

The Impact of New International Relations Paradigms on Sustainable Development and Human Security

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Special thanks to Borja Santos Porras as **academic tutor of the project**

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Disclaimer

This report is an original work by Zélie, Polly and Farah, students of the Degree of Master in International Relations at IE University. The report was carried as part of the collaboration between Kreab Worldwide and IE University in the framework of the Capstone Project. The views and opinions expressed in the report are those of the authors and do not necessarily represent the views of IE University or Kreab Worldwide.

The report was finalised in July 2021 and is based on examples and events that were considered recent at the time of the its formulation. However, the authors are aware much has changed in the world in regard to sustainability and human security. According to them, the recommendations outlined at the end of this report are still relevant and pertinent to achieving global cooperation and prosperity and swift action is required to pause and rewind the damages that are occurring in the world.

Acknowledgement

Kreab Worldwide would like to thank Borja Santos Porrás, Executive Director of IE's School of Global and Public Affairs, for his invaluable contributions as the project's academic tutor.



Alberto Muelas

Director of Sustainable Strategies



From Kreab, and in line with our vocation to generate and disseminate knowledge related to international relations and sustainability, we have had the honor of collaborating with Farah Tubeileh, Polly Kyle and Zélie Thuillier in the development of their Capstone Project for IE University.

Many of the major challenges we face as humanity today, from climate change to tax evasion, require a global response. No country acting unilaterally has the capacity to solve them alone.

For this global response to be possible, it is necessary to have some type of institution or mechanism in which:

1. Each country sees its interests duly represented and feels heard.
2. Each country is willing to align its interests with those of the rest of the nations.
3. The decision-making is agile and efficient.

Throughout history, this has proven to be enormously complex. Economic and political centers are constantly evolving. Just over 100 years ago the UK was the world's largest superpower, today it is the USA and soon it will be China.

On the other hand, although globalization has contributed to the homogenization of cultures, the political systems and social values of the great powers are sufficiently different to reach an agreement on what is understood as "right" or "wrong".

All this without considering aspects more closely related to what economists call the "prisoner's dilemma". That is, to what extent each country would be able to give up a part of its individual welfare in exchange for the global welfare of all mankind.

Over the last 100 years, various institutions have emerged that have sought to unite the wills of countries around certain global challenges. Despite the progress made in some areas - for example, the great achievement of reducing the ozone hole - the truth is that the United Nations, the OECD and the various "Gs" (G4, G5, G7 or G20) have sometimes lacked sufficient authority and coercive capacity to develop effective solutions.

Although it is impossible to predict how global decision-making mechanisms will evolve in the coming years, Farah, Polly and Zélie offer a brilliant reflection on the current state of the different power centers, the tensions between them, their representativeness in supranational institutions, the determining factors that may influence their future evolution and how all this may be affecting the response to the most urgent challenges facing us.

In the coming months, we will see how these power games are reflected in the decisions that will necessarily have to be taken in the framework of, for example, the United Nations Climate Change Conference (COP26) in Glasgow, with very concrete consequences for all of us.

For this reason, I find this paper highly recommended reading for anyone who wishes to understand the current global political context and how it is helping to shape the world of tomorrow. My sincere congratulations to Farah, Polly and Zélie for their work.

Our Capstone Project at a glance

RESEARCH QUESTION

- What are the implications of the changing spheres of influence on the efficacy of multilateralism in achieving sustainable development?

CHAPTER 1: A PARADIGM SHIFT

A CHANGING DEFINITION AND APPLICATION OF DEMOCRACY WITH THE RISE OF NEW PLAYERS

- The emergence of new players in the multilateral system has led to an imbalance of power in the existing institutions which need to be reviewed to be more inclusive and be able to formulate solutions fairly.
- As flawed democracies such as India and authoritarian regimes like China are gaining economic power, their political influence has been exacerbated and put in question the definition of democracy and its associated norms.

CHAPTER 2: RESHAPING THE MULTILATERAL ORDER

THE SYMPTOM OR THE DISEASE?

- The values of democracy that built the contemporary multilateral order are being called into question as the new, rising, economic powerhouses score weaker on the Worldwide Global Governance indicators. As the aggregate levels of GDP increase, democratic indicators decrease by over 30%, challenging the longevity of western democratic ideals as their economic success continues to power forward.
- The share of GDP by the top 20 richest countries has not changed since 1996, however its composition has been modified. The G7 countries have lost more than 12% of their share of GDP as the main players, such as China, have gained 10% of the global GDP share.

CHAPTER 3: REVERBERATIONS IN A DISINTEGRATING WORLD

THE THREATS TO HUMAN SECURITY

- The democratic backslide of nations has triggered a cascade effect that has caused regression in governance indicators and consequently, posed an ongoing threat to institutional efficiency and accountability.
- These threats hinder progress towards sustainable development and exacerbate the regression of cooperation and multilateralism which are crucial to curbing risks to human security and prosperity.
- Local problems have global ramifications; the interrelation and broad scope of such challenges demand collective action by governments, corporations, international organisations and civil society.

POLICY RECOMMENDATIONS

- 1. Reimagining multilateral order and decision making processes**
 - Multilateralism in International Institutions: Redistribute power within the United Nations system to allow for consensus to be reached in innovative ways.
 - Multilateralism between countries: Reduce global inequalities by increasing the visibility and inclusion of non-western perspectives into multilateral organisations.
 - Multilateralism within countries: Reduce domestic inequalities to support democratisation efforts and advance sustainable development at national and global scales.
- 2. Formulating Operational Pathways for Sustainable Development**
 - Develop an intersectional approach through the promotion of Public-Private Partnerships to drive sustainable solutions across environmental, economic and social dimensions.
 - Mobilise and catalyse sustainable investments in order to facilitate the financing of long-term growth.

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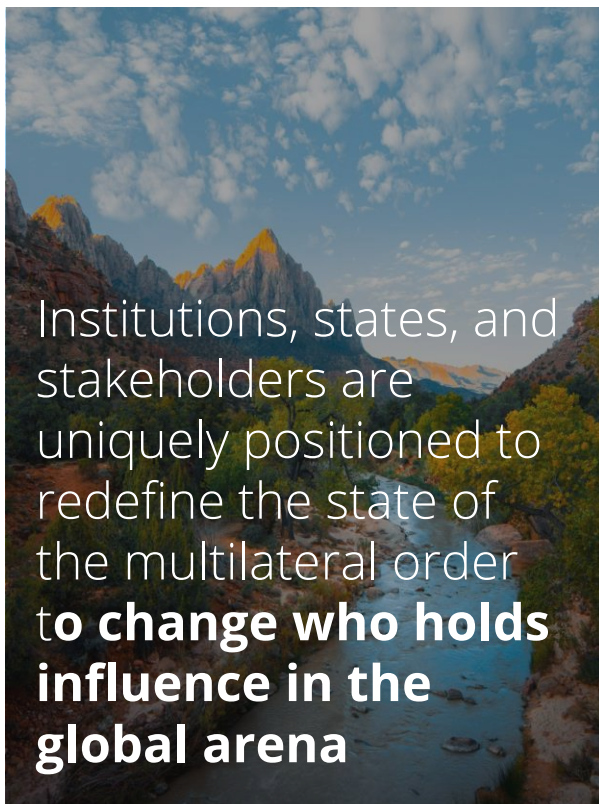
INTRODUCTION

It has become increasingly clear that the current situation of the world can be utilised as an opportunity for companies and organisations to rebuild the economy with a more sustainable approach. With the rise of the East and a possible paradigm shift from Western hegemony, the current multilateral order faces uncertainty and scepticism in its ability to maintain global governance, notably after the failure of the WHO to effectively manage the outbreak of the COVID-19 pandemic. Institutions, states, and stakeholders are uniquely positioned to redefine the state of the multilateral order to change who holds influence in the global arena. These unprecedented levels of uncertainty have cast doubt on the ability of key institutions and actors to undertake effective decisions and assert the necessary influence on what needs to be a cooperative effort. One of the indirect far-reaching impacts of the COVID-19 crisis has been its weakening of supranational organisations and its dominating shadow over key climate summits such as COP26; the crisis has distracted governments and corporations from imperative climate action and has impeded collective efforts to tackle and manage the threats of climate change.

Yet, the health crisis and the subsequent economic crisis both exacerbate the need for international cooperation as neither respects any borders. Even though hopes are high for the post-COVID-19 world, the past year has led to rising levels of inequality and has eliminated hopes to achieve the SDGs by the initial target of 2030. Social and economic inequalities are certain to be further aggravated by climate change. The response to the sanitary crisis should have already given us an impression of the kind of coordinated effort that will need to be implemented to face climate change and its myriad of consequences. However, the reconstruction of the economy post-COVID-19 provides us with an opportunity to start an innovation-driven transition towards more sustainable practices.

Considering these elements, the components of this paper aim to study the grounds behind the paradigm shuffle and scrutinise the possible implications on global cooperation in tackling risks to human security within the social, economic, and environmental pillars of sustainable development.

This report will first examine the state of the international relations environment and consider the implications of a possible hegemonic shift. This will then allow us to examine whether the need for change in the multilateral order is a symptom of this necessity or if it has been the issue itself. Finally, the last chapter will focus on the reverberations of this disintegrating world and how it threatens human security through various multifaceted challenges and risks. Following this analysis, the report will conclude with opportunities for long-term solutions and propose a series of policy recommendations that could help guide future efforts in restoring order in an increasingly disordered world.



Methodology

To carry out this analysis, a variety of research and analysis tools were utilised.

The initial phases of the report were completed after a thorough process consisting of the following steps:

Literature Review

The preliminary research proved that a gap needs to be filled between the plethora of Western-focused media and the lack of visibility of narratives from Eastern perspectives. Consequently, a more forensic approach was adopted, in which position papers, policy briefs, and research publications were inspected to present an impartial argument on the subject matter. As the research question scrutinises the current state of multilateralism, the research has predominantly consisted of reviewing reports by multilateral agencies such as the United Nations, its various organs, the World Bank, the International Monetary Fund, the World Economic Forum and Amnesty International, to name a few. Analysis and position papers by leading think-tanks provided further comprehension of the complexity of the issues at hand. Mainstream media outlets such as The Economist, the New York Times, Le Monde, Financial Times, The Diplomat, and The Guardian, amongst others, provided the research with up-to-date recent advancements, particularly as a majority of the events and phenomena discussed throughout the report have continued to unfold during the writing process.

Interviews

In order to test the hypotheses that were established during the literature review, as well as gain deeper insights into the particulars of this topic, several interviews were conducted with various experts in the field such as Susana Malcorra the Dean of IE School of Global and Public Affairs and former Chief of Staff for Secretary-General Ban Ki-moon, Veronique Choquette who has over 15 years of experience in strategy, policy analysis, programme management, and government relations, Maria Fernanda Espinosa who is former 73rd President of the UN General Assembly, former Minister of Foreign Affairs and Minister of Defence in Ecuador, and builds upon reflections by Brookings Nonresident Senior Fellow, William Burke-White, who formerly served in the Obama administration alongside Secretary of State, Hillary Clinton. Each interviewee possesses expertise in diverse sectors within international relations such as within the private sector, climate change, US-China relations, and democratic policies. The conducted interviews highlighted how the recent paradigm shift had caused a change in their professional opinion and their collective insights facilitated in forming the basis of this report's policy recommendations.



