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### **Globalization and interdependence: role of the United Nations in promoting development in the context of globalization and interdependence**

## **Fulfilling the promise of globalization: advancing sustainable development in an interconnected world**

### **Report of the Secretary-General**

#### *Summary*

The coronavirus disease (COVID-19) pandemic and other ongoing crises have prompted reflection on globalization, which had already begun after the global financial crisis.

It is clear that globalization has brought many positive developments in terms of poverty eradication, economic growth, higher living standards for many and innovative solutions for climate action and for achieving the Sustainable Development Goals more generally, as well as more flexible movement of people, expanded trade and finance, and the widespread use of information and communications technologies that have broadened the exchange of ideas and knowledge among populations.

At the same time, globalization can leave – and has left – many people and countries behind. This has become especially evident during the COVID-19 pandemic where globalization increased vulnerability and supported the rapid spread of COVID-19 across the world. The pandemic also did not inspire adequate coordinated international responses. This has contributed to trade and supply disruptions, as well as distrust in globalization, multilateralism and global institutions.

The present report highlights that globalization is necessary and unavoidable, as the whole world is interconnected and interdependent. However, it also shows a need for policies to foster a different type of globalization in order to bring benefits to more people and societies. They include reforming the international financial system to allow equitable access to financial resources, improving the international trade and health architectures and greatly increasing international solidarity. Globalization needs to be built on a foundation of more resilient societies, established through social protection measures, more inclusive labour regulations, universal health coverage and equity in access to quality education, while shifting to a nature-positive economy that

\* [A/77/150](#).



preserves the planet. The 2030 Agenda for Sustainable Development provides a blueprint for a more inclusive, just and sustainable world. However, achieving it requires new approaches to globalization based on the imperative of shared responsibilities and the promise to leave no one behind.

The present report has been prepared in response to General Assembly resolution [75/225](#) and decision 74/537 B.

## I. Introduction

1. As outlined in the 2019 report of the Secretary-General (A/74/239), globalization has brought many positive developments over the years. It has deepened interconnectedness among countries through ever increasing international flows of trade, capital, technology and people. It is credited with a sustained period of economic growth, poverty reduction and job creation, higher living standards for many, innovative solutions for climate action and the achievement of the Sustainable Development Goals more generally.
2. At the same time, these gains have been unevenly distributed within and across countries. Globalization and the process of resource reallocation worldwide have left many people and countries behind, owing, for example, to rapid technological changes in the context of a deep digital divide, inequalities in access to financial resources and evolving employment structures that have led to job losses for many workers.
3. The various dimensions of globalization, such as trade, taxation, remittances, migration, environmental impacts and rising inequalities, call for solutions that can be found only at the international level. However, trends in the past three years warrant further reflection on the future of globalization. The present report provides an exploration of how globalization has been impacted by the pandemic and the conflict in Ukraine. In the report, the Secretary-General indicates that globalization is here to stay, but that it needs to evolve. National and international policies will be critical to ensuring that globalization becomes a force for positive change and benefits the poorest and most vulnerable countries and people.
4. The 2030 Agenda for Sustainable Development and its Sustainable Development Goals continue to provide a blueprint for building inclusive societies and making globalization more just and equal. It is, however, clear that in order to do this, transformative change will be needed for all and not just for some.

## II. Impact of overlapping crises on globalization

5. Over the past three years, the world has observed an evolution in globalization. In times of crisis, interconnectedness and interdependence have proven to increase vulnerability. This has held true for the coronavirus disease (COVID-19) pandemic, environmental challenges and human-made conflicts. In the case of COVID-19, the pandemic quickly spread worldwide at an accelerated pace owing to the constant global flow of people. The World Health Organization and the Department of Economic and Social Affairs of the Secretariat estimate that it caused 14.9 million excess deaths worldwide between January 2020 and December 2021. The pandemic also induced trade disruptions, supply crises and food shortages, as well as economic slowdowns in many countries. Similar consequences have been observed with other crises, notably the ongoing conflict in Ukraine. In recent years, the vulnerabilities created by globalization have fuelled increased distrust in globalization, multilateralism and global institutions.

