

## TST Issue Brief: Global Governance<sup>1</sup>

International arrangements for collective decision making have not kept pace with the magnitude and depth of global change. The increasing interdependence of the global economy and integrated decision making call for better mechanisms of global governance for tackling sustainable development challenges. The promotion of balanced and inclusive economic growth, social development and environment protection requires strengthened collective action including through international cooperation and a strengthened institutional framework, with a central role for the United Nations system in an inclusive, transparent and effective multilateral system.<sup>2</sup>

### 1. Stocktaking

#### a) The role of the UN and its entities in global governance for sustainable development

Global governance for sustainable development is mainly based on formal arrangements and treaty-based institutions with defined memberships, mandates and institutional machinery. Three issues which commonly arise in governance discussions are:

- **Effectiveness:** current arrangements have been unable to satisfactorily address development challenges, such as to free humanity from poverty and hunger, to reduce global economic imbalances and inequalities, to foster inclusive economic growth for human and social progress, to advance international cooperation for development, to reverse environmental degradation or to operationalize an effective framework for climate change mitigation and adaptation. Progress has been uneven and the reasons many and varied.
- **Representativeness:** developing countries remain under-represented in several key decision-making bodies. Current arrangements fall short in representing evolving world realities and accommodating changing power relations. Related to this, ways to enhance transparency, accountability and the meaningful participation of all stakeholders, including business and civil society, need greater attention.
- **Coherence:** existing governance arrangements have been largely unable to bridge the gap between globally agreed goals and aspirations, and policies at the national level. The lack of coherence and some degree of duplication is widely evident in the diverse global approaches to sustainable development.

The formal system of international governance in the economic, social, environmental and related fields has been based on two basic principles: **specialization of and coordination among** specialized international organizations. Most of these institutions were created in a different context in response to specific challenges. In an era of interrelated sustainable development challenges the current structures present a challenge for integrated responses.

Specialized agencies are autonomous entities with their own governance structures. They have specific mandates in their area of expertise and take decisions according to their own decision-

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<sup>1</sup> This issues brief was prepared by the Co-Chairs of the Technical Support Team, UNDP and DESA, drawing on comments provided by members of the TST.

<sup>2</sup> Resolution of the General Assembly on "The United Nations in Global Economic Governance", August 2013, A/RES/67/289

making processes and rules. These institutions are accountable to their membership, which could differ from one to another.

In some cases, the respective weight of their members in their related area put the representativeness of International Organizations (IOs) into question. As an example, the Bretton Woods Institutions, which play a crucial role for maintaining global macroeconomic stability, and providing resources, guidance and assistance to their membership, face this limitation. In these institutions, calls have been made to improve the voting systems to adequately reflect shifts in economic power, and ongoing reforms aim to strengthen the voice and representation of emerging economies and developing countries through quota shares reallocation.

In other cases and various areas, International Organisations (IOs), whose decision making processes are based on the consensus rule or the “one-state-one-vote” principle, demonstrate broad inclusiveness. However, building consensus among member states can sometime prove complex and difficult, thereby affecting the effectiveness of these institutions to take action. Implementing decisions can also prove challenging. International arrangements face compliance gaps at the national level and difficulties in ratification of signed conventions.

Coordination, the second basic principle, has been the responsibility of the United Nations. The overall coordination of UN system activities in economic, social and related areas was explicitly delegated to the Economic and Social Council (ECOSOC), as one of the six principal Organs.<sup>3</sup>

However, the decentralized structure of the system, with the specialized agencies, funds, programmes and subsidiary bodies of ECOSOC has made internal coordination and cooperation difficult. ECOSOC has been recently reformed through GA resolution 68/1 and clearly assigned the function of promoting coordination, cooperation and coherence among the various parts of the system, and to promote a balanced integration of the three dimensions of sustainable development<sup>4</sup> in the context of the follow-up to United Nations conferences and summits. The Council is also mandated to continue to strengthen and further promote dialogue on and implementation of the financing for development agenda, inter alia, by strengthening existing arrangements, including the special high-level meeting with the World Bank, the International Monetary Fund, the World Trade Organization and the United Nations Conference on Trade and Development.

