

## Political Economy, Markets, and Institutions

# Rethinking Multilateralism and Global Development

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## Global Perspectives

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The multilateral system established after World War II is obsolete and insufficient to address current challenges, such as tensions between major powers and within regional blocks, inequalities, climate change, and health issues resulting from a strained power struggle between development pathways, politics, and nature. It is critical that we adapt the current system to new political realities and provide it with the means to respond to contemporary realities while also reestablishing governance arrangements to manage and preserve our global commons. In addition to governmental efforts, the participation of parliaments, local and regional governments, civil society, and the private sector is crucial in achieving a structural transformation of the multilateral system and creating a culture of inclusivity and accountability through greater social participation in decision-making. Implementing the 2030 Agenda, the *Our Common Agenda* report, and the outcomes of international summits will allow us to craft a new social contract balancing the needs of society, the economy, politics, and the environment.

### 1. A SENSE OF URGENCY

The statement “multilateralism is in crisis” has become a mantra in international fora and academic discussions. We also know that despite a myriad of regional and sub-regional multilateral institutions, the public associates the word “multilateralism” with the United Nations. However, what do we mean by the crisis of multilateralism? It means that the institutional scaffold—which was established after the Second World War to protect humanity against the scourge of war and other significant threats to human security such as hunger, pandemics, and human rights violations—is outdated and has not been able to adapt to the global challenges and world order of today.

One of the tasks we have collectively—academia and governments, civil society, and the science community—is to reshape the narrative and find new and innovative solutions to current global challenges. Multilateral architecture is human-made, and the rejuvenation it needs can only be a collective human endeavor.

Moreover, we need the alternatives and the political will now. The world is going through very convoluted times, marked by multiple and interconnected crises, including a once-in-a-century pandemic, a climate emergency, and staggering inequalities fueled by a major economic breakdown and, more recently, a war in Ukraine that has reshuffled the entire international geopolitics.

This critical moment coincides with a complex process of redistribution of power and the resurgence of some dormant, new, and old frictions between China and the United States, Russia and the West, and new alignments and power configurations within the BRICs.<sup>1</sup> Some say that these tensions have united Europe and its union. The confluence of these elements is exerting significant pressure on our global governance system and putting into question the capacity of the multilateral architecture to articulate collective action as well as provide and safeguard global public goods such as peace and security, health, or a stable climate.

This international political juncture is best captured by Antonio Gramsci’s description of the interwar period: “The crisis consists precisely in the fact that the old is dying and the new cannot be born; in this interregnum, a great variety of morbid symptoms appear.”

Following the lessons of history, if we are to avoid the morbid symptoms that took the form of fascism, Nazism, and totalitarianism in the past, we need to transform and adjust our multilateral system to the new political realities. It is about returning to the basics, recalling the UN Charter and its three pillars of human rights, development, and peace and security. We should also provide the United Nations with the tools to face the new scenarios and challenges so it can deliver for the people on the ground.

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<sup>1</sup> The group formed by Brazil, Russia, India, China, and South Africa.

## 2. A TIME OF MULTIPLE CRISES

Unfortunately, there is no time to go through each and every crisis we face. Nevertheless, we can say that inequalities, climate, and health are symptoms of a profound fracture in the relationship between society, the economy, politics, and nature—a decoupling of times, values, and scales. We are witnessing a gradual melting of the social contract, and a strong, vibrant, and inclusive multilateralism can be an antidote to the world's current turmoil.

It is a broken record to say that global challenges require global solutions, but it is true. The atmosphere, commodities, supply chains, water scarcity, migration, and life underwater cannot be confined to national borders. We need clear and globally agreed rules and commitments to ensure that everyone has access to public goods and services and that our global commons are preserved and maintained for future generations.

## 3. THE FUTURE OF MULTILATERALISM, THE REFORM OF THE UNITED NATIONS, AND BEYOND

Despite the calls for increased international cooperation and solidarity in fighting climate change, the COVID-19 crisis, and reducing global inequalities, we have instead witnessed a trend toward nationalistic and unilateral responses. Also, there are increasing tensions among regional blocks and actors shaping a new international world order, where the north/south and east/west divides appear to be increasingly blurred.