### **Before 2020: promoting sustainable development in the context of accelerating globalization**

6. Even before the onset of COVID-19, the world was not on track to meet the Sustainable Development Goals by 2030 in several key areas: the natural environment continued to deteriorate at an alarming rate, and progress in efforts to end human suffering and create opportunity for all was too slow. Global hunger was on the rise

and at least half of the world's population lacked essential health services.<sup>1</sup> While some positive developments had been observed, such as falling child mortality rates, electricity access in the poorest countries, reductions in income inequality in some countries and preferential trade status for lower-income countries,<sup>2</sup> enormous challenges remained in pushing development in the right direction. Manufacturing growth, considered an engine of overall economic growth, had been declining for several years owing to tariffs and trade tensions that affected all regions and country groups. Although global foreign direct investment to developing economies and official development assistance were stable, in 2019 the growth of remittances had slowed to 4.7 per cent, from 8.6 per cent in previous years.<sup>3</sup> The number of international migrants worldwide had reached an all-time high of nearly 272 million, from 153 million in 1990; forced displacements across international borders accounted for close to a quarter of the increase in the number of all international migrants between 2010 and 2017.<sup>4</sup>

7. The 2030 Agenda acknowledges that eradicating poverty in all its forms and dimensions, including extreme poverty, is the greatest challenge facing the world and an indispensable requirement for sustainable development. Globalization has contributed significantly to the advancement of this goal, with the increasing integration of developing countries into the global economy, thereby supporting a significant reduction in extreme poverty in recent decades. Trade has clearly been one of the factors that has driven the success of some developing countries, while others have lagged behind. Through trade and the diffusion of technologies that have fostered economic growth and reduced poverty in many countries, globalization has brought extraordinary benefits to many people. The expansion of global supply chains has enabled specialization in national economies, allowing nations and geographical regions to focus on their economic strengths. The diffusion of technologies has also allowed countries to develop new sectors of their economies.

8. While trends up to 2020 showed that globalization has been beneficial for the world economy overall, specific challenges for both developed and developing countries became more apparent. Accelerating globalization led to considerable shortcomings in promoting equality, with the income gap between the richest and poorest countries increasing. Inequality within countries also grew owing to changes in specific industries, as well as the difficulties experienced by some countries and people in participating in the opportunities provided by globalization.

9. At the same time, as a result of globalization, environmental awareness has increased worldwide and the development and scaling up of clean energy and other environmentally friendly technologies has been enabled. Greater connectivity also made it easier than ever for individuals to see the effects of environmental degradation, such as the environmental impact of the increased cross-border flow of goods, services, capital and people. At the same time, emissions from the transport of goods around the world contributed to pollution, climate change and ocean acidification, among other things.

10. Globalization has also led to profound changes in employment and the global workforce. It has clearly contributed to the increased integration of labour markets and the closing of the wage gap between workers in advanced and developing economies, especially through the spread of technology, migration, trade and foreign direct investment. On the other hand, it has also played a part in increasing domestic income inequality by decreasing demand for unskilled labour, creating barriers to trade and

<sup>1</sup> *The Sustainable Development Goals Report 2019* (United Nations publication, 2019).

<sup>2</sup> *Ibid.*

<sup>3</sup> *Ibid.*

<sup>4</sup> *International Migration 2019* (United Nations publication, 2019).

investment, and limiting technology absorption in developing countries. However, it has long been clear that introducing protectionist policies to slow the forces of globalization is not the response. The way forward is to develop and implement safety nets for those workers who need them and to provide training in new skills.

11. Food systems have also been affected by globalization. On the one hand, it contributed greatly to food security and global human health by enabling more efficient food production practices through specialization and the sharing of farming techniques and machinery, as well as an increase in consumer choice. However, import-dependent nations and regions, such as small island developing States and African countries, have experienced increased exposure to risks and various hazards, in the context of climate-related food security issues. After decades of progress, global hunger was on the rise again in the years before COVID-19, and the situation has only worsened since 2020.<sup>5</sup> In looking at overhauling globalized architecture systems, a more resilient global food system must be designed that can scale back exposure to risk and other hazards, especially in import-dependent nations and regions. This is why one of the five action areas identified by the United Nations Food Systems Summit to inform the transition needed to realize the 2030 Agenda is to “build resilience to vulnerabilities, shocks and stress”.

12. These examples reveal that, while the international movement of goods, services, capital and people has greatly contributed to promoting sustainable development in recent decades, challenges that emerged in the context of globalization can significantly hinder the implementation of the 2030 Agenda.

13. It is evident that targeted measures are needed to harness the benefits of globalization, while mitigating the effects that can leave people and countries behind. This is especially important for countries in special situations and middle-income countries.