Along the same lines, the Rio+20 Outcome Document recommends strengthening the institutional framework that “should find common solutions related to global challenges to sustainable development” (Para 75) , and “enhance coherence, reduce fragmentation and overlap and increase effectiveness, efficiency and transparency, while reinforcing coordination and cooperation” (Para 76). To this end, the universality of the UN is critical (Para 77) and the key role of the ECOSOC to ensure the UN system-wide coherence, enhance the overall coordination and achieve a balanced integration of the three dimensions of sustainable development, is paramount (Para 82). The strengthening of international environmental governance through the upgrading of the United Nations Environment Programme (UNEP) as the leading global

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<sup>3</sup> UN Charter, article 63.

<sup>4</sup> Resolution of the General Assembly on the “Review of the implementation of General Assembly Resolution 61/16 on the Strengthening of the Economic and Social Council”, September 2013, A/RES/68/1.

environmental authority (Para 88) is part of the new institutional framework for sustainable development.

Furthermore, the setting up of the new universal, intergovernmental, High-Level Political Forum (HLPF) (Para 84) can help improve cooperation and coordination under the auspices of the GA and ECOSOC. The UN-GA recently decided that HLPF “consistent with its universal character, shall provide political leadership, guidance and recommendations for sustainable development, follow up and review progress in the implementation of sustainable development commitments, enhance the integration of the three dimensions of sustainable development in a holistic and cross-sectoral manner at all levels”.<sup>5</sup>

At the inter-agency level, the main mechanisms for promoting coordination, coherence and information-sharing have led to some improvements. The UN System Chief Executives Board for Coordination (CEB), and its High-level Committee on Programmes and the High Level Committee on Management (HLCP/HLCM), and the UN Development Group (UNDG), which is responsible for coordinating operational activities at the country level, have developed effective and coordinated approaches to system-wide concerns. CEB members aim to further enhance cooperation on sustainable development, develop strategic priorities that can be pursued collectively, and strengthen linkages between its normative and operational work. However, the the functioning and governance of IOs are not always naturally conducive to policy integration across institutional lines, which must be overcome to strengthen inter-agency collaboration and help bring into deliberations of their governing bodies the consideration of issues beyond their respective specific mandate.

Likewise, the current funding architecture and future funding trends incentivize UN entities to advocate the relevance of their specific agendas and mandates in order to strengthen their fundraising prospects, even sometimes at the expense of a broader and more efficient inter-agency collaboration. Pooling arrangements such as multi-partner trust funds to finance joint initiatives have proven results in terms of efficiency, effectiveness and integration and can be a way forward. However, even in this case the required flexibility can be hindered by increasingly earmarked funding.

#### **b) Emerging state driven governance arrangements**

In spite of commitments made in the outcomes of numerous conferences and processes for enhancing the UN’s coordination role in the global governance architecture<sup>6</sup>, the reality is that many other arrangements and groupings now exist where some countries enjoy greater weight or voice than others.

Partly as a result of the shortcomings of treaty-based institutions of the global governance architecture, a number of informal groupings aiming at addressing issues of global impact have emerged. Indeed, governments of countries sharing certain characteristics or common interests

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<sup>5</sup> Resolution of the General Assembly on the “Format and organizational aspects of the high-level political forum on sustainable development”. 9 July 2013. A/RES/67/290, article 2.

<sup>6</sup> Among others: Millennium Declaration, Monterrey Consensus (2002), 2005 World Summit Outcome, Doha Declaration (2008), Outcome of the Conference on the World Financial and Economic Crisis and its Impact on Development (2009).

have chosen to form informal arrangements for their cooperation and build *ad hoc* cooperation groupings. The underlying logic of these narrower and nimble groupings is that they are likely to be more capable of taking swifter collective action than the fully-fledged machinery of broader and more inclusive international bodies.

For example the G20, which brings together a number of large advanced and emerging economies, gained much greater prominence in the wake of the financial and economic crisis of 2008. The G20 aims to address global challenges and takes actions that fall in the three domains of sustainable development. However, it still needs to showcase its ability to tackle global challenges and raises legitimacy and accountability concerns in some quarters.