However, in these times of uncertainty and constant flux, we are also witnessing a fascinating process of reinvention and creativity and a new impulse for the reform of the United Nations. Last year, in September 2021, the UN Secretary-General launched the forward-looking report *Our Common Agenda (OCA)* (United Nations General Assembly 2021). The report was the result of an extensive consultation process and was guided by the Political Declaration adopted for the seventy-fifth anniversary of the United Nations (United Nations General Assembly 2020).

*OCA* provides a blueprint for strengthening the United Nations under the principles of inclusion, intergenerational justice, and networked multilateralism. It has three main objectives. First, it aims at accelerating the implementation of existing agreements, the 2030 Agenda and the Sustainable Development Goals (SDGs), and the Paris Agreement. Second, it aims to democratize global governance through the participation of the greater civil society, including women and young people, in decision-making. It pays particular attention to the rights of future generations to inherit a healthy planet and a stable climate. Democratizing decision-making comes along with the fight against misinformation and the need to foster a shared, evidence-based consensus around facts, science, and knowledge. Third, it seeks to achieve gender equality through the full realization of equal rights, the participation of women in all spheres and at all levels of decision-making, the economic

inclusion of women, and the eradication of gender-based violence.

In order to adapt the United Nations to the current challenges, *OCA* provides a wide array of recommendations—more than ninety—ranging from internal, administrative, and management reforms to three consecutive World Summits: one on Education, in 2022; the Summit for the Future, in 2024; and a Social Summit, in 2025. It calls for the appointment of a special envoy for future generations and a Youth Office for more profound structural transformations, such as the need to repurpose the Trusteeship Council to address the challenge of preserving and sustainably managing global public goods.

## 4. COMMENTS ON THREE PAPERS OF THE PROJECT “THE FUTURE OF MULTILATERALISM”

Against this backdrop, below, I provide comments on three of the papers presented in the context of the project on “Rethinking Multilateralism and Global Development.”

### A. “INTERNATIONAL ORGANIZATIONS AND DIFFERENTIATED UNIVERSALITY: REINVIGORATING ASSESSED CONTRIBUTIONS IN UNITED NATIONS FUNDING”: HAUG, GULRAJANI, AND WEINLICH (2022, THIS SPECIAL COLLECTION)

Discussion of the UN budget is often perceived as bureaucratic and unimportant. However, I firmly believe it is quite the opposite. The funding architecture is one of the determinants of UN performance. Let us start by saying the UN budget for 2021 is around USD 3 billion and USD 3.12 billion for 2022 in assessed contributions. The United Nations has around forty thousand employees deployed around the world. This amount is USD 1.5 billion less than the budget of the state of Delaware—or that of a medium-size company. The UN General Assembly decides the scale of assessments. It is reviewed every three years, considering each country's GDP and a cap of a maximum of 22 percent of the overall budget for any country. The UN budget for peacekeeping operations amounts to USD 6.5 billion annually. Therefore, most of the UN budget comes in the form of voluntary contributions for specific initiatives or projects.

It has become evident that the current shape of the UN budget is increasingly affecting the effectiveness and legitimacy of its work. The authors are correct in affirming that current funding practices at the United Nations do not comply with the principle of universalism or with the principle of justice, “as a small group of donor countries exercises dominance through voluntary and often restrictively earmarked contributions.”

In fact, although not mentioned in the UN Charter, voluntary contributions now finance the bulk of the UN system and its bodies, funds, and agencies. More than 90 percent of all member state contributions for UN operational activities are provided by a small group of countries that are members of the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD). Plus, 60 percent of all revenues that entities across

the UN system received were restricted to prespecified uses in 2019.

As the authors reveal, this trend has responded to two factors. First is the reluctance of the wealthiest countries to pay a progressive and fair share of the UN budget in the form of regular assessed contributions. Second is the use by a small group of OECD countries of voluntary and restrictively earmarked funds to leverage influence and power through the UN system.

This form of funding brings two challenges that the authors have identified well: (1) voluntary funding puts the programs' and projects' continuity, and the predictability of resources for long-term planning, at risk; (2) it affects the capacity of the system to attract and retain a qualified and engaged workforce by providing little professional stability.

I also endorse the view that voluntary contributions influence agenda setting and the working priorities of the donor countries. I would add that, in doing so, the UN system may not be as effective and responsive in addressing the needs of the world's most vulnerable peoples. Consequently, some specific agencies, programs, and regions may receive greater UN attention while others may be left behind.

