

Planetary governance for a sustainable recovery: Are we ready to move towards a next generation multilateralism?

Key messages from IDDRI's 20 year's conference

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The planet is in ill health and multilateralism seems at a turning point, with conflicts and direct challenges to a rules-based order coexisting with international cooperation progress, for instance on climate issues. In a time of COVID-19 pandemic, anthropogenic climate change-related extreme events, and declining biodiversity, IDDRI celebrated its 20 years of existence in October 2021, inviting leading international scholars and practitioners to a conference on "Planetary governance for a sustainable recovery: Next generation multilateralism" to take stock of the plurality of analyses and visions for the future of multilateralism and the role of sustainability as a critical cooperation issue in this regard, and to identify key questions to look out for.

This *Issue Brief* is IDDRI's interpretation of some of the controversies and key messages identified. Speakers are not be cited directly, but a list is available and the whole conference can be replayed on [IDDRI's website](#).

KEY MESSAGES

The planet is in ill health and current multilateral institutions are not up to the task to cure it. There are glimmers of hope, but progress depends largely on unilateral and bilateral actions and global solutions are lacking. Trust in multilateral institutions is at a low point and the COVID-19 pandemic has exposed long-standing asymmetries.

Reforming international economic governance is a central priority, but considering the necessary, urgent transformation to sustainability, it should also be pragmatic, not trying to rebuild new institutions. The debates triggered by the responses to the impacts of the COVID-19 crisis (Special Drawing Rights for instance) open avenue for such pragmatic progress, and could also open up the space for more profound reforms.

As illustrated by COP26, claims for more justice, rights-based approaches, and solidarity within multilateral institutions become louder and a non-response could be damaging. They should

not only be looked through the lens of justice between governments but also within societies. They are becoming more credible strategies, as civil society for instance has gained competence in putting climate justice on the agenda via national courts, and plays an increasingly important role in ensuring compliance. Beyond the climate regime, concrete proposals have been made to operationalize a rights-based approach for social protection. Academia also puts alternative approaches and concepts on the table such as moving from a narrow definition of security and national interest towards human or global security.

Expectations on the role of Europe in this multilateral crisis are high and ambiguous. The Green Deal has been cited as a leading example, but concerns—regarding the Carbon Border Adjustment Mechanism more specifically—have been expressed regarding its international implications. These tensions could be mitigated by a clear narrative about the use of the taxes collected that could benefit a global transition towards green and just economies.

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Planetary governance for a sustainable recovery: *Next Generation Multilateralism*

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1. WHERE DO WE STAND?

The overall diagnosis made by speakers at IDDRI's conference is that the planet is in ill health and that current multilateral institutions are not up to the task to cure it. They are facing criticisms regarding their democratic legitimacy, accountability, inclusiveness, effectiveness, and efficiency. Although the adoption of the Paris Climate Agreement and the 2030 Agenda for Sustainable Development in 2015 represented an unexpected crest in multilateral cooperation for sustainable development, the post-2016 political context witnessed a weakening of multilateral institutions, facing serious new threats such as the withdrawal of important actors from international treaties and forums, budget cuts and contempt of international law, and turning into theaters of conflict between competing interests and values. Rising geopolitical tensions (especially great power economic and political rivalry between the US and China), anti-cooperative statements by politicians and continued asymmetry within the global economic system have weakened multilateralism. Developing and emerging economies of the Global South have repeatedly expressed dissatisfaction with a multilateral system that has been primarily shaped by the preferences of the advanced economies and continues its asymmetrical structure, and has thus been unable to rebalance the unequal structure of the global economic system.

The global health crisis and the ambiguous results of climate negotiations at COP26 both exemplified and exacerbated the existing flaws and challenges faced by global governance and international cooperation. While cooperation to effectively provide global public goods is necessary, the current system is currently unable to deliver on this task. And although the COVID-19 pandemic underlined the necessity for experienced international institutions with the capacity to manage a global crisis, the vulnerability and frailty of the WHO as a governance and negotiation forum, as well as its financial means have perhaps never been more evident, leading to initial failures in dealing with the sanitary crisis and incapacity to produce an agreement for universal vaccine access.

