Institutions.

1. INTRODUCTION

Following the devastating war in Europe, states came together at the city of Westphalia for a conference that sought to put an end to the war and chart a new course for state cooperation. Thus, in 1648, the Treaty of Westphalia ended the Thirty Years' War by acknowledging the sovereign authority of various European princes and this event marked the advent of traditional international law, based on principles of territoriality and state autonomy.³ The recognition of independent states and the principle of sovereignty became the focal concept of international relations among nations.

¹ Associate Professor of Law, Sub Dean, HOD Dept. of Private & Property Law, Faculty of Law, Rivers State University Port Harcourt Mobile: 08058500283; Email: ccwigwe@yahoo.co.uk

² Practicing Solicitor, England, United Kingdom

³ H. Pickering, 'Why do States Mostly Obey International Law?' (E-International Relations Students, 2014) 1 <<http://www.e-ir.info>> accessed 22 January 2019

With recognition of independence status, competition and quest for relevance led to unhealthy competition among states, which was the foundation for the Great Depression, and a precursor to World War I. The effort to put an end to the war and forestall a repeat of the devastation saw the emergence of the League of Nations, which only kept the world safe until 1939 when World War II broke out. Thus, it became obvious that the world needed to do more through cooperation in order to save humanity from the devastating experience of World War I and II. Therefore, the world came together after the shock of Nazi Germany and decided to form international bodies such as the UN and which, through its Charter made a solemn vow that no longer would a state be permitted to do what it liked to its own citizens without having to answer to other states under international relationships even though they appreciated that Nazi Germany had done to its citizens things that were within the terms of its own laws.⁴

However, to gain more economic, social and political relevance, the Powerful states in Europe embarked on expedition in the African continent, which eventually saw to the division of the African continent among themselves. The Colonial masters superintended over African colonies thereby denying them state status that was the major achievement of the Westphalia conference. They ruled and dominated Africa, and other colonies, for their socio-economic gain until pressure from within the region and outside wrestled independence from the colonial masters.

Political independence did not necessarily set a road map for economic development for the former colonies. Hence, despite gaining independence, the developing countries continued to experience less development while the developed nations, their dominance. This dominance is partly what developing nations seek to break with their membership of international institutions but this ambition has remained a mirage.

The undue reliance on international institutions by nations has significantly elevated the international institutions to the new global government of with imperial tendencies. By this, the world seems to have gone full circle by the new world order under the auspices of international institutions and globalization, which has made mockery of the Westphalian system of government that emphasized statehood. Indeed, this is taking the world back to the era of dominance of states by more powerful ones.

It is this continued dominance that has placed scholars and authors on the opposite side of the divide on the true nature and essence of international institutions. “Anti-globalization forces from the left see them as instruments for the domination of the developing countries by both the rich countries or the forces of international capitalism. Critics from the right view these institutions as usurping the role of the market and easing pressures on developing states to adopt efficient, market-promoting policies.”⁵

The undue reliance on international institutions by nations has significantly elevated the international institutions to the new global government of with imperial tendencies. By this, the world seems to have gone full circle by the new world order under the auspices of international institutions and globalization, which has made mockery of the Westphalian system of government that emphasized statehood. Indeed, this is taking the world back to the era of dominance of states by more powerful ones.

⁴ Leo Gross, ‘Peace of Westphalia’ *Cambridge University Press, American Journal of International Law*, (Vol. 42, Issue 1, January, 1948, 1648 – 1948) 1648, Chris Wigwe, *International Law and Practice Mouncrest Universty Press (2011) p.4*

⁵ Harold Hongju Koh, ‘Why do Nations Obey International Law?’ (Yale Law School Legal Scholarship Repository, Faculty Scholarship Series, 1997) 2632 <http://www.digitalcommons.law.yale.edu> accessed 25 August 2017.

2. EVOLUTION OF INTERNATIONAL INSTITUTIONS

International institutions have been in existence in various forms as far as human history can remember. It officially has its origin in Europe as they are known in contemporary times from the Peace of Westphalia, which marked the end of the 30 year war in Europe. The Peace of Westphalia was a series of peace treaties signed in 1648 after five years of negotiations to effectively end the European religious war. Westphalia conference is the first modern multilateral peace conference.