The conducted interviews **highlighted how the recent paradigm shift had caused a change in their professional opinion and their collective insights** facilitated in forming the basis of this report's policy recommendations.

Quantitative Analysis

To further reinforce and provide supporting evidence to the narrative supplied by the literature review and interviews, data was collected through a quantitative analysis of a weighted aggregate synthetic index based on top performing GDP nations and their corresponding World Bank Global Governance Indicators. This analysis aimed to study how rising players in the international geopolitical arena have impacted the weighted global average of governance performance. The quantitative analysis supported the claims made by the interviewees and the literature review, creating the further foundation for the policy recommendations of this report.

Matrix

A scenario matrix was constructed in order to create a comprehensive understanding

of the different possibilities in which policies passed on national, regional, and global scales would have on achieving sustainable development. The matrix displays the degree of multilateralism in decision-making processes and the ambition of policies regarding their impact on sustainable development. Through displaying the various scenarios, the matrix is meant to act as an indicator of current progress and highlight the necessary efforts required to achieve prosperity and cooperation

The overall scope of the report is limited as a necessary condition to maximise the quality of the analysis and the recommendations delivered. Due to the wide array of the issues, and their interconnected nature, the main aspects of the subject matter, for the analysis to have a coherent structure and tangible operational policy recommendations.



POLICY RECOMMENDATIONS

1.Reimagining multilateral order and decision making processes

1.1 Multilateralism in International Institutions: *Redistribute power within the United Nations system to allow for consensus to be reached in innovative ways.*

1.2 Multilateralism between countries: *Reduce global inequalities by increasing the visibility and inclusion of non-western perspectives into multilateral organisations.*

1.3 Multilateralism within countries: *Reduce domestic inequalities to support democratisation efforts and advance sustainable development at national and global scales.*

2.Formulating Operational Pathways for Sustainable Development

2.1 *Develop an intersectional approach through the promotion of Public-Private Partnerships to drive sustainable solutions across environmental, economic and social dimensions.*

2.2 *Mobilise and catalyse sustainable investments in order to facilitate the financing of long-term growth.*



Section 1:
A Paradigm Shift:

A Changing Definition and Application of
Democracy with the Rise of New Players

The phenomenal growth of Asian market economies has led them to play a growingly significant role in global politics, gradually promoting a transition away from a Western-centric to an Eastern-centric global order. As such, **the centres of influence are increasingly moving Eastward**, reorganising themselves mainly around China and slowly moving away from the West. The ongoing competition for influence and the trade war between the United States and China has enabled the latter to assert its role in new markets across the globe and to consolidate its presence and interaction with states in the developing world through the BRI project. This suggests that **China's alternative model of economic success has triggered a ripple effect**, expected to be detrimental to the norms of democracy. Although, it is important to keep in mind that democracy is a notion that was primarily developed and applied in the Western world. Therefore, a shift in the concentration of spheres of influence from West to East will also **impact the definition and practice of democracy**. Historically, economic success was believed to be linked with the implementation of democratic practices. Instead, the economic rise of China, and to a lesser extent Russia, India, and Brazil are giving a successful example of economic development within autocratic regimes, giving them less incentive to democratise.

As the world experiences a rising tide of nationalism and protectionism, **undemocratic countries are progressively creating more auspicious conditions for the spread of authoritarian rule**. Indeed, China's and India's fast-paced development and increasing influence have been a cause of worry for the West: disruption of strategic relations and the balance of power, redefinition of economic rules, the appearance of new military powers, as well as the questioning of the democratic system as the only regime capable of bringing economic and social prosperity. While major players such as India and China on the international scene bring change and disruption, **this variation is not necessarily something to dread**.

Key findings

- *The emergence of new players in the multilateral system has led to an imbalance of power in the existing institutions which need to be reviewed to be more inclusive and be able to formulate solutions fairly.*
- *As flawed democracies such as India and authoritarian regimes like China are gaining economic power, their political influence has been exacerbated and put in question the definition of democracy and its associated norms.*

China specifically does have all the assets of a great power but remains an authoritarian regime. It is a nuclear power, has a massive demographic advantage, and is unquestionably an economic giant. The country also possesses significant natural resources and is developing its military capabilities at great speed. Finally, as a permanent member of the United Nations Security Council, China is increasingly asserting its political influence on other key players. By 2012, China had become the largest trading partner of 124 countries, well exceeding that of the United States. This shift transformed world trade firstly by making China the centre of global supply chains and more recently by expanding in new export markets motivated by its trade war with the US.

Even though China had strained relations with key trading partners due to its use of economic leverages for political ends, its integration into a rules-based international system enabled its rise in the global economy and permitted the expansion of its external presence. Having such an important actor in the multilateral system, with an increasing sphere of influence while being an authoritarian regime can be a cause for concern.

China's Belt and Road Initiative (BRI) presents a massive project which combines the expansion of economic power with the increase and spread of influence across the region. Reminiscent of the Silk Road, this extensive infrastructure project will stretch from East Asia to Europe and will considerably expand China's economic and political influence.

The project presents a number of opportunities and risks as the BRI network will involve economies that represent a third of global GDP and trade, and close to two-thirds of the world population. The size and scope of the venture will tap into

largely unexploited potential through a vast network of railways, energy pipelines and highways and would improve connectivity across the region, expand China's bilateral relations with its neighbouring countries, and increase the use of Chinese national currency.

Moreover, these massive investments involve more than sixty countries that have either already signed on or have expressed their interest in doing so, which will boost Chinese income, its domestic consumer market and cultivate its export markets. But possibly the most important aspect of the BRI is its ability to allow China to have a better influence on shaping international norms and institutions, as it clearly shows an increasing willingness on China's part to assert its presence on the global stage. But possibly the most important aspect of the BRI is its ability to allow China to have a better influence on shaping international norms and institutions, as it clearly shows an increasing willingness on China's part to assert its presence on the global stage.

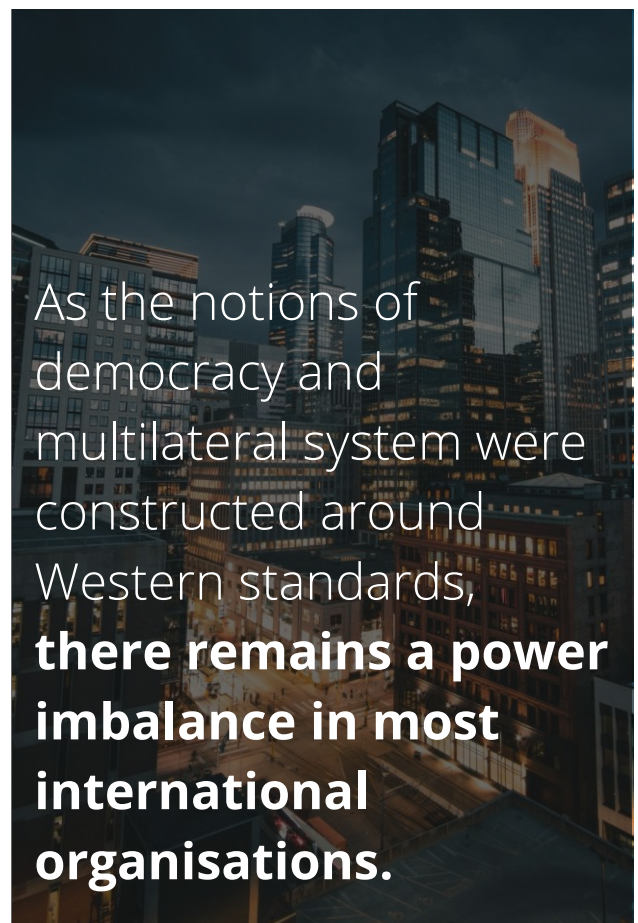
In the same way, China launched the Digital Silk Road (DSR) in 2015 which involves actors at all levels across the Chinese public and private sectors. By 2018, it comprised investments of \$79 million in digital infrastructure projects outside of China. The DSR aims to improve digital connectivity in participating countries, with China as the main driver of the process. The DSR often focuses on BRI participants and developing economies, but the DSR's reach is not limited to these actors. The initiative fills digital "voids" wherever it spots one, serving as a broader objective of narrowing the global digital divide but also challenging the existing dominance of the U.S. digital value system and dominant market share of its tech companies.

SECTION 1: A PARADIGM SHIFT

Thanks to its rapid economic growth, Beijing has also been able to focus on conducting an active diplomacy strategy on all fronts, aiming at expanding political influence in the world. Since the 1990s, the People's Republic of China has actively sought to break out of its diplomatic isolation and its attitude towards the international community has gradually changed. By then, the government led by Jiang Zemin-Zhu Rongji aimed to achieve China's integration by increasing its participation in international organisations and institutions. These phenomena have been exacerbated by the COVID-19 pandemic as more regimes have introduced repressive policies around the world.

The health crisis has also accelerated the shift in the global balance of power from the West to the East. However, as the notions of democracy and multilateral system were constructed around Western standards, there remains a power imbalance in most international organisations. As the distribution of voting power is uneven, non-Western emergent powers are underrepresented and undervalued. This can explain why besides obtaining its WTO membership in 2001, China has also participated in initiating the creation of a number of regional forums including the Asia-Pacific Economic Cooperation (APEC), the Asia-Europe Meeting (ASEM) as well as the Association of Southeast Asian Nations (ASEAN). All these efforts show a motivation from China to assert its position on the international stage and export its values. The expansion of Chinese influence has had the biggest impact in East Asia, and in developing countries where the Western democratic model had previously failed. Through a combination of such cultural programs and economic endeavours, Beijing is exporting its model of state capitalism tinged with authoritarian socialism.