Furthermore, multilateralism struggles to mitigate the effects of what was described as "hyper globalization" in terms

of increasing inequalities and environmental degradation, in the search of a new vision for the regulation of the international economic system, able to correct the mistakes of the Washington consensus. The adoption of the 2030 Agenda and its Sustainable Development Goals (SDGs) in 2015 stirred up a lot of hope among trade unions and NGOs. It represented a political framework to which all countries have subscribed, and in which social actors identified levers for change towards new, socially just and environmentally sustainable development models. But while it can serve as a legitimate political reference for common aspirations both in the South and in the North, it lacks real political support and means of implementation, as shown by the much too slow progress in achieving the SDGs (*Global Sustainable Development Report*, 2019).

While the strong leadership of the UN Secretary General and IMF's Managing Director, who put the transformation to sustainability at the heart of their discourse, shows important high level commitment within key multilateral institutions, what are the developments and questions to look out for in the years to come?

2. TOWARDS A MORE SUSTAINABLE AND INCLUSIVE MULTILATERALISM: CHALLENGES AHEAD

2.1. Reforming the international economic governance system

Reform needs as well as avenues for reform have been identified with regards to multilateral economic institutions in particular. International financial institutions and multilateral development banks play an important role in creating the adequate conditions to mobilize investments for the structural transformations of economies to make them compatible with net-zero and climate-resilient futures. So far, Bretton Wood institutions in their current form have been struggling to respond effectively to 1) changes in the global economy and 2) the challenges of

rising income inequalities, regressions with regards to gender equality and a systemic neglect of the care economy, climate change and biodiversity breakdown.

The asymmetry of power and exclusionary nature of the structure of the international economic system is a major threat to the current multilateral rules-based order. The balance of power within this system today still largely reflects the post-war international order. While voices during IDDRI's conference advised that the urgency of our contemporary challenges (change in direction being needed within the current decade) does not permit for the total razing and reconstruction of institutions, there was also a broad consensus that fundamental structural progress in global regulation of social issues would be needed to achieve the necessary transition: elevating political, social, economic and environmental rights of peoples is required to achieve the SDGs. Globally harmonized rights of workers might seem a utopia, but there are also signs that cooperation on social issues can be currently fostered by cooperation on climate issues. The need to open up discussions about a new consensus starts to be recognized by States as illustrated by the "Cornwall Consensus",¹ that was a result of the G7 meetings of June 2021 and represents a new paradigm of international democratic economic governance that advocates for proactive state-led governance in domestic markets, increased public investment, public-private partnerships and intergovernmental cooperation.

The need for reform has also been recognized at business levels. Sections of the business community have recognized the shortcomings of the current model of global governance in dealing with inequalities, human rights abuses and environmental degradation.² They are aware that the markets on which they depend are threatened by these factors and are therefore calling for a renewal of multilateralism and a harmonized and consistent policy environment that will create the pathway to achieving the 2030 Agenda. There is increasing 'internal' advocacy for systemic reform.

The current leadership of international governance and financial institutions has demonstrated support to a new economic paradigm that integrates sustainability and solidarity concerns and supports an activist state role to regulate the more problematic excesses of globalization. The unprecedented allocation of Special Drawing Rights (\$650 billion) by the IMF could be seen as a sign that there still is some agility in the current system to provide short-term support in response to the shock of the pandemic. However, the downside is that this allocation reflects the long-term asymmetries between industrialized and least developed countries that have been largely criticized

during the conference: only about 40% of the SDR allocation, or roughly \$275 billion, will go to emerging and developing countries; low-income countries will receive just \$21 billion, or 3% of the total SDR allocation. The G7 and the G20 have backed the voluntary recycling of \$100 billion of SDRs and this is perceived as a positive step to counter these asymmetries and to provide heavily indebted countries with fiscal policy space but insufficient in terms of addressing medium- and long-term structural challenges. However, as long as such arbitrages depend on the goodwill of the beneficiaries of the current asymmetric system, we miss to tackle the root problems. It is also not clear to what extent fiscal boosts will benefit climate action or the revalorization of the care economy or just support business as usual as was the case of the 2009 financial crisis stimulus packages.