Furthermore, with voluntary contributions being the primary funding source, countries also strongly influence the demographic composition of the UN staff, especially in the higher ladders of the organization, which also provides them with influence in the decision-making processes within the multilateral system.

In order to counter this situation, I support the call from the authors to pay serious attention to the UN Scale of Assessments; to tighten sanctions applying to those who do not pay their assessed contributions or do not pay on time; to increase the share of assessed contributions, particularly for those UN entities where earmarked funds have outgrown assessed contributions; and applying the Scale of Assessments to critical parts of the budget of those UN entities that do not receive assessed contributions. These recommendations are a defining factor for the organization's future performance and should be considered an integral part of the ongoing UN reform process.

As members of the Lancet Commission on COVID-19, we have paid particular attention to UN funding to address the pandemic. The OCA report recognizes that the World Health Organization (WHO) was not well equipped to respond to the COVID-19 pandemic, precisely because of "its chronic underfunding, with 80% of its \$2 billion annual budget dependent on earmarked contributions, which undermines its independence and capacity to deliver on its mandate" (United Nations General Assembly 2021, 51). Consequently, the secretary-general calls upon countries to provide the WHO with "greater financial stability and autonomy, based on fully unearmarked resources, increased funding, and an organized replenishment process for the remainder of the budget." We hope that the Pandemic Treaty—currently being negotiated by the member states—will establish a robust, centralized, and well-funded mechanism for health emergencies under the leadership of

the WHO in order to avoid a piecemeal approach and an illness-specific and fragmented funding architecture.

## B. "THE FUTURE OF MULTILATERALISM": NGAIRE WOODS (2022, THIS SPECIAL COLLECTION)

Another crucial aspect to be considered in the UN reform process is the revitalization of its General Assembly, which is the United Nations' most representative and democratic body. Therefore, the tension between legitimacy and effectiveness that Ngaire Woods analyzes in her paper is central to understanding the decision-making process and effectiveness of the United Nations.

According to the author, "ad hoc cooperation has always taken place among status quo powers, and often outside formal institutions" to resolve global problems. She uses the examples of the G7 and the G20. Her argument follows the logic that the fewer actors at the negotiating table, the easier to reach collective action solutions. However, she fairly states that this form of "club diplomacy" suffers from a lack of legitimacy among the other members of the international community.

I would argue that in times of increased geopolitical realignment and tensions among great powers, the multilateral system should play a decisive role as a bridge to mediate and de-escalate these conflicts to find peaceful resolutions. I firmly believe in the power of the G193, which is the General Assembly, despite its weaknesses and sometimes its lack of gravitas.

The different groups, the G7 and the G20, may have the military and economic power, but the question lies in the legitimacy and viability of their decisions on global issues. Professor Woods recognizes this fact when she mentions that in the 1990s, the G7 realized they did not have enough traction to govern the international financial and monetary systems and invited the stronger emerging economies to form the G20.

This "club diplomacy" trend in global politics contravenes the principles of universality and sovereign equality among countries contained in the UN Charter. Club diplomacy based on *primus inter pares* redefines and even counters the principle of inclusion and universality of the UN-based multilateral architecture. Plus, the effects are not only symbolic. Decisions on global crises are taken without the participation of most of the world. They will not address the needs of the majority, will respond only to the realities and interests of those already better off, and will continue to promote the ever-increasing global inequalities. As I already mentioned, this has been felt when addressing the climate crisis, the response to the COVID-19 pandemic, and the income gap among and within countries. It is also evident in the current triple energy, food, and financial crisis unleashed by the Ukraine war. Any decision to address these issues requires more than the will and commitment of the G20 and the G7. It needs co-responsibility. The only space that can shelter a sense of universal ownership of decisions is the United Nations and its main normative and policy-making body: the General Assembly.

The UN General Assembly (UNGA) is the only universal body, the world's parliament where every member state

participates with voice and vote regardless of GDP size, geographic extension, military power, or population. The UNGA is the G193, entitled to take decisions and call for global action. Consequently, the means to make the multilateral system more legitimate and effective is to increase the authority of the General Assembly and strengthen its role as a norm and policy setter and as a source of international law.

To revitalize the UNGA, we need to improve its working methods; provide it with a more significant role in, for example, appointing high-level officials at the organization; and have a fully operational office for the president and greater institutional memory and means to deliver.