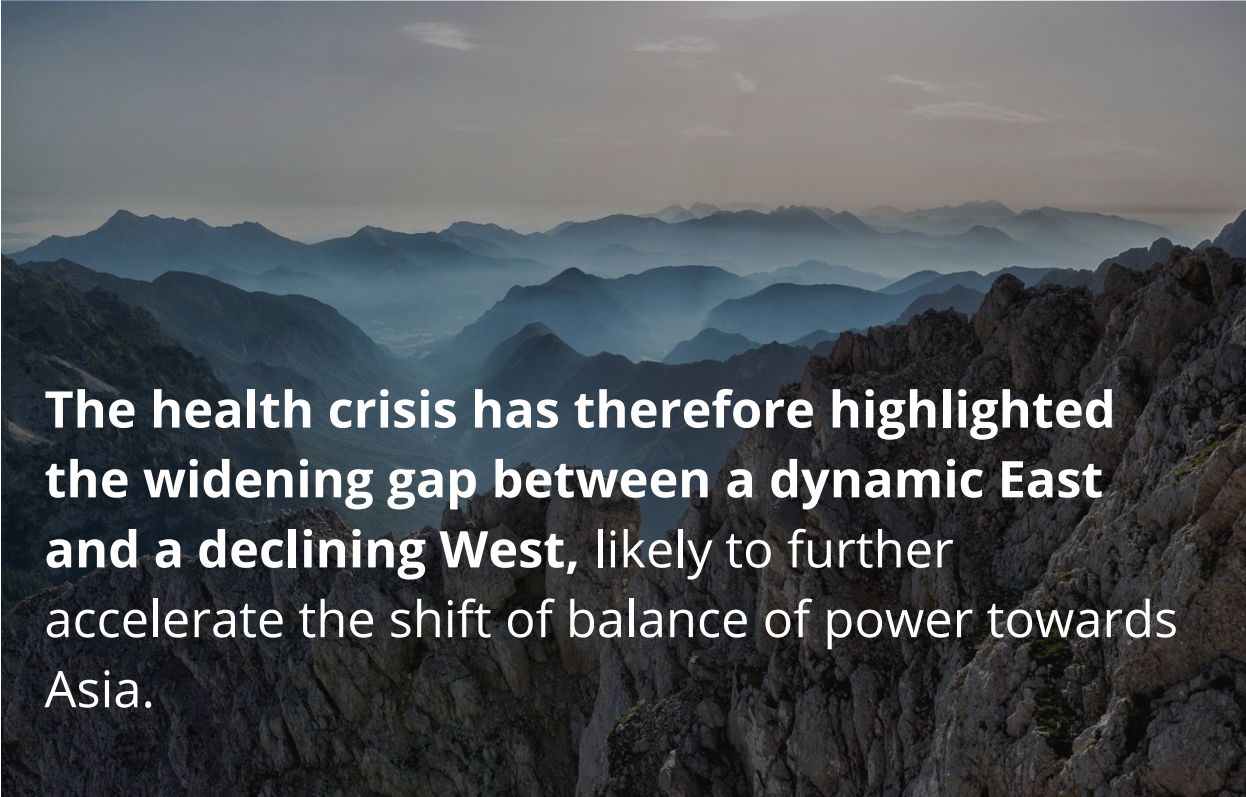
As another example, India was categorised as a "flawed democracy" in Democracy Index 2020 by The Economist Intelligence Unit, and therefore presents another case of regressing democracy while continuing its path of rapid economic growth. In India, democratic norms have been under pressure as its score fell from 7.92 to 6.61 between 2014 and 2020 which resulted in its global ranking slipping from 27th to 53rd place. Even though these democratic indicators have shown a backslide in India, its economic performance has been particularly impressive as the OECD's Economic Outlook 2021 has projected that its economy will expand by 9.9% and become the fastest-growing G20 economy in 2021.



Yet, the West's advantage remains overwhelming in a number of areas, most notably by the use of the English language worldwide. The norms that we have become accustomed to are dominated by Western values; international organisations, such as the United Nations, were constructed around these core values. This can, at least in part, explain the East's defensive stance towards the dominant West, and more specifically the flawed democracies and authoritarian regimes in the region towards the multilateral system and its institutions. As their respective economic weights have increased, it would be assumed that the influence of the East within these entities should have increased as well, based on proportional power distribution.

Yet, in a majority of these international organisations, the power distribution is based on the **members' economic weight at the time of the creation of these administrations**. In the case of the United Nations, this means that the voting rights distribution is based on economies in 1945, which are drastically different from today. This leaves the West largely overrepresented and the rest, especially Asia considering its massive economic development in the last three decades, extremely underrepresented.


In terms of the number of democratic regimes, Asia lags behind the West as the former accounts for only five "full democracies" according to The Economist Intelligence Unit's categorisation, while Western Europe has thirteen. Asia also has seven "authoritarian regimes" and Western Europe, as well as North America, have none. Even so, studies suggest that Asia has been able to handle the pandemic much better than any other region around the world with lower mortality rates and faster



The health crisis has therefore highlighted the widening gap between a dynamic East and a declining West, likely to further accelerate the shift of balance of power towards Asia.

SECTION 1: A PARADIGM SHIFT

economic rebound. This has permitted Asian governments to retain the confidence of their populations when in contrast European governments were slow to act, resulting in declining public trust in their State. The health crisis has therefore highlighted the widening gap between a dynamic East and a declining West, likely to further accelerate the shift of balance of power towards Asia. As this shift advances, it might implicate that the East, a less democratic region, would gain momentum over the comparatively more democratic West and would be in a privileged position to be increasingly influential in the multilateral system. This would inevitably boost chances for further regression of democratic indicators on the global scale. This will be further discussed and analysed in the next chapter.



Section 2:
**Reshaping the
Multilateral Order**

The Symptom or the Disease?

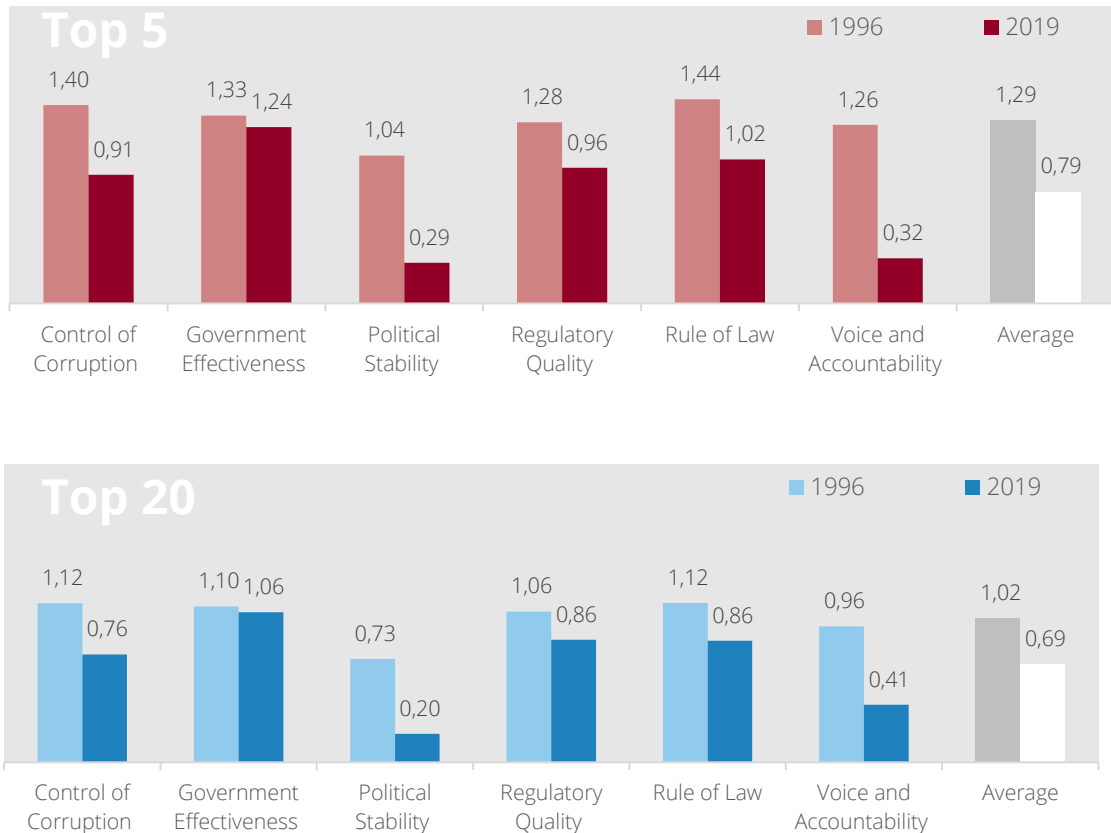
History has been shaped by social, political, and economic disorder. The devastation felt following the Second World War birthed the United Nations with **a key central mission of maintaining international peace and security**. The charter of the United Nations was developed with the commitment to settle disputes peacefully and prevent future conflicts. Admittance criteria to the multilateral arena were determined based on shared liberal democratic ideology and common values meant to unite the global sphere. **Yet multilateral order has never been stagnant**, as the shifts from a G5 to a G7 to eventually to a G20 highlight. As expressed in Chapter 1, the values that have long reinforced a unified robust multilateral system have been disintegrating due to a divided West, a disconcerted United States and an increasingly influential China; the multilateral system is fragmented in both its foundations and its operational capacity. Rebuilding a fragmented system during the crucial moments around the challenges of sustainable development, pandemics, climate change, and human security, as outlined in Chapter 3, is more important than ever before. For the first time since the end of the Second World War, we are witnessing a shift towards a more protectionist world order as the pandemic has exacerbated the widening chasm of unpredictability and unilateralism. Those values are threatening to become the norm of multilateralism if the US and its allies fail to navigate and resolve their differences and are unable to establish a convergence of interests with China and the East.

The Cold War called into question the capacity of the multilateral order. The role of NATO during this period was “to keep the Americans in, the Russians out, and the Germans down” according to its first Secretary General. The alliance proved to support its members while avoiding rivalries from resurfacing and escalating - the essential function of the multilateral order. Following the international tensions of the Cold War and the renewed sense of ability for multilateralism, an economic boom was felt around the world. **Yet the multilateral system was still quite unipolar**, reinforced by US hegemony, allowing for other nations to rise in potential for emerging nations such as India, China, and Japan. The optimism of collective security and economic growth was palpable during the 1990s.

Key findings

- *The values of democracy that built the contemporary multilateral order are being called into question as the new, rising, economic powerhouses score weaker on the Worldwide Global Governance indicators. As the aggregate levels of GDP increase, democratic indicators decrease by over 30%, challenging the longevity of western democratic ideals as their economic success continues to power forward.*
- *The share of GDP by the top 20 richest countries has not changed since 1996, however its composition has been modified. The G7 countries have lost more than 12% of their share of GDP while main players, such as China, have gained 10% of the global GDP share.*

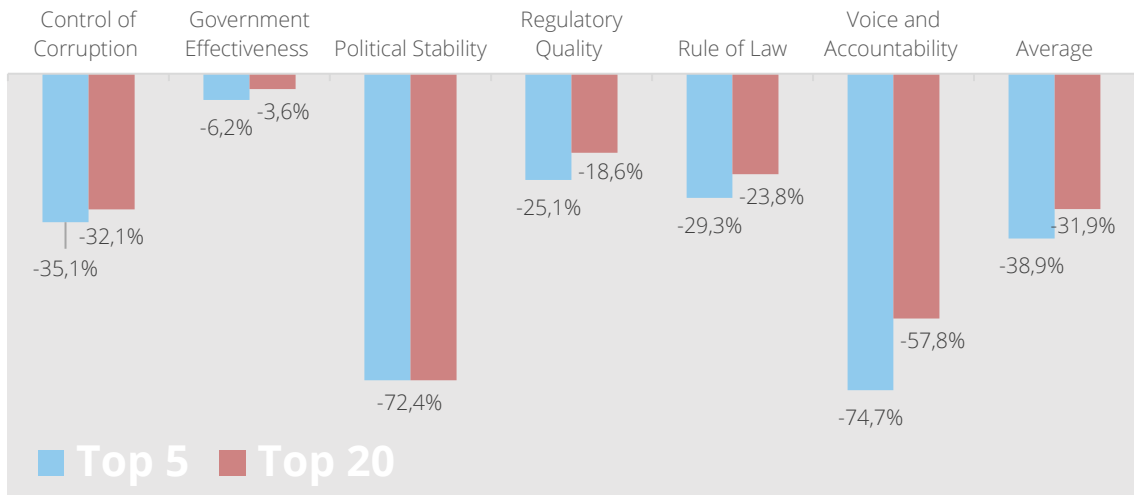
Figure 1: Top 5 and Top 20 Weighted GDP and Worldwide Governance Indicators



Source: Own elaboration from WGI Database.

