United Nations A/79/320

General Assembly

Distr.: General
26 July 2024

Original: English

Seventy-ninth session
Item 20 of the provisional agenda*
Globalization and interdependence

Towards a New International Economic Order

Report of the Secretary-General**

Summary

The present report is submitted pursuant to General Assembly resolution 77/174 and provides an updated overview of the major international economic and policy challenges for equitable and inclusive sustained economic growth and sustainable development. These include a slow and uneven recovery from the coronavirus disease (COVID-19) pandemic; multiple ongoing violent conflicts; a continuing cost-of-living crisis; increasingly unsustainable sovereign debt burdens; prospects of tepid economic growth; and more frequent and devastating climate-related disasters. The situation is made worse by growing geopolitical concerns, geoeconomic fragmentation and an uneven distribution of the benefits of technological change.

The report also reviews the role of the United Nations and makes actionable policy recommendations to overcome those challenges, in the context of the New International Economic Order. Recommended actions include the need to further develop measures of sustainable development that go beyond gross domestic product; systematic support for broader technology diffusion and adoption; meaningful reforms of the international financial architecture and the multilateral trading system; and reinvigorated multilateralism that can help deliver on sustainable development commitments. The upcoming Summit for the Future and the Fourth International Conference on Financing for Development are important opportunities for Member States to renew their commitments and take concrete action for reform.

* A/79/150.

** The present report was submitted to the conference services for processing after the deadline for technical reasons beyond the control of the submitting office.

I. Introduction

1. Fifty years have passed since the adoption of the Declaration on the Establishment of a New International Economic Order (General Assembly resolution 3201 (S-VI)) and the Programme of Action on the Establishment of a New International Economic Order (General Assembly resolution 3202 (S-VI)). Since then, the world economy has witnessed dramatic changes, with developing countries gaining growing economic and political influence and achieving improved quality of life for their citizens. Progress has been uneven, however, new challenges have emerged and the main principles of the Declaration and Programme of Action remain valid to this day. Many of these principles have been reaffirmed in the outcomes of major United Nations conferences and summits in the economic, social and related fields, including the 2030 Agenda for Sustainable Development, the Addis Ababa Action Agenda of the Third International Conference on Financing for Development and the Paris Agreement.

2. In the two years since the issuance of the previous report on the New International Economic Order (A/77/214), the world has continued to suffer from interconnected shocks and crises that have hit vulnerable populations and countries the hardest and reversed progress on sustainable development. Challenges range from a slow and uneven recovery from the COVID-19 pandemic; deleterious effects of a prolonged war in Ukraine and violent conflicts in Gaza, the Sudan and many places around the world; an ongoing cost-of-living crisis; increasingly unsustainable sovereign debt burdens; prospects of tepid economic growth; and more frequent and devastating climate-related disasters. The situation is made worse by geopolitical tensions and fragmentation, leading to sluggish trade growth, reducing global economic dynamism and disrupting established global supply chains. Rapid technological change – potentially an important driver of sustainable development – has been concentrated in a few countries and poses the risk of leaving developing countries further behind.

3. International efforts to address the confluence of crises so far have had limited success, causing the Sustainable Development Goals to appear increasingly out of reach. At the same time, there is a growing consensus on the need for enhanced multilateral action, stronger development cooperation and a meaningful reform of the international financial and trading systems. The political declaration of the Sustainable Development Goals Summit, held in September 2023, includes a commitment to urgent and transformative actions at all levels to overcome the global crises; and the Doha Programme of Action for the Least Developed Countries (adopted in March 2022) and The Antigua and Barbuda Agenda for Small Island Developing States: A Renewed Declaration for Resilient Prosperity (adopted in May 2024) pledge enhanced and accelerated actions to implement the Sustainable Development Goals within these country groups. The upcoming Summit for the Future in September 2024 and the Fourth International Conference on Financing for Development in July 2025 can be catalysts to fulfil existing commitments, redesign multilateralism and take action to reform the international system and move towards a New International Economic Order.

4. The present report responds to the request of the General Assembly, in its resolution 77/174, for an updated overview of the major international economic and policy challenges for equitable and inclusive sustained economic growth and sustainable development and of the role of the United Nations in addressing those issues, as well as possible ways and means to overcome those challenges. The report is organized as follows: section II reviews the development challenges facing the world today; section III focuses on the role of technology for sustainable development and lays out options for bridging technology divides; section IV presents ways

forward to redesign multilateral cooperation for sustainable development and reform the international system; and section V concludes with actionable policy recommendations.

