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The UN & Democratic Governance

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Published by the Rosa Luxemburg Stiftung, New York Office, June 2023

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With support from the German Ministry for Economic Cooperation and Development.

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Secretary-General António Guterres (centre) meets with Ellen Johnson Sirleaf (left) and Stefan Löfven (right), Co-Chairs of the High-level Advisory Board on Effective Multilateralism on April 18, 2023.

Executive Summary

Today's interlocking crises have deepened existing inequalities, both within and among countries. They have also exposed another crisis, that of multilateralism and global governance, embedded in processes and institutions established before most UN Member States had political independence, notably in the Security Council and the Bretton Woods Institutions (BWIs). Multiple failures of governance—including climate, food, health, conflict and finance crises—have landed on the UN agenda at the highest level, and have brought increasing attention to the need a more egalitarian and democratic multilateral system with a more equitable financial structure.

Pointing to “a morally bankrupt financial system in which systemic inequalities are amplifying societal inequalities” the UN Secretary-General António Guterres explained that countries desperately in need of debt relief could not get that support because “the rules are not made to allow it.” “Something is fundamentally wrong with our economic and financial system,” he said.

“The global financial architecture is at the heart of the problem.”

The international financial architecture is dominated by the BWIs, which were created in the immediate post-World War II era. It is increasingly recognized that the mandates and functioning of the BWIs do not respond fairly to the priorities and challenges of developing countries. Nor do they assess social and ecological priorities in their loan conditions or assessment of the economic health of countries, both of which have a dominant effect on access to private capital markets and on countries' ability to borrow.

Reforming the international financial architecture (IFA) is high on the multilateral agenda that includes two upcoming UN Summits, the SDG Summit in 2023 and Summit of the Future in 2024. The policies and functioning of the global economy and financial architecture affect all states and peoples, but lack accountability to human rights and ecological justice. This bias is also reflected in the dominant role of GDP as the current measure against which development is measured and economic policies primarily determined.

The focus on economic development fails to address global wealth inequalities and negatively impact social, ecological and gender justice policies globally. It also has deprived many developing countries of decades of development financing and the ability to strengthen their domestic resource base. Much scholarly work has deepened the critique and developed alternative indices that have go beyond or replace gross domestic product (GDP). However, the use of an alternative metric has only recently been included on the global agenda for Member State deliberations.

The current work streams of Beyond GDP and IFA reform were featured in the work of the High-level Advisory Board (HLAB) on Effective Multilateralism, established by the Secretary-General to provide analysis and recommendations for Member States in the lead-up to the Summit of the Future. So too was the inadequate accountability of the private sector. The HLAB report criticises the lack of multilateral treaties governing corporate partnerships, explaining that reliance on state regulation alone can lead to “a system where a relatively small number of large private sector actors can influence processes without being held to account”. Such reliance allows for selective enforcement whereby, for example, corporations must behave better in the country of “origin” but can trample rights in other countries and so benefit the country of origin as well as powerful shareholders.

Tackling the democratic deficit in global decision-making also necessitates a new funding compact for the United Nations system. Major UN priority areas, human rights and sustainable development, have been badly resourced

or under-resourced. The lack of commitment to core funding for sustainable development and the heavy use of earmarked funding have steered the UN development system into responding to major donor priorities before developing country ones.

To close the democratic deficit in multilateral decision-making, the UN must be empowered to act and held accountable in some key areas. These include:

- closing of the accountability and policy gaps between human rights and economics by adherence norms and standards that govern economic policies not the reverse (IFA reform);
- new measurements of progress for policy determination that include human rights, gender equality and ecological value (Beyond GDP);
- a new funding compact for the United Nations;
- robust monitoring and accountability by national governance and public institutions of how people are represented in multilateral and cross-border decision-making spaces; and
- enhancing peoples' influence in policy making via domestic parliamentary oversight, especially of the budget and CSO advocacy, as well as exposure of double standards.
- There are promising initiatives that have been proposed or are on the UN agenda that would contribute to the development and adoption of a human rights economy, including:
 - a multilateral treaty on TNCs;
 - loss and damage funding;
 - a UN tax convention; and
 - championing external public finance for human rights and sustainable development instead of market incentives that often protect or even promote IPRs that privilege corporations over human rights.

Fundamentally, the UN can never be a space where everyone can bring their issues and concerns directly, but the UN agenda, deliberations, outcomes and agreements need to address the lives of peoples in all countries.

Proposals for addressing the prevailing power disparities reveal the tensions between those who accept power-defined realities and try to align with the winners or limit the damage, and those who want fundamental change that reduces and redistributes the power of the dominant. Among small and medium states these tensions are evident, as they are in the UN system itself and among CSOs. While parts of the UN system promote multi-stakeholder partnerships, the [OHCHR documents](#) intimidation and reprisals, practiced by state and non-state actors.

Rejecting governance with a “winners take all” mindset requires challenging the systematic asymmetry and recognizing that power imbalances cannot be corrected by persuading the most powerful players to share or not use their power.

Rigorous adherence to UN norms and standards with robust monitoring by national public institutions, which is led and scrutinized by parliaments and CSOs, is essential to guarantee that governments acting in UN and multi-lateral governance processes are accountable to their constituencies and peoples.

The upcoming high-level meetings and summits addressing multilateral governance structures signifies both the recognition of the exigency and the motivation of Member States to make systemic changes. Whether they will be held accountable for doing so depends on political organizing, mainly at national levels. This is a rare political moment and engagement will be crucial to ensure a more democratic United Nations.

