# The reform of governance must take place

It is not difficult to conclude that the current practice of multilateralism has failed. The current institutions and normative standards of global governance, many constructed decades ago to foster international cooperation, are now proving ineffective- and also ignore or exacerbate inequalities, within and between countries.



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# "The reform of governance must take place"

It is not difficult to conclude that the current practice of multilateralism has failed. The current institutions and normative standards of global governance, many constructed decades ago to foster international cooperation, are now proving ineffective- and also ignore or exacerbate inequalities, within and between countries.

Robert Dussey, Minister for Foreign Affairs of **Togo** at the <u>2023 UNGA General Debate</u>:

"Africa expects more equality, respect, equity and justice in its relations and partnerships with the rest of the world, with the major powers, whatever they may be. Today, Africans want to be true partners. In the concert of nations, Africa must be listened to for dialogue to have meaning.... Africa certainly does not have the same megaphones as the great powers of the world, but the voice of Africa counts and must count if we want to have Africa as a partner on major international issues."

Pakistan at 7th Session of the Expert Mechanism on Right to Development (2023):

"After the Second World War, the Bretton Woods institutions – IMF, the World Bank and what was supposed to be the World Trade Organization at that time – were created to support financial stability, preserve access to markets and encourage not only prosperity, but convergence between countries at different levels of development. Undoubtedly, these institutions facilitated the reconstruction of Europe, but they have not played a similar role in the developing countries... The current challenges have fully exposed the long-standing structural inequalities in our international financial architecture, which the UN Secretary-General has described as 'morally bankrupt'."

The UN Secretary-General has frequently emphasized the power imbalances in global governance. Addressing the *G77 and China Summit* (2023):

"[W]e need national action – to ensure good governance, mobilize resources, and prioritize sustainable development. But we need global action, that respects national ownership, to build an international system that upholds human rights and works in your interests at all levels....

We are moving to a multipolar world. Multipolarity creates new opportunities for leadership on the global stage. But alone it doesn't guarantee peace and justice. Those require strong, effective multilateral institutions. But many of today's institutions – particularly the United Nations Security Council and the Bretton Woods institutions – reflect a bygone era; one when many developing countries were shackled by colonial rule and had no say on their own affairs, or on global affairs. I have proposed measures to make the global financial architecture more representative and responsive to the needs of developing countries."

The previous year at a High-level Segment of ECOSOC (2022) he said:

"The world faces cascading crises that are causing profound suffering today, and carry the seeds of dangerous inequality, instability and climate chaos tomorrow... .Some countries are investing in recovery through a transition to renewable energy and sustainable development. But others are unable to do so, because of deep-rooted structural challenges and inequalities, at global and national levels.... Implementing the Sustainable Development Goals will require US\$4.3 trillion per year – more money than ever before – because the international community is simply not keeping pace with the commitments it made....

The global financial system is failing the developing world. Although since it was not designed to protect developing countries, perhaps it is more accurate to say the system is working as intended. So we need reform. We need a system that works for the vulnerable, not just the powerful."

To a different audience at the World Economic Forum (2023) he spoke of the consequences:

"I am not convinced that the wealthier world and their leaders truly grasp the degree of frustration and even anger in the Global South.... Frustration and anger over a morally bankrupt financial system in which systemic inequalities are amplifying societal inequalities.

A system that is still routinely denying debt relief and concessional funding to vulnerable middle-income countries

that are in desperate need. Because the rules are not made to allow it. A system in which most of the world's poorest countries saw their debt service payments skyrocket by 35 percent in the last year alone."

And again in 2024:

"[I]nequality and injustice are reaching obscene levels – a serious obstacle to sustainable development. Oxfam reports that the world's five richest men – and they are men – have more than doubled their fortunes since 2020 – at a rate of US\$14 million per hour.

At the same time, more than half the world, nearly five billion people, have become poorer....

And many of the same countries battered by climate chaos are in a financial chokehold.

More than half the world's poorest 75 countries face debt distress. Their interest payments have quadrupled in recent years... The institutions and frameworks of global governance, from the Security Council to the Bretton Woods system, were created 80 years ago."

Multilateralism "a la carte" and "forum shopping" are the modus operandi of powerful actors to shape global outcomes in their national interests. This practice undermines commitments and obligations that they themselves have agreed to in the UN Charter and a full range of human rights and environmental treaties.

Many of the items in this collection explore related challenges primarily through a Global South lens, including developing country perspectives on the reform of the UN Security Council, the Right to Development, digital governance and the overarching issue of reforming the International Financial Architecture, currently being discussed in many multilateral fora.

The need to redesign global governance was never greater. As Mia Mottley, Prime Minister of Barbados, told world leaders at the <u>Summit for a New Global Financing Pact in 2023</u>:

"We have never had the proper discussions for the dismantling of an imperial order. And whether it is at the United Nations system or at the multilateral development banks, regrettably we continue to see first-class and secondclass citizens. Rules are made by us. They were not made to break us. We are made to shape them. And if we can't shape the rules in this time, as others shaped them before, then we will be the ones accountable for what, potentially, can be the worst reality of mankind. The reform of governance must take place. Geopolitics and national politics cannot be allowed to stand in the way."

Any reform of multilateral governance can only be legitimate and effective if the Global South is an active part of its formulation. By helping to channel the multiplicity of Southern voices, this report seeks to contribute to that endeavor.

Barbara Adams, Global Policy Forum Roberto Bissio, Social Watch

New York, Montevideo, May 2024

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# **Southern civil society** voices

Civil society organizations (CSOs) across the Global South have long engaged in policy advocacy and service provision to correct the power imbalances in global governance and address their negative consequences.

They directly experience the impact of the International Financial Architecture (IFA), which hinders their work in their communities and issue areas. They are acutely aware of the injustices of a system that is deep-rooted and systemic and call out the empty promises and false solutions that seek to only cosmetically change the IFA.

Excerpts below from Global South CSOs highlight tangible impacts on local communities and various policy areas. While they come from different regional contexts and expertise, they collectively call for a shift in global governance to overcome obstacles that undermine universal norms for peace, human rights and justice as well as strengthen the capacity of the public sector.

# International Financial Architecture reform

"South Africa faces an enormous struggle due to the fact that we are the most unequal country in the world, owing to our history of colonialism and the heinous apartheid system.

Despite great efforts by the state and civil society advocates to secure the human rights of the people in our country, we face a tsunami of challenges which includes the lack of access to basic services such as housing, health care, water and education. South Africa carries an enormous debt burden, partly due to our historical legacies and this debt constantly rises due to the horrific interest imposed on South Africa and other countries in Africa by the international financial architecture. IFA conditions force our government to take an aggressive fiscal consolidation path without adequate consideration of the impact on the constitutional rights to, for instance, basic education." – Lesley Ann Foster, Masimanyane Women's Rights International

#### False promises, false solutions

"In the Asian financial crisis, the IMF was giving a lot of loans, but asking for **privatizations**, economic liberalizations that are damaging to the development of developing countries across Asia. Now, in the name of the energy and climate crises, the MDBs are back again, with otherstructural adjustment programmes, including just energy transition (JET) partnerships.... The problem is that this kind of energy transition partnership consists mostly of debt, which has conditionalities attached. It's also an imbalance, in that many of the developing countries need to import more advanced technology from the Global North, many pushed by the MDBs.

With the current energy and climate crises, many of the development programmes tend to be based on large scale infrastructure programmes, which are not inclusive, do not prioritize Indigenous communities and lack a gender perspective. So [the question is] how to align this kind of new International Financial Architecture reforms with the SDGs, in terms of energy, the climate and how to build more community-based projects, rather than importing expensive technology, the cost of which will be put on our fiscal budget as a mounting of the debt." - Bhima Yudhistira, CELIOS, Indonesia

"Indigenous communities are the last frontier whereby diversity thrives. And then you see the kinds of marketbased products that are emerging. Who are the major players in that? The World Bank, Asia Development Bank, the multilateral banks, are positioning themselves to access these kinds of places that hold the real solutions. So you have blue bonds, green bonds, brown bonds, sustainability bonds. The emergence of bonds is quite phenomenal... but the same players, repackaging solutions and their ability to persuade our communities on consenting processes are still fundamentally flawed.

If we just look through so-called 'nature-based solutions' and [related] financing mechanisms, we see the split within civil society. Conservation groups, aligned with the World Bank and ADB, work very closely with Indigenous communities to access biodiversity data. On environmental services, it's marketized in ways that we don't

understand whether it's going to do anything on any number of fronts and deliver for our own people." — Maureen Penjeuli, Pacific Network on Globalization

"The World Bank and IMF and other institutions ... invest large amounts of money into policies on gender and advancing gender equality, which is are really false promises because in their practice they forget about women and women bear the brunt of most of the challenges that we see at a national level. They have used very complicated and intersecting policies that are supposed to address the structural inequality that women face. But when they invest at a national level, women are completely forgotten. So also the strategies that are used to track gender inequality are depoliticized, and that's a very, very serious problem because in depoliticizing it, you take away the opportunity to raise the issues of poverty and inequality in our society." – Lesley Ann Foster, Masimanyane Women's Rights International

"Recent discussions in the Human Rights System about the human rights economy have emphasized that human rights cannot only be a promise but should be in the financial and economic policies of states, individually and jointly. For FIAN, this implies ensuring just transition not only in energy but also for example transition to agroecology and applying human rights to emerging technologies including geoengineering. Through diverse negotiations in the Human Rights Council, we see a very clear polarization where the industrialized countries clearly oppose the Southern countries in debates on issues that require deep transformation to really put the economy in line with states' Human Rights Obligations." – **Ana Maria Suarez Franco, FIAN, Colombia** 

"We all agree that the problem is that the global system, both the financial system and the trade system, have failed, resulting in deeper inequalities, impoverishment and indebtedness in the Global South. Where we haven't agreed is on how to address these challenges. When you look at the solutions which involve more long-term resources, we see more official development assistance (ODA), but it is going into less grants, more debt. Most climate financing instruments are debt creating. We need to reform the global financial architecture, but it should go hand in hand with the reform of the global trading system..... We need to look at how to link the financial architecture to structural transformation in our countries so that we can increase productivity, boost industrialization and trade in value added products. This is the essence of structural economic transformation which is imperative for countries to mobilize resources internally and exit the debt trap sustainably. We need to leverage the energy transition to promote regional value chain and break the cycle of raw export commodity dependence. However, this will require conducive policies at national, regional and global levels." — Jane Nalunga, Executive Director, Southern and Eastern Africa Trade Information and Negotiations Institute (SEATINI)

## IFA impacts on other policy arenas

"The Pact for the Future has no robust vision of migration, freedom of movement, which is important because it's linked to the economic chaos caused by the International Financial Architecture. Funding is being made available, but it's for issues framed as security concerns, surveillance, and it's distracting from the kind of investment needed to promote health and well-being. An example is vaccine development on the African continent which does not necessarily prevent commercialization and financialization. There is no focus on alternative models of ownership. At the end of last year, the UN Special Rapporteur on the right to health and the Independent Expert on the effects of foreign debt and other financial obligations wrote to the International Finance Corporation (IFC) asking it to account for the adverse effects of its loans and investments on health systems." – Lauren Paramoer, Peoples' Health Movement, South Africa

"A new context is emerging for **Small Island Developing States (SIDS)**. On the economic front, the geopolitical competition bringing intense pressure on many countries and environmental and climatic threats are so great that we are looking at an existential crisis. Despite this, there's still a persistent shortfall in both ambition and political determination among our developed country partners at the multilateral level, whether it's on the climate front or on the financial architecture front. Most of our biodiversity sits in oceans... where contested resources sit, new frontier resources, whether it's energy, fish, food insecurities. The highway for movement of digital trade sits at the bottom of our ocean floors." – Maureen Penjeuli, Pacific Network on Globalization

"In discussions on the political economy of development, we see a discursive paradox, which is in large part a question of the delicate balance and the relationship between global multilateralism and local self determination. How do developing countries enjoy an equal right to innovate? How can the majority of the world aspire to a life of dignity that also includes their right to participate in markets?

**Data extractivism** has ushered in a new epoch of data, and enabled colonization.... The idea of digital industrialization and the idea of data as a public resource are needed. To be producers and innovators, Southern countries cannot be condemned to new forms of enslavement by digital platforms and their political and economic masters. Data is not just as a resource or a means of implementation for the SDGs. Data is a core factor of production; it cannot be treated just as a market-based good. It's a commons-based good that can create public and social value.

**Global governance** and data and AI are vital and at the same time, policy space is needed to build a new era of industrialization at the national level. Unfortunately, current international economic law does not address data rights of people, of workers or the right to data as an integral part of the right to development of countries. We need

tax reform. We need an overhaul in intellectual property rules. We need changes in trade and investment regimes. The ILO Renewed Social Contract and much more that's commensurate with the digital economy. We also want to call out UNCTAD's role in shaping new consensus and new institutional arrangements in three specific areas: 1) the innovation economy of the future; 2) the idea of public value **in the** digital economy; and 3) a new imagination of inclusion in the digital economy of the future. We need research on data value, data valuation and the role of data infrastructural capabilities in rebuilding economies that are driven to debt and precarity in an unjust world." – **Anita Gurumurthy, IT for Change, India** 

"The UN Food System Summit showed how the interests of the agro-industries were brought to the negotiation table with states that were very passive and with the Secretariat supporting false solutions of the agro-industry. In terms of financing in **health**, it's interesting that the Bretton Woods institutions are reinserting themselves into health conversations – the IFC is investing in longer-term infrastructure lending through investment in pharmaceutical development, particularly vaccines on the African continent and the World Bank hosting the Pandemic Fund. If there are alternative institutions that would have been potentially progressive, that space has been closed down and crowded out by the Bretton Woods institutions." – Lauren Paremoer, People's Health Movement, South Africa

# Role of civil society in global governance and private sector influence

"Civil society participated in developing the SDGs. When the goals were set, we just got one mention, in Target 17.17. And it's related to the private sector and how to establish public-private partnerships (PPPs). For us, one thing that is missed in the entire conversation is a bold language recognition of civil society participation as the gatekeepers of the SDGs, because we have been the ones, among all sectors, that have defended the SDGs the most. We see corporationsplaying a strong role in shaping and defining the process and shaping decisions at the highest level without **accountability**. So language around the private sector should be followed by accountability and regulatory processes. When it comes to implementation, if there is no **transparency**, there is no possibility of defending the idea that PPPs, or any investments, or business, or trade will be based on human rights. During the **G20** meeting in Brazil, again the private sector asks for more deregulation, more friendly enabling environments, but they are not showing up with the needed money. The PPPs were built on the idea that the private sectors will really align with the SDGs, and this is not going to happen. They are big important players, but we need to calibrate that with other measures to stop the ongoing process, which is that trade and economic relations are undermining human rights, environment rights.

Despite the amount of money going to Global North NGOs, they have not been able to effectively influence their governments positions. The USA will continue with the same positions, because while the pressure should come from their own citizens, they are not having this conversation. This is an opportunity for us to reflect on our capacity to influence this agenda. It's not that we are lacking solutions. We know the solutions. But if we are talking about really changing anything, it's about our capacity to influence."

- Alessandra Nilo, GESTOS, Brazil

"In monitoring the developments around so-called **multi-stakeholderism** and the influence of the private sector in the implementation of many things in the multilateral system, we are really concerned. In 2019, there was agreement with the World Economic Forum to push for multi-stakeholder governance. It played a role in the thinking of António Guterres that was expressed in Our Common Agenda. Many times the implementation for that agenda was exactly a multi-stakeholder mechanism, which deepens the asymmetries between countries and the asymmetry between civil society, countries, and the private sector.