To it therefore, is traditionally attributed the importance and dignity of being the first of several attempts to establish something resembling world unity on the basis of states exercising untrammelled sovereignty over certain territories and subordinated to no earthly authority.⁶ The first major instance of organised international cooperation occurred with the peace of Westphalia in 1648, which ended the religious conflict of central Europe and formally established the modern secular nation state arrangement of European politics.⁷ It succeeded in ending the war and setting a path to state sovereignty and independence.

Even though the pact did not eradicate the propensity for war by modern states, but at least, it set a tone for states to have recourse to dialogue as civilized and diplomatic means of resolving their differences. The Congress of Vienna of 1815 at the end of the Napoleonic wars evidences this as well as the Paris Conference of 1919 as encapsulated in the Treaty of Versailles. The Congress of Vienna created a precedent for regular congresses on ad hoc bases to tackle problems between states.

Thus, for every significant international problem, nations will meet and have conference on the issue with the view to finding a lasting solution to the problem. For instance, the Berlin conference of 1884 and 1885 led to the 'sharing' of the African continent among the European countries that have been embroiled in rancorous friction over the scramble for Africa. Also, the 1899 and 1907 Hague conferences were as a result of the need to regulate the general conduct of warfare. "Until the outbreak of the First World War, world affairs were to a large extent influenced by the periodic conferences that were held in Europe. The Paris conference of 1856 and the Berlin gathering of 1871 dealt with the problems of Balkans, while the 1884-5 Berlin conferences imposed some order upon the scramble for Africa that had begun to develop. These and other conferences, constituted an important prelude to the establishment of international institutions, but became themselves ever more inadequate to fulfill the job they had been intended to do."⁸

The Nineteenth century birthed the emergence of some international non-governmental associations like International Committee of the Red Cross (1863) International Law Association (1873), which all focused on cooperation on particular subject matters. Other inter-governmental co-operation also emerged. Though they dealt with specific subjects, they introduced concepts like permanent secretariats, periodic conferences, majority voting, weighted voting and proportionate financial contributions, which laid the foundation for contemporary international organizations.⁹

⁶ Leo Gross, 'Peace of Westphalia' *Cambridge University Press, American Journal of International Law*, (Vol. 42, Issue 1, January, 1948, 1648 – 1948) 1648, Chris Wigwe, *International Law and Practice Mouncrest Universty Press (2011) p.4*

⁷ John W. McAthur and Eric Werker, 'Developing Countries and International Organizations: Introduction to the Special Issue' *The Review of International Organizations*, (Volume 11, Issue 2, June 2016) 156

⁸ Mizanie Abate and Alemayehu Tilahun, 'The Historical development of International Organizations' *Abyssinia Law*, (2012) <<http://www.abyssinialaw.com>> accessed 31 August 2017.

⁹ Mizanie Abate and Alemayehu Tilahun, 'The Historical development of International Organizations' *Abyssinia Law*, (2012) *ibid*

2.1 *Some International Institutions*

(a) United Nations

The United Nations (UN) was established in 1945, after World War II, as a replacement for the League of Nations with the objective of promoting international cooperation and to establish international order that will prevent another world war. The aims of the UN include maintaining international peace and security, protecting the environment, fostering social and economic development, human rights protection, providing humanitarian aids to member states from natural disaster and armed conflict. The UN had 51 members at its founding and a current membership of 193 countries across the world, with its headquarters in New York. The United Nations is also saddled with the responsibility of developing friendly relations among nations; promoting social progress and better living standards. The UN is made up of six bodies with specific functions – The General Assembly, Security Council, Economic and Social Council, Trusteeship council, Secretariat and an International Court of Justice.

(b) International Monetary Fund

The IMF was set up to cater for the fixed exchange rate system created at the Bretton Woods conference of 1944. It had an initial membership base of 29, which grew up to 189 members over time. Under the IMF, members work together to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world.¹⁰ The aim of IMF was to build a framework for economic cooperation to avoid a repetition of the competitive devaluations that significantly contributed to the Great Depression of the 1930s that eventually led to the world war. The role of IMF was altered as a result of the collapse of the Bretton Woods fixed exchange rate system necessitating the IMF to deal with developing countries more than the developed ones.