Introduction

The United Nations is confronted with a staggering agenda of interlocking crises of—among others—climate, food, health, conflict and finance. Too many countries are trapped in agreements where servicing ever-escalating debt precedes and undermines protecting human rights and providing essential public services. Today’s intersecting and interlocked crises have deepened pre-existing inequalities, both within and among countries, exposing another crisis – that of multilateralism and global governance embedded in institutions established before most UN Member States were politically independent, notably the Security Council and the Bretton Woods Institutions (BWIs).

Pointing to “a morally bankrupt financial system in which systemic inequalities are amplifying societal inequalities”, UN Secretary-General António Guterres explained that the reason countries desperately in need of debt relief could not get it is because “the rules are not made to allow it”. Speaking to the General Assembly about his priorities in [February 2023](#), he stated:

Something is fundamentally wrong with our economic and financial system. The global financial architecture is at the heart of the problem. It should be the means through which globalization benefits all. Yet it is failing.

The global financial architecture does not need a simple evolution; it needs radical

transformation. It is time for a new Bretton Woods moment. A new commitment to place the dramatic needs of developing countries at the centre of every decision and mechanism of the global financial system.

A new resolve to address the appalling inequalities and injustices laid bare once again by the pandemic and response. A new determination to ensure developing countries have a far greater voice in global financial institutions.

Indeed, decades of structural adjustment, market liberalization and austerity policies, together with rapid financialization and digitalization, have propelled the trend toward neo-liberal governance, domestically and globally. The result has been a shift away from attention to human rights and state accountability - a marked consequence, whether by policy mindset or financial pressures of unregulated globalization. It is reflected in the reluctance and loss of capacity of Member States to govern at the national level, and by implication, also at the global level.

In [January 2023](#) at the World Economic Forum, the Secretary-General warned that North-South divide was deepening: "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 about the gross inequity of vaccine distribution... about pandemic recovery – with support overwhelmingly concentrated in wealthier countries that could print money."

Dominant economies concentrated in the North have successfully shaped the global governance mechanisms in their image and kept the full membership of UN out of their priority areas of security and macroeconomics. Addressing the fact that there are huge gaps between the aspirations of a democratic UN and the reality of current governance needs to go beyond these types of warnings from the Secretary-General and similar acknowledgments from Member States. These multiple failures of governance have landed on the UN agenda at the highest political level and mean there are high expectations for the upcoming SDG Summit in 2023, which will review implementation of the 2030 Agenda and provide high level policy guidance for measures going forward, and the Summit of the Future in 2024, which will address gaps in global governance and work to move toward a more effective multilateral system.

| Box 1. UN SDG Summit & Summit of the Future (SoTF) | |
|--|---|
| <p><u>SDG Summit</u> 18-19 September 2023 Co-facilitators: Ireland and Qatar</p> | <ul style="list-style-type: none"> - High-level Political Forum on Sustainable Development under the auspices of the General Assembly - Midterm review of the progress on the Sustainable Development Goals (SDGs) |
| <p><u>Summit of the Future</u> September 2024 Co-facilitators: Germany and Namibia</p> | <ul style="list-style-type: none"> - Conference called on by the UN Secretary-General in his <i>Our Common Agenda</i> report - A “once-in-a-generation opportunity to enhance cooperation on critical challenges and address gaps in global governance, reaffirm existing commitments including to the <u>Sustainable Development Goals</u> (SDGs) and the <u>United Nations Charter</u>, and move towards a reinvigorated multilateral system that is better positioned to positively impact people’s lives” |

Effective Multilateralism = Inclusive Multilateralism?

In preparation for these summits to address and correct the crisis in multilateralism, the Secretary-General established the [High-level Advisory Board \(HLAB\) on Effective Multilateralism](#), chaired by Ellen Johnson-Sirleaf of Liberia and Stefan Löfven of Sweden to provide independent advice to assist UN Member States on transformational shifts in global governance “that will help deliver on the most urgent challenges the world is facing today in peace and security, the triple planetary crisis (climate change, pollution, biodiversity loss), growing economic inequalities, and a widening digital divide”. The HLAB report [A Breakthrough for People and Planet - Six Transformative Shifts for a More Secure and Sustainable Future, which identifies ways to achieve “a radical shift in our approach to global governance,”](#) is the subject of on-going consultations at UN headquarters in the lead-up to the SDG Summit.

While the specific proposals from the HLAB are debated, the report centers the deep-seated power asymmetries in the global political decision-making process itself. How can Member States collect the public resources needed to fulfil their human rights obligations while refusing to tax big corporations?

The Six Transformative Shifts

The six transformative shifts are closely aligned with the SDGs and support *Our Common Agenda*, the UN Secretary-General's vision on the future of global cooperation.



Shift One | Rebuild Trust in Multilateralism
Improve Legitimacy and Effectiveness Through Inclusion and Accountability



Shift Two | Planet and People
Regain Balance with Nature and Provide Clean Energy for All



Shift Three | Global Finance
Ensure Sustainable Finance that Delivers for All



Shift Four | Digital and Data Governance
Support a Just Digital Transition that Unlocks the Value of Data and Protects Against Digital Harms



Shift Five | Peace and Prevention
Empower Equitable, Effective Collective Security Arrangements



Shift Six | Anticipatory Action
Strengthen Governance for Current and Emerging Transnational Risks

Or underpin essential public services for universal social protection and commit to decent work and sustainable livelihoods? Or invest in the long-term “green” infrastructure that reliance solely on market solutions cannot? Without tackling the existing governance systems of power-policy hierarchies, short-termism, and piecemeal and inadequate responses to global crises will persist. Establishing fair and equitable decision-making processes must tackle how to get the dominant players (public and private) to adhere to multilateral outcomes or even allow them to be written.