II. Development challenges facing the world today

A. Impact of recent crises on sustainable development

5. After the adoption of the 2030 Agenda, there was some early progress towards achieving the Sustainable Development Goals. But progress in poverty reduction and health outcomes, such as reduced child mortality, was slower than between 2000 and 2014, and some areas, such as undernourishment and primary school completion, saw little to no improvement since 2015. Overall, the world was off-track to achieve the Goals even before the start of the COVID-19 pandemic.[1]

6. From 2020, a confluence of crises has caused severe setbacks to the Sustainable Development Goals across the globe. As a result of COVID-19, around 120 million people fell back into extreme poverty in 2020, causing the first increase in the global extreme poverty rate in 20 years. Around 9 per cent of the world's population currently lives in extreme poverty, totalling more than 700 million people. Inequality between countries is projected to have risen 4.4 per cent between 2019 and 2020, the largest such increase in three decades.[2] Around 600 million people could face hunger in 2030, about 119 million more than in a scenario without the COVID-19 pandemic and without the war in Ukraine.[3] Amid a worsening climate emergency, more people are now suffering from disasters, with an increase in the number of affected people going from 1,169 per 100,000 between 2005 and 2014 to 1,980 per 100,000 between 2013 and 2022.[4]

7. Beyond their immediate effects, shocks and crises can have long-lasting impacts on sustainable development. Without adequate protection mechanisms, even households that were non-poor before a crisis can fall into a poverty trap. When shocks and crises are recurrent, the risk of long-lasting development setbacks and poverty traps is higher, since repeated shocks reduce the coping capacities of both Governments and households.[5] Risks are greater for less developed countries with fewer resources to provide social protection and enact countercyclical policies and for households that are closer to the poverty line. Some countries are more vulnerable to shocks, such as climate-related disasters, putting them more at risk of development setbacks (see section C).

[1] Based on *The Sustainable Development Goals Report* publications from 2016 to 2023.
[2] *The Sustainable Development Goals Report 2023* (United Nations publication, 2023).
[3] Food and Agriculture Organization of the United Nations (FAO) and others, *The State of Food Security and Nutrition in the World 2023: Urbanization, Agrifood Systems Transformation and Healthy Diets across the Rural-Urban Continuum* (Rome, FAO, 2023).
[4] The Sustainable Development Goals Report 2024 (United Nations publication, 2024).
[5] World Social Report 2024: Social Development in Times of Converging Crises – A Call for Global Action (United Nations publication, 2024).

B. Macroeconomic trends and challenges[6]

Slow and uneven economic growth

8. Since the issuance of the previous report on the New International Economic Order in 2022 (A/77/214), global economic growth has returned to (relatively weak) pre-pandemic levels, albeit with large differences between countries and regions. After slowing from 3.1 per cent in 2022 to 2.7 per cent in 2023, global gross domestic product (GDP) growth for 2024 and 2025 is expected to remain at similar levels. Among developing regions, East and South Asia enjoy solid GDP growth at an expected rate of 4.6 per cent and 5.8 per cent in 2024, respectively, thanks to robust demand and improved global trade. Growth trajectories in Africa and Latin America and the Caribbean are lower, owing to still-tight monetary conditions and structural weaknesses. In turn, growth in Western Asia remains weighed down by geopolitical tensions.

9. Current growth trends in developing countries are insufficient to allow for meaningful convergence with the developed world, except for a small group of fast-growing economies. In particular, growth in least developed countries remains far below Sustainable Development Goal target 8.1 of at least 7 per cent, despite a slightly improved outlook for 2024 and 2025 – of 4.8 per cent and 5.3 per cent, respectively, up from 4.2 per cent in 2023.

10. Global investment growth has been declining since 2021 (from 5.1 per cent in 2021 to 3.7 per cent in 2023), owing to a sharp reduction in developing economies, amid high real interest rates, tight fiscal space and geopolitical risks. Global trade fell by 3 per cent in value terms in 2023, as trade in goods contracted by 5 per cent while trade in services grew by 8 per cent, thanks to a continued recovery in international tourism and transport.[7] Global trade flows have started to recover in 2024, but geopolitical tensions and escalating freight costs pose challenges. Overall trade growth in 2024 and 2025 is expected to remain below pre-pandemic levels.