(c) The World Bank

It was established after World War II for reconstruction of countries that were devastated by the effect of the war. Its role later expanded to that of economic development. Thus, the World Bank shifted from European reconstruction to financing development activities and urging policy frameworks in nearly all of the world's developing countries.¹¹ The World Bank is well positioned to cater for the developmental needs of its less developed member states. It provides capital for countries of the world for capital programs. An author who also shares this sentiment stated that: "The World Bank also gives interest-free loans and grants (similar to foreign aid) to the poorest developing countries. This aid has been heavily used in Africa; indeed, in 2003, 51 percent of it went to sub-Saharan Africa. This overlap of missions, proliferation of adjustment loans, and expansion of conditionality are central issues today."¹²

¹⁰ Ralph I. Onwuka, *Development and Integration in West Africa: The Case of the Economic Community of West African States (ECOWAS)*, (University of Ife Press, 1992)

¹¹ John W. McArthur and Eric Werker, (n 5)

¹² H.V. Milner, 'Globalization, Development, and International Institutions: Normative and Positive Perspectives' (Review Essay Vol. 3 No. 4, December, 2005) 833 <<http://www.faculty.georgetown.edu>> accessed 22 January 2019

3. THE EXPERIENCE OF THE DEVELOPING COUNTRIES

The major aspect of the experiences of developing countries' membership of International institutions that is of concern is the fact that many of the developing countries have not attained economic growth despite their membership. This is not surprising because, as discussed earlier in this work, most of the international Organizations were not specifically set up for the purpose of fostering growth and development in developing countries. They were set up for the general interests of members no matter their status. Thus, their inability to aid development in developing nations does not necessarily translate to complete failure in their mandate.

There has not been anytime that many developing nations, particularly African region, recorded significant growth that is attributable to their membership of the international institutions. Rather, statistics show a growth pattern for the developed countries as against that of the developing countries. "Since 1980 the world's poorest countries have done worse economically than the richest. In the 1980s the high income countries of the Organization for Economic Co-operation and Development (OECD) grew at 2.5 per-cent annually and in the 1990s at 1.8 percent; the developing countries grew at 0.7 percent and 1.7 percent, respectively."¹³

Many of the countries in West African sub-region attained independence in the 1950s and 1960s. Yet, the economic growth recorded in the region has not been encouraging due to lack of clear-cut policy to enhance self sustainability in growth and development. The level of dependent on external sources has remained high. "None of the countries is, as yet, within a striking distance of self-sustaining growth and economic independence. A state whose economy is characterized by concentrated external dependence can hope to have neither a significant degree of control over the rate of growth and nature of allocation of domestic resources nor a high level of external credibility from which to bargain."¹⁴ The growth pattern in the region does not give any indication of membership benefits.

Models imposed by the international institutions truncate domestic growth pattern adopted by developing nations. The flip flop on policy pattern and implementation has not been shown to favour economic growth. "The World Bank's notorious structural adjustment policies came to be so maligned that its name was changed to 'poverty reduction and growth facility'. The IMF's bailouts, financial packages and reforms have also become notorious leaving many nations in poverty and with mountains of debt."¹⁵ The policies aim at supporting nations in creating governments that are market friendly, disciplined, and modernized while introducing reforms like privatization and civil service reform.¹⁶ Assisting developing nations define governmental solutions is not a problem, but the approach sometimes, is what has proved problematic.