At the time, it felt there would be a new tripartite between the US-EU-Japan, all of which are strong global economic powers and champions of democracy. Many countries adapted to these systems, to access the benefits of global trade due to the switch of importance from military might to economic might. A shift in hegemonic power and economic power can lead to uncertainty for the multilateral order, the protection of human security and the impact on sustainable development. By creating a synthetic aggregate index comparing a country's performance in GDP against the World Bank Worldwide Governance indicators, there is a disturbing trend of decreasing scores across all six key dimensions of governance. In 1996, the top five performing countries in regard to GDP were the United States, Japan, Germany, France and Italy, respectively. Amongst these five nations, the average weighted score by share of GDP against the Worldwide Governance was 1.29 points (Figure 1). Three of these nations remain in the top five currently, as the new ranking of 2019 consists of the United States, China, Japan, Germany, and France, with variations in their relevance in terms of GDP share. The new bloc of economic powerhouses has led to a nearly 40% decrease in the weighted average score of Worldwide Governance with a score of 0.79 points (-38.9%).

Figure 2: Percentage Change of Top countries in WGI from 1996 to 2019



Source: Own elaboration from WGI Database.

Unfortunately, when the pool of countries increases, the results remain worrisome. Increasing the analysis to the top 20 countries to include economies with flawed democracies such as Indonesia and India, according to the 2020 Economist Democracy Index, the other BRIC countries which causes the aggregate Worldwide Governance score to decrease from 1.02 to 0.69, a drop of -31.9% (Figure 2). The decreases in each individual indicator outline the new expectations of economic power and its relation to democracy.

From 1996 to 2019, there has been an overall decrease of 72.4% in the Political Stability and the Absence of Violence Indicator as the rise of China’s economy might diminish the aggregate score of these nations with its -0.24 score (Figure 3 and 4) . However, the blame cannot solely be put on China as the United States’ score had dropped from 0.47 points to 0.29 points from 2018 to 2019, calling into question the ability of strong economic performance to maintain democratic political stability. The backsliding of these indicators in the West is minuscule when compared to the overall weight and impact that China’s poor democratic performance has in this index. Yet it is not only China pulling down the score, but also other rising hybrid regimes.

The share of total GDP by the top 20 richest countries has not changed since 1996 (81.4% to 79.7%), however the players have shifted (Figure 5). The paradigm shifts highlighted in this report can be viewed by the exponential growth of BRICS and East Asia in terms of GDP rebalancing when compared to the G7 or the Euro Area. In 1996, the BRICS' GDP was under 18% of the size of the G7's GDP. Now, the BRICS' GDP is almost half (48.31%) of the GDP of the G7. While the G7 consists of 10% of the world's population and is made up of the seven largest so-called advanced economies, the pace at which BRICS countries, or five major rapidly emerging economies which represent about 42% of the world's population, is calling into question the longevity of western democratic ideals as their economic success continues to power forward.

If economic might still determines hegemonic success instead of military might, China is joining the race, calling into question the ability of the US and multilateral institutions to maintain dominance. Multilateral institutions have often been critiqued for their "one-size-fits-all" approach to development loans to enforce the liberal democratic values instilled in the current multilateral system. The conditionality clause of an IMF loan has been long criticized for forcing recipient countries to adjust to policy reforms without regard for the economic status, business environment, or cultural values of the country. The short-term focus of these packages can damage further long-term economic growth and sustainable development of the country.

Figure 3: Rank Change of Top 20 GDP Countries in 1996 and 2019

	1996	2019 with Rank Change	
1	United States	United States	0
2	Japan	China	5
3	Germany	Japan	-1
4	France	Germany	-1
5	Italy	France	-1
6	United Kingdom	India	8
7	China	United Kingdom	-1
8	Brazil	Brazil	0
9	Canada	Italy	-4
10	Spain	Canada	-1
11	Russian Federation	Russian Federation	0
12	Mexico	Spain	-2
13	Australia	Korea, Rep.	3
14	India	Australia	-1
15	Netherlands	Mexico	-3
16	Korea, Rep.	Turkey	2
17	Indonesia	Indonesia	0
18	Turkey	Netherlands	-3
19	Switzerland	Saudi Arabia	1
20	Saudi Arabia	Switzerland	-1

Source: Own elaboration from IMF data.

The Chinese economy has been one of the fastest-growing ones of the 21st century and is currently ranked the second-largest economy in the world based on GDP. China is also the world's largest official creditor with a high level of secrecy around the terms and conditions of its lending. A report published by the Kiel Institute for the World Economy contained the first systematic analysis of the legal terms for China's foreign lending. Based on the data from 100 contracts between Chinese state-owned entities and government borrowers in 24 developing countries, a few key trends emerge.

Compared to other bilateral, multilateral, and commercial creditors, Chinese contracts contain an unusual confidentiality clause that forbids borrowers from disclosing the terms of the loans, and even from mentioning the existence of a loan. The loans promise to keep the debt out of collective restructuring and rescheduling, which can remove the power from multilateral institutions like the IMF and private global credit organizations such as the Paris Club. Finally, cancellation, acceleration, and stabilization clauses in the Chinese contracts could raise the opportunity for the nation to influence debtors' domestic and foreign policies -creating the conditionality clause in its own right. With the success of China's socialist democracy as the largest contributor to global growth since the financial crisis in 2008, the nation is calling into question the need for multilateral institutions and even democracy. The EU often conditions preferential access to its market on achievement of Non-Trade Policy Objectives (NTPOs), such as sustainable development, human rights and good governance. The release of these contracts shows the lack of importance in regard to China's NTPOS, making it a more desirable trading partner for authoritarian regimes or countries with questionable sustainable development plans and human security.

Yet **without democracy at home, democracy in the global order will never survive.** A report by Club de Madrid discusses the need for "people-centred multilateralism" by integrating groups that have been typically marginalized into the multilateral sphere. This can only be attained and successful if democracy is flourishing on a national scale. There cannot be a multi-stakeholder approach to multilateral affairs if we do not have inclusive and participatory systems.

The pandemic tested international practices of cooperation and as no global power came out on top to support multilateral order, states took unilateral actions which only intensified the emergency. Protectionist measures during the pandemic surged through various examples; countries engaging in vaccine nationalism, President Trump's temporary ban on exports of N95 masks to Canada, Australia's strict border policies that banned even its own citizens from returning home, follow examples of dangerous levels of economic nationalism which have been on the rise over the past few years. As the Second World War acted as a watershed moment for multilateralism, **the pandemic offers a unique opportunity to "build back better"** without falling into the trap of protectionism and nationalism.



With the success of China's socialist democracy as the largest contributor to global growth, **the nation is calling into question the need for multilateral institutions and even democracy.**

However, the question remains: can multilateral order be built back better to answer the challenges of sustainable development if the nations with hegemonic power differ deeply on the driving factors of culture? The cultural compass from Hofstede Insights identifies how the diverging cultural values between the East and the West can impact the ability to recraft the multilateral system. Power difference is defined by the degree of power each person or state can exert to influence another's ideas and behaviour. Of the countries analyzed, China has the highest power distance with the US having one of the lowest scores. As well, they are on either side of the coin for individualism, with China having one of the lowest scores and the US having the highest of all countries; issues arise on either end of the spectrum due to such cultural differences and conceptions. A low power distance score indicates the emphasis on equal rights in all aspects of American society - political, economic, and social.

However, on the contrary, China's high score stipulates a society that believes it acceptable to have inequalities amongst people. In China, individuals are quite influenced by formal authority but also believe in the optimism behind leaders' capabilities. As such, in the US, society is defined very loosely with citizens only focusing on their immediate family and themselves, but also that Americans are not shy to approach or seek out information. Yet rising inequalities can endanger the strength and longevity of democracy because a widening gap between classes, in both countries, can play a role in increasing nationalistic values and protectionist measures. Previously, **the top-performing GDP countries were quite similar in regard to cultural values** and democratic behaviours causing less ambiguity in the international arena. However, **the rising non-democratic regimes** and the rise of the East **has shifted the expectations** and the rhetoric when considering shared cultural notions.



There **cannot be a multi-stakeholder approach** to multilateral affairs if we **do not have inclusive and participatory systems**

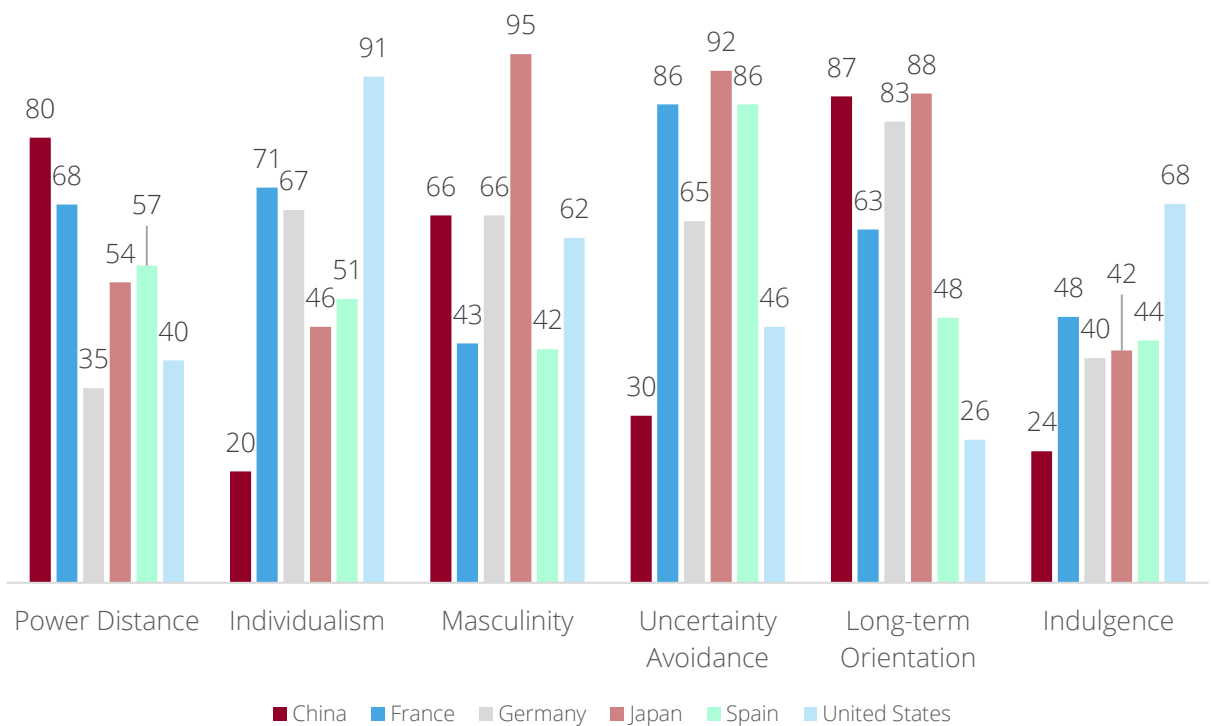


However, the rising non-democratic regimes and the rise of the East **has shifted the expectations and the rhetoric when considering shared cultural notions**

SECTION 2: RESHAPING THE MULTILATERAL ORDER

The key differences spread across four out of six indicators: indulgence, power distance, individualism, and uncertainty avoidance. The Hofstede Insights further support the conclusion that cultural values are not bound by geography nor historical ties. As shown in Figure 6, in some instances, countries in Europe score differently, regardless of their shared history and culture, while at other times, they seem to be more analogous to countries in the East. Therefore, each country in its own right will develop different approaches, priorities, and interests on the pathway to sustainable development.