Revitalizing the General Assembly also needs to address the implementation deficit of international norms and standards that are decided upon by the Assembly. This involves improving transparency and accountability on the part of the UN organs, including the Security Council, the Economic and Social Council, and, of course, the operational arm of the organization—its programs and agencies.

Finally, another critical aspect of reform is bringing the United Nations closer to the people it serves. The United Nations' work needs greater social ownership. In my experience, the United Nations is perceived by citizens as an intergovernmental forum, a place where decisions are taken by leaders that are far apart from the needs and aspirations of people and their daily lives. The United Nations is called to become part of the social fabric. Bringing the United Nations closer to the people involves better and more assertive communication and the direct involvement, voice, and participation of civil society in its work and decision-making (see also Kentikelenis and Adler 2022, this special collection). Multilateralism must be understood as a platform for providing global public goods.

In sum, there should not be an unavoidable choice between legitimacy and effectiveness in decisions and actions by the United Nations or any multilateral action. On the contrary, to be effective and overcome the implementation deficit of its decisions, the multilateral system should be inclusive and establish co-responsibility and social ownership through ample social participation.

C. "COORDINATION CONUNDRUM IN THE UNITED NATIONS DEVELOPMENT SYSTEM: SOLUTIONS FROM SELF-MANAGED ORGANIZATIONS": DUPONT AND SKJOLD (2022, THIS SPECIAL COLLECTION)

Dupont and Skjold's paper addresses an issue of critical importance: the need to review the coordination and operation mechanisms of the United Nations in the field. They state that the "COVID pandemic has not been kind to organizations, particularly those still functioning under traditional hierarchical models." This assertion holds for the UN system. It is undeniable that organizations' vitality, effectiveness, and resilience are tested in situations of crisis or emergencies.

The COVID-19 pandemic revealed that the United Nations was unprepared to work under social distancing and lockdown conditions. There was no contingency plan for a virtual decision-making process, no clarity on working

methods and the needed infrastructure to operate under said conditions. This, of course, had an impact on the United Nations' swiftness in responding to the onset of the crisis. Even after COVID-19 was declared a pandemic, the UNGA did not convene immediately to decide upon an urgent integrated response to the emerging crisis, nor did the United Nations Security Council (UNSC), which approved its first resolution on COVID-19 several months later.

In addition, the UN operational architecture, the WHO, and other UN agencies and specialized programs need to be better equipped to provide more significant direction, specific protocols, and guidelines to member states on how they should address the extraordinary circumstances arising from the pandemic. Institutions should provide better guidance on whole-of-government and whole-of-society responses—a stronger voice to ensure the functioning of supply chains of critical goods to counter unilateral measures such as restrictions on exports of much-needed medical equipment. Inconsistencies compounded the challenges of greater coordination and concerted action among health-regulation bodies regarding such essential items as vaccines, protective equipment, diagnostics, and therapeutics—a state of confusion that has further hindered pandemic response.

The performance of the multilateral system has been a reflection of its operational and political challenges. Operationally, it showed that, despite the reforms of country offices and the newly established Resident Coordinator's structure, hurdles still remain within the system among agencies and programs at the global and regional scale and also at the national level. Politically, narrow interpretations of national interest over solidarity and cooperation to secure human lives and shared interests were challenged.

In this context, the recommendations of Dupont and Skjold for the UN system to adopt innovative operating models based on flattened structures, relying on cross-functional teams with specific tasks and empowered with significant authority to better address the uncertainty and volatility of fast-emerging challenges, are of great relevance. They should be seriously considered in the UN reform process discussion.

A form of a decentralized organizational model may be fit for complex and dynamic environments, as the authors suggest, because the tasks and challenges require a variety of specialized knowledge and face unexpected changes in UN environments because of shifting national governments, changes in development priorities at the national level, economic shocks, natural disasters, disease outbreaks, and pandemics.

The authors rightly assert that the characteristics that allow a more flexible and adaptive organization to thrive are, among others, clear rules of engagement, distributed decision-making, and organization-wide access to information, things that enable teams and individuals to adjust and coordinate their work according to an organizational purpose and adopt swifter decisions that respond better to the realities and needs of the beneficiaries at the point of delivery.