The idea of smart coalitions as an outcome of the Nairobi Civil Society Conference is really a point of deep concern, because at a certain point multi-stakeholderism was withdrawn from the zero draft after a lot of work from the G77 plus China countries and it's reintroduced by civil society in a space that is not an independent civil society conference." – Gonzalo Berrón, TNI Argentina/Brazil

"It is important to look not so much at public institutions of service delivery versus private institutions of service delivery. The discussion is mostly in the context of either large corporations, which set philanthropic agenda, or large monopoly corporations that capture the market to look at questions of public legitimacy and authority versus private enclosures and loss of authority, sovereignty, autonomy or agency of people to have oversight. When we say public and private, we don't necessarily mean implementing organizations. For instance, a public system may actually need a private vendor as a school might need someone to put up the blackboards and produce the chalk. The public-private debate is really precisely to go back to the marketization of everything, in which case it seems like democracies and the democratic legitimacy of people doesn't matter at all to the future. It's a crisis of democracy that we refer to when we talk about the crisis of the public." – **Anita Gurumurthy, IT for Change, India** 

"We don't see the sense of urgency ... as we did in 2015, and in a much more complex moment with erosion of rights in general, a post-pandemic crisis that is not yet solved, but we still insist in some way on business as usual in implementing the response. It's a very complex process and we need more complex and robust answers for that. I come from the AIDS movement and from the women's movement. And we have been trying to link local and international policies and conversations. And at this stage, I don't see the capacity to reverse the situation. We are struggling, divided among ourselves, also disputing the same funds. We are dependent on Northern funds. We say we need to work at local and international levels, but if the governments do not have strategies, we don't have a collective strategy as well. Yes, this is a matter of power relations among the countries. It is also a matter of power relations among ourselves." – Alessandra Nilo, GESTOS, Brazil

# **Global governance and geopolitics**

"The International financial architecture is broken, but as long as it works for some people, they will keep giving us tokens. Their main goal is to keep us occupied away from the main reforms. Let us recall that we have a biodiversity convention that was negotiated and fought for. We have a tobacco control convention that was negotiated and fought for. We also have the UNFCCC, the climate change convention, negotiated along with the Kyoto Protocol. Did the USA sign on to the Kyoto Protocol? Did not. Will not, will never.

Two years ago, 138 members of the OECD Inclusive Framework came together in a bid to reform how we **tax multinational corporations and the digital sector**. The USA joined the political statement, but when it comes to implementing a global minimum tax, it is certain that the USA will not sign, because they will say that this needs to go to Congress and we know that anything concerning international tax, which might benefit another part of the globe or will take any money out of the USA, will not pass in Congress.

We need to reform international financial institutions: where they are based, who is the biggest shareholder, who has the most voting power within those institutions. We have been pushing for a change in quotas and voting power at the IMF, [but]instead of voting power and reforming the quota system, they're creating more regional directors, in Asia and in Africa..." – **Francis Kairu**, **Tax Justice Network Africa (TJNA)**, **Kenya** 

"One cross-cutting issue is the dilemma between power sharing and burden sharing.... When Canada, Mexico and the USA negotiated the first NAFTA in 1994, the issue was how do you bring a country of the South into a partnership with industrialized economies? And the USA said we have this beautiful framework and Mexico will discipline its economy to merit inclusion in a partnership with the North. Thirty years down the road, at the North American Leaders Summit in Mexico City in January 2023, the three leaders decided that they don't need the dispute settlement mechanism embedded into the US, Canada, Mexico agreement, if they can replace it with personal contact from leader to leader. President Lopez Obrador meets with the US ambassador [based in the presidential palace] more than with his own cabinet. Trade policy is subordinated to US national security policy. Do we need the global compact on migration for [labour rights of undocumented Mexican migrant workers in the United States]? No, because the United States has not signed that. Do we need the global compact on refugees? No, because the United States is rewriting the laws, and they will decide who is a refugee and has the right to apply for asylum.

These trends tend to have an impact on the governance of the international financial system as well. ...Increasingly, voices from the South are saying, "Why do we keep pushing if Europe and the United States will never give up their privilege? Aren't we better off creating an altogether new system that doesn't have to follow the rules that are decided in Berlin and in Washington?" – Carlos Heredia, CIDE, Mexico

"We have a **big gap** between discourse **and** practice on the ground. People are talking about equitable trade, climate, the economic, social and environment system [yet]negotiations on trade practice were completely against everything that has been said in discourses. The same on climate negotiations. What is said in the UN should be coherent with the practices in various other processes, otherwise things will not go in the right direction.

The SDG Summit political declaration highlighted the interlinkage between the 2030 Agenda and the SDGs, between the political, economic, social, cultural and political. Governance, definitely, but also security and peace. Arms trafficking, weaponization, militarization, and military spending are increasing. Regarding ODA, the EU allows including security and humanitarian spending. So you have more ODA but less funding on development, which is in contradiction with the commitments.

And what's happening in Gaza? It's a humanitarian crisis. This should be always on our agenda, not because I'm coming from the Middle East.... There is war in Europe too. War and conflicts will not spare anybody if the peace agenda is not a priority." – Ziad Abdel Samad, Arab NGO Network for Development, Lebanon

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# Global South perspectives on Security Council reform

At its founding in 1945, 51 countries were members of the United Nations, including just two – Ethiopia and South Africa – from Sub-Saharan Africa. The UN Charter establishes a Security Council with a total of 15 members, of which five have permanent seats and 10 are non-permanent seats with a two-year term. To date some <u>60</u> <u>countries, mainly from the Global South</u>, have never served on the Security Council.

**St. Vincent & the Grenadines (L.69)**: "The current structure of the Security Council means that many Member States continue to be represented by these former colonial powers, indicating an enduring form of imperialism and a power structure skewed in favour of only a portion of the membership of the United Nations." **3 April 2023, IGN** 

Reform of the UN Security Council has been on the Member State agenda for decades. In 2008, the UN General Assembly adopted Decision 62/557 "to commence intergovernmental negotiations (IGN) in informal plenary of the General Assembly" and the <u>IGN sessions</u> have been held annually.

The linkage of on-going and decades-long Security Council reform with the September 2024 deadline for adopting the Pact for the Future has contributed to the intensity of engagement from all Member States. The high level of attention to the near-universal scope of issues covered in the Pact for the Future and addressed by the Summit represents both opportunity and risk. While the risk of stagnation in reform efforts becomes ever more costly to the credibility and confidence in the UN system as the vetoes and deadlocks on severe threats and unconscionable human suffering intensify, the risk of opening the Charter for revision in the current unstable, unpredictable political climate is also considerable.

Positions on Security Council reform do not fall along Global North/South lines. Rather they tend to reflect political/security interests and alliances, size, and relations vis-à-vis immediate and regional neighbours and with dominant global and regional powers. This has shaped alignments and alliances that criss-cross a number of Member State groupings and alliances within and outside the United Nations.

Member State positions, including those of Global South countries and groupings, diverge on two primary issues of Security Council reform: the question of the veto, the full exercise or limitation of its use, or its elimination, and whether to expand seats in both the permanent and elected categories, or expand only non-permanent seats, a question which is both strategic and fundamental:

**Costa Rica:** "This contribution of the IGN to the Pact for the Future is not about mere procedural adjustments, but about sending a political message to take fundamental steps towards democratising the functioning of our most important body for the maintenance of international peace and security.... The Security Council must move from a mindset of reaction to one of action and reaffirm its moral and political commitment to humanity. It must be vigilant, strategic, and proactive. It must be effective, transparent, and inclusive. It must evolve and adapt to the changing dynamics of our world and that will only be achieved with reform in the category of elected members. For all those reasons we believe that the text we are debating today presents a comprehensive and forward-looking approach to strengthen the Security Council's response to improve its relationship with the General Assembly." **20 June 2024 IGN** 

Some groups active in the IGN cross the Global North/Global South divide. The <u>Uniting for Consensus (UfC) group</u> favours expansion of non-permanent seats, but has consistently opposed expansion of permanent seats. In contrast, <u>the G4 configuration of Brazil, Germany, India and Japan</u> (all long-standing aspirants to permanent seats) articulate that failure to increase the ranks of permanent members renders any reform inadequate.

The different approaches attempting a transformative reform of the Security Council are evident as a wide range of countries and groups of countries discussed what should or should not be contained in the IGN input text for transmission to the Pact for the Future.

**India**: "Expanding only in the non-permanent category will not solve the problem – in fact it will widen the difference between permanent and non-permanent members even more, further entrenching a dispensation that is

no longer relevant in the current geo-political context. I emphasize again that at this stage we are not discussing which specific Member States would occupy the new permanent seats in an expanded and reformed Council - we are simply discussing a possible framework for the creation of new permanent seats. The subsequent election of these new permanent members would obviously be by a vote of two thirds of the members of the General Assembly, through a secret ballot, per the rules of procedure of the General Assembly." **15 April 2024, IGN** 

**Sierra Leone (African Union)**: "As you may be aware, there is broad support from Member States for the enlargement of the Security Council in both the permanent and non-permanent categories. This is one area of convergence among some Member States and Interest Groups including Africa, the L.69, the P5, CARICOM, the G4, Belgium and Luxembourg, Georgia, Australia, Hungary, and Cuba.... There can be no rectification of the historical injustice without Africa's representation in the permanent category - as the only continent within the five regional blocs of the United Nations that is not currently represented at all in this category. And there can be no fair and just representation of Africa in this category without having the veto if it is retained." **3 April 2023, IGN** 

**Kenya:** "[In the Pact for the Future] it should be expressly acknowledged and recognized that the Security Council as currently configured is unrepresentative and democratically inefficient, ineffective and unaccountable. ... Needless to say, if the permanent membership category goes untouched in the Security Council reform, we will only succeed in making cosmetic changes while perpetuating and perhaps worsening the existing inequities, inequalities and inefficiencies of the Council." **20 May 2024, IGN** 

**Uruguay**: "As to increasing the membership... it's a central issue: in any specific and democratic reform of Security Council the only way to enlarge democratically this body is to specifically increase the number of non-permanent members with a representation for all regional groups that are currently sub-represented." **20 June 2024, IGN** 

**St. Vincent & the Grenadines** "We believe that the focus should be on identifying the main guiding principles for the achievement of comprehensive reform. In this vein, while reference was made to the need to address the historical injustices done to Africa, Latin America and the Caribbean would also warrant mention as part of the commitment to securing more equitable representation. It could also be noted that a significant number of delegations have indicated support for enlargement of the Council to include expansion of both the permanent and non-permanent categories." 20 May 2024, IGN

**Pakistan:** "My colleague from Japan speaking on behalf of the Group of Four and my colleague from Saint Vincent and Grenadines have also spoken about the fact that there is significant support for expansion in the permanent category. ...[but] the proposals are very different: the G4 supports itself and Africa; the L69, I'm not very sure exactly what kind of permanent membership it is for, whether only group position, group membership or individual membership. Certainly, some of the permanent members which have been cited have very specific lists of who they want as permanent members and others they do not want.... There's great support, but **different** support. And therefore, there is no consensus on either permanent membership or even on long term membership." **20 May 2024**, **IGN** 

**El Salvador**: "On the convergences identified within the IGN process, my delegation believes that we should clarify that the only convergence identified on the Council's enlargement to date is the expansion in the category of nonpermanent members with a two-year term. We strongly support the approach to making the Council's methods of work a part of the reform process so as to increase the Council's transparency, effectiveness and functionality. We also fully support the issue of the veto being a key part of Council reform, and given that many Member States support limiting the scope and use of the veto, this should also be part and parcel of any discussions on the reform.... Also, we support the inclusion of review clause to ensure that the Council can continue to fulfil the mandates given to it by the United Nations Charter." **20 May 2024, IGN** 

**Cambodia:** "The ongoing discussions within the IGN hold immense significance for global security governance.... First, we emphasise the importance of consolidating areas of convergence within the draft input [to the Pact for the Future]. Building on common ground is crucial as we strive to achieve consensus on issues where differences persist. Second, while acknowledging existing divergences, we believe it is premature to over-emphasize them at this stage. Instead, our focus should remain on fostering constructive dialogue and identifying further points of convergence that can pave the way towards a unified outcome. Third, a core pillar of our reform vision is expanding both permanent and non- permanent seats on the Security Council. We advocate for prioritising geographical balance and enhanced representation for developing countries, ensuring their meaningful participation in Council discussions and decision-making. However, given the lack of consensus on category expansion, this aspect should not be included in the current draft input [to the Pact]." 20 June 2024, IGN

Some countries appear agnostic on the question of permanent or non-permanent seats, but stress the imbalance in the Council's membership as the stand-out measure of reform.

**China:** "The biggest and the most fundamental problem of the Security Council is the underrepresentation of developing countries, its unfair composition, and its irrational structure. The vast majority of parties to hotspot issues are developing countries, but developing countries are seriously underrepresented. The irrational structure has led to an imbalance of power. Western countries often rely on their numerical superiority to push for agendas of their own interests and texts favourable to themselves and force other members to choose sides.... Council reform

must rectify that situation by increasing the representation and voice of developing countries, especially African countries, and by including more small and medium sized countries with independent foreign policies and impartial positions in the council." **13 December 2024, IGN** 

**Bahrain (Arab Group):** "The Arab group stresses the need to present our group as an underrepresented group in the Council. Our representation must be strengthened and the objective of the reform of the Council and to increase the number of its members is ultimately to establish a balance in the representation of different geographic and regional groups. This must be fair and proportional, which is why we must provide a priority to the representation of developing states who are the majority of countries in the world, and this includes Arab states and African states as well as Small Island Developing States (SIDS)." 20 May 2024, IGN

**Peru**: "We must recall that article 23 of the Charter states that for the election of non-permanent members, attention will be paid to equitable geographic distribution. This is an important discrepancy, because states when they join the Security Council, ultimately represent their own national interests. A state's participation on the Council is not led by regional representation above and beyond the rules that may exist within each regional group, but rather its participation is part of geographic balance or equitable geographic distribution." 20 May 2024, IGN

**Venezuela:** "The Summit of the Future is one of the most important processes that is underway at the United Nations. States parties have the responsibility to make it a turning point for this organisation so that it is tailored to the needs of the current world... to preserve the intergovernmental nature of the UN, and to ensure that multilateralism can prevail over the unilateralism that we have seen or the interests of certain states.... The Bolivarian Republic of Venezuela supports the legitimate aspiration of Africa to have an appropriate representation on the Council. Africa takes up more than one quarter of UN members and over the years it has been subject to over 70% of the work of the Council itself... it is African countries who are often most affected by the conflicts discussed in the Council, so increasing Africa's representation on the Council is one of the most significant convergences, and that is why we agree that this should be appropriately reflected in the Pact for the Future." **20 May 2024, IGN** 

While it might be obvious that the number of seats needs attention in a reform agenda, having more permanent seats, even if they are regionally distributed, will not solve some of the most fundamental issues hampering the Council's effectiveness. One (but not the only) divergence on the question of whether to expand the number of permanent seats is whether new permanent members would add to the number of countries with veto privileges.

# **On the Question of the Veto**

The Africa Group, the L.69 and most Global South states express preference for the veto to be abolished, but will also state that if there are to be additional permanent seats, and if the existing P5 retain the veto, the veto should be accorded to these additional permanent seats as well. For others, having the veto extended to additional powerful States goes to the heart of Council dysfunction and makes permanent representation a problematic proposition.