States have also set up new treaty-based arrangements in critical areas of global sustainable development. The International Renewable Energy Agency (IRENA), the Global Green Growth Institute (GGGI), and the future BRICS Bank are examples of emerging cross-cutting areas where treaty-based institutions are seen as a way for their founders to supplement, or fill gaps in, the existing set of institutions. For others, these institutions may raise concerns about further fragmentation of the system. Regional institutions and arrangements represent another key component of global governance for sustainable development as they are well placed to capture and respond to specific regional needs and demands especially for small countries, which are often most affected by global rules but with little say in their design.

A willingness to innovate institutionally is part of the discussion on global governance. For instance, in the health sector there have been a number of innovations that include but go beyond member states: the Global Fund (resource mobilization, country ownership, and a governance structure that includes the private sector and civil society), GAVI (innovation in financing and research, and addressing inequity in access to life-saving commodities), and UNAIDS (political and technical coherence). The creation of UN-Women aimed to consolidate and lend critical mass to efforts in the area of gender equality and the empowerment of women.

### **c) Evolution of inter-action with non-state actors and stakeholders**

While states remain at the centre of global governance arrangements, non-state actors have assumed increased importance, especially with respect to sustainable development. Agenda 21 highlighted the role of nine major groups, including women, indigenous peoples, local authorities and business and industry. Non-state actors are playing an increasing role in global cooperation, and the UN has increasingly engaged with partners from the private sector, civil society, academic bodies, global networks, and think tanks, in a wide array of platforms and joint initiatives for policy analysis, action and evaluation. For example, in a series of global, regional and national consultations in about 100 countries and through a social media platform, more than a million people shared their views on “the world we want”. With the private sector, the UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption. Likewise, the Committee on World Food Security (CFS), a multi-stakeholder forum for global food and nutrition policy, where civil society organizations, private sector associations and research institutions participate alongside Member

States and relevant UN entities, might be considered a case in point of an inclusive new global governance arrangement. All these processes aim to promote global partnerships and make global governance more participatory.

## 2. Overview of proposals

Over the years, different groups of experts have addressed the issue of strengthening global governance. Many proposals have suggested creating new institutions, which usually involve the development of consensus or integrated solutions on a whole gamut of policies from social to economic and environmental ones<sup>7</sup> – in short, on sustainable development.<sup>8</sup> They also aim at “securing consistency between the policy goals of major international institutions”<sup>9</sup>, including financial and trade institutions, in some cases through the development of a policy coordination framework.<sup>10</sup> Certain proposals have focused more specifically on creating an *Economic Security Council* tasked with the coordination and oversight of economic and financial policies in the aftermath of the economic and financial crisis.<sup>11</sup>

However, in the absence of mechanisms to bring about compliance with agreed norms and goals, new institutions alone do not guarantee effective governance. The UN system can help address this challenge in strengthening global governance arrangements through constructive inputs for deliberation by member states, and also in the way the UN governing bodies function to improve coherent policy making.

Proposals and areas of reform include the following:

- As envisioned by the UN Secretary General for its inaugural meeting, a strong HLPF “will take the international community in new directions, guide the UN system and hold it accountable”.<sup>12</sup> It is expected to promote policy coherence within the UN system, integrate future sustainable development goals in UN-system wide policies and programming, and provide an opportunity for constructive peer review of progress amongst member states.
- Implementation of reforms to re-invigorate ECOSOC’s coordination function so that the Council can be a constructive partner in the policy dialogue with member states.
- The report of the UK Prime Minister<sup>13</sup> to the G20 proposes enhancing overall coherence among all the institutions grappling with the challenges of interdependence, and improving cooperation among established institutions and processes tackling challenges in critical cross-cutting areas.

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<sup>7</sup> 1992 Human Development Report; High-level Panel on System-wide Coherence, *Deliver as One*, 2006; Commission on Global Governance, 1995; High-level Panel, Commission on Global Governance, 1992; 1975 report of the Group of Experts on the Structure of the United Nations System: “*A new United Nations Structure for Global Economic Cooperation*” (also known as the Gardner Report); The Independent Working Group on the Future of the United Nations.

<sup>8</sup> Commission on Global Governance, 1995.

<sup>9</sup> Commission on Global Governance 1995; High-level Panel on Threats, Challenges and Change (A/59/565, December 2004).

<sup>10</sup> Human Development Report, 1992; High-level Panel on System-wide Coherence, 2006.