¹³Oscar Schachter, *Private Foreign Investment and International Organization*, (Cornel Law Review, Volume 45, Issue 3 Spring, 2015)

¹⁴S.K.B. Asante, *The Political Economy of Regionalism in Africa: A Decade of the Economic Community of West African States (ECOWAS)* (Preager publishers, 1986) 109

¹⁵ Editorial on TheKhilafah, IMF and World Bank: Colonial tools to exploit the world, published on 19th May, 2007 <http://www.khilafah.com> accessed 20 September 2017

¹⁶Matt Andrews, 'Do International Organizations Really Shape Government Solutions in Developing Countries?' (Cid Working Paper No. 264 August 2013) 3

(a) International Trade and Dumping

Nations engage in international trade as an aspect of cooperation in order to enjoy maximum benefits of products and a favourable balance of trade. "By participating in international trade, each national economy can use its resources most efficiently, concentrating on those activities it is best suited to conduct, and can reap significant economies of scale. In consequence, trade raises real income in each country."¹⁷ There is no doubt that nations have good reasons to engage in international trade. An author summed the justification for engaging in international trade thus: An enduring two-way flow of goods must reflect systemic international differences in structures of costs and prices. Some things must be cheaper to produce at home and will be exported to other countries. Other things must be cheaper to produce abroad and will be imported from other countries. This generalization is known as the law of comparative advantage which can be put this way: in a world of competitive market, trade will occur and be beneficial whenever there are international differences in relative cost of production.¹⁸

International trade raises economic problems by affecting the internal behaviour of each national economy and raise political problems that affect the relations among states. Where the states are members of international organisations, such trades are regulated by rules set up by treaty and any problem thereof arbitrated within the treaty provisions.

(b) Trade Incentives for Developing Nations

There is no doubt that with the right environment, developing nations can make an impactful presence on the international scene. Various incentives exist in form of trade agreements to assist developing countries have a leeway into the markets of the developed countries. These types of incentives are not in short supply but their existence does not translate to their accessibility or efficacy towards economic development. In an increasingly hostile world economic environment, developing nations need these palliatives to enable them navigate the tumultuous path of the global market. Competitiveness is difficult to achieve when dealing with more powerful and economically advanced counterparts. Thus, this section reviews some partnership initiatives by some developed countries/regions aimed at assisting the African region achieve economic development.

African Growth and Opportunity Act (AGOA) is the first ever US trade pact with Africa which was signed into law in May 2000. It is aimed at achieving accelerated growth and development of Sub-Saharan Africa and the integration of the continent into the world economy through trade liberalization, enhanced market access, finance and investment.

This preferential trade agreement based on the system of generalized preferences was an initiative by President Clinton to promote growth and economic opportunities in Africa by increasing and diversifying the volume of trade between sub Saharan African countries and the USA. The idea generally was to enable African countries deal with the problems posed by globalization.

AGOA provides duty-free access to textiles and apparel subject to the wearing apparel provisions, having their own requirements and rules of origin.¹⁹ Textiles are eligible if manufactured in AGOA beneficiary country whereas apparels from less developed beneficiary countries are duty-free even when the fabric used is from a third country.

¹⁷Peter B. Kenen, *The International Economy*, (3rd Ed.) (Cambridge University Press, 1996)

¹⁸*ibid.* 2

¹⁹AGOA eligibility products, AGOA.info <<http://www.agoa.info>> accessed 23 January 2019

4. INTERNATIONAL OBLIGATIONS AND COMPLIANCE

Compliance is the degree to which state behaviour conforms to what an agreement prescribes or proscribes.²⁰ Countries join international institutions with the mindset of obeying their rules and regulations and complying with the Treaty obligations resulting therefrom. Non-compliance with rules can result in conflicts. So, states strive to avoid conflict as much as possible by complying with treaty obligations under the principle of international law known as ‘Pacta sunt servanda’. Sometimes, there may be mechanisms put in place to galvanize compliance. However, even where there is no formal enforcement mechanism, members often find it expedient to comply with international obligations. Almost all nations observe almost all principles of international law and almost all of their obligations almost all the time.²¹

Compliance is the hallmark of membership and the reliability of a state. A state that does not comply with international obligations will have integrity issues to deal with. “It poses a critical ongoing challenge for the United States foreign policy, for if we cannot predict when nation-states will carry out their international legal obligations respecting trade retaliation, environmental protection, human rights, global security, and supranational organizations, how can we count on “multilateralism” to replace bipolar politics which was the engine of the post-cold war Order?”²²

The UN Charter consists of rules for an organization of states and for the limits of action on the part of their governments.²³ Governments are expected to operate within those set limits to avoid being sanctioned. Although Article 41 of the UN Charter made no provision for the enforcement of sanctions mandated by the Security Council, the original understanding of those that drafted the Charter appears to have been that if economic and diplomatic sanction failed, then the Security Council could authorize military action.²⁴