**Mozambique:** "We are living in an imperfect world, with imperfect institutions, and the United Nations is among those not-perfect institutions. These imperfections originated from the beginning of the Charter of the United Nations. It is embedded in the organisation. The fact that we have 193 member states of the United Nations and 15 Security Council members and five of them have veto power is the source of imperfection, the source of incapacity for the world to act when it needs to act. The veto should have never been allowed in cases of flagrant violation of international humanitarian law, as we are witnessing in Gaza.... The United Nations cannot say stop. We are in a very unfair, unjust and imperfect world." **1 May 2024, Ambassador Pedro Comissário, interview** with PassBlue

**Sierra Leone (African Union)**: "As you may be aware, there is broad support from Member States for the

enlargement of the Security Council in both the permanent and non-permanent categories. This is one area of convergence among some Member States and Interest Groups including, Africa, the L.69, the P5, CARICOM, the G4, Belgium and Luxembourg, Georgia, Australia, Hungary and Cuba.... we strongly believe that in the reformed Security Council, all the prerogatives and privileges of permanent membership should be extended to all new members of the permanent category of the Security Council as a matter of common justice. We do not support the creation of new categories of permanent seats or any intermediary model as well as a piecemeal approach to the reform process." **3** April 2023, IGN

**Pakistan:** "[I]f the P5 do not renounce their privileged position, we believe that further extending the veto to more states would only exacerbate – not mitigate – inequality, further obstruct the Council's decision-making process, and ultimately add new obstacles to the solution of important peace and security issues. The most effective and feasible way of balancing the power of the veto is to increase the number of elected members in the Security Council." **13 December 2023, IGN.** 

**Pakistan:** "If the Council has 22 non-permanent members, the majority of them from developing countries, and the affirmative votes required are 16 – and I would say it should be 17 – the developing countries represented on the Security Council will have the ability to block decisions of the Council, and equalise, if not entirely, but to a

considerable extent, the power of the P5, or of individual members of the P5. Therefore, if there was an unfortunate situation as we are facing in the Council today, on two issues, the non-permanent members would have an equal ability to guide and influence the decisions of the Council." **19 March 2024, IGN** 

**Argentina:** "There is consensus among member States, and this was reflected and has been reflected throughout the current IGN session, that the Security Council is inefficient because of... the repeated use of the veto by the five permanent members. We see a disturbing trend of greater global upheaval, and there is a lack of an explicit reference to this issue. And that reflects limited progress and ambition in the IGN's contributions to the Pact for the Future. To design a Security Council which maintains the attributions which have led to its inefficiency is not to speak of the future!" **20 June 2024, IGN** 

**Indonesia:** "There was no justifiable basis to use the veto when there was a clear case to stop atrocities in Gaza.... The right of veto should be seen as an antiquated privilege. Indonesia does not support the creation of any new veto rights. The use of veto should be regulated as part of a step towards the phasing out the use of veto. Veto must not be exercised where serious violations of international humanitarian law, war crimes and genocide are proven. Moreover, a fail-safe mechanism on the use of veto could be considered to avoid inaction in a situation of grave threats to international peace and security especially when it could result in further calamity on the ground." **13 December 2023, IGN** 

**Bolivia:** "Now the veto is one of the vital issues, and we strongly believe that the veto in its current form is incompatible with the principles of equity and justice that should govern our actions, and it also goes against the principles of the UN Charter. Thus, we advocate an in-depth reconsideration of its existence. Eliminating the veto, or at least limiting its use, would contribute to ensuring a more democratic and representative Security Council in which all voices have a significant weight in decision making." **20 June 2024, IGN** 

**Egypt**: "Veto reform is another corner stone of Security Council reform, and there is no better indication of this necessity than the recent use of the veto as a weapon in Gaza and the Council failing to stop Israel's ongoing genocide against Palestinians." **18 March 2024, IGN** 

**St. Vincent & the Grenadines (L.69)**: "[W]e have listened to the concerns put forward by the UfC around the possibility of further paralysis and have proposed a possible **override mechanism** that can operate as a modern, and innovative, accountability mechanism. This also gives more than a nod to democratising the functioning of a reformed Council. Such a mechanism can be used to counter a veto that has been used to subvert the will of the majority. The L69 believes that it can address the stated concerns of the UfC, while still facilitating the calls of the majority of Member States for an expansion in both categories of membership. We will not attempt to dictate how such a mechanism would operate; we believe that it should be constructed collectively by the members to ensure that it can garner the widest possible political acceptance." **18 March 2024, IGN** 

**China:** "[W]e should correctly and rationally understand the profound connotation of veto. The veto is an important part of the decision-making mechanism of the council and is the last safety valve of the collective security mechanism which aims to maintain solidarity and cooperation among the major powers and to prevent the worst from happening. Recently, it was used three times at the Council in response to the new round of the Palestinian Israeli conflict, but their specific contexts, intentions and international reactions have been very different. A certain country has abused veto for its own interests or those of a small clique and has gone so far as to stand in opposition to the entire international community. Others used veto in response to the calls of the wider membership, in particular the Arab and Muslim countries, solely to safeguard fairness and justice." **13 December 2023, IGN** 

**South Africa**: "[O]n the question of the veto, we merely ask that the provisions of Article 27 (3) of the UN Charter be applied consistently as it pertains to permanent membership on the Council.... The United Nations Security Council continues to face a crisis of credibility, with the veto being used to deny the ability of the Council to act in order to stop the genocide unfolding in Gaza. This illustrates plainly that no amount of voluntary provisions or pledges can replace the urgent and vital need for structural reform of the United Nations Security Council. While we support every effort to improve the working methods of the Council, such as the formal adoption of rules of procedure, transparency, and availability of draft resolutions and more briefings and interactive sessions, all efforts and even the voices of the vast majority of UN Membership will continue to fall on deaf ears if we cannot reform the Council to enable it to fulfill its most basic functions such as the prevention of a case of plausible genocide unfolding as we speak." **18 March 2024, IGN** 

**Kenya:** "[T]he creation of the UN and particularly the Security Council with its power of veto occurred at a time when the long-term implications of nuclear weaponry were not fully understood.... Every permanent member of the UN Security Council is now a nuclear power.... In many ways, the future of humanity is balanced on the use or non-use of these weapons by the major powers, including every permanent member of the Security Council. We need to consider the role that the veto plays in serious efforts to enforce nuclear disarmament, since it enables the permanent members to block actions that could lead to meaningful disarmament steps.... We can also insist that all permanent members of the Council and potential new members in the permanent category subscribe to strong nuclear non-proliferation and disarmament norms, and that the present conduct of the potential new permanent members in regard to peace and security be considered in their bid. We can propose a 'constructive veto' system

where any veto should be accompanied by an alternative proposal agreed by at least one other permanent member or a majority of the elected members to make its use more judicious. In line with the African Union proposal, we can also seriously consider abolishing the veto as we undertake a reform that makes the Council more representational, democratic, transparent, accountable, and effective." **23 April 2024, GA debate on 262** 

**India**: "[T]he veto as a matter of principle should be abolished. But, as long as there is a permanent category and as long as there are countries that wield the veto, as a matter of common justice, it should be extended to new permanent members so long as it continues to exist.... If only expanding the category of non-permanent members could have helped, the world would have been a better place since the last cycle of reforms to the UNSC which was pursued in the 1960s and 1970s. For my delegation, the non-negotiable aim is equitable representation of Global South and Africa in the permanent category. The African Union became a member of the G20 during India's presidency. We hope the UN, a much older institution, takes inspiration from this change." **18 March 2024, IGN** 

**Pakistan**: "Concerning the veto, it is a fundamental pillar of the reform process and has a direct impact not only on the efficiency of a reformed Security Council but also on the credibility of the United Nations. Many Member States are calling for the abolition of the veto. The UfC shares this sentiment because the veto of 'a few' undermines the rights of others. It makes the UNSC less democratic and less effective, as we have unfortunately experienced time and again." **13 December 2023, IGN** 

**Poland**: "Poland endorses the explicit identification of the veto question as a key element of the reform. The veto power hampers the efficiency and the credibility of the whole UN system. Representativeness is essential for credibility, but even the most equitable composition cannot ensure the Council's ability to fulfill its mandate due to the use of threat or threat of use of the veto power." **20 June 2024, IGN** 

**Malaysia**: "On the question of the veto, Malaysia supports the limitations to the scope and use of veto as a preliminary measure. In the longer term, a comprehensive reform of the Security Council must include the abolition of veto entirely, because the veto goes against the democratic principle of equality among nations that underpins the UN multilateral system." **20 May 2024 IGN** 

**Egypt:** "[W]e do not believe that limitations on the scope and use of the veto can replace a comprehensive veto reform, either through total abolishment or expanding it to all new permanent members. Hence, we do not support the reference to limitations and scope, and would prefer this point to only state that the question of the reform of the veto will be a key element of a comprehensive Security Council reform. ... Everything that we have seen in the Middle East recently made us bound to follow that wisdom ... if you want truly, genuinely to reform the Security Council, it has to start with the veto power." **20 May 2024, IGN** 

**China:** "parties have put forward various proposals on the veto during the IGN discussions with a wide divergence of directions and ideas. And some reform ideas are even diametrically opposed. It is therefore necessary to move in the direction of convergence and consensus in future discussions. To prevent further divisions among Member States and differences among Member States, we suggest that the general reference to the question of the veto in the text should suffice and that at the current stage, directional choices to either expand or limit the veto should be avoided as much as possible." **20 June 2024, IGN** 

Getting rid of the veto for all is a majority perspective but would trigger a UN Charter revision and would face opposition from most if not all permanent members. In the present political climate, opening the Charter is seen by many as something they are hesitant to risk.

**Poland**: "We particularly support including the elements that serve to improve the way the Security Council exercises its mandate within the current framework, while continuing to pursue comprehensive reform that requires amendments to the UN Charter." **20 June 2024, IGN** 

Given this impasse, there is significant political energy for strengthening the work in other fora, be it with

universal membership or not, that would not be hamstrung by the P5 domination via the veto. Some Member States argue for using existing UN mechanisms more aggressively:

**Liechtenstein:** The Security Council and General Assembly must work closer together to fulfil the purposes of the Charter through the combined functions of Chapters 4 and 5. This work cannot substitute for Charter reform of the Council. But civilians suffering in conflicts around the world cannot wait for Council reform for the UN to act effectively. References to the implementation of Charter Article 27.3, as well as to the Uniting for Peace and veto Initiative mechanisms, take into account the work being done across the UN's primary organs to uphold peace and security, and to ensure that these primary organs are working in concert with each other, with fidelity to the Charter, and in full transparency to the Membership as a whole." **20 June 2024, IGN** 

**Pakistan:** "Despite the invocation of article 99 by the Secretary-General and his warnings of humanitarian catastrophe in Gaza, the Council has failed to perform its primary responsibility.... A heavy responsibility rests on all who have contributed to the prolongation of uninterrupted bombing of the people of Gaza.... In addition to an immediate humanitarian ceasefire and provision of unimpeded humanitarian access to the besieged people of Gaza we also demand the following: One, establishment of a special tribunal and accountability mechanism to investigate Israel's atrocity crimes, identify and prosecute those responsible for war crimes committed, and to

provide reparations for damage loss or injury arising from these crimes committed by the Israeli occupation forces; Two, establish an international protection mechanism to protect Palestinian civilians especially women and children in Gaza and the West Bank including East Jerusalem from further attacks and oppression by the occupation forces and extremist colonialist settlers; and Three: we consider it necessary to intensify international efforts in the search for a durable and peaceful solution of the Palestine question." **15 December 2023, GA-ESS-10** 

**Bolivia:** "the Security Council does depend on its capacity to act in a transparent way and with full accountability. We need a Security Council which is not just efficient in its decision-making, but also one which acts with greater transparency, allowing the entire membership of this organisation to know and to understand and assess its actions. Accountability is vital to ensure the legitimacy and trust in the Security Council, ensuring that its decisions are taken for the benefit of all member states of the United Nations, and not just in the national interests of those who are directly involved as members of the Security Council. Finally, we believe that it's a priority to ensure coordination between the General Assembly and the Security Council. The General Assembly has the participation of all member states. Therefore, there must be greater interaction with the Security Council, and that would ensure that its decisions are inclusive and do reflect the collective will of the international community." **20 June 2024, IGN** 

#### On 23 April 2024, President of the UN General Assembly, Dennis Francis:

"At this precarious time of heightened geopolitical tensions – and when ongoing and emerging crises demand our urgent and decisive action - it would be a derogation of our duty as the General Assembly if we stood idle and allowed the unrestrained use of the veto to paralyse, not only the Council itself, but the United Nation's ability to respond efficiently to questions of peace and security. Consider that the Council remains unable to collectively address critical peace and security situations in the Gaza Strip, in Ukraine, the Syrian Arab Republic, the Republic of Mali, and concerning the Democratic People's Republic of Korea. There is clearly a pronounced contrast between the urgent need for decisive action and the prevailing inaction - which undermines both the work and credibility of the United Nations as an organisation. If we do nothing, questions on continued relevance of the United Nations will escalate, and public confidence in this institution will increasingly dwindle – with each veto cast perceived as our collective failure to act. Perhaps, despite the situation being unacceptable, it is precisely for the reason of its state of paralysis that we must ramp up momentum for Security Council reform reinvigorating the Council's capacity to fulfil its responsibilities. I thus strongly urge Member States - especially those also members of the Council - to seize this debate as an opportunity to bridge divisions among themselves and seek impactful solutions by involving more the General Assembly. ...Let us utilise the broad scope of the mandate of this Assembly - across all pillars and everything in between - to deepen closer cooperation among all the Principal Organs of the United Nations, including the Security Council." GA debate on 76/262, the "veto initiative".

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# **Right to development, the** duty to cooperate

An International Covenant on the Right to Development, one which would hold States party legally accountable to upholding the duty to cooperate, is currently being drafted by the Expert Group Mechanism on the Right to <u>Development</u> (EMRTD). The duty to cooperate is outlined as creating a social and economic order that promotes better living conditions and the realization of human rights.

# What is the Right to Development?

The <u>1986 Declaration on the Right to Development</u> established the right to development as an inalienable human right which ushered in a significant shift in the collective understanding on the relationship between development and human rights. It promoted the idea that development, as both a process and an outcome, must respect and adhere to human rights, and that human rights cannot be realized without development, given that adequate resources are required for the fulfillment of the majority of rights. The Declaration states that international cooperation is the means by which the right to development is to be realized. However, development cooperation has remained largely contingent on the political will of developed countries given that the duty to cooperate does not exist within international law. This has enabled developed states to pursue development assistance a la carte.

Recognition of the Right to Development has a long history (see box), as seen in Member State statements at the 9th EMRTD, 1-2 May 2024:

**Pakistan**: "It is amazing that some 3.3 billion people, almost half of humanity, live in countries which spend more on debt interest payments than on education within the year. And these 3.3 billion people are concentrated in poor countries. And because they are in poor countries, their debt payments crush the people of those countries, and they are not considered a systemic risk to the international financial system. If this were to be happening in the Americas or the European continent, I imagine that they would respond with alacrity in saving the international system.... And this is why we insist on the establishment and acceptance of a binding right to development which would oblige all countries and all peoples in every government to respond to such situations as they do when civil and political human rights are violated....

"It has been 35 years since the adoption of the Declaration on the Right to Development which recognized and established the right as a fundamental and inalienable right. Now we must move to transform that into a legal and political reality....the Human Rights Council has adopted and transmitted the International Covenant on the Right to Development for the consideration and adoption by the General Assembly. Together with our colleagues, the Non-Aligned Movement, and the Group of 77 in China, it is Pakistan's intention to bring forward a resolution for

the adoption of that convention.... we intend and hope that this convention will be adopted by the General Assembly and will be opened for signature and ratification by all Member States of the United Nations."

**Uganda** (on behalf of NAM): "Over three decades have passed since the adoption of the declaration on the right to development, which is as agreed in 1986 an inalienable human right by virtue of which every human person and all persons are entitled to participate in, contribute to and enjoy economic, social, cultural and political development, in which all human rights and fundamental freedoms can be fully realized. It was recognized at the time that human beings, human persons are the central subject to development and all human beings have a responsibility for development individually and collectively, and should be the active participant and beneficiary of the right to development. Yet for ensuring its full enjoyment and realization, profound reforms of the international economic structure and international financial architecture, including the creation of economic and social conditions that are favourable to developing countries, are still needed. States have the duty to take steps to formulate international development policies with a view to facilitating the full realization of the right to development. The movement reiterates once again the urgent need to make the right to development a reality for everyone.... We believe that adoption of a legally binding instrument on the right to development is key to operationalizing the right to development."

**Brazil:** "Upon assuming the presidency of the G2O, Brazil has spared no efforts to place the fight against inequalities in other dimensions at the center of the international agenda. Under the motto, 'Building a Fair World and a Sustainable Planet', the Brazilian presidency seeks to articulate social inclusion and the fight against hunger, sustainable development, development and the reform of global governance institutions. Brazil has participated constructively in the process of negotiating a binding instrument on the right to development. We believe it is important to negotiate an instrument that favours a holistic view of all human rights, contributing to a person to operationalizing the Right to Development, framing each realization as a common concern of humanity, as well as emphasizing the individual and collective obligation of States to eliminate inequality and obstacles to development."