### **Impacts and lessons of COVID-19**

14. COVID-19 has caused the reversal of important gains in key areas of the 2030 Agenda, with significant trend reversals observed in poverty eradication and the reduction of income inequality. The economic impacts of the crisis were sobering. While the poorest and most disadvantaged countries were hit the hardest, even the most advanced and developed countries struggled to cope with the fallout of COVID-19, including the impact of lockdowns. The pandemic led to worldwide declines in the formal and informal economies, including the loss of 255 million full-time jobs and direct impacts on 1.6 billion workers in the informal economy. It will take years to recover from the consequences of the pandemic. In many countries, the tourism industry, for example, is still on the road to a slow recovery, with international tourism in the first quarter of 2022 remaining at 61 per cent below 2019 levels.<sup>6</sup>

15. COVID-19 also had significant and immediate effects on international trade and capital flows. In 2020, pandemic-related economic disruptions resulted in a decline in the international trade in goods and services of about 10 per cent.<sup>7</sup> Although the impacts then proved less drastic than originally expected, for the rest of 2022, world trade is likely to be impacted by rising interest rates, the winding down of stimulus

<sup>5</sup> Food and Agriculture Organization of the United Nations (FAO), International Fund for Agricultural Development, United Nations Children’s Fund, World Food Programme and World Health Organization, *The State of Food Security and Nutrition in the World 2021: Transforming food systems for food security, improved nutrition and affordable healthy diets for all* (Rome, FAO, 2021).

<sup>6</sup> World Tourism Organization, *World Tourism Barometer*, vol. 20, Issue 3 (May 2022).

<sup>7</sup> *Key Statistics and Trends in International Trade 2021: The Effects of the COVID-19 Pandemic on International Trade* (United Nations publication, 2022).

packages and the continuing effects, and related uncertainties, of COVID-19 and the war in Ukraine.

16. In 2020, global foreign direct investment dropped by 35 per cent to \$1 trillion, down from \$1.5 trillion in 2019.<sup>8</sup> Remittances, however, remained stable, only decreasing by 2 per cent in 2020 compared with 2019. According to the World Bank, remittances will reach \$630 billion in 2022, with record flows into Ukraine;<sup>9</sup> they continued to provide important economic support for the well-being of receiving households. They improved food security and helped to pay for education and medical expenses.

17. While foreign direct investments rebounded by 77 per cent in 2021, this recovery was not uniform across regions and sectors, especially in developing nations. The least developed countries had the smallest growth compared with more developed nations and markets, who benefited the most from the recovery and reopening of economies. The reduction of foreign capital flows and production facilities abroad may indicate that foreign direct investment in developing nations will not return to pre-pandemic levels and will continue to decrease.<sup>10</sup>

18. The pandemic also brought to the fore the weaknesses of and gaps in global supply chains. The food and energy sector plummeted owing to transportation bottlenecks. Although the commodities and goods market made progress towards recovery, the conflict in Ukraine has further stressed and disrupted global trade and supply chains. The pandemic and the war have emphasized the extent to which systems are interconnected and the effects that a shock in a region can have internationally. While it is necessary to increase their resilience, the redesign of these systems must be done with care. For example, the regionalization of supply chains prompted by COVID-19 strays from a more globalized solution framework that could aid recovery and economic resilience. Arguments for avoiding possible market volatility, by pulling back portions of internationally-outsourced supply chains to regional providers, are now on the table.<sup>11</sup>

19. The pandemic also highlighted the importance of scientific collaboration, technology transfers, information flows and knowledge-sharing to developing solutions to global challenges and implementing the 2030 Agenda. While the international intellectual property rights system enables innovation, providing the incentives and means to finance research and development activities, the 2030 Agenda cannot be achieved without equitable access to global public goods, such as vaccines and related scientific knowledge and technologies. International initiatives such as the Access to COVID-19 Tools (ACT) Accelerator, which is aimed at providing a coordinated and credible path out of the COVID-19 pandemic for everyone, everywhere, including through COVAX, the vaccines pillar of the ACT-Accelerator, demonstrate the power of international solidarity to address global challenges. At the same time, in many areas, international cooperation has fallen short during the pandemic response. Even in the third year of the pandemic, the entire global population has not been vaccinated, nor has testing been increased or life-saving effective treatments made available for all who need them.

<sup>8</sup> *World Investment Report 2021: Investing in Sustainable Recovery* (United Nations publication, 2021).

<sup>9</sup> World Bank, "Remittances to reach \$630 billion in 2022 with record flows into Ukraine", 11 May 2022. Available at [www.worldbank.org/en/news/press-release/2022/05/11/remittances-to-reach-630-billion-in-2022-with-record-flows-into-ukraine](https://www.worldbank.org/en/news/press-release/2022/05/11/remittances-to-reach-630-billion-in-2022-with-record-flows-into-ukraine).

