



THE BIG PICTURE : MULTILATERAL INSTITUTIONS - NEED FOR REFORMS

CONTEXT:

- **BRICS Foreign Ministers** have acknowledged that the current interconnected international challenges should be addressed through reinvigorated and reformed multilateral systems of the UN, and other multilateral institutions such as IMF, World Bank, WTO and WHO.
- **Prime Minister Narendra Modi at the G20 Summit** asserted that for an inclusive, resilient and sustainable recovery in a post-Covid world, effective global governance is required and reformed multilateralism is the need of the hour.

BACKGROUND:

- Today's globalized world has generated a **variety of globalized problems – from COVID to climate change to financial crises to cybersecurity** – that can be effectively addressed only through multilateral agreements.
- **Multilateralism is fundamental to the liberal world order** created at the end of World War II. It has been crucial in maintaining peace and prosperity and promoting international financial stability.
- Nevertheless, this system is now under threat, with its core goals and values challenged from a variety of quarters.
- The political dissatisfaction with multilateralism in major advanced industrialized countries is associated with the **failure of global governance in the post-Bretton Woods system, rising inequality, falling labor force participation, rising migration, social fragmentation and job insecurity associated with globalization and automation.**
- The resulting disillusionment with formal multilateralism has **led to the consideration of various alternatives, such as the parallel pursuit of bilateral deals or cooperation that is limited to likeminded or geographically proximate countries.**
- However, since a **globalized world facing globalized challenges requires an open, rules-based international order to ensure that the system works in the service of all nations and people.**
- **What is needed is to find the right balance between true multilateralism, defined as universal rules of the game, and the large number of plurilateral agreements that permit greater flexibility to move an agenda forward when universal consensus cannot, or need not, be achieved.**

SUGGESTIONS BY BRICS:

- Members reiterated reaffirmed that **multilateralism should promote international law, democracy, equity and justice, mutual respect, right to development and non-interference in internal affairs of any country without double standards.**
- Reforming the Multilateral System encompasses the following:
 - It **should make instruments of global governance more inclusive, representative and participatory** to facilitate greater and more meaningful participation of developing and least developed countries.
 - It **should be based on inclusive consultation and collaboration for the benefit of all, while respecting sovereign independence, equality, mutual legitimate interests and concerns.**
 - It **should make multilateral organizations more responsive, effective, transparent, democratic, objective, action-oriented, solution-oriented and credible.**
 - It **should use innovative and inclusive solutions, including digital and technological tools** to promote sustainable development and facilitate affordable and equitable access to global public goods for all.



- It should strengthen capacities of individual States and international organizations to better respond to new and emerging, traditional and non- traditional challenges.
- It should promote international and regional peace and security, social and economic development, and preserve nature's balance with people- centered international cooperation at its core.

UN REFORMS:

Challenges:

- **UNSC:** veto powers possessed by permanent members are used as an instrument to shore up their geopolitical interests. Further, it does not reflect today's distribution of military and economic power, nor a geographical balance.
- **UN General Assembly can only make non-binding recommendations.**
- **Undermining of Associated UN Bodies** has been criticized.
- It can be said that the UN has a lot to do but it **has too little money.**

Solutions:

- No reform of the UN would be complete without reform of the Security Council. Therefore, **equitable representation as well as expansion of the UNSC is the desired reform.**
- Possible solutions to reform UN finances can be establishing a **'reserve fund' or even a 'world tax'.**
- India can propose a **bicameral parliamentary assembly framework for UNGA.**
- There is a need to **strengthen the Economic and Social Council's role** in policy guidance, oversight and coordination.
- There is a **need of preserving a balanced approach and a rational division of labor between the different principal organs, missions, agencies and funds, based on the UN Charter and on specific mandates.**
- There was a **need for an efficient and accountable UN Secretariat** to strengthen accountability and oversight, improve its management performance and transparency, representation and reinforce ethical conduct.
- There is a **need for equitable geographical representation and increasing gender equity in the UN.**