**Kenya**: "Risk and capital. The reason we have a debt burden, where countries like my own, are paying more to service debt than we are paying for basic services to our citizens is not because we are reckless borrowers, but simply because the gap between providing basic services and lack of access to capital and investment is so huge. So you fill it with these loans that have very high interest rates....These come from risk rating....[by] a duopoly of Standard and Poor's and Moody's.... They rank emerging markets and poor countries like my own very high in [sovereign] risk.... So we pay 10-12 percent, reflecting a wild mispricing of our risk.... It's the Right to Development that has to address risk ratings, and we need new vehicles for assessing risk that open up the market of assessment and are still credible to the private sector. I know the African Union is working on a public risk rating agencies that are publicly owned are going to be very credible to two major lenders but it's a question of innovation."

**Venezuela:** "The recent advances in the Human Rights Council and the General Assembly regarding the need to move forward without delay on a legally binding international instrument on the right of development are clear proof that this is the political will of the vast majority, over and above those who seek to undermine this conversation or deny the existence of this universal and inalienable human right altogether. The right to development represents one of the Peoples Rights whose realization and enjoyment is most urgent, especially as the sustained and historical economic and social inequalities between the countries of the global South and the North have continued to expand and deepen."

**South Africa:** "The realization of the Right to Development would be a critical element in... maintaining the Sustainable Development Goals. South Africa views and underscores that the right to development is a critical human right that highlights the inherent dignity and equality of all people rooted in the core tenets of human rights. It embodies the belief that development should not only be seen in terms of economic growth, but also in terms of the enhancement of human wellbeing and the realization of a human's individual full potential. "... and importantly, within the global community at this point, we must note that respect, protection, promotion and the fulfillment of human rights does not occur in a vacuum. The global political landscape determines the potential of States to realize the rights of all its peoples. The developments post COVID reflect a widening gap between wealthy countries and developing states due to the inherently exploitative system that ignores the right to development as a human right. In a world where developed countries are faced with the issues of overconsumption, with food wastage amounts to 1 trillion US dollars per year, whilst 283 million people face acute hunger, mostly in

developing countries, and that number is increasing. It should also be noted that the preliminary ODA for 2023 is approximately USD 223.7 billion. The Right to Development recognizes that equitable sharing of resources amongst countries is a fair and just distribution amongst the people of the world and is based on human rights."

Jamaica: "Jamaica is proud to have led and participated in global efforts to pursue a reform of the International Financial Architecture and to improve access to affordable financing for development including climate finance. More work is needed to facilitate inclusiveness and equity for all States and particularly for highly, highly indebted middle income and vulnerable small island developing states. We therefore intend to continue our advocacy to support and build momentum towards ambitious and pragmatic solutions at the Fourth International SIDS conference in Antigua this year, as well as at the Fourth International Conference on Financing for Development in

2025, which will be an opportunity for the international community to advance bold action and solutions that are necessary to create the fiscal space and facilitate easy access to affordable long term financing for development."

## **Evolution of the Right to Development**

Keba M´baye, former Vice President of the ICJ coins the term "right to development", coinciding for calls for a New International Economic Order (NIEO) following the mass polítical independence of formely colonized states	1960s 1970s
<b>1986</b> : Declaration on the Right to Development adopted by UNGA, recognizing RTD as an inalienable human right	1980s 1990s

<b>1993</b> : Vienna Programme of Action reaffirms the RTD <b>1998</b> : Working Group on RTD est. by the Human Right Comission to monitor progress and implementation of the RTD	
<ul> <li>2000: United Nations Millenium Declaration includes objective to make the RTD a reality for all</li> <li>2009: GA res A/RES/64/172 reiterates the need to mainstream RTD through international cooperation &amp; through UNDS development activities</li> </ul>	2000 2015
<ul> <li>2019: Expert Mechanism on RTD est. by the Human Rights Council</li> <li>2020: EMRTD publishes first draft on the Int. Convention on the RTD</li> <li>2023 Oct: HRC adopts resolution to submit draft covenant on RTD to the GA for consideration, negotiation &amp; subsequent adoption</li> <li>2024 May: 9th EMRTD meets at UNHQ</li> </ul>	2015 2030

# Why has it taken so long?

In November 2022, the USA stated in the Third Committee:

"The 'right to development' discussed in this resolution is not recognized in any of the core UN human rights conventions, does not have an agreed international meaning, and, unlike with human rights, is not recognized as a universal right held and enjoyed by individuals and which every individual may demand from his or her own government. Indeed, we continue to be concerned that the 'right to development' identified within the text protects states instead of individuals....

"The United States cannot support the inclusion of the phrase 'to expand and deepen mutually beneficial cooperation' and 'people-centered development of the people, by the people, and for the people' ... nor should we support language that ... implies that States can identify the needs of groups rather than fulfilling their human rights obligations for individuals....

"We underscore our position that trade language, negotiated or adopted by the General Assembly and the Economic and Social Council or under their auspices, has no relevance for U.S. trade policy, for our trade obligations or commitments, or for the agenda at the World Trade Organization.... Similarly, this includes calls to adopt approaches that may undermine incentives for innovation, such as technology transfer that is not both voluntary and on mutually agreed terms.

"For these reasons, we request a vote, and we will vote against this resolution."

**The European Union** also resisted, opposing even the creation of the Expert Mechanism. It stated at the EMRTD in May 2024:

"I want to start by putting on record that we did not support the creation of the Expert Mechanism as we consider the existing mechanisms sufficient for the exploration on this issue. However, we are committed to engage in multilateral fora in a constructive spirit. The EU is fully committed to the implementation of the 2030 Agenda and its Sustainable Development Goals and the fight against poverty. The human rights based approach, eradicating poverty in all its dimensions, tackling discrimination and inequalities and leaving no one behind are all at the heart of the EU's Development Cooperation policy and international partnerships. Poverty, including extreme poverty, is a multi-dimensional phenomenon that extends far beyond the lack of income to encompass the deprivation of the capabilities necessary to live in dignity. It is often characterized by multiple reinforcing violations of economic, social, cultural, civil and political rights. Our commitment is reflected in the fact that the EU and its Member States are the world's largest provider of development assistance, accounting for 42% of global ODA."

**Cuba**, on behalf of the G77 and China, then raised the issue in the context of the Summit of the Future, 2024, stating at the PrepCom, September 2023:

"The Summit of the Future should provide a platform for the acceleration of the multilateral system reform to move towards a more just, equitable, united and sustainable world that advances towards sustainable development....

The Group reaffirms the need to ensure the recognition of the right to development and the right to live free of hunger and poverty, as a priority for developing countries. The path to this noble purpose is unquestionably related to the change of the current unjust and exclusionary international order. The effects of the existing imbalances are multiplied for countries punished by the arbitrary application of unilateral coercive measures that affect an important group of nations of the G77 and China."

**Venezuela:** "The recent advances in the Human Rights Council and the General Assembly regarding the need to move forward without delay on a legally binding international instrument on the right of development are clear proof that this is the political will of the vast majority, over and above those who seek to undermine this conversation or deny the existence of this universal and inalienable human right altogether. The right to development represents one of the Peoples Rights whose realization and enjoyment is most urgent, especially as the sustained and historical economic and social inequalities between the countries of the global south and the north have continued to expand and deepen.

# Impact of An International Covenant on the Right to Development

A legally binding treaty on the right to development could institute shifts in the approach to development, given that it would hold states party to the covenant legally accountable to upholding the duty to cooperate, which the draft outlines as creating a social and economic order that promotes better living conditions and the realization of human rights. This includes, inter alia, making the multilateral trading system universal and non-discriminatory and increasing developing countries participating in decision making bodies of the international financial institutions. The extent to which the duty to cooperate could enhance the implementation of the right to development and transform the current global political economic order lies in the justiciability of the provisions in the draft that states accept, which remain contentious along divides between developed and developing states.

The covenant on RTD could also reinforce efforts in parallel and complementary policy processes that explore issues of redistributive justice and reform of the International Financial Architecture, including ongoing negotiations on the UN Framework Convention on International Tax Convention, preparations for the Fourth International Conference on Financing for Development (FfD 4) held in Spain in 2025 and Pact for the Future negotiations ahead of the upcoming Summit of the Future to be held 22-23 September as well as influence the framing of the post-2030 development agenda.

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» Contents » Beyond GDP: How to count for people and planet

# Beyond GDP: How to count for people and planet

"As the saying goes, GDP 'measures everything except that which makes life worthwhile'. We should find a methodology for measuring sustainability transformation that integrates human and social well-being, natural capital and economic development."– **77th President of the UN General Assembly Csaba Kőrösi**, <u>27 February</u> <u>2023</u>

Gross Domestic Product (GDP), the sum of all goods and services produced in a country at a given time, is by far the most powerful economic indicator and is widely used to assess economic performance of governments and their policies. It emerged as a way to manage the global economy following World War II. But by itself, it cannot measure progress towards socially and economically inclusive, just, and sustainable development.

In 1992 the UN Conference on Environment and Development agreed:

"GNP and measurements of individual resource or pollution flows do not provide adequate indications of sustainability... [I]ndicators of sustainable development need to be developed".

In 2015, the 2030 Agenda reiterated this in target 17.19 of its Sustainable Development Goals (SDGs):

"By 2030, build on existing initiatives to develop measurements of progress on sustainable development that complement Gross Domestic Product, and support statistical capacity building in developing countries."

Ahead of the midpoint of the SDGs, many UN agencies recognized the slow pace of SDG implementation. The <u>UN</u> <u>Chief Executive Board</u>urged:

"To reignite progress towards the SDGs, the global environment – and humanity's future – policymakers must transform policies and metrics to stop rewarding pollution, waste, and inequalities."

# The single number that determines development prospects: growth above all else?

GDP values economic activities regardless of their impact, such as deforestation and burning fossil fuels that contribute to growth while ignoring the impact on people and the planet. Even some double-digit GDP growth rates have failed to generate new or better jobs, end poverty, reduce inequalities, achieve gender equality, or

protect individual and community health and well-being. The UN Secretary-General's policy brief, "<u>Valuing What</u> <u>Counts: Framework to Progress Beyond Gross Domestic Product</u>," cautions that:

"... a harmful anachronism exists at the heart of global policymaking, which is that our economic models and measurements overlook many aspects that sustain life and contribute to human well-being, while perversely placing disproportionate value on activities that deplete the planet."

GDP does not account for air and water pollution, natural resource depletion, environmental degradation and biodiversity loss. Rather, these negative externalities often drive increases in GDP. The policy brief pointed out that

"Global GDP has doubled since 1970, while the depletion of resources has more than tripled, with disastrous consequences for the natural environment."

Furthermore, GDP fails to measure highly gendered unpaid work, both in the household and community or of work in informal economies, much of which is not declared by employers so as to avoid payroll tax.<sup>[1]</sup>

The Secretary-General warned in February 2022:

"Environmental crises are limiting economic growth and increasing costs, threatening people's health, and pushing species to extinction."

For that reason, he continued:

"We must place true value on the environment and go beyond Gross Domestic Product as a measure of human progress and wellbeing. Let us not forget that when we destroy a forest, we are creating GDP. When we overfish, we are creating GDP."

These failings of the growth agenda are perpetuated and exacerbated by the widespread use of GDP for development assistance. Countries with similar levels of national GDP receive similar treatment with regard to eligibility for development financing, despite vast differences in terms of vulnerability to external shocks, such as climate change, earthquakes and other natural disasters, as well as global pandemics and financial contagion or "spillovers". However, a country's GDP score continues to influence its credit rating, access to and interest rates from capital markets, and ability to attract foreign investment. GDP, as the premier measure of macroeconomic policy, can also limit fiscal policy space and domestic capacity to tackle and enhance national development strategies across a range of challenges including the need to adapt to and mitigate climate change.

# The middle income trap

The Secretary-General's Policy Brief "Valuing What Counts" also addresses the impact on inequalities:

"The social and environmental exclusion inherent in GDP perpetuates the misallocation of resources in a way that further exacerbates inequalities."

During UN General Assembly discussions, Member States underlined the failings of GDP as the sole measure of development:

#### At the high-level meeting of middle-income countries (MICs) (11 May 2023)

**El Salvador**: "...the **middle income trap** is a reality that continues to jeopardize the efforts of countries such as El Salvador to achieve sustainable development. [This] poses a great global challenge if you take into account that MICs are one of the fundamental pillars of the global economy, because they are home to the majority of the global population and also the biggest proportion of the poorest population. [Even so] **they share one category under the measure of GDP.** But it doesn't reflect the specific vulnerabilities within this group of countries. And since these realities aren't reflected, the response from the international community continues to be limited."

**Guyana**: "...many times when we have this discussion about going beyond GDP, it's from a financing perspective because we realize that we have a really **big gap in financing** and many of our countries do not have **access to the financing** that exists because we are classified as middle-income countries. And so financing is very, very important in this discussion and perhaps for many, the underlying factor. [W]e have the momentum right now, and we should not lose this momentum."

#### At UNGA78 Second Committee meeting on Countries in Special Situations (4 October 2023)

**Timor-Leste:** "GDP cannot be the primary criterion for measuring a country's wealth. It is critical to **tailor a country's development** based on long-term progressive transformation, including consideration of the economy and environmental progress.... Timor-Leste is supporting the elaboration of the Multidimensional Vulnerability Index to address GDP gaps...."

Cuba, on behalf of G77 & China: "The LDCs process of graduation to a higher stage must be re-evaluated to ensure

the **sustainability of the progress** achieved in each case. It is unreasonable for LDCs, once graduated, to stop receiving specific treatment when their vulnerability is still evident. This is in line with the urgent need to measure sustainable development beyond GDP."

# Growing pressure from developing countries

Global South countries are disadvantaged in a multitude of ways by the widespread use of GDP as the key barometer of development – from inadequate climate adaptation financing to unfair access to concessional development finance. Developing countries are thus increasingly articulating the imperative to go "beyond GDP" from a range of development policy angles and detailed the need for measurements that address their multidimensional vulnerabilities.

At the 7th Expert Mechanism Meeting on the Right to Development (EMRTD) (4 April 2023)

**Malawi:** "...so what needs to be done, from the right to development perspective, to move beyond GDP? ...Fulfilling the commitment to these countries should apply a rights-based approachin line with the principles of the right to development, a right to decent life. To get a full picture of the development progress of countries, the tools for measuring progress should consider three dimensions of development: economic, environmental and social. The other dimension, however, that also disrupts the equation of development is the political, which brings conflict into the equation and comes with huge costs."

#### At the High Level Meeting on MICs (11 May 2023)

**Colombia**: "...it's fundamental to look at the **multidimensional vulnerabilities** facing developing countries that are understood as exposure to externalities that undermine progress towards achieving the SDGs added to levels of resilience within each country in order to overcome the consequences of these shocks...."

**Malaysia:** "[W]e have recognized the fundamental link between the well-being of our planet and the well-being of the people... that conventional measurements to track progress and sustainability have significant limitations, particularly in capturing the environmental dimension of sustainable development. And we have also agreed that we need a more comprehensive set of indicators that reflect the value of our natural resources, social equity and overall health and happiness of the people."

**Morocco:** "[W]e have to take account of the dynamic of development, but also the difficulties, the problems, the challenges of every country, thus our understanding of going beyond GDP."

## **Measuring Externalities**

Small -and medium-size developing countries of the Global South have much less decision-making impact and control, even when it comes to their own national financing strategies. Many find themselves as rule-takers rather than rule-makers, reflecting power imbalances in global governance. Addressing external influences, from environmental crises to costs of borrowing, is beyond their control, further straining domestic resource mobilization. At the <u>High-level Meeting on MICs</u> in May 2023, Guyana declared that the time was right for discussing the "inclusion of externalities in measuring development of middle-income countries and even the development of a formula":

"We may not be able to integrate all externalities, but we must certainly include the negative externalities. Already, middle-income countries are borrowing at very high rates to address negative externalities that are not of their making, plus borrowing to recover from the pandemic. All of these are contributing to unsustainable debt. [T]he consideration of externalities will be a new one, as we will have to find agreements on how positive externalities advance the development of MICs and similarly, how negative externalities retard their development."