Persistent cost-of-living pressures, divergent labour markets

11. Global headline inflation has declined sharply, from 8.1 per cent in 2022 to 5.7 per cent in 2023, but it remains above its pre-pandemic average. In developing countries, consumer prices increased by a cumulative 21.4 per cent between January 2021 and December 2023, hampering the post-COVID-19 economic recovery.

12. Food inflation remains high in many developing countries, owing to limited pass-through from declining international prices, weak local currencies and climate-related shocks. In the first quarter of 2024, developing countries saw a mean year-on-year increase in food prices of about 10 per cent. Amid geopolitical tensions and weather-related challenges, international food and energy prices may come under renewed pressure, which could exacerbate already high levels of food insecurity and hunger.

13. Labour market recoveries from the COVID-19 pandemic diverged considerably between developed and developing countries. In most developed countries, unemployment fell below pre-pandemic levels in 2023 and labour markets remained tight in early 2024, causing nominal wages and, in some cases, real wages to increase.

[6] The present section is based largely on *World Economic Situation and Prospects 2024* (United Nations publication, 2024); and *World Economic Situation and Prospects 2024: Mid-Year Update* (United Nations publication, 2024).

[7] United Nations Conference on Trade and Development (UNCTAD), “Global trade update”, March 2024.

14. In developing countries, the picture is mixed. Unemployment declined during 2023 in several large countries, including Brazil, China, the Russian Federation and Türkiye, with a cautiously optimistic outlook for 2024, despite a recent growth slowdown in Brazil. In many other developing countries, key employment indicators have yet to return to pre-pandemic levels, including in least developed countries and low-income countries. Overall wage growth remained below inflation, exacerbating the cost-of-living crisis.

Debt vulnerabilities amid higher-for-longer interest rates

15. Declining headline inflation means that the global monetary tightening cycle may be about to end. However, continued concerns about inflationary pressures may cause rates to stay higher for longer. While the European Central Bank first cut interest rates in June 2024 and the Federal Reserve Board of the United States of America is expected to cut rates later during the year, the timing and magnitude of further cuts remain uncertain. Higher-for-longer rates in the United States and Europe may delay rate cuts in developing countries, weighing on investment outlook and prospective growth.

16. Global public debt as a share of GDP reached 94.4 per cent in 2023. This was below the 99.2 per cent recorded in 2020, but 11 percentage points above the pre-pandemic level. The recent decline was mainly driven by developed economies and developing countries in Western Asia and Latin America and the Caribbean. By contrast, public debt in low-income countries reached record levels in 2023 and remained elevated in least developed countries, at close to 60 per cent of GDP.

17. High sovereign debt burdens and still-high global interest rates mean that debt service continues to weigh heavily on the fiscal space of developing countries. In 2024, Governments in Africa are projected to spend on average over one quarter of total public revenues on interest payments, crowding out much-needed social spending and investment in sustainable infrastructure. Meanwhile, developed countries have long benefited from an international financial architecture that has evolved to meet their needs, resulting in lower interest rates on their sovereign debt. Despite a small increase in recent years, interest payments as a share of public revenues have remained low in these countries, at about 6 per cent.

18. Debt burdens are becoming increasingly unsustainable for many developing countries. Currently, 55 per cent of least developed countries and other low-income countries are at high risk of debt or in debt distress. Of these countries, four have requested a debt restructuring under the Group of 20 Common Framework for Debt Treatments.[8] Two other countries have completed or are undertaking a debt restructuring under the Heavily Indebted Poor Countries Initiative. Several other countries are engaged or have announced interest to restructure their debt through bilateral negotiations.[9]

C. Differential impacts of shocks and crises

19. The recent confluence of crises has affected all countries, but its impact has been highly unequal, depending on the vulnerability and resilience of people and societies. A lack of equitable access to financial resources and advanced technologies, spillovers form volatile international financial markets, and continued vulnerabilities

[8] These are: Chad (completed, with a memorandum of understanding signed in December 2022); Ethiopia; Ghana and Zambia.

[9] *Financing for Sustainable Development Report 2024: Financing for Development at a Crossroads* (United Nations publication, 2024).

to terms-of-trade shocks have left many developing countries more exposed to such crises.