5. INTERNATIONAL COOPERATION AND STATE SOVEREIGNTY

Sovereignty is the ability of a state to take decision over affairs concerning the domestic affairs of the state without external interference. It is an exclusive right of an independent state and its citizens to exercise authority within its geographical territory, while in relation with other states; the state government usually exercises its sovereign power.²⁵ It is the power a country has to govern itself and make its own laws.²⁶ The hallmark of statehood is sovereignty. “Sovereignty represents the basic constitutional doctrines of the law of nations that governs a community consisting primarily of state, having uniform legal personality. If international law exists, then the dynamics of states sovereignty can be expressed in terms of law.”²⁷

Following the membership of states in international institutions and their exercise of powers by the institutions, the term sovereignty has been considerably undermined. Membership in an International institutions means that states pay sovereignty costs, contracting

²⁰Jana Von Stein, ‘Compliance with International Law’ <<http://www.javavonstein.org>> accessed 23 January 2019

²¹ Louis Henken, *How nations Behave* (2nd Ed.) (Columbia University Press, 1979) 47

²²Harold Hongui Koh, ‘Why do nations Obey International Law?’ (*The Yale Law Journal*, Vol. 106: 2599,) 2599 <<http://www.digitalcommons.law.yale.edu>> accessed 26August 2017

²³Chris Wigwe, *International Monetary Law: Effects of Trade Liberalization in West African Countries and their Currencies*. Chrismarcus Chambers, 2018

²⁴ibid.

²⁵Chris Wigwe, *Roles of International Organisations and their Exercise of Sovereign Power: International Economic Law Perspective*. G-Prints Publishers, Port Harcourt, 2017

²⁶ Chris Wigwe, *Roles of International Organisations and their Exercise of Sovereign Power: International Economic Law Perspective*, ibid.

²⁷ Brownville, L., *Principles of International Law*, (5th Ed.) 289

costs, and agency costs.²⁸ Thus, by their membership, states have agreed to give up part of their sovereign powers to the institutions, committing to abide by their rules and paying the sovereign cost.

This liberalized concept of sovereignty aligns with the UN Charter on the sovereign and equal status of all member states which equally recognizes the need for cooperation. Both recognize that the modern transformation of sovereignty has remade international law, so that international law norms now help construct national identities and interests through a process of justificatory discourse.²⁹

In today's setting, the only way most states can realize and express their sovereignty is through participation in various regimes that regulate and order the international system.³⁰ It is for this reason that sovereignty has been viewed as being eroded by the powers exercised by international institutions. "Sovereignty is described in a recent work as 'perforated', defiled, cornered, eroded, extinct, anachronistic, even interrogated...Intercontinental ballistic missiles, communication technology, and human rights have led many to doubt whether the sovereign state can or should continue to exist, and some speak openly of moving to a new stage in international relations 'beyond Westphalia'."³¹

When states join international institutions, their intention is usually to obey the rules of the international order set by those institutions. However, sometimes, the citizens of a country not only appreciate the membership of their country in these organizations but also sometimes tend to differ more to the institutions than the state apparatus.

The higher the respect citizens have for international organizations, the more empowered the international Institutions become, and this equally whittles down state sovereignty. This is more perceivable in developing nations where there exists a bogus expectation from international organizations as having the capacity of solving all their problems.

6. COST OF INTERNATIONAL COOPERATION ON GOVERNANCE

The extent and significance of the impact of international organizations on government process is enormous. The guidelines, teaching and rules of international organizations have become a yardstick with which many governments measure their performance. The rating by international institutions sometimes, define the platform on which the rest of the world relate with governments.

It should be noted that neither the United Nations nor any other international organization was conceived as a law making body.³² However, the institutions have been engaging in various aspects of governance including legal reform, judicial reform and civil service reform. The institutions, particularly the WB, agree that the legal and judicial reforms are not mentioned in their Articles of Agreement, but claim that reforms fall within its mandate if a state requests of the institution's assistance in that area.³³

In recent times, the influence of international institutions on policies of member states, particularly in the developing world has shown to be more impactful than their achievements.