Sri Lanka also highlighted in the UN General Assembly in September 2023:

"Cross-border financial impacts of crises, such as climate change and the pandemic, are impeding the ability of smaller indebted countries, such as mine, to make progress on SDGs and climate adaptation and mitigation.... The SDGs were conceptualized to measure development beyond GDP and growth, placing human well-being, inclusive societies and planetary sustainability at its core."

In an effort to integrate externalities, the <u>2023 Global Sustainable Development Report</u> tracks trans-boundary impacts using a "spillover index" that considers direct cross border flows of air and water, and the environmental and social impacts embodied in trade, economy and finance and security. A higher score means that a country causes more positive and less negative spillover effects.

When linked to the SDGs, for example, it shows that although sub-Saharan Africa has lower achievements on the Goals on average than other regions, it is also the source of fewer negative spillovers than other regions. For OECD countries the opposite is true – developed countries on average have the highest SDG achievements, but also impose more costs on other countries that are not internalized in their national measures of progress towards the Goals. On average, more negative spillovers are generated by high-income countries, to the detriment of low-income countries.

# A step towards going beyond GDP: Multidimensional Vulnerability Index (MVI)

Battered by climate change, for which they had least responsibility, SIDS have been asking over three decades for metrics for measuring development that better take into account their unique circumstances of size, remoteness

and environmental vulnerabilities. A high-level panel was formed to develop a multidimensional vulnerability index (MVI) as a potential set of metrics to complement GDP.

#### The Final Report of the High Level Panel on the Development of a Multidimensional Vulnerability Index

(September 2023) states that vulnerability is now widely acknowledged as a "serious obstacle to development due to the damage caused by exogenous shocks and stressors to which countries are increasingly being exposed". It points out that these shocks include not only natural disasters but also fluctuations in terms of **trade**, **supply chain disruptions**, **internal and external conflict and global disease**. The report further stressed that:

"It is evident that low national income, often measured by Gross National Income per capita (GNI pc), is a weak measure of development, material welfare, or well-being. This is particularly true for countries facing high risks of external shocks and stressors, especially if they also lack resilience. However, there is currently no international, widely accepted, quantitative benchmark to measure structural vulnerability or lack of resilience across multiple dimensions of sustainable development at the national level."

Since access to concessional funding is heavily influenced by a country's income status, vulnerable countries lack access to the needed assistance to enable them to meet their SDG commitments. The report thus concludes:

"A widely accepted Multidimensional Vulnerability Index (MVI) holds the potential to better guide country development and donor assistance policies, aid in the diagnosis of development challenges and in the identification of nations in need of heightened international assistance before a crisis hits."

The proposed <u>structure of the MVI</u> is two tiered, including 1) a quantitative assessment of structural vulnerability and resilience for all developing countries, with a summary index number to rank countries and a dashboard showing individual country scores on the component parts (the MVI score); and 2) a more detailed and individualized characterization of a country's vulnerability and resilience factors, including non-structural resilience prepared by individual countries, the Vulnerability and Resilience Country Profile (VRCP).

General Assembly resolution A/RES/78/232, adopted by consensus on 28 December 2023,

"requests the Secretary-General to assess how multidimensional vulnerability is currently considered by the United Nations system, explore the potential uses and application of the multidimensional vulnerability index, and to inform the intergovernmental process".

In May 2024, the Fourth International Conference on Small Island Developing States, agreed to consider

"how best multidimensional vulnerability could be incorporated into existing practices and policies for debt sustainability and development support, including access to concessional finance, looking forward to the intergovernmental process to consider the recommendations" on a Multidimensional Vulnerability Index (A/CONF.223/2024/4).

#### **GDP** and Human Rights

Human rights experts have also weighed in on the need to go beyond GDP. The High Commissioner for Human Rights, Volker Turk has stated:

"Measurement of economic success needs to be expanded beyond the blunt instrument of Gross Domestic Product, to assess how well the economy delivers on people's rights. That measurement also needs to be disaggregated to make sure that discrimination, and other forms of structural inequality, are clearly visible and can be addressed."

Special Rapporteur on Extreme Poverty and human rights, <u>Olivier de Schutter</u>, May 2024:

"In the name of GDP, we are pushing the planet beyond its limits and creating vast and growing gaps between the rich and the poor. What use is growing the global economy when it is burning the planet and funneling the majority of its wealth to the super-rich?"

# Keeping up the momentum?

At the 7th Expert Mechanism on the Right to Development, experts and Member States alike condemned the ways in which GDP not only fails to take into account external and environmental vulnerabilities, unpaid care work and informal economies but also how the growth-focus incentivizes consumption, pollution, and inequalities. Anu Peltola of UNCTAD warned of the existential crisis the two consecutive years of decline in the Human Development Index (HDI) signaled:

"GDP growth is placing heavy stress on the environment. Climate scientists have warned us that we may be missing a narrow closing window to secure a liveable future. The Beyond GDP initiative really stems from the realization that we've come to a crossroads in our interaction with the planet, with each other, and with future generations."

Propelled by today's multiple global crises and their disproportionate impact on less developed, low and middleincome countries, the need to get beyond GDP as the prevailing policy benchmark has gained ground on the UN policy agenda – but inaction risks losing the momentum.

As the dominant global economic organizations get to work on revising the System of National Accounts, Member States must keep up the pressure for meaningful change. The System of National Accounts, in which GDP is embedded, is maintained by the UN, IMF, World Bank, OECD and Eurostat and periodically revised in order to better reflect economic conditions. Following its most recent revision in 2008, a new revision is expected in 2025. <u>The 2025 revision</u> will focus on measuring digitalization and globalization in order to better measure well-being and sustainability, the informal economy and unpaid household care and service work.

Member States could launch a commission of experts such as the Commission on the Measurement of Economic Performance and Social Progress, created by the French presidency in 2008 and led by Joseph Stiglitz, Amartya Sen and Jean-Paul Fitoussi. Their <u>report</u> sought

"to identify the limits of GDP as an indicator of economic performance and social progress, including the problems with its measurement; to consider what additional information might be required for the production of more relevant indicators of social progress; to assess the feasibility of alternative measurement tools, and to discuss how to present the statistical information in an appropriate way".

As the 2030 Agenda and beyond take shape over the next five years, the UN must seriously address the issue of income, non-income and wealth inequalities, both within and among nations. Member States must ensure that development progress is measured in ways that go beyond GDP and keep it on the policy agenda, including the upcoming World Summit on Social Development in 2025. Without continuous pressure, particularly from the Global South, inequalities will continue to worsen.

International cooperation is critical and is a shared duty to create the enabling environment for sustainable development. GDP as the reigning metric to determine the quantity and quality of assistance allotted to Global South countries has been inaccurate and inadequate. At the 7th EMRTD, Ambassador of **Malawi** argued:

"[T]raditional development measures, tools and frameworks clearly leave out many factors from the equation of economic progress and prosperity. It should be noted that support to developing countries like Small Island Developing States and the Least Developed Countries is not only a humanitarian call, but a moral and economic imperative."

Taking into account all that GDP cannot measure, a new metric or dashboard of metrics is essential if the concept of "sustainable development" is to become a new paradigm.

<sup>[1]</sup> As a major enabler of the "growth at any cost agenda", GDP has also facilitated the enormous growth in wealth inequalities. A <u>UN Research Institute for Social Development reported</u> that

"the top 1 percent of income earners captured 22 percent of total world growth between 1980 and 2020, versus 11 percent for the bottom 50 percent".

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# A Southern Agenda for global digital governance

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Anita Gurumurthy, Nandini Chami, Amay Korjan (IT for Change)

#### A landscape of inequalities

"The unaddressed complexity of regulatory challenges that plague the tech landscape are multiple. These manifest in the alarming rise of technology-facilitated gender-based violence, continued lack of meaningful access and connectivity in the global South, heightened risk of AI-related bias and discrimination, undue harms from data extractivism, as well as deeply unequal integration into the digital economy. ... It is not only the persistent and exacerbated digital inequality and exclusion caused by the assumption that digital technologies can enable economic growth and that economic growth equals development. It is also the predominance of private interests over public ones. ..." --Association for Progressive Communications, 2024

# "Powerless to act together": multilateral governance of the digital realm

"I believe this crisis is the direct result of a paradox facing our world. In the face of [a] series of existential threats, posed by runaway climate chaos and the runaway development of artificial intelligence without guardrails, we seem powerless to act together." – UN Secretary-General António Guterres, World Economic Forum, 2024

By discussing a <u>Global Digital Compact (GDC)</u> as part of the Summit of the Future and preparing for a 20-year review of the World Summit on the Information Society in 2025, UN Member States have kicked off difficult negotiations to set up some form of multilateral governance over the digital realm–which has so far evaded any kind of global regulation or Human Rights accountability.

Negotiated by Member States after multi-stakeholder consultations with governments, UN entities, private sector institutions and civil society organizations, the GDC aims to provide a shared set of multilateral principles for an

#### "open, free, secure, and human-centred digital future".

It should cover a range of complex digital policy issues towards: guaranteeing universal access; avoiding Internet fragmentation; protecting personal data in the digital services market; promoting a trustworthy Internet by ensuring platform accountability for discriminatory and misleading content; enforcing human rights-based governance of the Internet, data and AI technologies; and investing in global digital and data commons for sustainable development.

A stocktaking of global digital governance mechanisms was initiated by the UN Secretary-General (S-G) in 2018 through the establishment of a multi-stakeholder high-level advisory panel co-chaired by Jack Ma and Melinda Gates. At the end of a year-long deliberation, the 20 member panel issued a report of its recommendations titled *The Age of Digital Interdependence*. Its main conclusion was that urgent improvements were needed in global digital cooperation arrangements,

"the ways in which governments and other stakeholders work together to address the social, ethical, legal and economic impact of digital technologies in order to maximize their benefits and minimize their harms" (p 4).Theapproach of "multilateralism complemented by multi-stakeholderism" (p 4) was seen to be the best way forward, with particular emphasis on bringing diverse voices to the digital governance table – particularly from "developing countries and traditionally marginalized groups, such as women, youth, indigenous people, rural populations and older people" (p 4). In 2020, the S-G issued a roadmap to implement the <u>recommendations of the high-level advisory panel</u>, underscoring the need for broad-based consultations on the future of global digital cooperation and setting up the office of the S-G's Envoy on Technology as a single focal point for digital issues within the UN system. The rapid developments in the domains of data and AI are increasingly relevant for international policy across a multitude of issues. As <u>the S-G highlighted at the General Assembly in 2023</u>, digital technology has

"broader implications than anticipated at WSIS [the World Summit on the Information Society]", including for "long-term changes in the structure of societies and economies, as well as with regard to risks to individual welfare, human rights and social stability".

The arrangements forged through the GDC must correspond to these momentous changes, providing concrete directions for new action lines and implementation mechanisms at the WSIS+20 review. Yet the digital revolution so far represents a paradox, with <u>expanding connectivity and deepening inequality</u>.

As the planet and its people are drawn into a digital inflection point, hurtling into a future of multiple and contradictory visions, the spirit of a "people-centred, inclusive and development-oriented Information Society" articulated in the <u>WSIS Declaration of Principles</u> needs to be reclaimed as a cornerstone principle.

# The WSIS consensus

Global digital governance debates emerged in the World Summit on the Information Society (WSIS) that met in Geneva (2003) and Tunis (2005), and determined that Internet governance encompasses both technical and public policy issues (<u>WSIS Declaration of Principles</u>, para 49) and should involve

"the participation of governments, private sector, civil society and international organizations, in their respective roles" (<u>Tunis Agenda for the Information Society</u>, para 61).

Policy authority for Internet-related public policy issues (not including the day-to-day technical and operational matters) was seen as the sovereign domain of states who have "rights and responsibilities" (<u>WSIS Declaration of Principles</u>, para 49) for addressing such issues in the global arena.

The Tunis Agenda created a mandate for an "enhanced cooperation" agreement to "enable governments, on an equal footing, to carry out their roles and responsibilities, in international public policy issues pertaining to the Internet" (para 69). It also set up a unique space for "neutral" and "non-binding" multi-stakeholder policy dialogue – the UN Internet Governance Forum (IGF) – to identify and catalyse appropriate Internet-related public policy development (para 77). The IGF had an initial mandate of five years from 2006 to 2010, and was renewed by the General Assembly for another five in December 2010. Then, in the WSIS+10 review of 2015, <u>the mandate was extended by another 10 years</u>.

After the WSIS, the enhanced cooperation agreement became an unbridgeable schism in the global Internet governance process. This cut along three lines. The United States held that the IGF was synonymous with the enhanced cooperation agreement envisioned by the WSIS Consensus, as this suited the business interests of its digital corporations. Non-binding multistakeholder dialogue through the IGF modality meant that US corporations could unleash their 'move fast, break things' business paradigm, consolidating a winner-take-all network advantage with almost no regulation. China, the other dominant country in the digital order, argued the right of every nation-state to shape digital policy and infrastructure. This approach, rooted in territorial Internet sovereignty, was evidently not replicable for other countries whose digital markets saw steady integration, primarily into US-led value chains. From the Global South, <u>India, Brazil and South Africa (IBSA)</u> emerged as votaries of a third approach outside US laissez-faire and Chinese national cyber-sovereignty visions:

"Unfortunately, these issues are yet to be discussed among UN Member States in depth from a public policy point of view due to the absence of an intergovernmental platform mandated to systematically discuss them and make decisions as appropriate. It is thus necessary for governments to be provided a formal platform under the UN that is mandated to discuss these issues. Such a platform would also complement the Internet Governance Forum, a multistakeholder forum for discussing, sharing experiences and networking on Internet governance."

An acceptable solution to all camps was attempted through the establishment of two Working Groups on Enhanced Cooperation in 2013 and 2016, respectively. However, both working groups disbanded without any consensus. Differences have since remained in diplomacy and policy discussions over US control of critical internet resources (particularly, ICANN, the Internet Corporation for Assigned Names and Numbers, <u>a global</u> <u>multi-stakeholder group headquartered in the United States</u>, data sovereignty and the US-Chinese stranglehold over the digital economy, the distressing degeneration of the virtual public sphere, and the imponderables around the future of AI governance. With data and AI technologies decisively shaping value chains and market power in a pandemic-stricken world, the IGF has no longer remained the dominant venue for digital public policy. In several global and regional policy fora – from digital trade to biodiversity, health, food, and oceans -- discussions today are increasingly grappling with digital dimensions. What is clear, therefore, is that the future of multilateralism cannot ignore the pre-eminence of digital policies for our shared global coexistence. Much is at stake that needs a paradigm shift in vision and action.

# A digital Global South Agenda

The messy digital terrain and its political undercurrents bring two key concerns for the Global South - institutional arrangements for digital governance and governance of data resources in the global economy.

# Institutional arrangements for digital governance

The S-G's July 2023 policy brief conceptualizes two main institutional arrangements for actioning the substantive digital policy commitments agreed to in the GDC – the constitution of a tripartite digital policy space, the Digital Cooperation Forum (DCF), in the short term; and the establishment of a Global Commission on Just and Sustainable Digitalization (Global Commission), in the long term, building on the suggestion of the High-Level Advisory Board on Effective Multilateralism (HLAB). The Digital Cooperation Forum's tripartite dialogue modality for follow-up on the GDC commitments by states, the private sector and civil society is justified in the brief through a range of exemplars: the International Labour Organization (ILO) and its tripartite mechanism; civil society participation in UNCTAD conferences; the Kimberley process uniting states, civil society and the industry around a commitment to remove conflict diamonds from the global supply chain; and the membership of private entities in the International Telecommunication Union (ITU).