<sup>10</sup> *Financing for Sustainable Development Report 2022* (United Nations publication, 2022).

<sup>11</sup> *The Economist*, "The tricky restructuring of global supply chains", 16 June 2022. Available at [www.economist.com/leaders/2022/06/16/the-tricky-restructuring-of-global-supply-chains](https://www.economist.com/leaders/2022/06/16/the-tricky-restructuring-of-global-supply-chains).

20. Progress must be urgently made with regard to improving the accessibility of COVID-19 vaccines, as well as general access to medical technology and innovation on a global scale. During the development of COVID-19 vaccines, the challenges in recognizing vaccines as a global public good led some countries to change course from pursuing a global solution to the internal development of their own inoculation technology. Although some countries started distributing vaccines as early as December 2020, fewer than 20 per cent of people in low-income countries have received at least one dose.<sup>12</sup> The June 2022 waiver of certain intellectual property protections for COVID-19 vaccines under the Agreement on Trade-Related Aspects of Intellectual Property Rights supports equitable global access, allowing countries to diversify vaccine production for the next five years.<sup>13</sup> However, further progress must be made.

21. Regarding the economy, the response to the recession caused by the pandemic has been weaker than the response to the financial crisis. There should have been concrete actions to reduce the debt burden, compensatory financing facilities for developing countries and reforms of the international financial system.

22. The COVID-19 pandemic demonstrated the need for enhanced worldwide cooperation and solidarity to overcome complex international crises affecting all areas of society. In view of other major threats to the global community, including climate change and biodiversity loss, such coordinated global responses are becoming increasingly important.

23. While recovery from the impact of COVID-19 on the Sustainable Development Goals will take years, countries have the potential to build back better by using strategic opportunities to restructure their economies in a globalized world and by investing in areas that can accelerate implementation of the 2030 Agenda as a main conduit to a sustainable recovery. Equal access to financial resources for developing countries is, however, a precondition. At the Economic and Social Council forum on financing for development follow-up in April 2022, participants expressed “grave concern that the mobilization of sufficient financing remains a major challenge in the implementation of the 2030 Agenda for Sustainable Development and that progress has not been shared evenly within and among countries, leading to further deepening of existing inequalities”. The forum’s recommendations on addressing this issue should be widely implemented.

24. However, these benefits can only be realized if coupled with the implementation of policies that foster equality and stability, and with increased responsiveness to emerging challenges and opportunities. This includes building more resilient societies through social protection policies, and promoting the creation of decent work, labour regulations and universal health coverage, as well as equitable access to quality education. It also consists of rolling back policies that harm the environment and reallocating resources towards high-return innovative systems and technologies. Investments should also target physical and digital infrastructure, climate and environmental solutions and the Sustainable Development Goals more generally. Also important are risk management systems to combat global shocks and create a more agile global goods and services system. These strategic changes are part of efforts that will allow the best of globalization to be harnessed, enabling all countries and people to reap its benefits to the fullest. As stressed in the ministerial declaration of the high-level political forum in July 2022, the 2030 Agenda is a blueprint for ensuring an inclusive, sustainable and resilient recovery from the COVID-19

<sup>12</sup> Our World in Data, “Coronavirus (COVID-19) vaccinations”. Available at <https://ourworldindata.org/covid-vaccinations>.

<sup>13</sup> World Trade Organization, “TRIPS Council welcomes MC12 TRIPS waiver decision, discusses possible extension”, 6 July 2022. Available at [www.wto.org/english/news\\_e/news22\\_e/trip\\_08jul22\\_e.htm](http://www.wto.org/english/news_e/news22_e/trip_08jul22_e.htm).

pandemic and accelerating the decade of action and delivery for sustainable development, while leaving no one behind. Its implementation is also key to moving towards a globalization that improves people's well-being.

### **Shock of the war in Ukraine**

25. The impact of the ongoing war in Ukraine and related international crises have disrupted movement towards recovery from COVID-19 and the return to a more globalized world. Globalization should be a process that enables sustainable development. Global shortages of resources are now greatly affecting recovery efforts. The dependence on specific supply channels and their interconnectedness have revealed the weakness of not having diversified global resource providers (see [E/2022/57](#)).