20. In least developed countries, where an average of 25.4 per cent of the population were living in extreme poverty in 2018, this share rose to 29.7 per cent in 2021, more than in any other country group. Increases in hunger and food insecurity are of particular concern in Africa, where 33 countries were in urgent need of external food assistance as at March 2024.[10] When school closures began in 2020, only one in six of the poorest children had access to the Internet, causing many to fall behind on education. Learning losses were compounded where Governments had to cut back on education spending as a result of fiscal constraints – as was the case in 65 per cent of low- and lower-middle-income countries.[11]

21. Some countries are more vulnerable than others to the growing frequency and severity of natural hazard-based disasters. For instance, recent estimates show that low- and lower-middle-income small island developing States have experienced five times more deaths owing to climate change-attributable disasters between 2000 and 2022 (adjusted for population size) than non-small island developing States in the same income group. Across all income groups, average attributable economic losses were higher in small island developing States than in non-small island developing States, both as a percentage of GDP and as a percentage of Government revenues.[12]

22. Countries that are more vulnerable to shocks and crises need to strengthen their preparedness, resilience and response capacities to protect their populations. Investment in the Sustainable Development Goals is key to reducing vulnerabilities. Yet, financing gaps for Sustainable Development Goals investments that were significant before 2020 have only increased in recent years, with estimated financing needs ranging between $2.5 trillion and $4 trillion annually.[13] Countries with limited fiscal space and State capacities, and countries that are more vulnerable, will need support from the international community – including through access to affordable and stable long-term finance – to mitigate the social, economic and environmental impacts, strengthen resilience for the future, and advance sustainable development. Sustained improvements will require a reform of the international financial and trade systems, to facilitate access to international finance on equitable and fair terms, enable a productive insertion of all countries in international trade, reduce vulnerabilities to external shocks (including through reduced commodity dependency) and facilitate much-needed technology transfer (see section IV).

23. Eligibility for concessional financing currently depends mainly on countries' income per capita. To better address individual development needs and reduce vulnerabilities, there is a need to further explore and develop measures that go beyond GDP. Political momentum for such measures has picked up in recent years. In the Political Declaration of the Sustainable Development Goals Summit, Member States confirmed their commitment "to explore measures of progress on sustainable development that complement or go beyond GDP to have a more inclusive approach to international cooperation" (General Assembly resolution 78/1), with further discussions in the lead-up to the Summit of the Future, to be held in September 2024.

24. The General Assembly welcomed the final report of the "High-Level Panel on the Development of a Multidimensional Vulnerability Index for Small Island Developing States" and decided to advance the multidimensional vulnerability index,

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[10] FAO, *Crop Prospects and Food Situation*, Triannual Global Report, No.1 (Rome, 2024).

[11] *World Social Report 2024* (United Nations publication).

[12] Vikrant Panwar and others, "The costs of inaction: calculating climate change-related loss and damage from extreme weather in small island developing States", ODI Working Paper (London, ODI, 2023).

[13] *Financing for Sustainable Development Report 2024* (United Nations publication).

in an attempt to better capture countries' vulnerability to adverse external shocks. As it is not correlated with income levels, the index can be a useful complement to GDP (see General Assembly resolution 78/322).

25. A conceptual framework that complements GDP in order to "value what counts" for people can also help strengthen the international financial architecture by enabling better financial decision-making and correcting the long-standing inequitable treatment resulting from the uncritical use of GDP as a predominant benchmark for development policies.[14]

III. Harnessing technological transformations for sustainable development

A. Opportunities and challenges of frontier technologies

26. Science, technology and innovation is a key driver for economic diversification and structural change, which is the basis for sustained growth and sustainable development. It allows countries to transition away from narrow growth models based on cheap labour and an excessive dependence on natural resources, towards more inclusive and sustainable growth models based on productivity growth.