WHO REFORMS:

Challenges:

- There is **no single document which comprehensively describes its responsibilities, obligations and powers with respect to infectious diseases.**
- WHO's authority is **recommendatory** in nature.
- The organisation's responsibilities during a pandemic include surveillance, monitoring and evaluation, developing guidance for member states- **lacks the ability to direct an international response to a life-threatening epidemic.**
- WHO's **annual operating budget is smaller than that of many university hospitals.**
- **Lack of preparedness for the Global pandemic.** It has delayed to declare Covid-19 as Public Health Emergency of international concern.
- **No Appropriate action and investigation against the China that shows the lack of independence.**



- **Delay to provide crucial information regarding Covid-19 like human to human transition etc.**

Solutions:

- **Strengthening the Public Health Emergency of International Concern (PHEIC) declaration process**
- There is a need to ensure that **extra budgetary or voluntary contributions are unearmarked** to ensure that the WHO has necessary flexibility for its usage in areas where they are required the most.
- There is an urgent need for **effective involvement of Member States in discussions on budget implementation and spending.**
- Establishing **strong and robust financial accountability frameworks** will enable maintaining integrity in financial flows.
- **Enhancement of the response capacities of the WHO and Member States:** This has become more evident in their dealing with COVID 19 pandemic.
- The two policy making organs of the WHO i.e. the World Health Assembly and the Executive Board are currently playing a peripheral role. It is important that **the member States have a greater say in the functioning of the WHO**
- It is important to ensure **fair, affordable, and equitable access to all tools for combating COVID 19 pandemic** and, therefore, WHO should work in this direction
- There is a **need to create a monitoring mechanism and support to member states on International Health Regulations, preparedness of infrastructure, human resources and relevant health systems capacities such as testing and surveillance systems.**

WTO REFORMS:

Challenges:

- **Stalled Doha Development Round negotiations**
- WTO has been **less affective in addressing trade protectionism.** This raised questions over WTO's credibility.
- New emerging issues: **electronic commerce, investment facilitation, domestic regulation in services.**
- **Side stepping WTO:** countries have turned to free trade agreements to explore new trade-related issues that are currently not addressed within the WTO.
- WTO has played a **very limited role in helping address other global issues related to trade, such as food security, climate change and global trade imbalances.**
- Administrative issues: Some members of WTO established Multi-party Interim Appeal Arbitration Arrangement as contingency appeal arrangement for trade disputes as WTO's **dispute settlement body has become dysfunctional.**
- **Lack of Transparency:** no agreed definition of what constitutes a developed or developing country, members can currently self-designate as developing countries to receive 'special and differential treatment'

Solutions:

- A **reaffirmed commitment to the rules-based liberal market order with a development dimension** must be the foundational starting point.
- A reformed WTO will have to be constructed on the **foundation of liberal multilateralism, resting on open, non-discriminatory plurilateral pillars, an improved Appellate Body, explicit accommodation of regional trade agreements, and appropriate safety valves for rules-based sovereign action.**



- Development of a **new set of rules to keep pace with changes in the market and technology**. Rules and disciplines on topics ranging from trade-distorting industrial subsidies to digital trade require updates and for dealing with digital trade and e-commerce, aligning trade and environmental sustainability
- A **credible trading system requires a dispute settlement system** that is accepted by all.
- WTO should **work on a Covid-19 vaccine Intellectual Property Rights waiver and the use of flexibilities of the TRIPS agreement and the Doha Declaration on TRIPS Agreement and Public Health**.