Recommendations in the Organisation for Economic Co-operation and Development (OECD) from some Member States, parliamentary associations and CSOs alike frequently emphasize closing the democracy gap at the UN with more participation of CSOs and Parliamentarians.

However, major OECD-member economies have successfully kept the UN “out of their business” with steadfast protection of a separate jurisdiction for the Bretton Woods Institutions (the World Bank and the International

Monetary Fund) and by increasingly paying lip-service to human rights, especially economic, cultural, social rights, and ignoring the extra-territorial violations of their corporations.



Tackling the democratic deficit in decision-making also requires new measurements of progress for policy determination that address human rights and ecological values, a new funding compact for the United Nations, and robust monitoring and accountability by national public institutions of how they are represented in multilateral decision-making spaces.

The presence in peoples' daily lives of external or cross-border dynamics such as the climate crisis, financial contagion, pandemics and food security can no longer be left to the executive branch of government. Each Member State decides its representation to global bodies. A national campaign for a more representative presence in global decision-making tied to democratic national accountability mechanisms could result in higher quality outcomes as well as reduce the yawning democratic and trust deficits.

National parliamentary scrutiny of funding for multilateral institutions will reveal discrepancies between stated priorities and realities and shape more effective use of tax-payer resources. CSO monitoring and accountability measures of policy prescriptions and resultant outcomes at both national and global levels will expose the abdication and sometimes the double standards of professed governmental representation to protect rights and the planet.

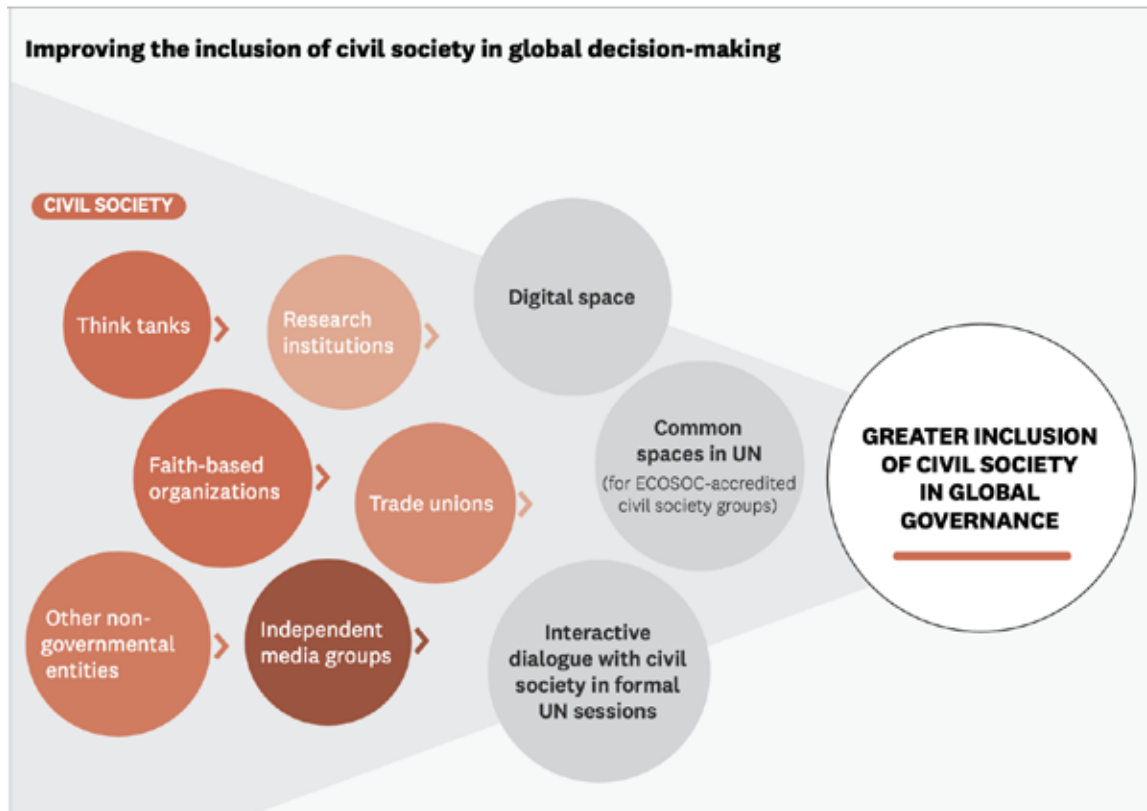
The HLAB report was emphatic on the need for society-wide participation

in global governance and called for “greater inclusion of civil society in the core work of global governance”.

To respond to this call, the report suggests: “(a) using digital space to involve more groups in UN processes; (b) formally including Economic and Social Council (ECOSOC)-accredited civil society groups in common spaces in the UN; and (c) building interactive dialogue with civil society into formal UN sessions”. It also suggests that Member States should include a young person as part of the delegation to the 2024 Summit of the Future.

While the report recognizes that current practices of peoples’ participation in policymaking are inadequate, more opportunities to engage are a far cry from being heard—in part owing to multiple imbalances within the CSO sector itself.