26. The world economy is experiencing higher inflation, which rose to 5.2 per cent in 2021, its highest level in a decade, as the geopolitical crises continue. There have also been price hikes in wheat, coarse grain, fertilizers and crude oil that negatively affect macroeconomic conditions, poverty rates and food security ([E/2022/57](#), para. 11). Compared with 2021, food prices have risen by 34 per cent, crude oil prices have risen by 60 per cent, and gas and fertilizer prices have more than doubled. Current negative trends that stem from the conflict in Ukraine are felt at greater extremes in developing nations, which are more exposed to global crises and experience them more intensely (*ibid.*).

27. The sudden and sharp fall in Ukrainian exports of grain and sunflower commodities has been having a significant impact on global food security. It is hoped that recent agreements to address this situation will bear fruit. Restrictions on exports of gas, oil and fertilizer are increasing global food and energy insecurity concerns. Restricted exports coupled with the COVID-19 pandemic have driven a greater number of people to experience hunger and extreme poverty, and produced a generational loss of \$17 trillion in wage earnings.<sup>14</sup> If the war in Ukraine persists, the window of time to prevent a food crisis is limited. Brief No. 2 of the Global Crisis Response Group on Food, Energy and Finance indicates that up to 323 million people are likely to be acutely hungry in 2022, representing an additional 47 million people since the war in Ukraine began. By the end of 2021, the international food import bill was \$268 billion higher than before the pandemic, with nearly two thirds of the increase concentrated in developing countries. The Group recommends a two-pronged approach: on the one hand, mitigating the impacts of the shock through measures, such as releasing strategic energy and food stockpiles to meet market needs, and controlling hoarding and speculative behaviour by tackling the uncertainty of commodity prices; and, on the other hand, increasing the capacity of peoples and countries to cope with the impacts of the shock by strengthening social protection systems and safety nets for urgent use and increasing fiscal spaces.

28. The expansion of transportation channels and complex supply chains with the ability to support the high-volume movement of merchandise and goods will become pivotal.

### **Lessons from globalization in times of crisis**

29. The developments in addressing the pandemic showed that strengthening national security and safety does not require either absolute priority to be given to national interests or policies of border closure or isolation. This can be accomplished through objective, evidence- and science-based decision-making and international

<sup>14</sup> United Nations, "Global impact of war in Ukraine on food, energy and finance systems", Brief No. 1, 13 April 2022. Available at [https://news.un.org/pages/wp-content/uploads/2022/04/UN-GCRG-Brief-1.pdf?utm\\_source=United+Nations&utm\\_medium=Brief&utm\\_campaign=Global+Crisis+Response](https://news.un.org/pages/wp-content/uploads/2022/04/UN-GCRG-Brief-1.pdf?utm_source=United+Nations&utm_medium=Brief&utm_campaign=Global+Crisis+Response).



cooperation that support human rights and equality. The promotion of global cooperation is also important to ensuring economic recovery. The prolonged economic slowdown undermines gains made in developed nations. It is also of great concern that gross domestic product projections for developing countries are failing to return to projected pre-pandemic levels. The continuation of those trends will likely have negative international economic and social consequences and hinder the realization of the Sustainable Development Goals. This will require an urgent collective response.<sup>15</sup>

30. As the temptation to focus on national interests and protectionism persists, multilateral institutions have to engage and promote peaceful economic coexistence, recovery and international cooperation. A more globalized world, bolstered by international cooperation, has the potential to increase the resilience of countries while reducing the negative fallouts of pandemics, economic downturns and technological gaps.

### **III. Pursuing globalization that benefits the poorest and most vulnerable**

31. There is a real need to rethink and adapt globalization. The overarching goals of social well-being, economic stability, shared prosperity and environmental sustainability should be present in all policies and institutions engaged in globalization, if the 2030 Agenda and its vision of a people-centred, prosperous and equitable world based on peace, human rights and leaving no one behind is to be realized.

32. Globalization needs to go hand in hand with global solidarity and international development cooperation. It also requires truly transformative actions, innovative approaches and gearing science, technology and innovation towards realizing the Sustainable Development Goals for all countries and people.

33. The world is at a crossroads. It can promote a recovery geared at moving back to pre-COVID-19 development paths. There are significant arguments for focusing almost exclusively on economic growth, for example, but concentrating mainly on the economic side of development is a short-sighted vision. Social progress, climate action and the reversal of biodiversity loss cannot wait. Scientific evidence and research have shown that if the world continues on its pre-COVID-19 path, it is heading towards catastrophe. Measures to reverse environmental degradation and climate change, and to realize all other Sustainable Development Goals, need to be pursued as an integral part of recovery. This was also highlighted in the July 2022 declaration of the high-level political forum.