However, there is no ground-norm clarifying the rights and duties of the three stakeholders, or the process through which non-governmental stakeholders are nominated to the proposed Digital Cooperation Forum's policy table. The short-term solution thus seems to magnify all the flaws of the IGF -- its open dialogic method that fails to translate into policy decisions, and a status-quoism in the policy arena that does not serve the majority of Member States.

The HLAB had put forth the idea of the Global Commission as a longer-term solution. This body is imagined as an enabler of multi-stakeholder cooperation between state, civil society, and private sector actors in the following domains:

"(a) addressing human rights in the digital age; (b) data governance; (c) inclusive and sustainable digitalization, including universal and meaningful connectivity; and (d) a knowledge function, culminating in the preparation of comprehensive assessment reports on a regular basis".

The key formula here is to move beyond traditional inter-state cooperation to a new "networked multilateralism" adequate to complex problem-solving. Without a clear separation of roles, responsibilities and powers of state and non-state actors in such distributed decision-making, such a move is likely to reinforce the corporate domination of digital policy debates in global digital cooperation arrangements.

In its <u>April 2023 submission</u> to the public consultation process on the GDC, the United States urged to

"support the continued improvement of the IGF to further strengthen its impact as a global, multi stakeholder platform" (p 3),

while the United Kingdom's submission cautions that the Compact should

"avoid creating new structures ... within the UN" (p 2).

Whereas the US submission harks back to its historical intransigence with global digital democracy and underlines the reigning power of its Big Tech corporations, the UK's stance obscures the gaping vacuum in global, multilateral coordination for a just and equitable digital order.

As the S-G highlighted in his 2022 report to ECOSOC,

"multiple (and) competing decision-making spaces make it more difficult for developing countries to play a full role in decision-making" oo global digital issues (para 21).

The G77 and China, in their April 2023 joint submission to the public consultation, have expressed their commitment

"to multilateral democratic and transparent approaches to digital governance to facilitate a more just, equitable and effective governance system", underscoring that "the Tunis Agenda and the Geneva Declaration of Principles and plan of action (WSIS Consensus) shall lay down the guiding principles for the development of any new mechanism on digital cooperation".

A vital agenda for Global South actors vis-a-vis the two institutional proposals – the DCF and the Global Commission – is about the checks and balances necessary to prevent scope-creep in the participation of nongovernmental stakeholders and the predictable capture of the discourse by dominant countries and their big tech corporations. The WSIS+20 milestone is the right time for member-states to deliberate upon and crystallize the terms of reference for the Global Commission to work towards a system-wide coherence on digital issues, based on an explicit mandate to further global digital justice and equality.

In the design of both short- and long-term institutional arrangements, the right to development of people in the digital society and economy is of paramount importance. But an agreement for better access and connectivity for all cannot translate into extractive and adverse inclusion of the majority of nations and peoples. A deal for digital justice has to be an empowering one that realigns global digital power to democratize socio-economic order and legitimize pluralistic visions of digital development. The reform of international financial institutions, innovations in public financing and enhanced South-South cooperation are much needed for building the public digital infrastructural capabilities in developing countries.

While the jurisdictional sovereignty of governments to make public policies is at the base of contemporary multilateralism, it is also obvious that digital technologies present new imaginaries for innovation in governance -- bottom-up, participatory and nested systems that are transnational. A Southern vision is needed to rethink and reform multilateralism so that deeper and sustained transformation can lead to an inclusive, people-centred and rights-enhancing, future digital society.

## **Governance of data resources**

The lack of rules on cross-border data transfers in the current context entrenches Big Tech interests, perpetuating an extractive, neo-colonial data economy. Not surprisingly, <u>the US submission to the GDC process</u> adopts a strategic silence on the global data governance question, while pronouncing that

"government access to sensitive (including personal) data should be based on the rule of law and conducted in accordance with applicable international human rights law, reinforcing principles that promote trust in crossborder data flows".

Preaching good behaviour to governments in the marketplace of data flows that its own companies control leaves the US isolated among Member States, except perhaps for the <u>United Kingdom</u> that argues along similar lines:

"Data is the powerhouse of the digital economy, as well as changing society for the better - creating jobs, and enabling us to tackle global challenges like climate change and the pandemic. The flow of data across borders is therefore crucial, creating a global environment where companies from all over the world can innovate and grow, and where data improves life for all."

As APC, an international network of civil society organizations stated in its message to the organizers of the <u>World Summit on the Information Society</u>:

"The internet and digital technologies (are) global public resources and their governance (should be) grounded in international human rights standards and public interest principles. This recognition needs to be backed by mechanisms that enforce corporate accountability, effective governance of global data, public goods and public financing for public digital infrastructure and community-based connectivity solutions."

The rising significance of data as a key resource in the knowledge economy of the 21<sup>st</sup> century decisively frames the political economy of international development today. That data must flow freely, albeit with 'trust', is a refrain that technicalizes the data governance question, stripping it of its realpolitik and reducing any contention with the

cross-border flow of data to the singular issue of data privacy guarantees.

The International <u>Chamber of Commerce (ICC)</u> and Big Tech companies such as <u>Meta</u> and <u>Microsoft</u> have also taken this view.

<u>The EU's submission</u> somewhat departs from these views, retaining a role for governments:

"The EU remains committed to the concept of data free flow with trust. We believe that there is a need to allow the free flow of data with confidence in order to foster innovation and business opportunities across all sectors, while at the same time recognizing the need for governments to retain the ability to regulate data flows, both for personal and non-personal data, and to address current and future challenges related to cross-border data flows."

The joint submission from G77 and China differs significantly from the submissions of the developed countries and Northern corporations and business interests:

"The GDC should recognize that there is a need to strengthen international cooperation to enable cross-border data flows to maximize development gains. There is an urgent need to develop a common approach to global data flows that work for both people and the planet."

The submission also urges the Compact to be grounded in the right to development, and points to concrete areas where institutional support must be provided to the Global South by the multilateral system - equipping developing countries to acquire policy and institutional support for the effective and efficient taxation of the digital economy; and the provisioning of low interest funding for digital infrastructure development in developing countries by international financial institutions.

Development sovereignty in the digital paradigm needs a new narrative of "data flows with rights". This vision would ensure that the protection of citizen rights in cross-border data flows is not limited to the narrow agenda of privacy and personal data security. Instead, the collective right of peoples to determine how their aggregate data resources are utilized and enjoy their rightful claims in the benefits of data-enabled knowledge needs to be recognized.

The strong push for the creation of global data commons and multi-stakeholder partnerships for data innovation in sectors such as the environment or public health, is but a decoy for neocolonial control. Recent experiences of civil society and indigenous people's organizations in engaging with the UN Committee on Food Security's proposals on a global commons for food security and nutrition data demonstrate the deprioritization of local and alternative imaginaries of development in the digital era. Holding the bottom line on collective rights of 'data originators' - small farmers, peasant communities, Indigenous peoples -- in an economy of corporate opportunism fed by global digital solutionism, is an uphill struggle in such fora, pointing to the huge responsibility of future international regimes in ensuring guardrails towards democracy and people's control in relation to data and AI resources.

# Digital Justice beyond the Global **Digital Compact**

As this piece goes up on line, the ink is almost final on the Global Digital Compact. And we note with some disappointment that despite stated commitments to furthering a fair, inclusive and sustainable digital future for all, the Compact does not devote commensurate attention to addressing institutional deficits that impede progress towards this vision. No clear and specific targets have been set for public financing commitments to close the divides in connectivity, digital and data infrastructures, and compute power. Instead, there is a reliance on business-as-usual modalities including blended financing and public-private partnerships for infrastructural development, which have historically failed to deliver on equity and inclusion. The existing shortcomings of the multi-stakeholder governance model in producing an effective policy consensus on digital policy issues at the international level have not been accounted for in the forward-looking guidance on data and AI governance mechanisms.

The Global Digital Compact views the WSIS+20 review as a forum to identify how WSIS processes can support its implementation. While the principles of the Compact do re-articulate the vision of the Geneva declaration for the current conjuncture, the Compact does not provide for concrete commitments to match this lofty vision. Under the circumstances, it is imperative for global civil society to reclaim the WSIS+20 review as a space for exploring how additional commitments and implementation mechanisms can be addressed through new WSIS action lines (see Box on demands of the Global Digital Justice Forum).

Governance deficits in the global digital order are hugely inimical for developing countries, debilitating their development potential. At the same time, the much-needed rules for the digital economy and society must evolve in a way that gives power to the margins.

#### The demands of the Global Digital Justice Forum

The Global Digital Justice Forum, a large alliance of civil society organizations, mainly from the South, formulated its joint demands in a statement to organizers of the WSIS+20 Forum:

- Common standards for digital public goods that emphasize democratic ownership and control and transparent and accountable governance of digital public infrastructure.
- Universal access to connectivity and steps to dismantle the walled gardens of private platform services and address fragmentation of network standards.
- Measures to protect media pluralism and diversity, tackling head-on the risks to democratic integrity stemming from algorithms gone rogue, as well as to promote the right to communicate in social media and immersive internet environments.
- Civic literacy for the age of algorithm-ified political life and investment in human development for empowered participation of all in the global AI economy.
- Global agreement to end the militarization and weaponization of cybertechnologies and Al.

- An integrated approach that recognizes continuities between internet related public policy and data and AI governance.
- A strong 'data for development' agenda that explores appropriate and rule-based data sharing at global, regional and national levels to achieve the SDGs.
- Governance frameworks for generative AI development to protect the knowledge sovereignty of Indigenous communities and to ensure an open science and innovation culture that benefits all of humanity.
- Benchmarks and guidelines on digital human rights at the multilateral level.
- Removal of barriers to effective international cooperation on data and AI specifically, the lack of flexibilities in IP regimes in AI value chains; constraining clauses in digital trade agreements; stifling of digital industrial policy choices of developing countries in the data economy; and lack of computer power in the majority world.

The advent of generative AI has put the spotlight back on longstanding concerns – re-colonization of Indigenous communities through propertization and enclosure of their knowledge commons and <u>loss of creative work for the majority of the globe</u>; developments that call for an honest appraisal of what kind of future we desire. Generative AI must also be evaluated for its unsustainable water and energy use. Crystal-ball gazing about the future risks of a general-purpose AI taking over the world and enslaving humanity are a distraction from <u>the harms that the data and AI order already perpetuate</u>.

The "open, free and secure" digital future envisioned by the Global Compact should mean the right to flourishing of people and the planet -- public agora built on pluralism and inclusion, economies that thrive on peer cooperation and reciprocity, and <u>societies of unlimited creativity and self-actualization</u>.

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# The dismantling of an imperial order

In 1944, before the end of World War II but after the defeat of the Axis powers was already envisaged, a United Nations Monetary and Financial Conference was held in Bretton Woods, a small New Hampshire town. The conference decided to create an International Monetary Fund (IMF) and an International Bank for Reconstruction and Development (World Bank), to avoid future global financial crises like the one of 1929 and to reconstruct Europe destroyed by a war, which was in great part a result of that crisis. Insuring financial flows to Europe in concessional terms and condoning the external debt of Germany were the pillars of the Marshall plan, a precedent that the Global South likes to remember when demanding similar terms nowadays.

The Charter of the United Nations was created in 1945, with France, the Republic of China (then ruled by Chiang Kai-shek), the Soviet Union, the United Kingdom, and the United States given permanent seats and veto power at its Security Council.

An international trade organization was also envisaged as a necessary pillar of the new global architecture, but it failed to obtain support of the US Congress and a provisional General Agreement on Tariffs and Trade (GATT) was signed instead in 1947. Of the 51 founding members of the UN, only four were from Africa (Egypt, Ethiopia, Liberia and the Union of South Africa) and only two African states were part of the original GATT (Southern Rhodesia and South Africa), both ruled by their white minorities.

With the dismantling of the colonial empires, the UN membership doubled by 1960, and it reached 151 Member States in 1975. In the spirit of the Bandung Conference of 1955, many of the newly independent states formed the Non-Aligned Movement and at the end of the first session of the 1964 United Nations Conference on Trade and Development (UNCTAD) in Geneva, a "Joint Declaration of the Seventy-Seven Developing Countries" created a group to defend their common interest at the UN. The G77 has now 134 members, but retains its historically significant name.

Having been supported in their fight against colonialism, racism and apartheid, the new UN members expected to gain control over their economies as they had acquired political power over their states. UNCTAD championed the developing countries' struggle against the deterioration of the terms of trade, which required them to export more raw materials to buy the industrialized products from the developed countries. In 1966, the UN Industrial Development Organization was created in the framework of the first "Development Decade", called for by US president John F. Kennedy

"to lessen the gap between developed and underdeveloped countries, to speed up the processes of modernization,

and to release the majority of mankind from poverty".

Sovereignty over resources was seen by developing countries as key to start rebalancing global power. In 1970, socialist President Salvador Allende, promulgated a constitutional reform in Chile stating that

"the State has absolute, exclusive, inalienable and imprescriptible dominion over all mines, meadows, metalliferous sands, salt flats, coal and hydrocarbon deposits and other fossil substances". "Copper is Chile's wage",

said Allende at the signature of the nationalization act, equating the struggle of developing countries with that of unionised workers. In that climate, the third UNCTAD conference was held in 1971 in Chile, and around those times there was a wave of resource nationalizations and several alliances of raw materials exporters were created or strengthened, among them Organization of the Petroleum Exporting Countries (OPEC), which succeeded in raising oil prices.

The aspirations of developing countries found comprehensive formulation in the 1974 United Nations General Assembly "<u>Declaration for the Establishment of a New International Economic Order</u>" and then in the 1986 <u>UN</u> <u>Declaration on the Right to Development</u>, adopted by the General Assembly. The Right to Development (RtD)

explicitly links with the Human Rights framework the demands formulated a decade before in the NIEO. The first paragraph of that 1974 UN resolution states that

"the gap between the developed and the developing countries continues to widen in a system which was established at a time when most of the developing countries did not even exist as independent States and which perpetuates inequality."

In a climate of rising strength of the then called "third world" (as opposed to the two worlds confronted in the Cold War), the developed countries promised to contribute 0.7 percent of their income as official development assistance (ODA). And at the request of World Bank president Robert McNamara, German chancellor Willy Brandt chaired a North-South Commission that proposed a pro-development reform of the global economy. The 1980 report of this "Brandt Commission", entitled "North-South: A Programme for Survival", addresses the gaps between the large proportion of humanity living in relative poverty in the South, compared to the smaller and more affluent population of the North. Analysing the mutual interplay of manufacturing, trading and other priorities between the North and South, the commission advocated a large-scale transfer of resources from North to South in order to revive a failing world economy. The rich nations' main role would no longer be to supply aid, but to facilitate a restructuring of the global economy that allows developing countries to fund their own economic growth and development.

The determining factor of the North-South gap was identified as economic power and governance, with the North's domination of "the international economic system, its rules and regulations, and its international institutions of trade money and finance". As a result, a North-South Summit of 22 heads of State was convened in Cancún in 1981 to design the necessary reforms that would address mutual interests in areas of food, trade, energy, peace and disarmament and balance

"reciprocal obligations on the part of host and home countries covering foreign investment transfer of technology, and repatriation of profits, royalties and dividends" as well as "to regulate transnational corporation activities".

But by then, Ronald Reagan had replaced Jimmy Carter in the White House and Margaret Thatcher was Britain's prime minister. If Allende established a parallel between developing countries' demands and the struggles of unionized workers, the Reagan-Thatcher duo was advised to "divide and rule", using the tactics they applied at home to break the strength of the trade unions. An <u>internal White House memo</u> before Cancún advised that

"the global dialogue so beloved by the G77 may be treated more as a residual area of concern", since "both the US and other developed states already are concentrating on bilateral arrangements with the few (countries) that, in Orwell's phrase, are more equal than others."