A Breakthrough for People and Planet



There have been multiple reform proposals for participation from parliamentarians and civil society groups prior to the HLAB report. For example, the We the Peoples Campaign, endorsed by more than 200 parliamentarians and civil society groups, calls for three specific institutional changes:

- a world citizens’ initiative, which would enable any proposal that reaches a certain threshold of popular support to be put onto the agenda of the UN General Assembly or the Security Council (worldcitizensinitiative.org);

- a Parliamentary Assembly, which would allow for the inclusion of elected representatives in UN decision making, enabling them to “act as a watchdog connecting people with the UN” (unpacampaign.org); and
- the creation of an office of a UN Civil Society Envoy to drive the UN’s outreach to the public and civil society organisations. The envoy would also be charged with championing the implementation of a broader strategy for opening up the UN to greater civil society participation (together1st.org).

Although promising a route to “inclusive global governance”, these proposals emphasize additional chambers and mechanisms that lack regulatory, budgetary and implementational power/weight and avoid challenging the governance and funding issues that perpetuate the existing power imbalances in decision-making.

Proposals for a UN chamber of parliamentarians or CSOs address the need for increasing national or local level of accountability; however, having separate chambers risks generating more siloes, reducing rather than intensifying government accountability, and potentially distorting or even creating discord with the national political narrative. As Parliamentarians and CSOs play a vital role in linking national and global governance, their impact could be enhanced if they were incorporated permanently into country processes of decision-making and accountability.

Questions also remain on how the UN conducts outreach to CSOs and who has access to participation opportunities. Roadblocks to inclusion begin at the rudimentary level of access; a hierarchy emerges as Global North CSOs—especially those in or near New York City (or Geneva)—have a significant advantage in access to both the physical space and Member States and UN system staff.

Proposals and strategies for addressing power disparities reveal the tensions between those who accept this reality and try to align with the winners or limit the damage, and those who want more fundamental change that reduces and redistributes the power of the dominant. Among small and medium states from all regions, the same tensions and splits in strategies, in blocs and in perceptions of options are evident: align or regroup. These tensions are also evident in the UN system and among CSOs. While parts of the UN system promote and propagate partnerships, the [OHCHR documents](#) intimidation, recrimination and reprisals, practiced by state and non-state actors.

A popular concept in the UN and within UN

agencies—**multi-stakeholderism**—is yet to demonstrate inclusivity. It labors under the false assumption that all “stakeholders” are equal in participation and resources and ignores the rights of those stakeholders who rely on democratic governance and state responsibilities as duty bearers for human rights. In a similar vein, **partnerships** are promoted as a strategy for inclusiveness. But this ignores the power imbalance within partnerships, that they are self-selected and primarily accountable to the partners themselves and not to the would-be “beneficiaries”.

Some partnerships embrace other power centres such as big business/corporations and big NGOs, or those offered by regionalism and South-South Cooperation. This is seen as an incremental and politically feasible approach to breaking down the immense and growing concentration of power, public and private. This approach is aligned with strategies to increase policy space at the country level, but often falls short of tackling the policy space deficit in global economic and security governance.

Governance by states or governance by investors

Accountability gaps – corporations

In addressing the power imbalances in global decision-making, the HLAB report was concerned that the private sector is a “glaring hole.” It criticized the lack of multilateral treaties governing these entities, seeing reliance on state regulation of private sector action as insufficient as it can lead to “a system where a relatively small number of large private sector actors can influence processes without being held to account.”

The report’s warning is by no means the first time corporations and their influence in global governance have been scrutinized. A number of UN human rights experts and special rapporteurs has documented the negative impact on the ability of governments to meet their human rights obligations, civil, political, economic, social and cultural.

Juan Pablo Bohoslavsky, Independent Expert on human rights of the effects of foreign debt and other related international financial obligations of states, has drawn up [guiding principles](#) on human rights impact assessments of economic reforms on the full enjoyment of human rights particularly economic social and cultural rights. The principles address the human rights obligations of economic policymaking and enumerate the “obligations of

states, IFIs and private actors” including with regard to their extraterritorial obligations.

Economists, ecologists and human rights advocates alike have signalled the need to address the power imbalances dominating political institutions and governance processes. For example, they have drawn attention to the reform of the investor-state dispute settlement system as an essential first step. In an unusual [joint letter](#) to the United Nations Commission on International Trade Law (UNCITRAL) addressing Working Group III, Investor-State Dispute Settlement (ISDS) Reform, seven human rights experts addressed the urgency to “remedy the power imbalance between investors and States”, calling for systemic reform in their submission to consideration of the architecture of the ISDS system. Their letter addressed many aspects that go to the heart of the governance: responsibilities of states including their ability and willingness to meet their commitments in the 2030 Agenda for sustainable Development.

The signatories pointed out the contradictions and incoherence between human rights law and the rule of law, contradictions of particular concern for the 2030 Agenda and the Sustainable Development Goals (SDGs), which reaffirm the importance of “an enabling international economic environment, including coherent and mutually supporting world trade, monetary and financial systems, and strengthened and enhanced global economic governance. There is a critical need to fundamentally reform International Investment Agreements (IIAs) and ISDS, so that they foster international investments that effectively contribute to the realisation of all human rights and the SDGs, rather than hindering their achievement.”

Principle 9 of the [UN Guiding Principles on Business and Human Rights](#) (UNGPs) reminds states to “maintain adequate domestic policy space to meet their human rights obligations when pursuing business-related policy objectives with other States or business enterprises, for instance through investment treaties or contracts.”