<sup>11</sup> Commission of Experts of the General Assembly president on Reforms of the International Monetary and Financial System, September 21, 2009.

<sup>12</sup> Secretary-General's remarks at inaugural meeting of the High-Level Political Forum on Sustainable Development, New York, 24 September 2013

<sup>13</sup> David Cameron, *Governance for Growth, Building Consensus for the Future*, Report to G20 Leaders, Cannes, November 2011.

- The Secretary-General's reports on global economic governance and development<sup>14</sup> have recommended, among other proposals, enhancing the functioning and working methods of relevant United Nations organs (especially ECOSOC) and their subsidiary machinery, as well as enhancing their coordination and coherence. In addition to efforts to further enhance the voice and representation of developing countries in multilateral institutions and other norm-and standard setting bodies, the Secretary-General suggests that the UN and the G20 should continue interacting "to ensure complementarity between their objectives and activities in support of development".

### **3. Possible suggestions on ways forward**

Dramatic changes in the world over the last few decades have included progress in eradicating extreme poverty, shifts in economic power, and deeper understanding of the interdependency between poverty eradication and sustainable development, and of the need for transformational economic change. Global governance institutions need to be able to manage the interlinkages among the three dimensions of sustainable development in such a way as to secure shared and sustainable prosperity. This integrated approach, moreover, needs to be adopted across regions, among institutions and stakeholders, and among interrelated sectors such as land, agriculture, water and energy. Sound policies at different levels of governance, and in both the public and private sectors, need to be informed by a strengthened science-policy interface. The realization of sustainable development in a way that is consistent with the UN definition of the right to development<sup>15</sup> requires international institutions anchoring on fundamental principles such as participation, transparency, democracy, accountability and rule of law. The post-2015 agenda could define a target for the attainment of an inclusive and equitable system of global governance and governance of the global commons; this would be a way of incorporating a renewed global partnership into the new agenda. The sub-components of this target may comprise, for example, enhancing participation of developing countries in multilateral institutions, increasing the latter's representativeness and accountability, and the establishment of a UN-led monitoring and accountability mechanism with a focus on equitable and inclusive growth, environmental sustainability, human rights, equality, and peace and security. The active participation of relevant non-state actors, including civil society and the private sector, in dialogue and activities pertaining to sustainable development is also critical. The key is ensuring that there are mechanisms to facilitate accountable, inclusive and transparent institutions in a new development framework.

The development of multi-level governance in coordination with regional commissions and organizations can help provide better representation in global fora for smaller and least developed countries and stronger voice and ownership for them. Linkages between the regional and the global levels could be enhanced such that regional and global processes could inform and strengthen one another. Within the UN, it has been argued that this could take place through a strengthened Economic and Social Council, and the coordination, catalytic and convening roles of the regional commissions, which could help articulate regional perspectives on the thematic focus of the Council's annual ministerial reviews. Regional commissions could also in future become hubs of

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<sup>14</sup> Global Economic Governance and Development, A/66/506, 10 October 2011. Global Economic Governance and Development, A/67/769, 1 March 2013.

<sup>15</sup> UN Declaration on the Right to Development, 4 December 1986.

regional high-level political fora on sustainable development and of the national voluntary reporting and reviews of progress with the SDGs and the post-2015 development agenda.

Interaction between the UN and the G20 should be strengthened as proposed by the Global Governance Group.<sup>16</sup> The G20 agenda already draws on a range of UN agencies that offer inputs and additional perspective on the world economy and prospects, taxation, climate finance, jobs, development, food security, social protection, inclusive green growth and long-term investment financing. The post-2015 process in itself has helped to drive a more integrated UN operational system, including through the global consultations facilitated by the UNDG, and support on implementation that will begin in 2016. The establishment of the High Level Political Forum will also provide incentives to improve policy coherence within the UN system, and overhaul interagency mechanisms to coordinate and integrate better the three dimensions of sustainable development in UN-system wide policies and programming.

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<sup>16</sup> Annex to the letter dated 20 March 2013 from the Permanent Representative of Singapore to the United Nations addressed to the Secretary-General. Global Governance Group (3G) inputs to the high-level thematic debate of the General Assembly on the United Nations and global economic governance (A/67/807)