The secret memo noted that while "the Brandt Commission report accurately reflected the deeply felt humanitarian impulses and enlightened self-interest underlying European attitudes towards the Third World", this did not mean that "European leaders are ready to give away the store". Thus, <u>President Reagan publicly stated in</u> <u>Cancún</u> that "economic growth and human progress make their greatest strides in countries that encourage economic freedom" and blocked any relevant decisions, inaugurating the era of neoliberalism in global negotiations. No other North-South summit ever took place, and the East-West conflict took precedence.

Four decades later, international economic governance continues to be rigged against developing countries. The "Washington Consensus" became the textbook of the Bretton Woods institutions and the G7 (Canada, France, Germany, Italy, Japan, the United Kingdom and the United States) became the steering group of the global economy. To make these policies permanent, developed countries started to include them into legally binding trade agreements, even when they had little relation towith actual trade of goods across borders. Thus, the Uruguay Round of trade negotiations, that spanned over a decade between 1986 and 1995, expanded the scope of GATT to include services into its liberalization agenda. Further, and in contradiction with the liberal ethos of "free

trade", the monopoly privileges of intellectual property were brought under the authority of the newly created World Trade Organization.

The declared logic behind the confluence of norms and targets around neoliberal policies was that of consolidating a predictable "rules based system" that would encourage investments by reducing uncertainties. Yet, in a few years, the same countries promoting such a system were the first to break the rules: the USA blocked the Appellate Body that rules on complaints brought to the WTO when it started to take decisions affecting American interests; the G7 members violated the services agreement when they started to support their private banks in anti-competitive ways after the 2008 crisis; and the upgrade of the G20 to Heads of State level was a result of the need for a "peace agreement" that would avoid challenges from the main emerging economies.

During the Covid pandemic, trade rules were ignored in order to hoard masks and vaccines, but the same countries doing so rejected any flexibility in the intellectual property rules to allow developing countries to produce their own vaccines. In addition, the promise made by developed countries in 2009 to provide US\$100 billion a year in climate finance to developing countries by 2020 has also been unmet. The gap between what was promised and what has been delivered is now <u>close to half a trillion dollars</u>, leading to what <u>UN Secretary-General</u> <u>António Guterres</u> called "a breakdown in trust between North and South".

The world now faces the simultaneous occurrence of a global climate emergency, the threat of new pandemics and of antibiotic resistance that might render medical tools against infections useless, a global financial crisis with dozens of countries at the edge of defaulting on their debts, increased inequalities, social violence and conflicts.

#### In the words of South African President Cyril Ramaphosa (June 2023):

"During Covid we kept saying, what is more important, life or profits by your big pharmaceutical companies? And it generated disappointment and resentment on our part, because we felt that life in the Northern Hemisphere is much more important that life in the Global South. ... A number of the commitments that have been made have not been lived up to. A hundred billion dollars a year were promised but were never made available. We believe you, but now the tire must hit the tar. (...) There should be solid consensus on the reform of the financial architecture of the world, we need to look at the distribution of special drawing rights, we all need to be dealt with equity. Africa should never be seen as a continent that needs generosity. We want to be treated as equals."

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# Towards Reform of the International Financial Architecture

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Towards Reform (Evolution or Revolution) of the International Financial Architecture

"We speak not only to the need for money, we speak to the need for the reform of the governance systems." – **Prime Minister Mia Mottley of Barbados**, June 22, 2023

Addressing the Summit for a New Global Financing Pact, convened by French President Macron, Prime Minister Mia Mottley of Barbados clearly expressed a common feeling of Southern leaders when she demanded "absolute transformation and not reform of our institutions" – meaning the United Nations and the multilateral development banks, including the IMF and the World Bank – the Bretton Woods Institutions (BWI).

Three quarters of the current members of the United Nations were not yet independent when those institutions were created at the end of the Second World War. UN Secretary-General António Guterres has described the global financial architecture as "<u>outdated, dysfunctional and unjust</u>", which "has failed in its mission to provide a global safety net for developing countries". He continued:

"I also call upon Member States to recognize and address the need for deep reforms of the International Financial Architecture (IFA) through a **new Bretton Woods moment**, including by enhancing the voice and participation of developing countries in the governance of international financial institutions. This is essential in order to ensure that the financial architecture delivers for all developing countries and secures **urgent access to grants and long-term concessional finance** as they transition to renewable energy-based, climate-resilient, inclusive economies."

# Global South demands for robust reform of the International Financial Architecture

Guterres was echoing the many voices, mainly from the South, calling for a "new Bretton Woods", in reference to the 1944 UN conference that created the global financial architecture in order to reconstruct Europe destroyed by the war – and to avoid a global financial crisis like the one in 1929. During the <u>2023 UN General Assembly</u>

<u>General Debate</u>, many heads of state and government and high-level officials spoke to this need:

#### Saleumxay Kommasith, Deputy Prime Minister of Lao People's Democratic Republic:

"Let me quote the call by the UN Secretary-General Guterres: 'the Global Financial System is biased, morally bankrupt and skewed to benefit wealthy countries', This is a clear signal that the reform of the **International Financial Architecture** is an urgent and long-overdue task, and this cannot be done without strengthening the participation of developing countries in international economic decision-making, norm-setting and **global economic governance**, in order to adapt to the changing global economic landscape."

**Macky Sall, President of Senegal**: "Senegal recognizes the valuable services that the United Nations system and that of Bretton Woods have provided to member countries for nearly 80 years. But we all know that the multilateral system, a legacy of a bygone past, has become obsolete. However, as Secretary-General António Guterres rightly warned, a system which continues to ignore the realities of its time and the needs of more than three-quarters of its member countries, accentuates inequalities, generates the conditions for its challenge, and causes the risk of its fragmentation. If we want to avoid this divide, wisdom dictates that we reform global political, economic and financial governance, so that it is more representative of diversity, and thus reinforces its legitimacy.... The G20 showed this by admitting the African Union as a full member."

Luiz Ignácio Lula da Silva, President of Brazil: "The principle on which multilateralism is based, that of sovereign equality between nations, has been eroded at the main global governance levels.... When institutions reproduce inequalities, they are part of the problem, not the solution. Last year, the IMF made available US\$160 billion in Special Drawing Rights (SDRs) to European countries and just US\$34 billion to African countries. The unequal and distorted representation in the management of the IMF and the World Bank is unacceptable. We have not corrected the excesses of market deregulation and the support of the minimum state. The foundations of a new economic governance have not been laid.The **BRICS** was the result of this paralysis and constitutes a strategic platform to promote cooperation between emerging countries. "

Many leaders at the General Debate also urged greater international cooperation and solidarity, linking debt, as a roadblock to addressing climate change and achieving the internationally agreed Sustainable Development Goals (SDGs), with reform of the International Financial Architecture:

**Ranil Wickremesinghe, President of Sri Lanka:** "National efforts alone will not suffice to ensure the success of the SDGs and reverse climate change. The need for global solidarity to restructure the International Financial Architecture is paramount... The Secretary-General'sSDG Stimulus highlights the interconnections between the achievement of the SDGs, combating climate change and the concrete interventions required by creditors sovereign and private, as well as by International Financial Institutions, including to mitigate the **debt crisis**."

**Cyril Ramaphosa, President of South Africa**: "To address the **developmental challenges** that face many people in the world, we require targeted investment, technology transfer and capacity-building support, especially in key areas such as industrialization, infrastructure, agriculture, water, energy, education and health. This also requires predictable and sustained financial support, including supportive trade policies, from the international community. We call on our partners from wealthier countries to meet [their] financial commitments, undertaking to mobilize US\$100 billion a year for developing economies to take **climate action**. We support the proposals outlined in the Secretary-General's SDG Stimulus. In particular, we support the call to tackle debt and debt distress, to massively scale up affordable long-term financing to US\$ 500 billion a year, and to expand contingency financing to countries in need."

**Anwaar-ul-Haq Kakar, Prime Minister of Pakistan:** "At yesterday's SDG Summit, far-reaching commitments were made to implement the Sustainable Development Goals. We must ensure implementation of the '**SDG Stimulus**'; the re-channelling of unused Special Drawing Rights for development; the expansion of concessional lending by the Multilateral Development Banks; and the resolution of the debt problems of the 59 countries in **debt** distress."

Alicia Bárcena Ibarra, Minister of Foreign Affairs of Mexico: "[W]e emphasize the importance of having financing in place to tackle climate change and of giving priority to adaptation in particular, and especially to support the most vulnerable nations in our region, the Caribbean, first and foremost.... We are championing wholesale **reform of the International Financial Architecture**. This reform must address the deeply rooted asymmetries between countries. It must prioritize highly, heavily indebted countries with new instruments, with the redistribution of **Special Drawing Rights** to widen the fiscal space of developing nations. It should also prioritize **debt relief** in exchange for environmental services, debt for climate swaps."

**Gustavo Petro, President of Colombia:** "Governments and powers who still believe that the **climate crisis** and that of life can be overcome with cheap loans are mistaken. They are deluded to propose that those countries of the Earth, which are already indebted, are indebted as a result of disease and greed, and that they can use more loans to overcome a problem that only the belching chimneys of the North have produced..... The majority of the investment to decarbonize the world's economy should come from **public funds**, ...interlinking states and societies and planning for the great Marshall Plan of the revitalization of the planet. The **market** will help us somewhat, but we cannot ask for solutions from a mechanism which has no humanity, when it was this mechanism which produced the very problem. Private funds can be used, but they will be limited by their own logic. The force to do this will come from public funds, and these funds are currently weakened by debt."

Lazarus McCarthy Chakwera, President of Malawi: "We need decision and action on the climate financing that has thus far been nothing more than a promissory note from the developed countries responsible for resourcing our efforts for mitigation, adaptation, and most urgently, Loss and Damage. We need decision and action on debt, for like most Least Developed Countries, Malawi is in distress because its debt is unsustainable, and so our call to action on behalf of all LDCs on this matter remains the same: Cancel the Debts! Cancel the Debts! Cancel the Debts!"

**Reparatory justice at the the UN General Assembly General Debate, September 2023** Many Member States across the Global South highlighted an unprecedented topic at the UNGA General Debate: reparatory justice. Latin American and Caribbean nation underlined their connection to Africa through the slave trade and demanded that this injustice be amended.

#### Nana Akufo-Addo, President of Ghana:

"It is time to acknowledge openly that much of Europe and the United States have been built from the vast wealth harvested from the sweat, tears, blood and horrors of the trans-Atlantic slave trade and the centuries of colonial exploitation. Maybe we should also admit that it cannot be easy to build confident and prosperous societies from nations that, for centuries, had their natural resources looted and their peoples traded as commodities.... Reparations must be paid for the slave trade. No amount of money will ever make up for the horrors, but it would make the point that evil was perpetrated, that millions of productive Africans were snatched from the embrace of our continent and put to work in the Americas and the Caribbean without compensation for their labour."

#### Philip Joseph Pierre, Prime Minister of Saint Lucia:

"We feel ourselves obliged to seek justice, through reparations, for the crimes against humanity that tore our ancestors from our African homeland and enslaved them in the lands of the Western hemisphere.... Reparations for slavery mean that the countries which benefited and developed from four hundred years of free labour from enslaved humans should now pay back for that free labour."

#### **Cyril Ramaphosa, President of South Africa:**

"Centuries after the end of the slave trade, decades after the end of the colonial exploitation of Africa's resources, the people of our continent are once again bearing the cost of the industrialization and development of the wealthy nations of the world. This is a price that the people of Africa are no longer prepared to pay. We urge global leaders to accelerate global decarbonization while pursuing equality and shared prosperity."

#### Mia Mottley, Prime Minister of Barbados:

"Reparative justice is a solemn obligation which we must confront, a conversation whose time has come.... It can't be a slow conversation taken up when people feel like it. It has to be a conversation in which equal partners discuss, it cannot be an act of charity of those who feel their conscience must be cleansed."

#### Eamon Courtenay, Minister of Foreign Affairs of Belize:

"The terrible injustice and the poisoned legacy of native genocide, slavery and the trans-Atlantic slave trade cannot continue to be ignored or to be the subject only of academic discussions. Descendants of slaves continue to struggle with persistent racial discrimination, marginalization and generational trauma.... Reparatory justice is essential to any redemption from a historical wrong that is so indelible that it can never be fully remedied but must be reckoned with."

#### Gaston Alphonso Browne, Prime Minister of Antigua and Barbuda:

"[C]limate justice and reparatory justice are deeply intertwined.... Historically, the nations that thrived on the industrial revolution, did so on the backs of enslaved and victimized generations from the Caribbean and other corners of the African diaspora. It is unjust that countries that paid the highest human price are bearing the heaviest climate burden...while legal routes to compensation may be complex, it by no means nullifies the moral and ethical obligations stemming from these historical wrongs. SIDS cannot sit idly, while our countries sink beneath our

feet or are crippled by a burden of **debt**, as we are left - abandoned by the international system - to rebuild within our own limited means, one disaster after another."

#### **Bola Ahmed Tinubu, President of Nigeria**:

"Today and for several decades, Africa has been asking for the same level of political commitment and devotion of resources that described the Marshall Plan. We realize that underlying conditions and causes of the economic challenges facing today's Africa are significantly different from those of postwar Europe. We are not asking for identical programmes and actions. What we seek is an equally firm commitment to partnership. We seek enhanced international cooperation with African nations to achieve the 2030 Agenda and Sustainable Development Goals."

#### Frederick Audley Mitchell, Minister for Foreign Affairs of Bahamas:

"[I]t was shocking to hear one of our developed nation partners' position on **climate reparations for loss and damage** by his country. Their response was that under no circumstances would there be reparations for the loss and damage from climate change.... Millions of African peoples were ripped from the continent of Africa brought to the west and worked for free for 200 years.... Yet not one penny was paid to the slaves or to their descendants. Not even an apology is being offered for the moral tragedy which slavery represents."

Also at the <u>High-Level Political Forum in July 2023</u>, Global South countries had called for substantial actions to reform the International Financial Architecture:

Nepal on behalf of Least Developed Countries (LDCs): "Member States must adopt and implement the SDG Stimulus and ramp up financing flows by at least US\$ 500 billion by 2025. The International Financial Architecture needs to be reformed. SDR allocations [at the IMF] must be reviewed while ensuring a USD 100 billion allocation for LDCs. Foreign Direct Investment (FDI) to LDCs is only about 3 percent of developing-country inflows. The global poly-crisis has disproportionately affected investment flows towards critical sectors for the SDGs. Thus, an investment promotion centre for LDCs needs to be established.... We also need to ensure the **debt** sustainability of LDCs. Borrowing at low cost needs to remain an option for LDCs to invest in the future, including in resilient infrastructure. However, with high borrowing costs LDCs are facing high rates of debt servicing. This has compelled LDCs to spend more than one-fifth of their government revenues on interest payments leaving them with little fiscal space to cope with internal and external shocks. The confluence of global shocks has resulted in unsustainable debt with currently 7 LDCs in debt distress and another 14 at high risk, showing the insufficiency of implemented measures to address debt. Therefore, we call for coordinated policies aimed at fostering **debt relief**, debt restructuring, and sound debt management including **debt swap initiatives** for sustainable development and climate action."

Mali, on behalf of the African Group listed their priorities as: 1) establishing an international tax structure; to be

"based on consultation with all Member States of the United Nations rather than a limited number of countries (G20)..."; 2) "**any work on illicit financial flows** should address the legal, political and practical obstacles facing timely and efficient asset recovery", not just transparency in international financial flows"; 3) "**it is too early to make interlinkages between international trade and sustainable economies,** especially where developing countries are involved. Most developing countries still lack resources and knowledge necessary for transition to sustainable economies at the current stage, and would therefore be significantly affected negatively if this linkage is applied in international trade systems."

**Ethiopia:** "US\$1 trillion has been lost over 50 years to **illicit financial flows** and this exceeds the development assistance Africa received in that period. The finance is being used to wage war and destabilize Africa." ...."Adherence to international laws is what economically and militarily weaker states do. Unilateral coercive measures are used in contravention with the widely agreed on norms."