Principle 10 further provides that “States, when acting as members of multilateral institutions ...should seek to ensure that those institutions neither restrain the ability of their Member States to meet their duty to protect nor hinder business enterprises from respecting human rights”.

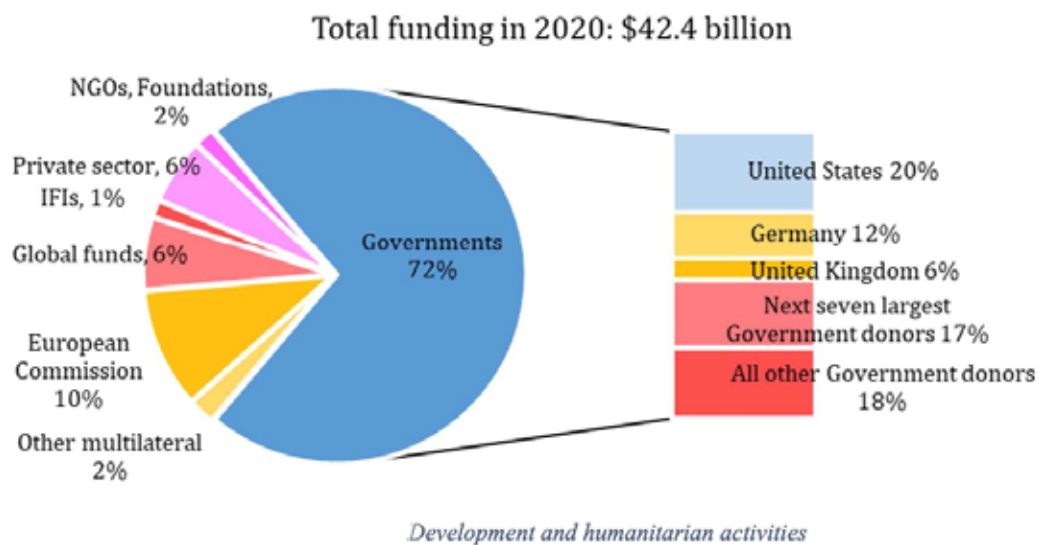
Validating the concerns of the Special Rapporteurs, the UN has been increasingly used as a platform for market-based solutions, rather than being committed to democratic governance, while maintaining the rhetoric of commitment to “no one left behind”, which if taken seriously is embedded in a human rights approach. Does the call to leave no one behind apply to

decision-making, governance and accountability or is it limited to the provision of services? Does this commitment reflect a rights-holder orientation or a consumer/client one? Who measures well-being? People or markets?

UN and systematic asymmetry

The UN Funding Compact

In addition to the unchecked influence of the private sector, the distribution of resources within the UN system continues to disadvantage the sustainable development and human rights pillars. There is comparatively little financial support for lead UN entities addressing sustainable development, including public health, education and gender equality (WHO, UNESCO and UN Women, respectively). This is also evident in the distribution of funding on the 17 Sustainable Development Goals despite almost universal calls to rescue the SDGs as we head to the SDG Summit in September 2023.

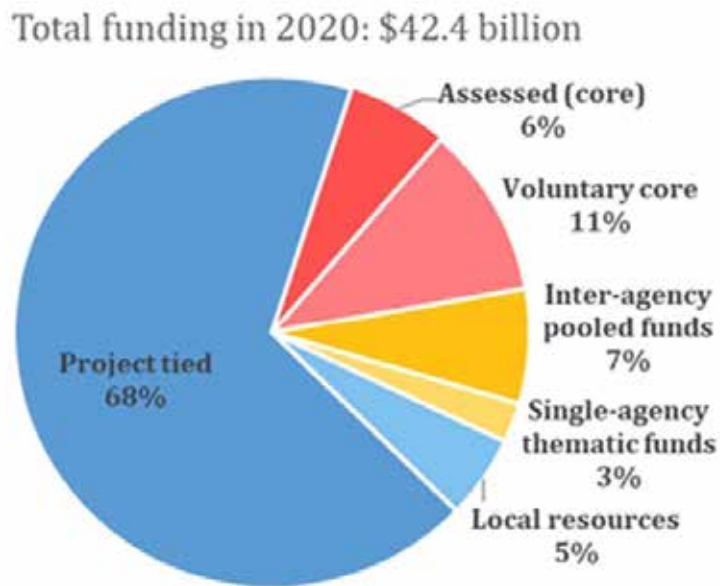


Development and humanitarian activities

Financing of the UN development system is dominated by three donors, and in 2020, with the next seven added, it is dominated by ten Western donors. Democratic governance is blocked, even with “one country, one vote”, when a minority of UN Member States hold the purse strings to the entire organization. Along with the inequalities in the international financial architecture (its reforms to be discussed later) and the UN Security Council (to be discussed in another paper), a new UN funding compact is imperative.

The impact of funding flows on governance and decision-making is well known but not well handled. The shift from core funding (essential for

democratic multilateral decision-making) to earmarked funding has accelerated over the last decades. In 1985, Prime Minister Olaf Palme of Sweden proposed a ceiling of 10 percent on the assessed contribution of any Member State to protect the democratic decision-making in the UN. In addressing the UN General Assembly in 2014, Samantha Power, U.S. Ambassador to the United Nations, stated this clearly: “Our ability to exercise leadership in the UN—to protect our core national security interests—is directly tied to meeting our financial obligations.” This was echoed in March 2023 by UN Ambassador Linda Thomas-Greenfield, who said that “we need to pay our bills to have a seat at the table.”