²⁸ Sara McLaughlin Mitchell, *Cooperation in World Politics: The constraining and Constitutive Effects of International Organizations*, (The University of Iowa's Institutional Repository, 2006) 5 <<http://www.ir.uiowa.edu>>

²⁹ Harold Hongju Koh, 'Why do Nations Obey International Law?' (1997) Faculty Scholarship Series Paper 2101. <http://digitalcommons.law.yale.edu/fss_papers/2101> accessed 29th August 2017

³⁰ *ibid.* 2636

³¹ Derek Croxton, *The Peace of Westphalia of 1648 and the Origins of Sovereignty* (The International History Review, 21:3, 1999) 2 <http://www.tandfonline.com/loi/rinh20> Accessed 25/08/17

³² Chris Wigwe, *The World Bank, IMF and State Sovereignty* (Mountcrest University Press, 2011)

³³ *ibid.* 234

They create rules that significantly impact on government policies. The Worldwide Governance Indicators (WGIs), for instance claim their basis in “the norms of hinted government that protect private property from predation by the state. They relate the broadly held idea that good governance is built on “institutions that establish a predictable, impartial, and consistently enforced set of rules for investors.”³⁴

Part of the criteria for most programmes in developing nations has something to do with good governance. By so doing, international institutions smartly get around governance question without much hassle. “The constitutional prohibition of political activities on the part of the International financial institutions has been overcome with the ingenuous interpretation that its scope covers ‘governance as a question of ‘good order’ in the management of a country’s resources through rules and institutions, rather than the exercise of political power to manage its affairs generally.”³⁵ In view of this, issues bothering on civil service reform, legal reform, judicial reform, adherence to rule of law, privatization etc are considered an integral part of the notion of ‘good order’ and resource management. The international institutions are therefore acting as international political and socioeconomic institutions.

7. INTERNATIONAL INSTITUTIONS AND THE CHANGING WORLD

A lot has happened in global governance since the end of World War II when the UN was established with a gigantic portfolio and responsibility. As the number of international organizations increased, so also have the issue requiring global attention. These organizations are now spun in a complex network that includes states, nongovernmental organizations, and other agencies that operate above state level; they have grown in size and scope yet their method of operation has not changed.³⁶ The challenges they face include bureaucratic issues as well as how best to adapt their operations to meet contemporary global issues.

The issue of their operation has been a subject of concern both for outsiders and insiders alike. While different reasons and suggestions have been made, there is a consensus on the need for reform. One of the areas requiring urgent reform is the bureaucratic nature of the institutions, which has slowed down their operations. This is because part of the challenges lies in the internal structure and procedures of the institutions themselves.

In addition to bureaucratic issues are related to budget and financing, which has also generated attention. “The main promise during such reforms is to make the organization less ‘bureaucratic’, since being a bureaucracy is no longer seen as something good. Global organizations try not to appear as impersonal bureaucracies with bloated overhead costs and effective operations, but they want to be perceived as dynamic actors that react quickly and effectively to new problems.”³⁷ International institutions should look to see how they might be able to preserve the advantages of universal multilateralism, while at the same time adapting to the new circumstances of a fast-changing world and for which they will need to acquire speed and agility, the characteristics needed for survival in the new world.³⁸

The treaties establishing international organizations outline their functions and power. The establishing treaties regulate their activities and responsibility to member states.

³⁴Matt Andrews, Do International Organizations Really Shape Government Solutions in Developing Countries? (Cid Working Paper No. 264 August 2013)

³⁵B. S. Chimni, International Institutions Today: An Imperial Global State in the Making (EJIL, Vol. 15, No. 1, 2004) 10

³⁶Tine Hanrieder, The Reform Reformation: International Organization and the Challenge of Change (Foreign Affairs, April 8, 2016) <<http://www.foreignaffairs.com>> Accessed 24th August 2017

³⁷Tine Hanrieder, The Reform Reformation: International Organization and the Challenge of Change (Foreign Affairs, April 8, 2016) <<http://www.foreignaffairs.com>> Accessed 24th August 2017

