Financial Mechanisms and Their Role in the Execution of Financial Policies

The structure of the financial system of each country is different, which is why the set of financial mechanisms implemented in the execution of its financial policies will differ as well. What is more, a lot of depends on the goals a country has set for itself for the next year or years, as well as the issues which play a vital role for the state and its citizens. One should not also forget that the budget and the amount of money the government of a country can spend should be taken into consideration as well. That is the reason why financial policies play such an important role: they help determine which areas require additional money, as well as facilitate the process in general.

Let us take a look at an example of a financial mechanism and its role in the execution of financial policies: the task to fund the development and active usage of renewable sources of energy in a developing country. Taking into account the fact that the country in question is developing, it will most likely have zero money in its budget to spend on renewable energy. Even though it is important to take the threats of climate change seriously, a developing country has tons of issues that are more urgent, such as the system of education, unemployment, and even medical reform. That is the reason why one of the best financial mechanisms a country can make use of in order to find money for the development of renewable sources of energy is to get an investment from a developed country or an environmental organization (IRENA). This way, a company or organization will guide the developing country during the whole process of creating the tradition of developing renewable sources of energy. In addition, the investor will also provide the country will all the necessary equipment. The country and its residents will be well-informed about various sources of renewable energy which they can use in
order to generate electricity, for instance. Furthermore, they will see how such equipment works and what they can get out of it. Taking a look at the practical implementation of an idea helps to convince a larger amount of people which, in its turn, will have a positive influence on the development of tradition. Ultimately, more people will finally realize why renewable sources of energy are so important nowadays and why we need to switch to them in order to preserve our planet.
Works Cited