The UN funding crisis and pressure from Member States has fuelled a turn to the private sector and the philanthropic world, evident in multiple events and partnership initiatives reaching out to the corporate sector, including big data producers, banking and finance and transnational investors.

Voluntary non-core contributions distort programme development, undermine multilateral accountability and are not sustainable. Moreover, multilateral funding to tackle the global crises of health and climate has favoured public-private blended responses. In addition to being an expensive use of public resources, blended finance, involving for-profit entities, is more difficult to monitor and hold initiatives accountable to the public or common good.

UN General Assembly resolutions have acknowledged repeatedly that the lack of core funding undermines the ability of the UN development system to deliver on its multilateral mandates, emphasizing “the need to address

the imbalance between core and non-core resources”. In 2018, Member States agreed to a Funding Compact, in which they “commit to bringing core resources to a level of at least 30 percent in the next five years” (A/74/7/Add.1/3).

Accountability mechanisms now in the works

Aware of the gaps between its aspirations and actions, the UN is currently working on various accountability mechanisms and tools to redress these discrepancies. Some proposals are front and center leading to the Summit of the Future (Beyond GDP, International Financial Architecture reform, as well as the perennial Security Council reform), others are less prominent but vital to reclaim the UN policy space needed for democratic multilateralism. Accountable Multilateralism needs a Human Rights Economy Prosperity and human rights protection in all dimensions—economic, social, ecological, civil, political and cultural—cannot be achieved at the country level alone. Cross-border drivers of insecurities and inequalities extend beyond military threats, as witnessed by the global impacts of climate and COVID-19 crises across all policy spheres from health to food to digitalization. They bring global governance and related institutions of trade, investment and finance to the forefront of any examination of democratizing global governance.

Yet, there are enormous disparities among countries and governments in their policy space to influence and shape global regimes and rules that reverberate through national and global policies on economics, human rights and sustainability. [UN High Commissioner for Human Rights Volker Türk](#) recently laid out these challenges and the dire consequences of the failure to reverse the current “economy-first” practices, asserting that “the state and the economy exist to serve the people and not the other way around.”

Box 2. Human Rights Economy

1. Economic policies, such as taxation and budget policies, are needed, that address and redress the extreme inequalities within countries – and between countries – that the pandemic has accelerated.
2. Poverty, inequalities, unequal costs of climate change are not only unjust; they also give rise to instability and violence, nationally and globally, that affect us all. This is ultimately about preventing crises.

3. A human rights economy will deliver better results for people and planet, because, beyond profit, it is grounded in everybody's rights. Its policies direct a wind of powerful energy to achieving the Sustainable Development Agenda – which is a human rights agenda – and coherently address the social and environmental issues that matter deeply to every human being on this Earth.
4. Instead of developing elaborate loopholes to free the wealthy from fair taxation, the human rights economy directs investment to address and redress barriers to equality, justice and sustainability.
5. Instead of favouring the private interests of monied lobbies, it builds in maximum space for inclusive participation and social dialogue, and invests maximum available resources in advancing human rights, notably social protections, universal education and healthcare, food, housing, as well as delivering an adequate standard of living to all.
6. It seeks to eradicate the corruption, illicit financial flows and tax evasion which rob the people of their rightful share of resources. And it ensures that business operations do no harm, through human rights due diligence. It should also include addressing limits to consumption and harmful marketing. Tobacco, fossil fuel, plastics and baby milk industries have demonstrated their disregard for human rights.
7. Measurement of economic success needs to expand 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... I also hope very much that at next year's Summit of the Future, world leaders will agree on complementary measures to GDP.
8. Globally, human rights-based economic policy must include putting in place human rights guardrails for international financial and development institutions, so that governments are not forced to undercut investments in rights to repay their foreign debt. Today's financial institutions were not developed to protect the rights and vital interests of people in developing countries. They, alongside governments and all economic decision-makers, must now recognize that essential investments in advancing people's rights need to be protected – not undermined by austerity policies.

From Volker Türk's speech at the New School in New York City on April 20, 2023

Beyond GDP

The Secretary-General's [*Our Common Agenda*](#) report implored:

Now is the time to correct a glaring blind spot in how we measure economic prosperity and progress. When profits come at the expense of people and our planet, we are left with an incomplete picture of the true cost of economic growth. As currently measured, gross domestic product (GDP) fails to capture the human and environmental destruction of some business activities. I call for new measures to complement GDP, so that people can gain a full understanding of the impacts of business activities and how we can and must do better to support people and our planet.

During discussions of the [7th Expert Mechanism on the Right to Development \(EMRTD\)](#), experts and Member States alike lamented not only the obsolescence of GDP but also the way the focus on increasing GDP incentivizes consumption, pollution, and inequalities for the sake of economic growth. They then called for a holistic set of measures, including GDP, that would give a more accurate account of the complex matrix of vulnerabilities and challenges countries face.

Anu Peltola of UNCTAD warned that the two consecutive years of decline in the Human Development Index (HDI) was a wakeup call: “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.”

The Beyond GDP initiative is about developing indicators that are “[concise, widely accepted, comparable, and attractive for decision-making](#)” and more inclusive of the environmental and social aspects of progress. Developed to measure economic progress after the Great Depression, GDP was a useful common language for every country, allowing them to understand and assess their own progress of economic growth. However, development was understood to be linear, in the fashion of US economist W.W. Rostow’s “five stages” and did not take into account other important elements such as unpaid care work and social reproduction, done mostly by women, or the negative externalities on the environment and human development.