³⁸Francis Gurry, - Director General, WIPO, ‘Challenges for international Organizations and Multilateralism’, Lakshman Kadirgamar Memorial Oration 2013, November 13, 2013 <<http://www.wipo.int>>

International Institutions are set up with governance structures that distribute power among member states in particular ways—whether through explicit or de facto representation on an executive board or secretariat, or through vulnerability to back-channel lobbying and these power structures can be baked into the original institutional design, like the veto membership in the U.N. Security Council which means that once an international institution is up and running, countries with better access to control face incentives to look after their national interest, even when the institution itself might be better served taking a different path.³⁹

With a changing world and global system, new issues have emerged that require expeditious attention outside the usual bureaucratic channels. The size and number of issues calling for attention and the paucity of outcomes seems to have spawned a rich array of lateral groupings of states, groupings that are multilateral in the sense of involving more than two states, but not universally multilateral like the United Nations and its specialized agencies.⁴⁰ This trend calls to question the traditional single institution with global mandate on general issues.

8. CONCLUSION

The background of international institutions reveals the yearning by states for partnership and cooperation among states and the need to have standard rules of engagement. The increasing powers of international institutions pose a challenge and subtle threat on the fundamental principle of sovereignty and state independence. Despite the implication of such cooperation to the powers of the states, membership of international institutions still holds a great pull for states.

The plethora of international institutions to which various countries ascribe their membership supports this assertion.⁴¹ While some of the institutions are general in scope and worldwide in their reach, others are specific in their subject, and some others, regional in their reach. In whatever capacity they act, International institutions, due to their relevance, have acquired state status under international law and are recognised as such.

In a changing world, international institutions are facing numerous challenges both from new issues that confront them daily to internal structure and bureaucracy. The emergence of many multinational institutions that render similar services and at faster pace, question the continued existence and relevance of some traditional institutions. The continuous influence developed nations wield on international institutions poses another major source of concern for developing countries.

The policies of international institutions do not take the peculiar circumstances of developing nations into consideration. As such, they dish out policies and conditions that are not tailored to work for the developing nations. The resultant effect is that some of the countries are left worse than they were before adopting such policies.

The growing call for reform of the institutions indicates that there is need for them to pursue reform agenda. International organizations should be more transparent in their dealings with their members. Increased transparency and accountability and reducing the influence of

³⁹John W. McAthur and Eric Werker, *Developing Countries and International Organizations: Introduction to the Special Issue (The Review of International Organizations, (Volume 11, Issue 2, June 2016)*

⁴⁰Francis Gurry, (n 35)

⁴¹Augustine Ehikoya, *Nigeria to Reduce membership of International organizations*, (The Nation, September 27, 2017) [[http:// www.thenationonline.net](http://www.thenationonline.net)] 1. Nigeria for instance is a member of 320 international institutions for which it has been unable to meet her financial obligations. This necessitated the Government's decision to withdraw 90 of them while retaining membership in 220 institutions.

special interest by giving the less developed countries themselves more ownership over the conditions imposed by the IMF will be a step in the right direction.⁴²

International financial institutions have a role to play in the redistribution of global wealth. This can only be achieved if they deliberately reset their agenda to accommodate the priorities of the developing nations. Both IMF and World Bank should become more attentive to the social cost of their programmes and set their preference away from government expenditure and controlling inflation. They should adopt programmes that are more inclusive of the concerns of less developed countries.

Abstracting and Indexing in:

GIGA - The Electronic Journals Library of the German Institute of Global and Area Studies, Information Centre, Hamburg; Google Scholar; Global Development Network (GDNNet); Social Science Research Network (SSRN); Econlit - The American Economic Association's Index (ECONLIT); EBSCO; IndexCopernicus USA; British International Libraries; Anton's Weekly Digest; International Abstracts in Operations Research; Environmental Science and Pollution Management; Research Alert

www.juliapublishers.com

⁴²H.V. Milner, 'Globalization, Development, and International Institutions: Normative and Positive Perspectives' (Review Essay Vol. 3 No. 4, December, 2005) 833 <<http://www.faculty.georgetown.edu>> accessed 22 January 2019