**South Africa:** "Whilst no country, rich or poor, is spared of the negative impacts of the current global crises characterized by high food, energy and finance costs, it is critical that there is due recognition of the uniquely devastating consequences on African countries, LDCs and Land-locked Developing Countries (LLDCs).... South Africa supports the **SDG Stimulus** proposed by the UN Secretary-General. Yesterday a new report of the UN entitled, <u>A World of Debt</u>, was launched. It depicts a precarious situation where, in the words of the Secretary-General, countries spend more money **servicing debt** than serving their people. Therefore, **short term measures** to address debt, including standstills, are needed. More **concessional finance** and grants are what will help these countries address poverty, hunger and inequality in the short to medium term."

**Botswana, on behalf of the Land Locked Developing Countries (LLDCs),** urged "that mechanisms be developed to share tax revenues fairly from digital Multinational Enterprises (MNEs) that have users in developing economies, including LLDCs, despite not being based there"....Calls for "special recognition to the financing needs of vulnerable economies, including LLDCs, whose challenges have been further amplified by the COVID-19 pandemic".

**Credit rating agencies add to the cost of debt** Secretary-General Guterres urged that a "New Bretton Woods moment" requires "building on the lessons from recent efforts to mobilize private finance, including by revising risk appetite and the criteria used by credit ratings agencies and adjusting policies and instruments." UN agencies and Member States have pointed to the need to address credit rating agencies' outsized role in the quantity and quality developing countries receive financing.

Ahunna Eziakonwa, Director of UNDP's Regional Bureau for Africa warned at the 2023 ECOSOC Operational Activities for Development Segment (OAS) that

"the cost of borrowing for many African countries has skyrocketed" due to "biased credit ratings". "UNDP did a study recently that showed that 19 African countries could save USD 75 billion if their **credit rating** was done without the subjectivity and sometimes negative perceptions that put them at a **higher risk rate.**"

#### William Ruto, President of Kenya at the 2023 UNGA:

"The entire system of **risk assessment** and the opaque methodologies employed by **credit rating agencies** and risk analysis needs to be overhauled. We must all recall the miscalculation of subprime mortgage risk by these agencies two decades ago, which precipitated a financial crisis whose effects reverberate to date...any objective rating must also take into account principles of responsible sovereign lending and accounting, specifically emphasizing the need for international accounting systems that supports the proper valuation of mineral wealth, natural capital and ecosystem services, in the computation of national GDPs."

#### Paul Kagame, President of Rwanda:

"Developing countries are constrained by a debt crisis, including higher costs of borrowing. This is causing economic disparities to widen, and slowing down our collective progress towards the Sustainable Development Goals. The primary cause of this crisis is **high interest rates** in developed economies, in order to correct for years of quantitative easing. At the same time, developing countries face exaggerated risk premiums for both currency and political risk, which are simply unjustified.... Increasing access to finance also requires reform of our global financial institutions."

# Momentum is building to reform of the IFA?

The momentum for a reform of the IFA has swelled significantly. In the 2022 UN Financing for Development Forum (FfD) <u>outcome document</u>, there was a recognition of "imbalances in the global financial system" and the need to "recommit to advancing fully towards an equitable global economic system". UN Secretary-General criticized in <u>2022</u>:

"The global financial system is failing the developing world. Although, since it was not designed to protect developing countries, perhaps it's more accurate to say: the system is working as intended. We need reform. We need a system that works for the vulnerable, not just the powerful."

In 2023, Secretary-General's office published a <u>policy brief on IFA Reform</u> and it has been a staple issue in many UN discussions across various issue areas, including at subsequent FfD forums. The increasing attention on IFA and reform has also garnered some support from Global North Member States, notably at the 2023 UN General Debate:

**Charles Michel, European Council President:** "[T]he **Bretton Woods** system must be reformed in depth.... These institutions were created when many countries were still under colonial supervision. Since then, the world has changed. However, the G7 countries still hold almost all power there, absolute decision-making power. The European Union is ready to share power better, because the regions which have almost no say in the matter must be better involved in decisions that concern them...."

*Marcelo Rebelo de Sousa, President of Portugal*: "[I]n an international order where some members are seeking to shift the *balance of power,* a sign of discontent with some of the existing rules, it is also important to re-evaluate

the representation, scope and effectiveness of some financial organizations. As Secretary-General António Guterres said, 'we need a new international financial architecture, a **new Bretton Woods**'. It is urgent to move forward along paths of respect for the values of the UN Charter – peace, sustainable development, climate action, correcting inequalities, reforming the United Nations and the world's financial institutions."

As much as there is support for a meaningful reform, however, there has been staunch opposition as well – mainly from some Global North countries who benefit from the current status quo of multilateral power imbalances. And though both heads of the IMF and World Bank have acknowledged the dissatisfaction of developing countries, they have shied from committing to reforms that would alter global economic governance: IMF Managing Director Kristalina Georgieva has called for action to "strengthen the International Financial Architecture", while the World Bank has devised an "Evolutionary Roadmap" for its operations. At the UN, major Global North Member States have favoured the alternative idea of improving existing international financial institutions, with any decision-making on the changes left with the institutions themselves.

Despite the different circumstances and priorities of each country and region, the Global South has been united on the fact that the current operations of the IFA has been an obstacle to sustainable development. Crippling debt hampering investment in public spending, illicit financial flows undermining domestic resource mobilisation, and insufficient access to concessional, non-debt creating financing are some of the top reasons for the mounting disaffection for developing Global South countries. Substitutes for BWIs such as BRICS have gained attention, with <u>over 40 countries expressing interest to join</u> it in 2023.

The strong demands from the Global South have contributed to and driven the development of this agenda at the UN. The question going forward will be whether the reform of the international financial architecture will be transformational as has been clamoured for or if it will be the piecemeal "evolutionary" approach of the BWIs. Together with the reform of the UN Security Council, IFA reform is a prime example of aspects of global governance and related institutions that must be re-shaped for peace, justice and development.

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# UN Funding Practices. Impact on the South

Julie Kim, Maddy Petersen

Funding the activities of the United Nations comes mainly from the Member States. All 193 UN Member States are required to pay annual *assessed contributions* – dues required to maintain UN membership status. Assessed contributions primarily fund the UN's Regular and Peacekeeping budgets, with a limited portion of assessed funds allocated to the entities and agencies of the UN Development System (UNDS). Assessed contributions are calculated based on each Member State's capacity to pay, determined by a <u>scale of assessment formula</u> that factors in elements such as a country's GNI, population size and debt levels. This method recognizes the different financial capabilities of the Member States while holding them accountable to their financial responsibilities.

Another source of UN funding are the *voluntary contributions*, funds provided independently by both state and non-state donors to the various UNDS programmes, agencies and entities. They come in the form of either **core** (non-earmarked) or **non-core** (earmarked) funds. Core voluntary contributions are fully flexible funds to be utilized at the discretion of the recipient UN entity, whereas non-core voluntary contributions are conditional resources prioritizing development preferences of the donor.

Member States, especially those in the Global North and wealthy, have increasingly favored voluntary contributions in the form of earmarked, non-core contributions to UNDS. Development is a critical pillar of the UN's work in the Global South, the principal mechanism toward reducing the inequality between and among states. However, this pattern of UNDS funding over the last few decades is a reflection of the current power asymmetries in global governance, and the way dominant players allocate funding reinforces a development agenda that serves their priorities and interests, not of the Global South.

The 2019 Quadrennial Comprehensive Policy Review (QCPR) of operational activities for development of the UN system acknowledged the need to change such funding patterns to the UNDS:

"Current funding patterns are characterized by a decline in core resources relative to overall funding, unpredictability and a rising share of tightly earmarked funds for specific activities. These patterns increase transaction costs, fragmentation, volatility and competition among entities. They also constitute lost opportunities, by hindering the system's ability to respond in integrated, flexible and dynamic ways to Member States' demands and national priorities. Ultimately, they compromise the multilateral nature of United Nations support to the 2030 Agenda."<sup>[1]</sup>

## 2022 Ranking of Revenue by Goverment Et by Financing

Instrument			
Goverment donor	Assesed Contributors	Voluntary core (un-earmarked) contributions	Voluntary non-core (earmarked) contributions
United States of América	1	1	1
Germany	4	2	2
Japan	3	10	4

United Kingdom	5	6	5
China	2	14	16
Canada	8	12	3
Netherlands	11	5	6
France	6	9	9
Norway	14	4	7
Sweden	13	7	8
Switzerland	12	3	10
Italy	7	13	11
Australia	10	8	13
Republic of Korea	9	15	12
Argentina	16	16	15
Denmark	15	11	14

According to the 2023 QCPR, the top 3 Government donors in 2021 alone accounted for 38 per cent of total funding to the United Nations development system, and the top 10 accounted for 56 percent.<sup>[2]</sup> In order, the top 10 contributors in 2021 were USA, Germany, Sweden, the United Kingdom of Great Britain and Northern Ireland, Japan, Canada, Norway, Denmark, the Kingdom of the Netherlands and France. These numbers have remained largely unchanged over the past decade.

Funding varies by donor based on the type of financing instrument to the UN system, but the top assessed contributors to the UN tend to also be the top voluntary contributors (see table below).<sup>[3]</sup> China is a notable exception, ranking second amongst the top assessed contributions but relatively low in voluntary contributions compared to other top donors. USA and Germany have ranked as the top two voluntary contributors to the UN since 2016, making them as key drivers of determining how UN operationalizes the 2030 Agenda.

Specifically, USA has ranked consistently as the top contributor of both assessed and voluntary contributor (core and non-core), having a multiplier effect on its influence throughout the UN system, from receiving preferential considerations for UN positions to having an outsized influence on UNDS operations through its selection of entities to fund, or defund.

An example of donor priorities trumping overall development objectives of UNDS is the 2023 QCPR clearly showing a donor tendency to fund humanitarian activities carried out by UNDS entities. At the ECOSOC Operational Activities Segment (OAS) in May 2022, the <u>Permanent Representative of **Malawi**</u> stressed that

"While humanitarian assistance is important, it should in no way be **at the expense of development assistance**. This will jeopardize the balance between the three pillars of sustainable development."<sup>[4]</sup>

The following year, Samoa on behalf of AOSIS reiterated,

"While we note and acknowledge the very positive impacts the RC system is having in our countries, we remain very concern that too much emphasis is being placed on responding to **emergencies and crises**. The system must continue to keep its focus on development."

Spending on operational activities for development may have increased by US\$ 5 billion in 2021, however, humanitarian spending continues to consistently outpace development spending (see graph below).<sup>[5]</sup>



Funding shortfalls have also invited the rise of "multistakeholderism". While this mode of global governance was meant to be a democratic, "all hands on deck" approach to governance, it materialized in reality as an echo of power asymmetries among stakeholders, giving private actors greater influence in shaping the UNDS programmes. Contributions from the private sector and other "non-state" actors are predominantly provided in the form of non-core, earmarked funds, leading to consequential influence over the agendas of UN entities and agencies. Moreover, the lack of robust accountability measures in their development funding and cooperation further disadvantages the developing country partners.

**Resident Coordinators (RC)** serve as the cornerstone of the United Nations Development system and work with UN country teams, UN agencies and host governments to implement a national development cooperation framework. Despite the positive feedback that host countries have reported on the renewed RC system, a funding gap of US\$ 85 million persists and the system has yet to be fully funded since its inception. As the <u>Deputy Secretary-General</u> pointed, this

"development vehicle is running out of fuel just as we press our foot in the pedal... Resident Coordinator's offices have had their capacity to convene reduced – resulting in fewer opportunities to bring together member states and other stakeholders".

At the 2023 ECOSOC Operational Activities for Development (OAS), the <u>Secretary-General</u> implored Member States:

"Let us recall we are talking about \$85 million – a tiny investment for the returns we are already witnessing. Development coordination saves lives by eradicating poverty and preventing humanitarian crises. Countries are spending more than \$2 trillion a year on military budgets. It is simply not credible to pledge support for peace, if they are not prepared to invest a tiny fraction of this amount in sustainable development – the greatest conflict prevention tool we have.... The most logical, principled solution is to fund the RC system with a greater share of assessed contributions under the Regular Budget of the United Nations."

Excerpts of Member State statements from the 2023 OAS: Cuba, on behalf of the G77 and China:

"As Member States, it is also critical to ensure that the system is properly funded to respond to the needs and priorities of programme countries. This means **more core funding for the operational activities for development**. Therefore, we look forward to discussing the funding arrangements of the RC system and of development activities as a whole, where the time comes.... With the 2030 Agenda and its SDGs at serious risks of not being attained, it is critically important that the UN development system and in particular the **RC system's capacities are preserved to accelerate its assistance** to countries at this critical juncture..."

#### **Samoa**, on behalf of the Alliance of Small Island States (AOSIS):

"AOSIS remains committed to make the repositioned UN development system and the invigorated RC system successful, because as programme countries **we rely on the contribution the system brings to us**. However, asking us to help fund the system would be a tall ask as we are already grappling with high indebtedness, continual outrageous financial and economic impacts as a result of climate change inaction, along with the numerous other economic, financial and health shocks, of which we contribute very little to or none at all, but are the most affected.

The multitude of limitations of UN funding has dire implications for the Global South. Across all top donors, contributions in the form of non-core, earmarked resources were disproportionate relative to the amount of core funding. And because donors tend to earmark funds to reflect their national priorities, development is inherently bifurcated between "donor orphans" and "donor darlings", thwarting a crucial 2030 Agenda principle of leaving no one behind. A preference to support certain countries over others also creates a competition for funding among

developing countries, especially those in special situations – Least Developed Countries (LDC), Landlocked Developing Countries (LLDC), and Small Island Developing States (SIDS).

**Bangladesh**, on behalf of LDCs underlined the significance of the UN for Global South developing countries:

"External sources of finance in the form of ODA, export earnings, investment and remittances are either stagnating or dwindling. Concessional windows of finance from the IFIs are also narrowing and shrinking for LDCs. The UN system therefore is a major source of support for LDCs to achieve the SDGs."

The partial funding decisions leaves developing countries at the whim of powerful donors with the privilege of choosing development priorities. They undermine the integral "one country, one vote" policy in the UN decision-making processes, further inculcating the power imbalance between the Global North and South. It also propagates the vast inequality among countries through the unequal support to development, dividing the Global South solidarity necessary to advocate for systemic changes at multilateral policy-making fora like the United Nations.

**Country Profiles** (<u>https://bit.ly/profile-africa</u>) "The UN in your country / your country in the UN"

UNDS activities in developing countries make up a substantial share of UN engagements in the Global South and there is an abundance of useful data and reports available to CSOs and the public to monitor, assess and hold UN operations accountable. Appetite for partnership and engagement with UN resident coordinators is not matched by the availability of opportunities. An index of relevant information regarding UNDS agencies and documents is a critical missing resource for CSOs. In cooperation with students from The New School, GPF has compiled a collection of profiles on African countries. Included in each profile are available information sourced from UN databases on who the resident coordinator is for the country, UN agencies and contacts of UN personnel working in/on those countries, and country analysis reports compiled by UN agencies. The profiles also document some of the Member State statements at the UN and their reports to the UN, when available. This index contributes to demystifying the types of UNDS activities conducted in developing countries and how a country is being represented by the Member State at the UN, with the hope of increasing transparency and accountability at the global and national level. This collection is updated periodically by Global Policy Forum.

<sup>&</sup>lt;sup>[1]</sup> <u>A/74/73/Add.1-E/2019/4/Add.1</u> (2019)

<sup>&</sup>lt;sup>[2]</sup> <u>A/78/72/Add.1 E/2023/59/Add.1</u> (2023)

<sup>&</sup>lt;sup>[3]</sup> UN System Chief Executive Board for Coordination, <u>https://unsceb.org/fs-revenue-government-donor</u>

<sup>&</sup>lt;sup>[4]</sup> GPF, "Sustainable Development, Corporate Influence and Private Finance" (2022)

<sup>&</sup>lt;sup>[5]</sup> <u>A/78/72/Add.1 E/2023/59/Add.1</u> (2023)

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This report draws extensively on the work and publications by Global Policy Forum, particularly its <u>briefings</u>, and <u>monitoring Round-ups and fact sheets</u> on multilateral negotiations.

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