There are serious demands from the Global South to push reform further by embedding an intentional asymmetry and rebalancing that favors vulnerable and developing economies into the decision power of international economic governance, but also in the reality of power within global supply chains. These demands are based on visions of justice that emphasize the importance of correcting both the historic responsibility for contemporary sustainability challenges and the continued asymmetry in favor of advanced economies.

The upcoming years provide windows of opportunity for leadership from the Global South as Indonesia, India and Brazil will successively preside over the G20, Egypt will chair Climate COP27 and Morocco will host the IMF and World Bank Meetings in 2022. The diplomatic capability of these countries and their willingness and capability to lead the reshaping of the global institutional framework will be decisive factors in whether the international economic governance system could be transformed around a new global consensus.

Critical questions to look out for will be: What could trigger an increasing interest of power incumbents to change the status quo? Can discussions around the adequacy of COVID responses lead to discussions about more radical reform needed to prepare for future climate change-related crises?

2.2. Taking calls for justice and solidarity seriously, before it's too late

Claims for justice and solidarity have been repeatedly made during the conference, both for moral and instrumental reasons: while decision processes that are not inclusive enough might seem more pragmatic in a period of urgent action, many experts underlined the importance of rights-based approaches to question incumbent dominant models of development, and to better take into account the systemic nature of the 2030 Agenda.

¹ <https://www.mofa.go.jp/files/100200092.pdf>

² <https://www.wemeanbusinesscoalition.org/g20-2021/>

Climate justice is now recognized in mainstream multilateral climate change negotiations, as a result of continued advocacy from political groupings such as the Small Island Developing States (SIDS) and the Climate Vulnerable Forum, the G77 and the group of Least Developed Countries, civil society organizations and experienced scientists and researchers. This has pushed to open up a process on loss and damage within the Climate Convention; although COP26 did not succeed in securing support for a loss and damage funding facility financed by wealthy developed nations, it did open a two-year Glasgow Dialogue to discuss modalities to address this issue. Perhaps more importantly, climate justice and solidarity between countries are likely to be elevated to the top of the agenda at COP27 in 2022, after the failure of COP26 to deliver on promises of solidarity between countries, with a damaging effect on trust. We need trust to cooperate, but trust is damaged by current geopolitics. The climate regime was cited as an area of hope where even States that are in conflicting relationships elsewhere manage to play multilateral. But if trust within the climate regime continues to be put under strain due to a lack of solidarity, this might pose a threat to further cooperation.

Pressure for more justice and solidarity within multilateral institutions is also mounting as an issue within countries. Civil society organizations have gained in competence and play an increasingly important role in ensuring compliance of States with international commitments. There has been a shift in the mechanisms of compliance where peer pressure between States plays now a less important role than pressure within states exercised by NGOs, national human rights institutions or national courts (for example the Royal Dutch Shell case before the Dutch Court). Civil society organizations across the North and South have been mobilizing in creative ways, not only by protesting against the structural shortcomings of the economic and social systems that the COVID-19 pandemic exposed, but also by engineering alternative economic models that compel consideration for comprehensive socio-economic reform.³ They have also influenced recent proposals to build back better made by UN Women⁴ or the Bridgetown Pact by UNCTAD⁵ both of which discuss reforms of international economic governance for sustainability and prosperity for all.

Some coalitions are pushing for a readjustment of globalization based on rights-based approaches: for example operationalizing the right to social protection in accordance with the 2030

Agenda's leave-no-one-behind commitment would be a way to move from ad-hoc social responses to the COVID-19 crisis that can be discriminatory towards a real shift that empowers vulnerable people in the long term.

The pandemic crisis has boiled up pressure from within and outside and has stirred debates on reformed multilateral institutions that work for people and the planet.