34. This is possible. The multiple ongoing crises can be used to turn the world around and create the transformation required to achieve the kind of globalization needed to realize the Sustainable Development Goals. There is an evident need to support economic recovery around the world, in particular in countries whose fiscal space has been severely compromised by the loss of revenues during the pandemic. The unsustainable debt of many developing countries needs to be alleviated through robust multilateral action involving both public and private lenders. Profound reforms are needed to ensure that the international financial system provides adequate relief and financial resources to developing countries.

35. Addressing the continuing high costs of remittances, as called for in the 2030 Agenda, is another way to enhance financial services for those most in need. Around

<sup>15</sup> *World Economic Situation and Prospects 2022* (United Nations publication, 2022).

50 per cent of global remittances are directed towards rural areas, where poverty is concentrated. Lowering the cost of remittances increases the ability of migrant families to invest in their future, notably in education. Further efforts are needed to realize the target of the 2030 Agenda, including through the use of digital transfers.<sup>16</sup>

36. At the same time, Governments need to be much more proactive in steering recovery investments towards socially inclusive and environmentally sustainable investments. This does not always happen. As of May 2022, the Organisation for Economic Co-operation and Development estimated that the budget allocated to environmentally positive measures had increased to 33 per cent of total recovery spending announced since the start of the pandemic. However, the resources allocated to measures with mixed and negative environmental impacts had increased in tandem. The net zero transition must also be accelerated. This calls for an active dialogue among all those likely to be affected so as to achieve a “just transition”.

37. The social fault lines exposed by the pandemic should provide guidance to Governments on how to strengthen social protection measures and ensure that recovery investments leave no one behind. More effective actions are needed to engage vulnerable groups in decisions on policy direction and resource allocation.

38. The so-called fourth industrial revolution has arrived, forged by new advanced technologies, wherein the digital world and the physical-biological world combine to create innovations that allow people to advance with a speed and on a scale that has no comparison in the history of humanity. Digital transformation, through digital technologies, including artificial intelligence, the Internet of Things, machine learning, precision medicine and genomics, and big data, has the power to drive breakthrough progress towards achieving the Sustainable Development Goals – as demonstrated during the pandemic – and to help to overcome current disruptions in trade and supply chains owing to geopolitical tensions and the consequences of COVID-19.

39. Overall, to promote such acceleration and, more generally, to gear globalization towards the common good, it is necessary to restructure both international and national systems. Transformative policies are also needed from the global community so that new opportunities can be capitalized upon, while containing the kind of disruptions that are being seen today. Governments should also dispel false dichotomies such as free trade or protectionism, technology or jobs, immigration or protecting citizens, and economic growth or social equity.

40. The Secretary-General, in his report entitled “Our Common Agenda” ([A/75/982](#)), defined what he calls the

social contract between Governments and their people and within societies, so as to rebuild trust and embrace a comprehensive vision of human rights. People need to see results reflected in their daily lives. This must include the active and equal participation of women and girls, without whom no meaningful social contract is possible. It should also include updated governance arrangements to deliver better public goods and usher in a new era of universal social protection, health coverage, education, skills, decent work and housing, as well as universal access to the Internet by 2030 as a basic human right.

41. As a result, in order to build back better and more sustainably, including in the current difficult geopolitical situation, there is a need to focus on establishing policies that will drive fundamental transformation towards achieving sustainable development, eradicating poverty and hunger, reining in inequalities, including gender inequality, building resilience, and taking decisive and effective action against climate change, while halting biodiversity losses and environmental degradation.

<sup>16</sup> *Financing for Sustainable Development Report 2022*.

42. The kind of globalization needed requires cooperation on global public goods and the pursuit of the Sustainable Development Goals. It must give countries the space to pursue domestic policies to improve the well-being of their societies and chose their development model, such as moving away from export-oriented industrialization.

#### IV. Rethinking multilateral governance

43. The level and risks of global interdependence demonstrated during the pandemic require a system of governance that responds to the intertwined needs of all of the world's countries and populations. The multilateral system is the only one that can address these concomitant and sometimes competitive needs, and provide coherence in policymaking. The depth of the transitions and transformations of societies call for a robust global governance that is efficient in providing a policy framework to achieve the 2030 Agenda and capable of adjusting it to the evolving nature of global challenges.

44. Multilateral governance is a complex process that involves a variety of actors. No single organization or category of actors can pretend to embody multilateralism. Within public institutions, along with the United Nations system, global financial and trade institutions are key multilateral actors, as are regional and multilateral development banks, whose number exceeds 400. Actors in globalization also include many more entities than Member States or intergovernmental organizations. Civil society and the private sector often shape the world in many fields and in many ways.