This has translated into an inaccurate assessment of many countries’ development. Small Island Developing States (SIDS), for example, are on the frontlines of climate change impacts, yet due to many of them having high

GDP, they are disqualified from concessional financing needed for development and recovering from climate disasters that regularly strike. As the resident coordinator for Samoa said at EMRTD, SIDS “will always be small, always be remote, always have an island geography with exposure to shocks and disasters, parameters that cannot change with any capacity instruments that governments have”.

The outdated method of measuring development implicates international cooperation on development into being ineffectual or worse, unavailable. 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.”

And a key element of the Right to Development is the duty to cooperate. To enable equitable and sustainable development, there is a duty for the international community as a whole, but especially those with advanced economies, to cooperate in creating this enabling environment. The focus on GDP has inadvertently (or perhaps intentionally) narrowed the number of developing countries eligible for meaningful development financing. Implementing metrics that go beyond GDP, such as the [Multidimensional Vulnerability Index](#) (MVI) currently being developed at the UN, would be a critical tool in both capturing a more nuanced picture of a country’s development progress that qualifies them for concessional financing and keeping development partners equally accountable to upholding their commitments to development cooperation.

Reform of the International Financial Architecture

A number of Member States have sounded the alarm on the need to seriously address rampant inequalities, national vulnerabilities as well as “systemic threats.” Prime Minister Mia Mottley of Barbados at [the UN General Debate during 2022 High-Level Week](#) drew attention to the fact Bretton Woods Institutions (BWIs) no longer serve the same purpose today that they did at their founding.

As she pointed out, the BWIs were created before former colonies gained independence and the rules of the international financial system were

established, rules that favor and maintain the status quo of former colonizing countries. The BWIs were conceived as a means to facilitate the reconstruction of Europe after World War II and then to support financial stability and prosperity among countries at various stages of recovery and development, through trade liberalization and industry modernization, among other measures.

Mottley reminded the UN General Assembly how the then international community had recognized the impossibility of Germany to repay its debt while reconstructing after the “cataclysm” of war and capped Germany’s debt payments to just around 5 percent of its exports.

In April 2023, exploring the link between [the Right to Development and inequalities of the international financial architecture](#), Ambassador of Pakistan Munir Akram also noted that BWIs have not played this supportive role to the developing countries of the Global South:

The economies and societies of the developing countries have been ravaged by a series of crises: COVID-19 supply chain disruptions, inflationary pressures, rising interest rates, depreciating currencies, climate induced disasters and geopolitical tensions, especially the conflict in Europe and accompanying restrictions...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.’

Action to transform the international financial architecture is rivalling, if not overtaking, pressures to reform the UN Security Council. Current rules and practices not only impede the protection of human rights through predatory financing policies, but also produce unfair decision-making processes due to the disparity in financial capabilities of UN Member States. Member States have outlined recommendations for reform in many UN policy processes such as those addressing the climate crisis, the Financing for Development Forum and the Right to Development. Prime Minister Mottley, for example, has proposed the [Bridgetown Initiative](#) as a way to address immediate needs and lay a foundation to long-term changes. Global South proposals have elaborated a menu of needed reforms, ranging from reforms of international financial institutions and multilateral development banks to debt restructuring and the need for a global tax authority.

Box 3. Concrete Reforms of the International Financial Architecture

1. Policy changes in the **international financial institutions**: Country programmes should abandon contractionary bias and instead be countercyclical and fully aligned with development and climate goals. IMF special drawing rights should be issued based on the development needs of developing countries rather than IMF quotas. Surcharge on financial support to low and low-middle income countries must be eliminated. The IMF's resilience and sustainability trust and the food security window should be available to all developing countries.
2. The **multilateral development banks** should be recapitalized and focus on providing concessional finance rather than maintaining their credit rating. **Credit rating agencies** should take into account the development imperatives while determining the status of various countries, and consideration should be given to the creation of a public credit rating agency that encourages development friendly investment.
3. **Export-led growth** in developing countries must be actively supported. Special and differential treatment for developing countries in trade must be institutionalized and expanded and the reduction of tariff and non-tariff barriers and the subsidies used by industrial countries eliminated.
4. Properly structured **debt relief** to countries in debt distress is essential. This can be provided through:
 - Extending the G20 debt service suspension initiative until the end of the poly-crisis and broadening the scope of beneficiary countries;
 - Improving the G20's Common Framework to provide collective and accelerated debt restructuring like the [HIPC](#) instead of on a case-to-case basis;
 - enforcing the participation of private creditors and multilateral development banks in the debt relief initiatives;
 - Rapid debt swaps for SDGs, climate and performance indicators;
 - Redesigning the debt contracts and instruments to include disaster and shock trigger clauses; and
 - The establishment of a global debt authority or extending debt body in the longer term.

5. A new approach to development cooperation aimed at not just GDP growth, but social and structural development through such measures as the fulfilment of the targets for ODA and climate finance. Revision of the income-based criteria established by the World Bank for accessing concessional finance, which should consider economic and social and environmental dimensions of sustainable development.

6. Tax evasion and avoidance by big corporations are a big constraining factor in mobilizing domestic resources. The UN must promote an intergovernmental agreement for universal arrangements on minimum corporate taxes and taxation of the digital economy, negotiated through an inclusive and transparent process within the UN framework. The recently adopted General Assembly resolution moved by the African countries on promoting inclusive and effective tax cooperation at the United Nations is an important step in this direction.