27. Technological progress has also helped to protect people and strengthen resilience during the recent confluence of crises. During the COVID-19 pandemic, novel mRNA technology helped to develop vaccines at record speed. Digital technologies facilitated a rapid transition to working from home and remote schooling, boosted e-commerce activity, supported an expansion of telehealth services and enabled a large increase in digital social protection payments. Technology solutions, such as remote sensors, satellite imaging, mobile phones and social media are being successfully used to analyse and monitor environmental risks, increase information and disaster preparedness, and facilitate early warnings and disaster response.[15]

28. The adoption and adaptation of existing technologies through cross-border technology diffusion can help developing countries leapfrog to more advanced and clean technologies. Channels for technology diffusion include international trade, foreign direct investment, transfer of intellectual property rights and domestic capacities for research and development. For instance, many developing countries have vast renewable energy resources, with the potential to be harnessed efficiently for low carbon development. Sharp reductions in the cost of renewable technologies, together with developments in microgrid and energy storage technologies could greatly accelerate progress towards Sustainable Development Goal 7 (access to affordable, reliable, sustainable and modern energy for all). In 2023, the share of electricity production from renewable sources reached 30 per cent globally, up from 20 per cent in 2010. In lower-middle-income countries, the share of renewable energy reached 23 per cent in 2022, up from 18 per cent in 2010.[16]

29. Further progress towards a green energy transition will depend on technology transfer of low-carbon and sustainable technologies and enhanced domestic absorptive capacity. Significant additional investment is also required. According to

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[14] United Nations, "Our Common Agenda policy brief 4: valuing what counts – framework to progress beyond gross domestic product", May 2023.

[15] See, for example, *Financing for Sustainable Development Report 2021* (United Nations publications, 2021).

[16] Based on Our World in Data, Share of Electricity Generated by Renewables database, available at https://ourworldindata.org/grapher/share-electricity-renewables (accessed on 23 August 2024).

recent estimates, it will take over $1 trillion in additional clean energy investments per year in developing countries (excluding China) by the early 2030s to limit the global temperature increase to 1.5 degrees Celsius.[17]

30. The rapid advancement of artificial intelligence has opened the door to a host of new applications that have the potential to boost economic productivity and accelerate sustainable development. However, the actual economic impact of artificial intelligence is still unclear and may take a long time to become apparent.[18] While there is uncertainty about what the most promising sectors would be for applying generative artificial intelligence in different developing countries, there have been some early positive results in areas such as health care, disaster response, agriculture and education.[19]

31. Despite great potential benefits, unintended consequences and intentional misuse or artificial intelligence can also harm economic, social and environmental outcomes and human rights. This includes the risk of job losses and increased inequality owing to greater automation and a shift in global value chains which is driven by technology-enabled re-shoring. While the expected impacts of generative artificial intelligence on labour markets and productivity are still unclear, recent analysis points towards greater exposure of higher-skilled occupations and higher impacts on more developed economies.[20] Rapid developments in digital technology, social networks and artificial intelligence applications pose threats to data security and privacy, reinforce biases and have turbocharged ways to spread misinformation and disinformation. High levels of energy consumption, water use and electronic waste are also causing concern. At the same time, uneven access to new technologies and market dominance by a small number of companies are increasingly turning existing technology divides into development divides (as discussed in section B).

32. Whether developing countries will be able to benefit from green energy and other frontier technologies[21] depends on the access to, and affordability of, these technologies. It also depends on countries' readiness to innovate, adapt and employ these technologies for economic, social and environmental development goals, while avoiding potential risks and drawbacks. Some countries are better placed than others to take advantage of opportunities, but all countries need to develop strategies to overcome constraints and ensure they are not left behind. As discussed in section IV, a new consensus for international trade is needed to promote technological capacity, innovation and resilience in developing countries, including through more flexibility in intellectual property rights and technology transfer. Countries with lower capacities will require additional support, including in the form of official development assistance (ODA).

[17] International Energy Agency, *Reducing the Cost of Capital: Strategies to Unlock Clean Energy Investment in Emerging and Developing Economies* (Paris, 2024).

[18] See, for example, Daron Acemoglu, "The simple macroeconomics of AI", NBER Working Paper, No. 32487 (Cambridge, National Bureau of Economic Research, 2024).

[19] See, for example, the AI for Good blogs.

[20] See, for example, Paweł Gmyrek, Janine Berg and David Bescond, *Generative AI and Jobs: A Global Analysis of Potential Effects on Job Quantity and Quality*, ILO Working Paper, No. 96 (Geneva, International Labour Organization, 2023).

[21] Frontier technologies are new and rapidly developing technologies that take advantage of digitalization of connectivity. They can be grouped into three broad categories: (i) technologies associated with smart manufacturing (Industry 4.0); (ii) green technologies; and (iii) other technologies (nanotechnology and gene editing). See *Technology and Innovation Report 2023: Opening Green Windows – Technological Opportunities for a Low-Carbon World* (United Nations publication, 2023).