Figure 4: Hofstede Insights on the Dimensions of Culture. Top 5 GDP Countries and Spain



Source: Own elaboration from Hofstede Database.

Each country in its own right **will develop different approaches, priorities, and interests** on the pathway to sustainable development.



Section 3:
**Reverberations in a
Disintegrating World**

Threats to Human Security

The decline in collective international action is jeopardizing the response to transnational threats, namely the most pressing issues of today such as the COVID-19 pandemic, vaccine rollout, and climate change. **This dereliction of international cooperation has exacerbated societal inequalities and is reflected through emerging risks to human health and security from rising unemployment and lack of opportunities, to widening economic divides, geopolitical fragmentation and the ensuing propagation of uncertainties from each.** Left unaddressed, the convergence of these risks will demand an increasingly urgent and extremely complex collaborative multilateral policy coordination.

Over the past few years, the world has come to witness widespread rising nationalism and propagating populism. **The upsurge of conservative parties, the deterioration of democracy and the impacts of nationalist policies can be observed across the world.** This trend was ushered in by right-wing conservative figureheads in the East, with the alarmingly domineering leadership of Recep Tayyip Erdogan which has crippled free speech and devastated the economy in Turkey, the weakening of institutions and erosion of civil liberties under Narendra Modi in India and Rodrigo Duterte's authoritarian reforms which have hijacked democracy and press freedom in the Philippines, to name a few.

Key findings

- *The democratic backslide of nations has triggered a cascade effect that has caused regression in governance indicators and consequently, posed an ongoing threat to institutional efficiency and accountability.*
- *These threats hinder progress towards sustainable development and exacerbate the regression of cooperation and multilateralism which are crucial to curbing risks to human security and prosperity.*
- *Local problems have global ramifications; the interrelation and broad scope of such challenges demand collective action by governments, corporations, international organisations and civil society.*

Over the course of this report's timeline, several of the aforementioned leaders, among many others, but particularly Erdogan and Modi, have further dismantled environmental protection. Erdogan, driven by political and economic aspirations, has launched a series of massive infrastructure projects that aim to carve a 45-kilometre canal connecting the Black Sea with the Sea of Marmara, disrupting hundreds of ecosystems in its wake. Similarly, Modi has manipulated the ongoing health crisis in order to subvert environmental safeguards and achieve his neoliberal economic policies, reducing India's protected areas through deforestation and mining projects.

However, this phenomenon has also begun to gain traction throughout the developed West by rightist political figures and parties with the likes of Donald Trump's nationalist-populist rhetoric, which dominated the United States for the last 4 years, and Boris Johnson's unexpectedly triumphant Brexit referendum in the United Kingdom. Similarly, the developing West witnessed the likes of Viktor Orban with his authoritarian populist reforms in Hungary, not to mention Jair Bolsonaro's arbitrary regime which has not only diminished democratic institutions within Brazil but also undermined the country's environmental policies triggering large-scale deforestation of the Amazon rainforest, which reached a staggering 11,088 square kilometres in 2020 alone, according to Brazil's national space agency, Inpe.

Through the growing emphasis on polarization and marginalization, such instances of **increased separatism endanger the progress made towards international cooperation, globalisation, and democracy**. These recent trends have consequently curtailed unity and brought about the degeneration of multilateral institutions and agreements.

Seemingly the compounded result of global inaction, increased protectionism, and decline in multilateralism has disrupted the progress towards addressing threats to human security and have instead led to the acceleration of climate change and biodiversity loss, the deepening of social and economic schisms and idle COVID-19 response. The failure to build effective and collaborative response plans to tackle and curb the impact of such issues has ultimately increased social fragmentation, weakened economic progress, exacerbated inequality and amplified ecological and climate hazards.

2020 ushered with it an unprecedented unforeseen set of challenges and risks as the novel Coronavirus swept over the world, overburdening hospitals, imposing lockdowns, and crippling economies. A majority of countries worldwide have had to impose stringent lockdown measures, sending shockwaves throughout the global economy, with a devastating, relentlessly soaring human toll and unmatched impacts on various dimensions of civil society. The repercussions of the pandemic have extended into public health, economic and social stability, and politics. The pandemic has had far-reaching impacts that we are only beginning to grasp the full extent of, a year and a half after its onset. **While the global economy begins to recover, social structures continue to undergo tumultuous times.** Across Latin America, attacks on civil liberties spiralled and spread throughout the region across Venezuela, Colombia, Chile, Brazil, and Haiti, to name a few. While COVID-19 offered governments a pretext to partake in oppressive and violent crackdowns, more people took to the streets in anti-government protests against increased taxes, pestilent corruption and crumbling infrastructure.

While countries across the globe have witnessed bouts of social unrest due to pandemic response over the past year, a majority of the people were protesting the

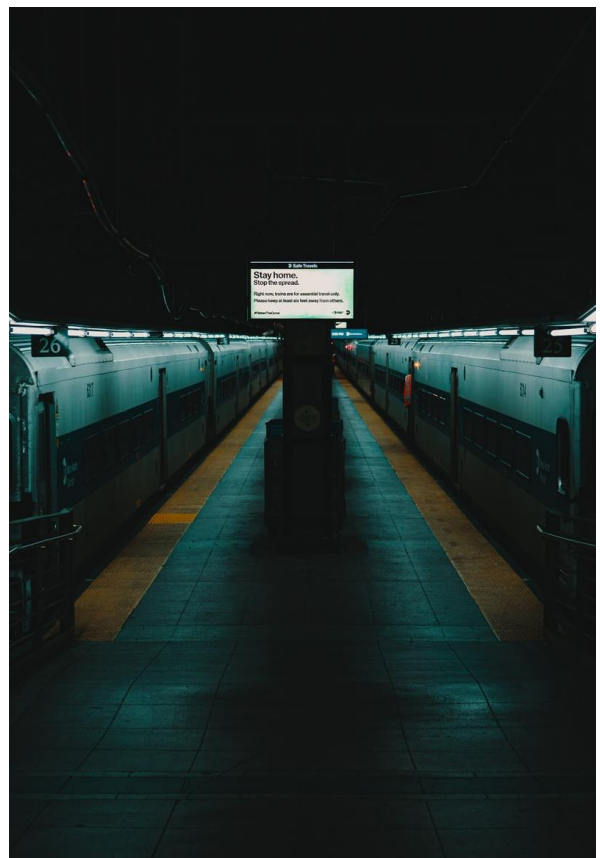
SECTION 3: REVERBERATIONS IN A DISINTEGRATING WORLD

indirect implications that were exacerbated by the pandemic. One of the leading drivers behind much of the uprisings is the vast loss of employment across all sections of society throughout the world.

As the world came to a halt during the spring of 2020, hundreds of thousands of employees in various sectors, particularly in service industries, found themselves unemployed. With businesses closing their doors, major stock markets crashed, and consumption rates stagnated with the implementation of lockdowns across countries. These economic ramifications, combined with pre-existing factors such as corruption, state censorship and increased social inequality, directly translated into **demands from global civil society for economic, social, and environmental justice**. For instance, nationwide anti-government protests in Lebanon continued into their second year as the people demanded democracy, accountability and social justice and an end to the sectarianism that tore the country apart for decades. In India, farmers across the country have taken to the streets, demanding the government to repeal new agriculture laws which minimise government support and open India's agriculture to private companies. Today, India is witnessing a brutal second wave of the pandemic which has rendered the country's already inadequate health infrastructure inoperative. These global instances of dissimilar civil disorder portray how the unprecedented magnitude of the pandemic has aggravated antecedent conditions and has acted as a catalyst in fostering deeper inequalities and uncertainties.

The pandemic has also had political implications; much debate has circulated around the origins of the outbreak, further straining relations between the

United States and China and changing China's influence in the multilateral order as the global perception of the country's mismanagement of the early stages of the outbreak turned into a blame game. Furthermore, the race towards developing a vaccine, which dominated the global pandemic response strategy during late 2020, promoted renewed enmity among countries and further delayed rollout and distribution, mainly due to protectionist ambitions and nationalist overtones. Thus, **the pandemic has emphasized the importance and urgency of coordinated responses to interconnected risks**. Even though the pandemic has affected all countries, it is hitting particularly hard those who were already struggling with poverty as was witnessed with the emergence of new COVID-19 strains in Brazil and India and weak containment efforts in Uganda.



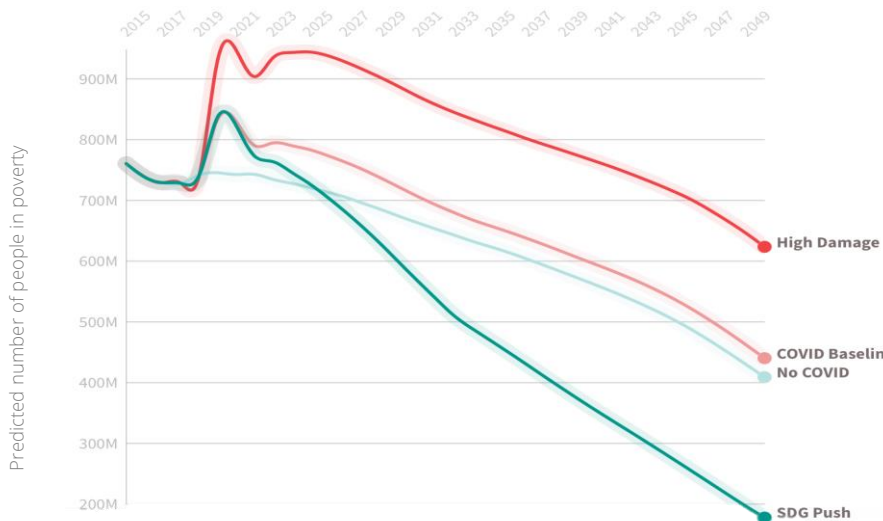
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In the same way, COVID-19 also presents risks of exacerbating climate-related security risks such as additional pressure on resources, increasingly precarious living conditions for migrants and refugees and more barriers that hinder migration as an adaptation strategy. Many of the regions most affected by the pandemic and its consequences in terms of unemployment, increased inequalities, and risks to their safety, are likely those who will be hit the hardest by the consequences of climate change. However, it comes as no surprise that countries grappling with economic, social, and political uncertainties will most likely bear the brunt of the majority of threats to human security; this phenomenon has been witnessed over the past few decades with increasing climate hazards but also over the past year with the pandemic.

A UNDP study, published in partnership with Frederick S. Pardee Center for International Futures at the University of

Denver, forecasts different scenarios in which the pandemic will impact the progress on the SDGs. The report proposes four main pathways which project various degrees of severity and consist of a “No COVID” scenario assuming the path towards sustainable development prior to the coronavirus outbreak, a “COVID baseline” scenario portraying the envisioned impacts of the pandemic, a “High Damage” scenario which projects the possible wide-ranging long-term implications of the pandemic and an “SDG Push” scenario proposing positive progress towards reaching the SDGs, that would have been otherwise missed due to the pandemic. **The pandemic has exposed the fragility of the SDGs and their potential to be met in a post-pandemic world;** the ongoing crisis has made a majority of the sustainable development goals more challenging as it poses several short-term and long-term impacts which will ultimately lead to widening economic and social gaps, particularly in developing countries.