7. The private sector must be encouraged and incentivized to play a much more active role in advancing the SDGs and climate goals, principally by mobilizing the massive investment that is required in sustainable or green infrastructure estimated at over US \$1 trillion annually in developing countries.

Summarized by the Permanent Representative of Pakistan to the UN

The developing countries' debt crisis is one of many financial hurdles—around 54 countries are in debt distress—that have forced countries time and time again to prioritize debt servicing over domestic spending, whether public sector investment in climate adaptation, public health or essential public services. When austerity measures are included as a conditionality for a loan or surcharges to hasten loan repayment are applied to protect banks rather than people, developing countries are systemically constrained in commitments to sustainable development and human rights.

Addressing the urgency of the climate crisis, UN Special Rapporteurs (SR) on human rights and the environment, David Boyd, and on climate change, Ian Fry, stressed during a [UNGA Third Committee session in October 2022](#) the need for better international cooperation on climate financing for developing countries, including debt relief and delivering on previously agreed and future commitments from advanced economy countries. SR Boyd pointed that a key problem is a global economy based on “the exploitation of people and nature”:

Structural problems in the global economy are a major impediment to achieving the SDGs and realizing human rights. These problems include astronomical debt levels and debt servicing costs, plus difficulty accessing adequate finance for low-income countries... High-income states as the main cause of the triple planetary crisis have a special responsibility when it comes to respecting, protecting and fulfilling the right to a clean, healthy and sustainable environment. [They] must finance actions to achieve the SDGs, and a key priority is to assist climate vulnerable nations to respond to the climate emergency.

SR Fry agreed that the international financial architecture was inadequately addressing the climate crisis, recalling the unfulfilled promise made in 2009 to deliver US \$100 billion for climate action in developing countries by 2020. Furthermore, he criticised that the money presented is less than 50 percent, if counting only grants, as loans are “not real finance.” Along with SR Fry’s recommendation to look at financing tools like IMF’s Special Drawing Rights, both SRs emphasized making the newly established Loss and Damage fund operational as a priority.

Such failures of the international financial architecture have resulted in palpable tensions between the Global South and North and spurred the lack of trust in the UN. In March 2023, [Rasmi Das](#), member of the UN Committee on International Cooperation on Tax Matters commented that “[t]he overwhelming support for [the UNGA resolution on tax] is reflective of the general discomfort with the present international tax cooperation architecture lacking in inclusivity and effectiveness”, and this “discomfort is exacerbated by the fact that the existing rules which govern the international tax system were set in 1920s and these have now been rendered ineffective”.

[Yoke Ling Chee](#) of the Third World Network addressed some consequences at the 5th UN Conference on LDCs, including that it is actually the Global South that is owed a debt from the Global North, not only in the historical responsibilities of greenhouse gas emissions but also in illicit financial flows to tax havens in the North and trade imbalances. She emphasized that “[t]he principle of solidarity underlying South-South and North-South cooperation is the principle of Common but Differentiated Responsibilities (CbDR) and equity.”

The UN is still considered more democratic than other multilateral policy-making spaces and is the preferred organization for housing proposed binding agreements, such as a UN Tax Convention. However, what is decided at external IFIs (e.g., OECD tax reform proposals) influence what happens at the UN. Reform of the international financial architecture is crucial to minimizing the systematic power asymmetry that besets the United Nations.

Such reforms should aim to transform global governance to be more transparent, inclusive, and fair, allowing it to be more democratic.



Reclaiming multilateralism and rebuilding UN Policy Space

The United Nations has been the primary organization people turn to in their desire for peace and justice, as other multilateral structures are seen more as deal-making and problem-solving processes or for technical standard setting. It has the mandate and justice machinery to close the gulf between the siloes of development, peace and human rights.

Its analysis and experience aim to advance the essentials of addressing root causes and practicing prevention in the medium- and long-term, as well as being in the forefront of addressing emergencies.

However, there is growing evidence of a stubborn trust deficit in policy discussions at the UN, perhaps a sign that the longstanding power asymmetry is no longer acceptable nor tolerable. Costa Rica stressed the urgent need ~~for a more balanced UN at a UNGA Debate on 26 April 2023:~~

“Small states are the ‘true guardians’ of the international order and a corrective to a still impactful ‘might makes right’ mentality. ...We are here to restore legitimacy to the institutions which we know we need, and which are being undermined, day after day, by one or more of their erstwhile guarantors. ...Unlocking the courage and wisdom of small states is key to preserving the credibility of an organization that continues to groan under the

weight of threats from large states using UN mechanisms in part as a back-handed way to achieve narrow national interests, including those at odds with the values and principles of the UN Charter.”

Rejecting governance with a “winners take all” mindset requires challenging the systematic asymmetry and recognizing that power imbalances cannot be corrected by persuading the most powerful players to share or not use their power.

Fundamentally, the UN can never be a space where everyone can bring their issues and concerns; but to be inclusive of issues that impact everyone’s lives and ensure accountability to all peoples’ priorities and rights, the Member States must ensure that UN system, its agenda and programmes actively reduce barriers of exclusion, placing those left furthest behind first.

Barbara Adams is President of Global Policy Forum and part-time professor at the New School. Trained as an economist, Barbara Adams’ experience and expertise have many facets – as a researcher and teacher, as a CSO policy advocate, and with a long tenure working for the United Nations. A consistent theme has been rights and justice in multilateralism, governance and sustainability.

She has authored and co-authored many articles, reports, commissioned studies and books, and is a regular contributor in the Global Policy Watch briefings series and the annual Spotlight Report on Sustainable Development.