B. Persistent technology divides

33. Rapid technological change can worsen inequalities between and within countries. The development and commercialization of frontier technologies is dominated by a small number of countries. For example, in smart manufacturing, 90 per cent of all patenting activity is concentrated in 10 countries. In green technologies, this is even more pronounced, with just seven countries accounting for 90 per cent of patenting activity. With the exception of China, these are all high-income countries.[22] By contrast, most developing countries, especially least developed countries and other low-income countries, lack the necessary enabling factors (including skills, infrastructure and access to financing) to successfully innovate in these areas and/or to access and benefit from these technologies. Along with a lack of access to affordable frontier technologies owing to existing patent regimes, most of these countries lack technology absorption capacities.

34. As digital technology continues to evolve, so does the nature of digital divides. Most people now live in areas that are covered by mobile Internet; in 2023, 82.0 per cent of the population of least developed countries was covered by at least a third generation (3G) mobile services network, up from 53.2 per cent in 2015. Yet, the divides between countries are larger than ever when it comes to fifth generation (5G) mobile services networks, which are critical for frontier technologies such as artificial intelligence. In 2023, only 2.7 per cent of the population of least developed countries was covered by at least a 5G mobile network, compared with 11.7 per cent in lower-middle-income countries, 56.7 per cent in upper-middle-income countries, and 88.6 per cent in high-income countries.[23] Furthermore, the gaps in Internet usage between countries remain large (at 35.4 per cent of the population in least developed countries, compared with 93.2 per cent in high-income countries), mainly owing to the relatively high cost of Internet access and digital devices.

35. Other measures also show persistent technology divides between countries. A comprehensive assessment that includes Internet performance, skills, research and development activity, industrial capacity and access to finance, finds that high-income countries consistently outrank middle- and low-income countries. By region, countries in Latin America and the Caribbean lag behind other developing regions, and countries in sub-Saharan Africa are the least prepared to use, adopt and adapt frontier technologies.[24] According to these measures, low-income countries fell further behind countries at the technology frontier between 2008 and 2021, while many upper-middle-income and some lower-middle-income countries moved closer to the frontier.[25]

36. Persistent and, in some cases, growing technology divides can exacerbate the slowdown in technology diffusion that has been observed in recent decades. While the concentration of the development of frontier technologies is not problematic in itself, it becomes a problem when traditional channels of technology diffusion become less permeable, hampering productivity growth and sustainable development. Reasons for the slowdown in technology diffusion include the greater complexity of innovations that require a higher level of skills and complementary investments for their adoption and adaptation; a tight and complex web of intellectual property rights protections; increasing trade barriers; and other strategic policy restrictions, such as re-shoring, near-shoring or de-risking of supply chains. A particular challenge in the

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[22] *Financing for Sustainable Development Report 2024* (United Nations publication).

[23] International Telecommunication Union (ITU), "Key ICT indicators for the world and special regions", World Telecommunication/ICT Indicators Database 2023. Available at www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx (accessed on 11 June 2024).

[24] *Technology and Innovation Report 2023* (United Nations publication).

[25] *Financing for Sustainable Development Report 2024* (United Nations publication).

case of artificial intelligence is the shortage of available online training content in languages other than English.[26]

C. Science, technology and innovation policies for bridging technology divides

37. To take advantage of rapid technological change, policymakers in developing countries need to adapt their science, technology and innovation policies to existing national preconditions, capacities and needs, while also taking a forward-looking approach to opportunities at the national and international levels. For countries that are further away from the technology frontier, including most least developed countries, the move towards a more diversified economy could follow a gradual progression that builds on existing industries, through the adaptation of more basic technologies that are transferred from abroad (supported by a more enabling international environment). Countries that are closer to the technology frontier and that start from a more diversified product space have more policy options for innovating, adopting and adapting frontier technologies.