Figure 5: UNDP Forecast on Covid’s Impact on SDG Progress



Source: UNDP



The repercussions of COVID, regardless of their severity and scope, threaten to not only reverse current progress, but also regress past the initial baseline set towards fulfilling the 2030 Agenda for Sustainable Development and will result in the propagation of consequences across social, economic, and environmental aspects of human security. The lack of cooperative will among states across the world to collectively collaborate in order to tackle these issues only further exacerbates the regression. However, the responsibility to develop pathways toward sustainable development cannot solely lie on governments.

Corporations play a critical role in the fulfilment of targets set by the 2030 Agenda as they constitute a major source of finance and are considered as drivers of the global economy, employment, and innovation.

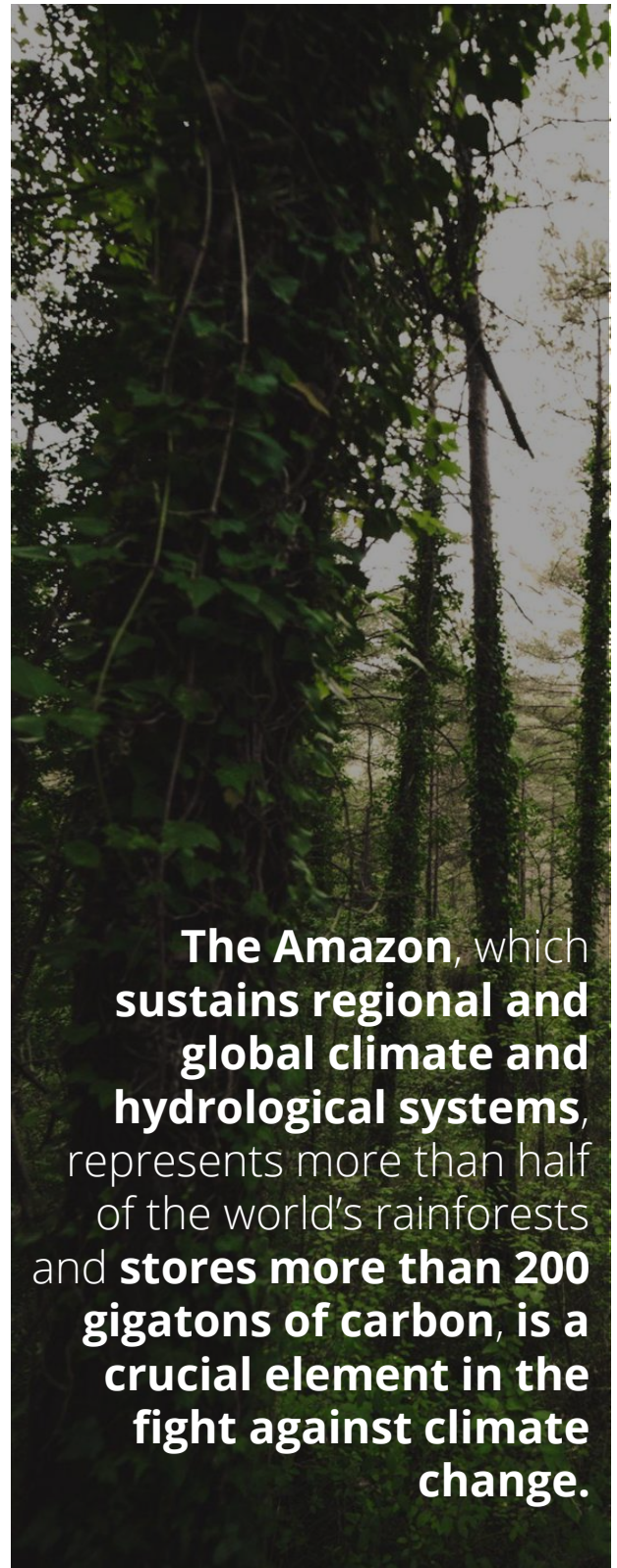
The private sector, across all industries, must develop and adopt strategies that meet the needs of the enterprise and its stakeholders while simultaneously safeguarding, sustaining and enhancing the human and natural capital that will be needed in the future. The interconnectedness of such risks and the wide scope of their impact not only require but also demand a holistic approach, supported by the collaboration between public and private institutions. As governments are expected to administer and enable sustainability through regulatory frameworks and policies, corporations, on the other hand, must reform their business strategies and operations in order to create channels towards sustainable development. An apposite example can be seen in the drivers and impacts behind the expedited deforestation of the Amazon Rainforest. Bolsonaro's national and protectionist policies have accelerated deforestation and ecosystem destruction in the Amazon, particularly when he initially rejected immediate global aid contributions aimed at controlling fires in 2019. In addition, Brazil accounts for a majority of global beef and soy production and has witnessed massive growth in these sectors as a result of increased global consumption and demand. Thus, the complicity of giant corporations, combined with Bolsonaro's inadequate and often circumvented environmental safeguards, have contributed to large-scale forest loss, drought and fires. Brazil took a decision based on its sovereignty, but the problem must be dealt with on a global scale. The Amazon, which sustains regional and global climate and hydrological systems, represents more than half of the world's rainforests and stores more than 200 gigatons of carbon, is a crucial element in the fight against climate change. In this case, national interests hindered the efforts towards deforestation, a national environmental disaster, and thus directly curtailed the global issue of mitigating climate change, a global issue.

As the aforementioned synthetic index which measures the aggregate GDP against Worldwide Governance indicators provided in the previous chapter, Political Stability, Absence of Violence and Terrorism as well as Voice and Accountability have been the most pliable indicators as a result of the shifting world order.

However, they have also been the main drivers behind the disruption of human security and a threat to human rights. Thus, the interconnected nature of the SDGs demonstrates the urgency behind establishing a recovery roadmap that encompasses the heterogeneous roots behind security and sustainability risks.

The ground-breaking and alarming 2018 IPCC Report warning against the impacts of the warming of global temperature at 1.5 degrees and 2 degrees, provides an analysis on the risks as temperature increases with assessments of the climate system, including regional assessments for temperature and precipitation means and extremes. According to the report, such expedited temperature increases will expose several hundred million people to hazardous climate-related risks by 2050 and would likely inflict irreversible damage to the environment through a combination of local and global stressors, namely impacting coral reefs, crop yields, sea levels and the Arctic. Predictions warn that these systems are likely to be threatened by a combination of large-scale singular events such as extreme weather and gradual environmental degradation such as the extinction of wildlife.

The consequences of such threats surpass environmental implications and directly translate into variegated insecurities to human systems, with economic, social and political ramifications. **The lack of multilateral action impedes critical progress and further aggravates precarity.** This vicious cycle becomes in itself an evolving complexity of threats to human security.



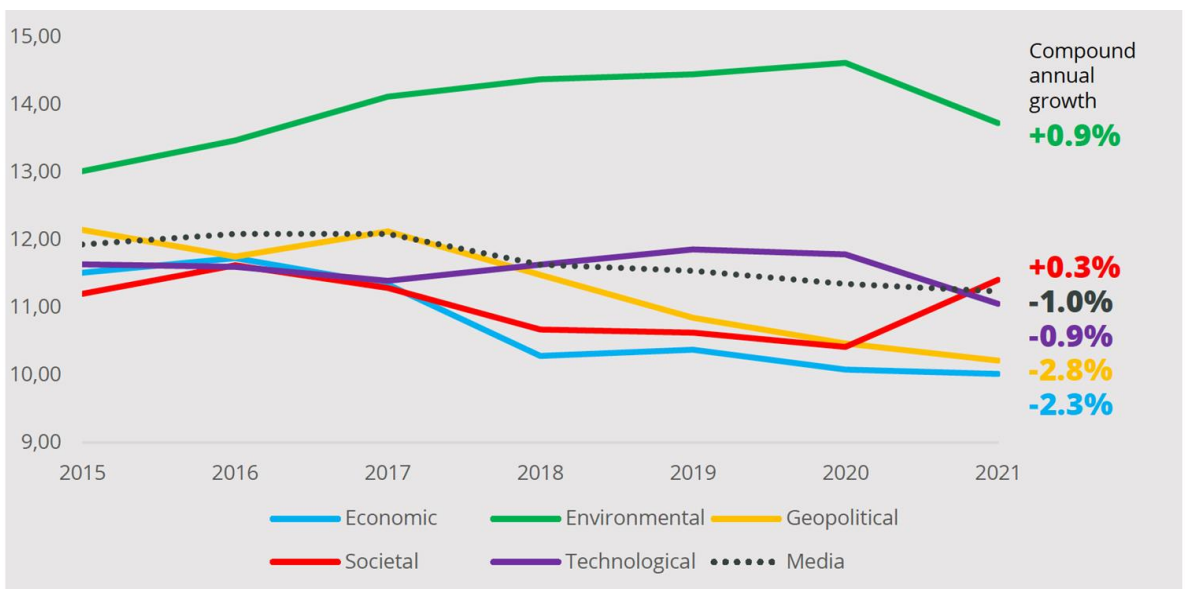
The Amazon, which sustains regional and global climate and hydrological systems, represents more than half of the world's rainforests and stores more than 200 gigatons of carbon, is a crucial element in the fight against climate change.

SECTION 3: REVERBERATIONS IN A DISINTEGRATING WORLD

The Global Risks Perception Survey identifies climate action failure as the most impactful and second most likely long-term risk, with infectious diseases being first. These two converging risks threaten global stability, security and cooperation. The 2021 Global Risk Report of the World Economic Forum presents a change in trends with respect to the evolution of new risks such as prolonged economic stagnation, natural resource risk, fracture of interstate relations, geopoliticization of resources, collapse of multilateral institutions collapse of social security systems, disillusionment among young people, and digital inequality, to name just a few; most of these new risks fall into the social category, with the remaining relevant risks that have recently increased being debt crisis and environmental damage. Environmental risks continue to be the most probable and impactful, growing the most between 2015 and 2021, as the graph on the previous page portrays.

As governments, businesses and individuals survey the damage inflicted over the last year, developing a strengthening and strategic response is now more important than ever. With the world more accustomed to risk, there is an opportunity to establish more effective ways to identify and communicate the risks and consequences of widening inequalities and societal fragmentation. In some cases, disparities have become the direct result of the dynamics the pandemic created. In others, existing societal divisions have widened, straining weak safety nets and economic structures beyond capacity. These gaps must be narrowed through collective global actions to restore and rebuild a post-pandemic world with more inclusivity and accessibility. Inaction on economic inequalities and societal divisiveness may also hinder efforts to tackle climate change.

Figure 6: Evolution of World Economic Forum's Global Risk Report Risk Categories



Source: Kreab Sustainability Outlook

With the world more accustomed to risk, **there is an opportunity to establish more effective ways to identify and communicate the risks** and consequences of widening inequalities and societal fragmentation.