Here are some questions to look out for: How far can an unjust system be pushed until it breaks? Can groups of progressive countries start to take seriously some of the civil society proposals such as the rights-based approach beyond discourse and explore ways to operationalize them?

2.3. The concept of human security as a game-changer?

The current international institutional framework is ill equipped to deal with the new set of global risks and insecurities posed by the complex, multidimensional intertwined social, digital, economic and environmental challenges of the 21st century. The traditional security system that is based on national vocabulary is too narrow and not adapted for a drastically transformed world that faces a broader and different set of global challenges. The existing conceptual frameworks around security do not comprehensively consider contemporary vulnerabilities that are increasingly transboundary, not necessarily mediated by intergovernmental relations but directly putting in contact transnational corporations, international civil society networks, and other forms of connections between societies, and that challenge the well-being of humanity as a whole. The fear of a potential breaking point either of our ecosystems or of our social contracts was issued during the conference, if unequal access to degrading environmental resources leads to further reinforcing inequalities; and driving increased unrest and conflicts further threatens social and economic stability and security. This could lead to a possible scenario where increased environmental degradation goes with increased securitization of societies to deal with social unrest without solving its root causes.

Institutions' infrastructures will have to be significantly reformed to integrate a re-conceptualised version of security that shifts from the narrow national framework to human or global terms, which means a paradigm shift in scope (from direct conflict to social and environmental dimensions of security), scale (from interactions between national entities to global public goods) and nature of the beneficiaries (from nation states to non-state actors including individual citizens or groups of citizens). This does not mean disregarding the serious ongoing military conflicts or the potential of escalation between nuclear

³ <https://carnegieendowment.org/2021/09/30/civil-society-and-global-pandemic-building-back-different-pub-85446>

⁴ <https://www.unwomen.org/en/digital-library/publications/2021/09/feminist-plan-for-sustainability-and-social-justice>

⁵ https://unctad.org/system/files/official-document/td-l-435_fr.pdf

powers, but rather putting these risks in perspective with other major areas of concern, which include health, environment, food and water security as well as related social, political and economic threats. The new nature of global risks demands a fundamental rethinking of 'national interest' and a new mode of global governance to deal with systemic fragilities. The absence of global governance and supranational policy enforcement on planetary problems is an active threat to human security. Without reform and a widening of the security concept, the current infrastructure and national security conceptual framework could lead to an increased securitization discourse that preserves the status quo by turning adaptation mechanisms (such as migration) of the most vulnerable entities into security threats rather than providing proactively for prevention, mitigation and adaptation.

Human security is a concept that goes beyond the traditional security paradigm; it was launched in a 1994 UNDP Human Development Report, and promotes a redefinition of insecurity to include not only armed military conflicts and gross violations of human rights but also wide-ranging aspects such as inequality, public health and environmental degradation. However, the concept struggles to gain audience beyond academia and operationalizing it has proven difficult due to the fundamental flaws in the structural framework of the UN and its charter, such as an unequal representation within the UN Security Council, and opposition to reform due to lack of agreement on the urgent and complex nature of shared global challenges.

Attempts to put climate risks (see Germany's United Nations Security Council agenda as a non-permanent member), let alone the human security concept, at the UN Security Council's agenda have failed. The pandemic renewed interest for such proposals as the obsolescence of absolute national sovereignty was exposed. Although very few states (such as Canada, Norway and Japan) have actually integrated the human security concept into their foreign policy agendas, a number of 'middle power' governments might become convinced of the need to reinforce multilateral cooperation *via* major reform of the conceptual framework of the existing systems. Coalitions of these like-minded governments and actors in minilateral or regional multilateral fora could further efforts to either advocate for comprehensive systemic reform or even to create new institutions that are oriented towards human and planetary security.

Here are some questions to look out for: With the pandemic exposing new risks and vulnerabilities, is there a renewed interest in the concept of human security? If so, by whom? What can we learn from the experiences of pioneering countries who have integrated the concept in their foreign policy?

