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Build Back Better World (B3W) Initiative

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Why in News

US officials are set to visit Latin America to look for possible projects for the Build Back Better World (B3W) Initiative. B3W is an international infrastructure investment initiative announced by the **Group of Seven (G-7) richest democracies** in June 2021.

The B3W initiative is being seen as the **US' initiative to counter China's Belt and Road Initiative (BRI)**.

Key Points

- **B3W & its Guiding Principles:**

- **Goal:** The Build Back Better Plan is a Covid-19 relief, future economic, and infrastructure package proposed by G-7 countries for developing and lower-income countries.
- **Components of B3W:** Through B3W, the G7 and other like-minded partners will coordinate in **mobilizing private-sector capital** in four areas of focus:
 - Climate,
 - Health and health security,
 - Digital technology,
 - Gender equity and equality.
- **Values-Driven Development:** Infrastructure development carried out in a transparent and sustainable manner - financially, environmentally, and socially - will lead to a better outcome for recipient countries and communities.
- **Good Governance and Strong Standards:** B3W to infuse investment by complying with the standards promoted by the **Blue Dot Network**, relating to the environment and climate, labor and social safeguards, transparency, financing, construction, anti-corruption, and other areas.
- **Climate-Friendly:** The investments will be made in a manner consistent with achieving the goals of the **Paris Climate Agreement**.
- **Strong Strategic Partnerships:** B3W will envisage countering the aggressive model of development and establish a more inclusive model of global development.

- **BRI & Associated Issues:**

- The BRI project was **launched in 2013**, it broadly aims to facilitate cross-border transportation of goods, access to energy, creating demand for existing excess capacity in Chinese industries.
 - China had an overall exposure of investment of around \$750 billion between 2013 to mid-2020.
- However, BRI project has been **heavily criticized** for the following reasons:
 - Western critics have attacked the initiative as **new colonialism**, or the Marshall Plan for the 21st century.
 - BRI is also being seen as a part of China's **debt trap policy**, wherein China intentionally extends excessive credit to another country with the intention of extracting economic or political concessions from the debtor country.
 - Also, projects like **China-Pakistan Economic Corridor (CPEC)**, building of Colombo Port City Project in Sri Lanka are not only commercial in nature but have strategic implications too.

Way Forward

- **Mobilising Funding:** The Infrastructure Bill is estimated to cost \$1.2 trillion over five years and the Reconciliation Bill, \$3.5 trillion over ten years.
 - Together, both bills form the foundation for US President Biden’s economic agenda and are part of his Build Back Better plan.
 - However, these bills are being heavily debated in the American Senate and are less likely to be passed.
 - Thus, there is a need to develop a sustainable funding model for the success of B3W.
- **Reinventing Capitalism:** Covid-19 has exposed the fragility and societally negative outcomes of contemporary capitalist economies.

Thus, in order to lead to global development as highlighted by the B3W blueprint, it will require fine-tuning of the current model of Capitalism.
- **Building Consensus in Democracies:** Any plan formulated by vibrant democracies such as these countries usually takes time and has to go through many diplomatic and bureaucratic twists and turns.

Thus, the main challenge for G-7 countries is to build global consensus and deliver projects in a time-bound manner.

Source: IE