38. No matter the starting point, each country needs a coherent science, technology and innovation policy to support economic diversification and sustainable development. Rapid developments in digital technologies have opened opportunities for countries that have invested in high-speed Internet access and critical skills, even in cases when much of the economy was still reliant on low-tech production.[27] Just as investment in digital readiness can help prepare for the future, the growing momentum towards a green transition provides a window of opportunity for many countries along different stages of the global value chain. For countries to successfully tap into these opportunities, Governments need to create an enabling environment and strengthen national innovation systems, including through investment in complementary infrastructure (including electricity and digital infrastructure) and education, as well as appropriate institutions, partnerships, competition policies and protection of intellectual property. Investment needs can be large and will likely require a combination of public and private, domestic and international financing. According to recent estimates, the provision of universal access to broadband Internet alone would require about $400 billion by 2030.[28]

39. Science, technology and innovation policies should ensure that technological change helps to address social challenges while minimizing potential harm such as worsening inequalities and a threat to human rights. This can be achieved through a "mission-oriented" approach that uses the Sustainable Development Goals as a guiding principle. Country-specific science, technology and innovation for Sustainable Development Goals road maps – supported by the United Nations Technology Facilitation Mechanism – can help to envision, plan, communicate and facilitate necessary actions; track progress; and foster a learning environment to harness science, technology and innovation for sustainable development.[29]

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[26] Ibid.

[27] Jonas Hjort and Jonas Poulsen, "The arrival of fast Internet and employment in Africa", *American Economic Review*, vol. 109, No. 3 (March 2019).

[28] Edward Oughton, David Amaglobeli and Mariano Moszoro, "Estimating digital infrastructure investment needs to achieve universal broadband", IMF Working Paper, No. 2023/027 (Washington, D.C., International Monetary Fund, 2023); and ITU, *Connecting Humanity: Assessing Investment Needs of Connecting Humanity to the Internet by 2030* (Geneva, 2020).

[29] See the road maps on the work overview and updates on science, technology and innovation for Sustainable Development Goals of the United Nations Technology Facilitation Mechanism, available at https://sdgs.un.org/tfm#roadmaps.

40. National science, technology and innovation policies alone will not be sufficient to overcome technology divides in most developing countries. International financial, technical and capacity-building support is needed, in addition to an enabling international environment that (a) facilitates the productive insertion into global value chains under a universal, rules-based, open, non-discriminatory and equitable multilateral trading system; (b) provides adequate, balanced and effective protection of intellectual property rights in line with nationally defined priorities; and (c) promotes multilateral agreements on technology guardrails and the way forward, such as the proposed digital compact.

IV. Redesigning multilateral cooperation for sustainable development

41. Fifty years ago, Member States declared that international cooperation for development is the shared goal and common duty of all countries (General Assembly resolution 3201 (S-VI)). Today, multilateral cooperation must be redesigned and reinvigorated to reflect current realities and realignments so that the world can effectively tackle current and future challenges. Amid recurrent and converging crises that have set back sustainable development and widened the gulf between developed and developing countries, and rapid technological progress whose benefits are not equitably shared, there is an urgent need and an opportunity for change.

42. There is a growing consensus on the need to reform the international financial architecture, including to address growing debt challenges, enhance the global financial safety net, scale-up concessional financing for Sustainable Development Goal investments and make the international tax architecture transparent, fair and unbiased. International trade must be revived as the powerful engine for sustainable development it has been in the past, including by countering recent trends towards more unilateral trade measures and geoeconomic fragmentation. At the centre of the multilateral system, the United Nations provides an inclusive forum for addressing current challenges and fostering consensus on joint global actions for a New International Economic Order that is just, fair, equitable and able to address the new and emerging challenges for the benefit of people and the planet.

A. Moving towards a more equitable and stable international financial architecture

43. The international financial architecture – the set of international financial and monetary frameworks, rules, institutions and markets that have evolved since 1945 – has come under increasing pressure. Recent decades have been marked by highly volatile international capital flows and recurring financial and economic crises. Developing countries face highly unequal access to financial markets, higher borrowing costs compared with developed countries with similar risk profiles, limited access to liquidity in times of crisis, and heavy sovereign debt burdens that are in many cases crowding out public investment in the Sustainable Development Goals. The lack of equitable representation in decision-making bodies, especially the International Monetary Fund (IMF) and the World Bank, has hampered reform efforts that could improve developing countries' access to international financing.