Conclusions:
**Multiscale Strategies for
Sustainable Development:**

Understanding The Matrix and
Policy Recommendations

Considering the analysis, five main policy recommendations were formulated. The multilateral system both aims at and depends on increased cooperation between interlinked actors of society and without it, discussion and formulation of long-term sustainable solutions are not possible. International organizations were therefore first created to act as neutral forums to facilitate dialogue. These symposiums are the only tool at hand to address global challenges such as climate change, and more recently, pandemic response. Individual actions by states, companies and private citizens will not be enough to tackle its implications. These recommendations aim to promote a collaborative, symbiotic relationship between the main stakeholders within society when it comes to the risks engendered by not achieving sustainable development: citizens, governments, and companies. The recommendations, therefore, include more general aspects such as increasing interactions and collaboration between these actors, as

well as practical and operational solutions to increase the efficiency of multilateral entities through reforming their functioning and increasing the focus on the many aspects of sustainable development solutions. They also integrate multiple levels of governance: domestic, regional, and global, both in the private and public sectors.

Multiscale strategies for sustainable development: understanding the matrix

A scenario matrix was constructed in order to comprehend different possibilities that impact policies passed on national, regional, and global scales would have on achieving sustainable development. Based on the degree of multilateralism in decision-making processes and the ambition of policies, output can be traced upon the graph above. This report has highlighted that **achieving a positive impact scenario with uncoordinated, or polarised, policies at the national decision-making level could prove to be a difficult task.**

Figure 7: The Multiscale Matrix for Sustainable Development and Decision-Making



However, if countries operate through a multilateral decision-making process with the goal of positive or neutral impact, there is likelihood for success. For example, the Paris Agreement emphasizes the necessity for countries to cooperate for sustainable development at a multilateral level, which can bring about either positive or neutral impacts. The ultimate goal is for nations, and other stakeholders, to operate through cooperative and collaborative decision-making processes in their pursuit of positive impact for global challenges in order to create global prosperity.

POLICY RECOMMENDATIONS

The recommendations focus on the two main solutions developed in this report which consist of reimagining multilateral order and decision-making processes and formulating operational pathways for sustainable development. Ensuring that these issues are achieved in itself will be a process that demands education, collaboration and commitment on a domestic and global level.

1. Reimagining the Multilateral Order and Decision-Making Processes

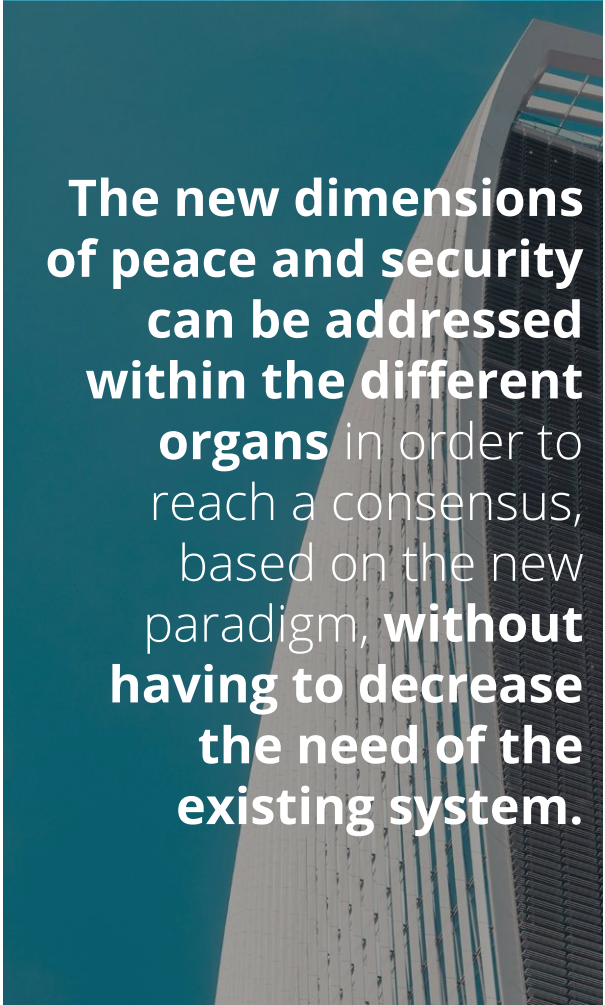
1.1 Multilateralism in International Institutions: Redistribute power within the United Nations system to allow for consensus to be reached in innovative ways.

There is much literature that indicates the ineffectiveness of the United Nations Security Council in regard to consensus building, as well as sufficient literature discussing the reforms that can be made to that specific organ. However, there is a gap in the literature surrounding reforms in other United Nations organs; these entities could be utilized to create an environment that better embraces the values of new rising powers in the multilateral system. Currently, as the United Nations is the main legitimate system in place to regulate the multilateral order, there ought to be methods to reach consensus without completely abolishing the contemporary system. The establishment of the UN was created to address problems between peace and conflicts, but as this report highlights, conflicts have changed. Destruction is no longer limited to the battlefield, it comes in the form of climate change, pandemics, and the absence of long-term policies to address sustainable development; the Security Council is not qualified to resolve these contemporary issues, as it was not founded to that effect. In 2014, the General Assembly passed the first-ever UN emergency health mission to combat the Ebola emergency (UNMEER) after the Security Council declared the outbreak a “threat to international peace and security”. The Ebola crisis required fast action, therefore the Secretary-General sent approval both to the General Assembly and the Security Council for the mandate to form the mission by using competition between the two organs. Increasing the significance of the other organs of the United Nations system, such as the Economic and Social Council which focuses on sustainable development, can allow emerging economic powerhouses to feel empowered in the international arena in relation to human security elements and sustainable development.

The new dimensions of peace and security can be addressed within the different organs in order to reach a consensus, based on the new paradigm, without having to decrease the need of the existing system.

1.2 Multilateralism between countries: Reduce global inequalities by increasing the visibility and inclusion of non-western perspectives into multilateral organizations.

As the current global situation presents a transition from a US-centric to a Sino-centric system, it becomes increasingly important that international organizations reform their voting rights and proportional representation of all members, thus ensuring complete neutrality, and creating an environment prone to inclusivity and cooperation on an equal footing. As explained in our analysis, and more specifically in Chapter 1, China has been further integrated into the multilateral system and its institutions, however Western countries remain overwhelmingly dominant in the majority of these entities making it hard for other regions to have their voices heard. This can create a sense of unfairness considering that several emergent countries have now made it into the top 20 economic powers and are still lacking equitable representation. If the status quo remains unchanged, it will run the risk of creating an environment of conflict. Indeed, as non-Western countries feel unfairly cast as second-rate actors, cooperation will be hindered. On the other hand, if international organizations set the conditions through a fair representation proportional to GDP to function and act as neutral entities, dialogue and cooperation for sustainable development will be facilitated, breaking down barriers to attain common interests and formulating inclusive responses.



The new dimensions of peace and security can be addressed within the different organs in order to reach a consensus, based on the new paradigm, **without having to decrease the need of the existing system.**

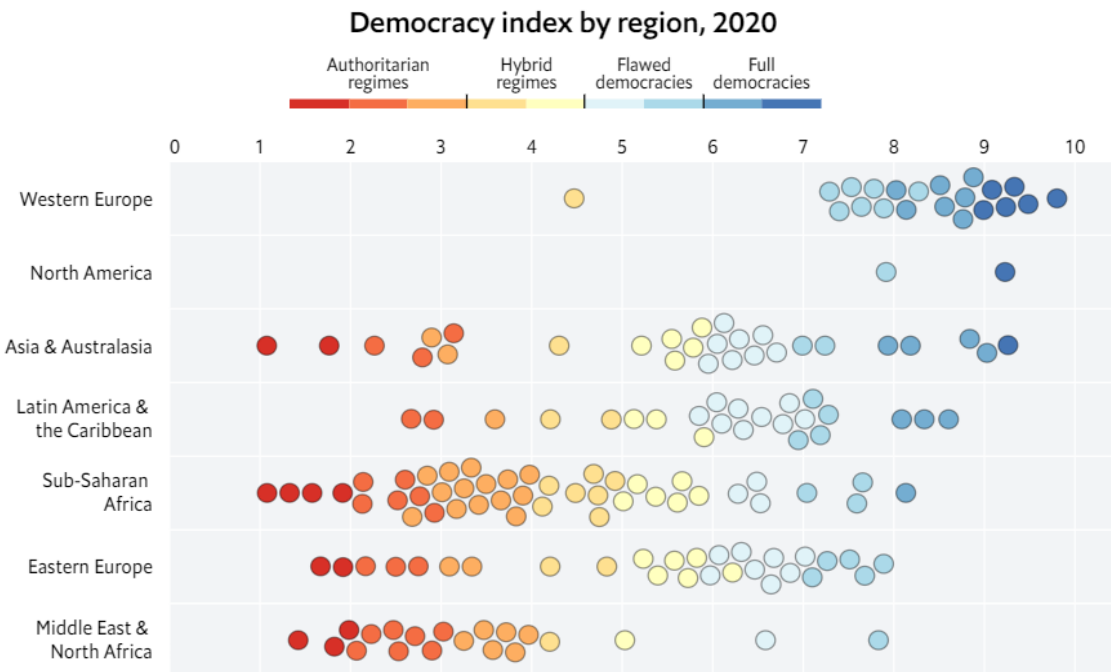
As mentioned in Chapter 2, the cultural compass from Hofstede Insights identifies how the diverging cultural values between the East and the West can impact the ability to recraft the multilateral system. Such discrepancies in societies that created the institutions and the new players in terms of cultural behaviour can impact the efficiency of these administrations. China and the US' Hofstede values, which are defined in Appendix 2, are much more different than the US and other traditional G5 economies such as Italy, France, or Germany. These differences in perspectives need to be considered in terms of cultural views points in the decision-making process of multilateral organizations.

1.3 Multilateralism within countries: Reduce domestic inequalities to support democratization efforts and advance sustainable development at national and global scales.

The disturbing downward trend of increasing GDP and decreasing Worldwide Governance indicators must be addressed promptly. The 2020 Economist Democracy Index outlines the increasing number of authoritarian and hybrid regimes in the past 15 years, which is in line with this analysis from this report's synthetic index. The domestic policies that have led to massive levels of economic growth have been successful, at the cost of an overall backsliding of democracies. According to the Economist Democratic Index 2020, the top 5 democratically performing countries are Norway, Iceland, Sweden, New Zealand, and Canada, respectively.

Yet only the latter one is ranked in the top 20 performing GDP countries. Canada's economy is closely linked to that of the United States, but the country has its own unique economic practices and has a well-developed social safety-net to protect citizens from financial and societal inequities thus safeguarding its people and institutions. Nations need to recognize that a successful multilateral order cannot be achieved without strong democratic institutions at home, and the current policies in place have circumvented the core values of the multilateral order. That is not to say that the contemporary state of the international arena should not be reimagined; the COVID crisis can act as an opportunity to build back better. The levels of current economic success should be diverted to sustain local democratic institutions and support their needs for achieving sustainable development.

Figure 8: The Economist Democratic Index by Region 2020



Source: The Economist

2. Formulating Operational Pathways for Sustainable Development

2.1 Develop an intersectional approach through the promotion of Public-Private Partnerships to drive sustainable solutions across environmental, economic and social dimensions.