45. Given this plurality of actors, the specificity of the United Nations as a universal organization with clear legal competences and established legitimacy at the global level needs to be recognized. With the United Nations at the core of an enhanced multilateral system, there is a much better chance that the principles, objectives and norms agreed at the international level to date will be further developed and will evolve in a truly global policymaking process, with a capacity to assess, plan, take decisions, follow up and ensure accountability.

46. Similarly, it should be clearly stated that the United Nations will not do this alone. To a large extent, the success of the Organization in delivering on pressing global challenges will be assessed against its capacity to rally other actors, from all regions of the world, around a common agenda – comprising the 2030 Agenda as well as other commitments on development, peace and human rights – and to build solutions collectively.

47. The specificity of current times lies in the urgency with which the international community has to respond to mutually reinforcing crises. This leads to the elaboration of immediate proposals on practical mechanisms to solve specific challenges, with the risk of putting aside in-depth reflections on an enhanced comprehensive multilateral system geared towards building a better world. This “multilateralism for chronic risks”<sup>17</sup> will not make it possible to build a sustainable governance framework. However, it is an opportunity to press actors to work together, out of their comfort zone, and consider with the utmost seriousness the proposals already on the table, including those contained in Our Common Agenda. This will help the United Nations to serve as a platform where countries look to the long term and to the actions they need to take to build a better world for future generations. The Summit of the Future is a step in this direction.

48. In those discussions, it is important to recognize the key functions of an enhanced multilateral governance system. First, such a system should protect the global commons, namely, the natural and cultural resources that everyone shares and

<sup>17</sup> See Arunabha Ghosh, “Multilateralism for chronic risks”, in *Development Policy and Multilateralism after COVID-19* (United Nations publication, 2020).

on which everyone depends. The safeguarding of the environment and the sustainable use of resources are key in that respect. Second, it should be aimed at creating or developing global public goods that cannot be provided by a State alone, and for which the COVID-19 pandemic has accelerated demand.<sup>18</sup> Global public health, efforts to combat climate change and global access to technology, to name but a few, require such a multilateral framework to set rules and responsibilities and oversee compliance and implementation. Only through this kind of multilateralism can the 2030 Agenda be realized.

49. Rather than the creation of new institutions, which would be a long and arduous task, improving existing ones through a few objectives can increase the effectiveness of global governance and pave the way for further reform.

50. Existing international intergovernmental bodies, instruments, conventions and mechanisms in various areas have often shown great value in delivering on their objectives and mobilizing relevant actors. However, multilateral governance suffers from a high degree of institutional fragmentation. A variety of bodies and processes function in isolation, with limited opportunities to consider the bigger picture together. Despite the integrated approach of the 2030 Agenda, economic, social and environmental governance are also too often disjointed. The biennial summit of the Economic and Social Council, the Group of 20 and international financial institutions proposed in Our Common Agenda can nurture a dialogue on economic governance geared towards redesigning the international financial architecture.

51. Multilateral governance can also be improved through the establishment of networks of actors and institutions working for a common public good or towards a specific goal, for example a specific Sustainable Development Goal or even a target. International financial institutions, regional development banks and development organizations in the United Nations system have a natural potential to engage in this networked multilateralism.

52. The reflection on globalization should also be focused on areas where new global norms, standards and rules are needed to safeguard United Nations values and promote people's well-being. However, today's solutions and regulations can only succeed if they are developed with the participation of all actors.

53. Inclusiveness should be a driving force for multilateral governance. Firstly, the intergovernmental nature of the organizations should be fully used to allow developing countries to have a stronger voice in global decision-making. In particular, least developed countries, small island developing States and landlocked developing countries need to be heard by all actors and in all institutions on the difficulties they encounter in their development strategy and on their specific needs. The engagement of other actors within the State apparatus is also to be encouraged to allow for a more comprehensive understanding, increased consideration, a greater impact of multilateral governance at the national and local levels, and better-informed decision-making at the global level. Parliamentarians, local governments and cities have demonstrated their commitment to the 2030 Agenda and their effectiveness in implementing it. Efforts should be intensified to engage them more directly in the decision-making process on the review and follow-up to the Sustainable Development Goals.

54. Multilateral governance for global public goods and the 2030 Agenda is not conceivable in today's world without the active engagement of civil society and enhanced mechanisms to involve its members in decision-making. Whether they are local actors on the ground or activists holding leaders accountable for commitments made, non-governmental organizations are a driving force for global multilateralism.