2.4. Will Europe step up as a leader for next generation multilateralism?

IDDR's conference has shown that expectations around the role of Europe in leading the reform towards a multilateralism that delivers for people and the planet are high. Why Europe? Europe has more soft power (diplomatic network, science and expertise, capacity to set the standards due to the size of its market, etc.) than other continents and experience in discussing and tackling major global issues such as climate change, health and inequality. Europe's social and health protection systems, even though they are under strain due to the pandemic, are of high quality compared to other regions. The way solidarity is treated within and between EU Member States (with the Next Generation EU recovery fund, for instance) raises interest, despite European societies being also subject to surges of mistrust between social groups and towards government, as everywhere in the world.

The EU's regulatory power and the European Green Deal have been cited as glimmers of hope, as commitments to investments for green jobs, and, as such, as a strong experimentation case for just transition. The European taxonomy on sustainable finance has also been cited as an important signal to the financial and business sector. But what does the Green Deal mean for the EU's economic and political diplomacy? Can European approaches be put into discussion if they want to contribute to trigger the reforms and changes within other regions and at global scale?

The role of the EU and the European Green Deal in triggering the dynamics of change not only in climate ambition, but also in reshaping multilateral governance and the international economic system, is not uncontested, and cautions have been expressed.

Different analyses have been given on the EU's decision to set up a Carbon Border Adjustment Mechanism (CBAM). It could be seen as a form of 'multilateralism of the ends' where States or regions such as the EU take unilateral action to compensate for the deficit of international cooperation and the difficulty to agree on economic reforms in line with global goals such as the SDGs. From that perspective, the CBAM is not mainly about defending the interests of European industries, but can be seen as the EU putting the weight of its market to push the global economy towards alignment with global climate objectives. Other speakers highlighted that many countries (China and Russia in particular) and regions (Africa) are concerned about the CBAM potentially leading to an environmental protectionism. Which narrative will prevail might largely depend on how the money collected at European borders will be used. Europe could for example use it to support green transitions in the Global South and send a strong multilateral message.

Europe now has a clear green and just transition narrative, as shown by its alignment with the Paris Agreement. But beyond discourse, the EU's overall foreign and trade relation strategy is less clear in practice, as illustrated by the Mercosur discussions. How can bilateral actions on trade by the EU actually lead to a fairer global system? How could these bilateral agreements or plurilateral clubs⁶ be linked to a universal governance structure that ensures more inclusiveness and fairness? This is true for trade but also for green financial regulation. China's and the EU's sustainable finance taxonomies are similar in many points but we need global spaces for discussion where all voices can be heard. Voices from other regions and Africa in particular, issued cautions about generalizing these taxonomies at the global scale, which could hamper even more their capacity to access finance for the needs of their sustainability transformation.

A new approach to EU-Africa relations has been identified as strategic for global sustainable development. Currently, Europe and Africa talk past each other and not with each other, and have different perspectives on key sustainability issues that will become even more pressing in the future such as climate change, biodiversity loss due to resource extraction or migration. And EU-Africa relations have been criticized as unidirectional. In that context, IDDRI has recently launched the Ukama network where Europe-Africa relations for shared prosperity and sustainability will be discussed by African and European thinkers.⁷

Other cautions about the EU's role have been issued: will Europe will be able to become more visible in multilateral fora or will it stay caught up in internal tensions weakening its leading role? To what extent can the EU withhold internal tensions and the threat of a rising extreme right (a worrying question for other regions in the world)? Will the big consultation about the future of Europe boost confidence of European citizens in its institutions? The EU's opposition on the availability of intellectual property rights could signal it is putting economic objectives first over global public goods. Will Europe manage to focus its regional cooperation not predominantly on security or economic goals but on climate and SDGs? And will Europe pioneer a new generation economic and political diplomacy and be a strong voice in multilateral for or will it be focused on bilateral discussions only? These are some of the questions to look out for.

⁶ <https://www.reuters.com/business/environment/germanys-scholz-proposes-climate-club-avoid-trade-friction-2021-05-22/>.

⁷ <https://www.iddri.org/en/project/ukama-africa-europe-platform-sustainable-development-thinkers>



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