COVID-19 has displayed the need for collaboration among governments, corporations, and the public. In order to formulate a unified resilient response to risks that threaten human security and ensure sustainable development across all dimensions: economic, environmental, and social, bridging the gap between the public and private sector is necessary. Public-Private Partnerships (PPPs) typically result in arrangements between the public and private sectors to overcome the limits inherent to the two types of administration and go beyond the classical definition of their respective roles. Countries, civil society, and corporations must work together to address the ongoing pandemic, the ensuing economic and social pressures as well as other long-term challenges such as biodiversity loss, climate change, widening inequalities, and the protection of human rights. As explored in Chapter 3, the entwined multifaceted nature of the risks that face our modern-day world demands a holistic and coherent approach that integrates interests between short-term economic and political gains and long-term sustainability for all stakeholders. Government policies and corporate strategies should complement one another and create shared spheres of framing recovery and response mechanisms, in order to facilitate a united and coordinated outlook. PPPs allow greater management flexibility for the public body while ensuring that the projects remain in charge of public service management.

Such a collaborative effort by combining the strengths of each will allow a fortification of their relationship and an increased efficiency of their results. Reinforcing the role of private companies will ensure that they are involved in the decision-making process on issues that will impact their activities. This requires that multilateral organs communicate better with the business sector so that relations can be formed. As such, the private sector should be treated as an equal partner and there should be a focus on concrete deliverables that are in everyone's interest. For instance, in 2019, the city of Vancouver partnered with FortisBC to build new plants that capture methane from the city's landfill and add it to the regular natural gas stream to reduce its carbon intensity. This project was formulated in the context of Vancouver's plan to reach 100% renewable energy by 2050. Through this partnership, the city increases the efficiency of the project while retaining control over the outcome and the company gets to showcase its best practices, giving it the opportunity to expand its operations. In short, such coordination is necessary to build resilience,



maintain peace and security and ultimately protect the environment to reverse climate change.

Companies are encouraged to establish indicators, set performance targets across their operations, and increase transparency through reporting on their progress and commitments to sustainability such as supply chain reform, the protection of employee rights, and the curbing of negative environmental impacts. On the other hand, governments should emphasize compliance requirements and revise regulatory frameworks which obstruct long-term growth in an ever-changing world. A collaborative policy engagement approach allows resources to be pooled, provides the strategic institutional and organisational structures necessary for public policy engagement, and helps build knowledge and skills. Thus, a sustainable socioeconomic model must be founded upon networked, inclusive, resilient, and effective principles.

2.2 Mobilise and catalyse sustainable investments in order to facilitate the financing of long-term growth.

Climate change has long-term social, economic and environmental implications and presents governments and corporations with a unique set of risks and opportunities. The responsibility towards driving sustainable development and achieving stability across all human systems equally lies upon the shoulders of investors, governments, corporations, and consumers. Governments are obliged to create institutions and frameworks that ensure accountability and demand transparency. Through reforming regulatory frameworks, governments can remove institutional and policy barriers towards the financing of sustainable sectors.

Stringent accountability measures towards corporations and consumers are key to confirming the involvement of all sections of society in the process. Investors are essential in promoting change; global assets and capital flows must be repositioned into green finance. The lack of a productive economic model makes climate change mitigation particularly a challenge. The need for investment is high and essential for the fulfillment of the 2030 Agenda for Sustainable Development across different dimensions such as equality, health, poverty, education, or environment. Sustainable investments would as a result achieve the “SDG Push” scenario, previously displayed in Chapter 3, which calls for inclusive green growth and simultaneously extends potential for quick gains in the short-term that can incentivise investments in behavioural and institutional transformations necessary for SDG achievement in the long-term. Attaining the “SDG Push” scenario requires a joint effort by all stakeholders and demands the reallocation of funds into sustainable sectors and industries. Thus, investment has to be coordinated so that sustainable finance is effective and efficient, simultaneously building back better in the face of challenges to sustainable development. Particularly, efforts for financing certain objectives, such as energy transition, reduced hunger and wider education, are required to enable coordination at a global scale in order to meet the Paris Agreement and the 2030 Agenda. Achieving the SDGs could open up \$12 Trillion in market opportunities and create 380 million jobs by 2030; not investing in sustainable development thus poses worse economic losses. Due to the establishment of the 2030 Agenda for Sustainable Development, the past few years have witnessed an increase in the variety of sustainable investment tools.

These recommendations focus on **reimagining multilateral order** and **decision making processes**, and **formulating operational pathways for sustainable development**

Green bonds, blue bonds, and social bonds, among many others, facilitate the financing of positive impact projects and seek to support issuers in financing socially and environmentally sound and sustainable ventures. Likewise, shifting consumer trends and amplified demands for responsible production among the global public have further contributed to the notion of sustainability. Compounded investor interest and consumer demand for sustainability have inevitably pressured corporations into seeking more sustainable options for their operations. However, in order to achieve sustainable growth, a more vigorous approach is required. Social and environmental risks translate to economic shocks. Corporations must realise that this direct correlation threatens financial returns and thus business continuity; industries must acknowledge the vitality of their sectors depends on the safeguarding of social and environmental systems.

IMPACT ON GLOBAL CHALLENGES

Positive Impact	Implausible Action		Global Prosperity
Neutral or unpredictable		EU 2050 Goals	Paris Agreement
Negative Impact	Unequal and Severe Impacts Current Situation		Failure in Cooperation
	National/Polarised	Regional	Multilateral

DECISION-MAKING PROCESS

POLICY RECOMMENDATIONS

1.Reimagining multilateral order and decision making processes

1.1 Multilateralism in International Institutions: *Redistribute power within the United Nations system to allow for consensus to be reached in innovative ways.*

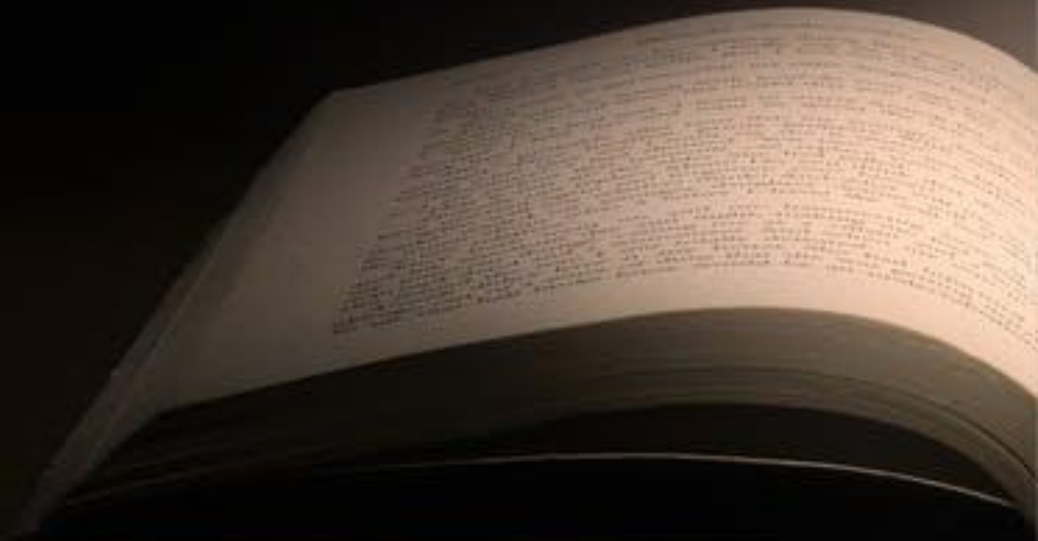
1.2 Multilateralism between countries: *Reduce global inequalities by increasing the visibility and inclusion of non-western perspectives into multilateral organisations.*

1.3 Multilateralism within countries: *Reduce domestic inequalities to support democratisation efforts and advance sustainable development at national and global scales.*

2.Formulating Operational Pathways for Sustainable Development

2.1 *Develop an intersectional approach through the promotion of Public-Private Partnerships to drive sustainable solutions across environmental, economic and social dimensions.*

2.2 *Mobilise and catalyse sustainable investments in order to facilitate the financing of long-term growth.*



Bibliography & Glossary

The main sources of knowledge for trends in sustainability, Multilateralism, and human security

To prepare this report we have read, consolidated and analysed sources of information in English, French, and Arabic, which are listed on the following pages, along with a list of recommended reading.

We hope that we have been able to condense and adequately reflect all this knowledge, but in any case, the Kreab Sustainability & Economics team is at your disposal for any questions you may have regarding the contents of this report.

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Glossary

World Bank Worldwide Governance Indicators

1. **Voice and Accountability** → captures perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media
2. **Political Stability and Absence of Violence/Terrorism** → captures perceptions of the likelihood of political instability and/or politically motivated violence, including terrorism
3. **Government Effectiveness** → capturing perceptions of the quality of public services, the quality of civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies
4. **Regulatory Quality** → captures perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development
5. **Rule of Law** → captures the perceptions of the extent to which agents have the confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence
6. **Control of Corruption** → captures perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests

Hofstede Cultural Insights

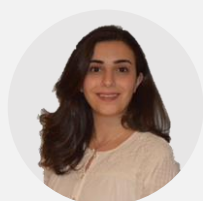
1. **Power distance** → the attitude of the culture toward these power inequalities amongst us. Power distance is defined as the extent to which the less powerful members of institutions and organisations within a country expect and accept that power is distributed unequally. It has to do with the fact that a society's inequality is endorsed by the followers as much as by the leaders.
2. **Individualism** → the degree of interdependence a society maintains among its members. It has to do with whether people's self-image is defined in terms of "I" or "We". In Individualist societies people are only supposed to look after themselves and their direct family. In Collectivist societies, people belong to "in groups" that take care of them in exchange for unquestioning loyalty.
3. **Masculinity** → what motivates people, wanting to be the best (Masculine) or liking what you do (Feminine). A high score (Masculine) on this dimension indicates that the society will be driven by competition, achievement and success, with success being defined by the "winner" or "best-in-the-field". A low score (Feminine) on the dimension means that the dominant values in society are caring for others and quality of life. A Feminine society is one where the quality of life is the sign of success and standing out from the crowd is not admirable.
4. **Uncertainty Avoidance** → the way that a society deals with the fact that the future can never be known: should we try to control the future or just let it happen? This ambiguity brings with it anxiety and different cultures have learnt to deal with this anxiety in different ways. The extent to which the members of a culture feel threatened by ambiguous or unknown situations and have created beliefs and institutions that try to avoid these is reflected in the score on Uncertainty Avoidance.
5. **Long-term orientation** → how every society has to maintain some links with its own past while dealing with the challenges of the present and future, and societies prioritise these two existential goals differently. Normative societies, which score low on this dimension, for example, prefer to maintain time-honoured traditions and norms while viewing societal change with suspicion. Those with a culture that scores high, on the other hand, take a more pragmatic approach: they encourage thrift and efforts in modern education as a way to prepare for the future.
6. **Indulgence** → the extent to which people try to control their desires and impulses, based on the way they were raised. A tendency toward a relatively weak control over their impulses is called "Indulgence", whereas a relatively strong control over their urges is called "Restraint". Cultures can be described as Indulgent or Restrained.

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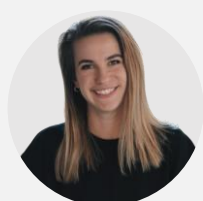
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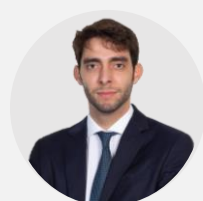
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