<sup>18</sup> Conclusions from consultations led by the United Nations Conference on Trade and Development and the Global Development Policy Center at Boston University.

They are often the voice of women, youth and marginalized groups. Progress is being made in implementing the recommendations made in Our Common Agenda to engage stakeholders in the work of the United Nations on sustainable development, but faster progress needs to be made, in consultation with Member States.

55. The effectiveness of a new multilateral governance will be shaped by its capacity to prepare and act when new risks and crises occur. Options for better preparedness, prioritization, decision-making arrangements, resourcing, accountability and compliance therefore all need to be discussed when addressing the reform of current systems and the design of new mechanisms.

56. A particular effort is needed to reinforce the international health system, as called for at the July 2022 high-level political forum on sustainable development.

57. Finally, the private sector drives the innovation agenda, with profound effects on how societies evolve, economies grow and people's well-being improves. It can play a key role in responding to crises, as exemplified again during the COVID-19 pandemic. Fully mobilizing the business community to support global goals, including the Sustainable Development Goals, will allow for accelerated progress. Major business companies, including pharmaceutical companies, as well as small and medium-sized enterprises, which play a key role in job creation, need to advance the Sustainable Development Goals through their business operations. A major effort to this end should be made in the coming year in preparation for the Sustainable Development Goals Summit in September 2023.

## V. Key messages and recommendations

58. Transformative processes are necessary in the economic, social and environmental spheres. There is a need to focus on putting in place policies that drive fundamental transformation towards achieving sustainable development, eradicating poverty and hunger, reining in inequalities, including gender inequality, building resilience and taking decisive and effective action against climate change, while halting biodiversity losses and environmental degradation.

59. While globalization has contributed to the advancement of the 2030 Agenda, certain shortcomings must be addressed if sustainable development is to be achieved for all, everywhere. While globalization has brought extraordinary benefits to many countries and people, including a significant reduction in extreme poverty, the specialization of national economies and technological diffusion, it has also presented considerable shortcomings in promoting equality among and within countries, particularly with regard to the most vulnerable in society.

60. The COVID-19 pandemic caused significant trend reversals in key sectors related to the 2030 Agenda and the Sustainable Development Goals. Increases in the number of people living in poverty and a rise in income inequality reflected the scale of the global impact of COVID-19. The decline in progress made previously will take years to recover from and sets back initial targets laid out in the 2030 Agenda.

61. To build back better from the pandemic, international cooperation will have to be strengthened to create a more collaborative approach when responding to global crises. It will also need to be risk-informed and be focused on the poorest and most vulnerable.

62. COVID-19 emphasized the need for a more resilient and diversified globalized architecture that is better equipped to respond to and deal with global shocks. The pandemic exposed significant gaps within trade agreements and hyperspecialized supply chains. In order to build a more resilient and agile globalized structure

countries should focus their efforts towards diversifying supply channels and implementing supportive policies.

63. There is also a need for major reforms of the international financial system so as to ensure equitable access to financial resources for recovery and realizing the Sustainable Development Goals. Strengthening the international health architecture is also critical.

64. The crisis in Ukraine has caused significant global shocks that have had a negative impact on the food and energy sector and resulted in financial crisis. The effects of this crisis and the pandemic have affected developing nations to a higher degree owing to their greater exposure to global shocks. To prevent further setbacks in the recovery from COVID-19 and the expansion of globalization, there is a need for increased international cooperation facilitated by multilateral organizations.

65. It should be recognized that the protection of national security and interests does not have to involve isolation and protectionism. On the contrary, international cooperation is needed to create more resilient economies and to increase social and national well-being.

66. Globalization must go hand in hand with increased global solidarity and cooperation on science, technology and innovation in responding to common challenges and supporting the poorest and most vulnerable. Globalization processes must be shaped so as to give enough fiscal and other space for all countries to choose their own development models and pursue the Sustainable Development Goals in their national context.

67. In some cases, new global norms, standards, policies and conventions are needed to safeguard public trust. However, today's solutions and regulations can only succeed if they are developed with the participation of all actors.

68. A new networked, inclusive and impactful multilateral governance should be ensured, with the United Nations at its core, and with well-defined objectives shaped around the need to achieve the Sustainable Development Goals. More efforts are needed to overcome the fragmentation of governance, such as in the economic, social and environmental areas. Inclusiveness, the capacity to work swiftly with networks of actors and the use of technologies for increased connectivity should be at the heart of the modus operandi of multilateral governance in globalization.

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