However, we should also consider that a fully horizontal, self-managing organizational model is not possible for the UN system, based on a mandate—the state-led hierarchy of decision-making—that may be more or less inclusive and democratic, more or less permeable to the advice and guidance of the Secretariat, but that remains intergovernmental in essence. Multilateral organizations are led by governments and therefore are not autonomous actors. This rationale is political: states are responsible and accountable for using public resources that finance multilateral organizations' existence and operations. Therefore, when these organizations fail to deliver, governments and their representatives are accountable to the people they represent. Moreover, here again, the issue of civil society participation and co-responsibility in multilateral decision-making becomes relevant.

Given the intrinsic principal-agent<sup>2</sup> nature of international organizations, hierarchy is unavoidable because states will be the actors governing the operations of the agent. This situation is clearly shown in the description of the UN development system reform process initiated in 2018 to implement the 2030 Agenda and the Sustainable Development Goals (SDGs), called Delivering as One, in which decision-making is scaled down from the agencies' and programs' headquarters to the UN country offices, under the lead of empowered Resident Coordinators.

This process of decentralization is indeed possible for two main reasons. First, the 2030 Agenda was negotiated and adopted by the UNGA at the highest political level and therefore became a commitment of each member state. Second, in most cases, if not all, national governments have already established priorities and road maps to achieve the SDGs. Therefore, country teams can adopt a more creative and practical operational approach as they support countries in implementing the 2030 Agenda. In this sense, the political backing issue of the “principal” is addressed.

Let us go back to the example of the COVID-19 pandemic. A decentralized solution to operational problems requires a different approach. There is a key role for the global multilateral system as countries need to agree, for example, on a global vaccine plan or a global recovery program. This is a political question and cannot be omitted in the work of multilateral organizations.

Against this backdrop, we can say that the contribution of Dupont and Skjold is valuable as it addresses one of the dimensions of the multilateral system, the operational challenge. However, the necessary political and decision-making challenges and transformations needed to make the system more effective and legitimate must complement this approach.

## 5. CONCLUSION

In conclusion, the papers reflecting on the future of multilateralism respond to a critical question in these times of multiple and intertwined global crises. The question is if the institutions we have created to discuss and agree on solutions, concerted action, cooperation, and solidarity among states and societies are fit for purpose.

The papers I have reviewed show many shortages and challenges in the multilateral system. These challenges are not only operational, requiring an easy administrative fix; they also demand a profound structural transformation that will require the political will and vision of world leaders. We must acknowledge that states are critical actors of effective multilateralism, but we need a broader definition of the state. States are more than governments; they represent societies. The roles of parliaments, local and regional governments, civil society, and the private sector are vital in rethinking and reshaping multilateralism.

In the end, we need a new culture of multilateralism. One that is inclusive and that has built-in accountability and transparency mechanisms. One that involves greater social participation in decision-making not only as a tokenistic, politically correct afterthought but also as an indicator of effectiveness and impact. A multiscale architecture is needed to reconnect decisions to effective and transformative action on the ground.

The 2030 Agenda, the implementation of *Our Common Agenda*, and the sequence of international summits—including the Summit on Education, in 2022; the SDG Summit, in 2023; and the Summit of the Future, in 2024—should be used as the meeting points for the crafting of a much-needed new social contract that reconciles societies, economies, politics, and nature.

## AUTHOR BIOGRAPHY

Ecuadorian scholar, diplomat, and politician Maria Fernanda Espinosa has held many leadership positions within the Government of Ecuador, serving as Minister of Foreign Affairs, Minister of Defense and Cultural and Natural Heritage. Furthermore, she was the first female ambassador and permanent representative of Ecuador to the United Nations offices in New York and Geneva. Most recently, Espinosa served as President of the 73rd Session of the United Nations General Assembly, becoming the fourth woman in history and the first from Latin America and the Caribbean to preside over this body.

Among other current responsibilities, she serves as Member and Executive Director of Global Women Leaders for Change and Inclusion, GWLvoices; member of the Board

<sup>2</sup> The *principal* refers to governments, the member states of the United Nations, and the *agent* refers to the programs and specialized agencies of the UN system.

of Trustees of the International Crisis Group; Member of the High-Level Advisory Council for the United Nations Alliance of Civilizations, UNAOC; Chair of the Board of Women in Global Health, the International Commission on the Economics of Water.

Espinosa was declared by the BBC as one of the 100 inspiring and influential women from around the world for 2019.

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