WORLD BANK (WB) AND IMF REFORMS:

Challenges:

- **Political power imbalances** in their governance structures where, as a result of voting shares being based principally on the size and 'openness' of countries' economies, poorer countries are structurally under-represented in decision-making processes.
- **US still has veto power** over an array of major decisions
- **Economic policy conditions** they promote – often attached as part of loans, technical assistance, or financial surveillance – undermine the sovereignty of borrower nations, limiting their ability to make policy decisions and eroding their ownership of national development strategies.
- **Biased and inconsistent decision-making:** criticised for the role played by the political expediency of important shareholders in its decision-making and choice of interventions, including its support to dictatorships.
- World Bank has been beset by a string of controversies related to **environmental and social impacts of Bank-financed projects**
- Critiques have focused on how WB and IMF have **undermined a broad spectrum of human rights**.
- The WB and the IMF have also been criticised for being **western-dominated undemocratic bodies**.
- The WB's propensity to **privilege the private sector and market forces** has brought about justifiable concerns regarding the sovereign decision-making capabilities of states.
- Their views and prescriptions **may undermine or eliminate alternative perspectives on development**.

Solutions:

World Bank:

- The **emerging new economic powers, particularly India and China, and some other Asian and Latin American countries of the world should be given due place and role**.
- There is a **need for reflection on the purpose, the substantive role it should play in the future, the need to strengthen inclusive multilateralism, and the actions needed to bolster the position of emerging economies and developing countries**.
- Failure of World Bank to adapt to the changing world order may see rising economies going their own way. Eg. Establishment of the Asia Infrastructure Investment Bank
- Governance reform in the **recruitment processes of the World Bank by ensuring selection through an open and merit-based process**.



IMF:

- **Close partnership with other specialist agencies** such as UNICEF, the Food and Agriculture Organization (FAO), and the United Nations Development Program (UNDP).
- **IMF loan conditions should be paired with other reforms**—e.g., trade reform in developed nations, debt cancellation, and increased financial assistance for investments in basic infrastructure.
- There is a need to **make IMF responsive to human rights, environmental sustainability and labour rights.**
- **Timely and successful completion of the 16th General Review of Quotas by December 15, 2023, to reduce the IMF's reliance on temporary resources.**
- **Address under-representation of emerging markets and developing countries** for their meaningful engagement in the governance of IMF and have a **new quota formula** that better reflects the economic weight of members.

INDIAN APPROACH TO MULTILATERALISM:

- **NORMS: New Orientation for a Reformed Multilateral System.** These priorities include
 - **New Opportunities for progress:** India will work constructively with partners to bring innovative and inclusive solutions to foster development and for greater involvement of women and youth to shape a new paradigm.
 - **An Effective response to international terrorism:** India will pursue concrete and result-oriented action by the Council
 - **Reforming the multilateral system:** A first and vital step is the reform of the Security Council. It must reflect contemporary realities to be more effective.
 - **A comprehensive approach to international peace and security:**
 - Guided by: Dialogue and cooperation, Mutual respect, and Commitment to international law.
 - Call for greater clarity, direction, and professionalism in UN Peacekeeping Operations.
 - **Promoting technology with a human touch as a driver of solutions:** India will encourage partnerships to harness the benefits of technological innovation to reduce human suffering, enhance ease of living and build resilient communities.
- India will pursue these priorities through a **Five-S approach: Samman (Respect), Samvad (Dialogue), Sahyog (Cooperation), Shanti (Peace) and Samridhi (Prosperity).**

CONCLUSION:

- There is a need for the **establishment of a Working Group on the Future of Multilateralism** to develop a set of principles that can help lay the foundations of a new pact on multilateralism with an eye toward accepting institutional diversity, while ensuring the provision of global public goods and managing the global commons.
- **Multilateralism needs to address its discontents and evolve to be fit for purpose in an era of renewed great power competition, political economy tensions, issue politicization, and a decoupling of economic prosperity from social prosperity.**
- **Globalization and multilateralism are means to an end (i.e., social and economic prosperity) rather than ends in themselves.**
- Multilateralism ought to be used as an **instrument to promote strong, sustainable, balanced, and inclusive growth within all nation-states.**

SOURCES:



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The Best IAS Academy In Eastern India SINCE 2006
An ISO 9001 : 2008 Certified Institute
Creating Civil Servants for the Nation



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