44. In the wake of the COVID-19 pandemic, the need for reform is now widely recognized. The Secretary-General's proposals for an Sustainable Development Goal stimulus and reform of the international financial architecture identify several high-priority actions, including (a) tackling the high cost of debt and rising risks of debt distress; (b) massively scaling up affordable long-term financing for development;

(c) expanding contingency financing to countries in need; (d) making international tax cooperation fully inclusive and more effective; and (e) reforming global economic governance.[30]

45. There has been some progress on debt challenges, with debt restructuring under the Group of 20 Common Framework completed in Chad, and important progress in Ghana and Zambia, and continuing discussions in countries outside the Common Framework.[31] Yet, despite recent improvements, negotiation timelines remain too long and middle-income countries remain excluded. Further action is also needed to improve coordination between creditor groups, expand debtor-country eligibility and provide debt standstills during ongoing negotiations. Beyond short-term debt relief, there is a need to strengthen the sovereign debt architecture, including through improved debt sustainability analyses and credit ratings, systematic inclusion of State-contingent debt clauses, and concrete steps towards a permanent mechanism to address sovereign debt distress, with a view to create a fully operational, timely and effective sovereign debt workout mechanism, as called for in the Addis Ababa Action Agenda.[32]

46. Steps to improve access to affordable long-term financing include current efforts by multilateral development banks, including the World Bank, to expand their financial capacity through balance-sheet optimization – as called for by the independent review of capital adequacy frameworks.[33] Additional efforts are needed to mobilize more long-term financing, including in the form of grants and highly concessional loans. General capital increases will be key in this context, to make development banks bigger, better and bolder. Financing terms should be further improved by extending loan maturities, increasing flexibility (for example, by making repayments State-contingent) and reducing the exposure to exchange rate volatility.[34] This should be complemented by a massive increase in climate finance, with an increase in the share of adaptation financing to 50 per cent, without crowding out development assistance (see A/77/CRP.1/Add.5).

47. Official development assistance continues to play an important role for financing sustainable development, in particular in least developed countries and other low-income countries. In 2023, ODA rose for a fifth consecutive year in real terms, to $223.87 billion (1.8 per cent more than in 2022). Bilateral ODA to least developed countries and African countries increased by 3.0 per cent and 2.0 per cent, respectively, reversing the declining trend of the previous year. However, at 0.37 per cent of donors' combined gross national income, total ODA remained below the United Nations target of 0.7 per cent of gross national income.[35] Increased donor efforts are needed to live up to ODA commitments despite competing domestic priorities, such as increased military spending.

48. South-South cooperation has proven to be a valuable complement to North-South cooperation. In recent years, it has expanded significantly in scope, volume and geographical reach. The development of a voluntary conceptual framework to measure South-South cooperation, and its 2022 adoption as part of the Sustainable Development Goal indicator framework, was a major step to better measure and

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[30] United Nations, "United Nations Secretary-General's SDG stimulus to deliver Agenda 2030", February 2023; and A/77/CRP.1/Add.5.

[31] Global Sovereign Debt Roundtable, "2nd cochairs progress report", 17 April 2024.

[32] United Nations, "United Nations Secretary-General's SDG stimulus to deliver Agenda 2030".

[33] Group of 20, "Roadmap for the implementation of the recommendations of the G20 independent review of multilateral development banks' capital adequacy frameworks", July 2023.

[34] *Financing for Sustainable Development Report 2024* (United Nations publication).

[35] Data update to the *Financing for Sustainable Development Report 2024*, following the 11 April release of 2023 official development assistance data. See https://financing.desa.un.org/iatf/report/financing-sustainable-development-report-2024.

understand this important source of financial and non-financial development support.[36]

49. As shocks and crises become more frequent and intense, there is a greater need for contingency financing to dampen their impacts and avoid longer-lasting development setbacks. This will require fixing the global financial safety net – a multi-layered network of mechanisms and institutions centred around the IMF – which, despite some recent improvements, remains patchy and uneven, with most developing countries unable to access all layers. While the 2021 issuance of about $650 billion in IMF special drawing rights (SDRs) provided much needed liquidity, the allocation according to countries' IMF quotas meant that developing countries received only about one third of the allocation. The SDG stimulus proposes several ways to harness the development potential of SDRs, such as: an accelerated re-channelling of unused SDRs to countries in need, including through multilateral development banks to better leverage financing for development; the use of unused or newly issued SDRs to fund climate mitigation projects in developing countries (as also proposed under the Bridgetown Initiative for the Reform of the Global Financial Architecture); and the development of a more timely and automated mechanism for the countercyclical issuance of SDRs in times of crisis.[37] Other actions to shore up the global financial safety net include more flexible IMF lending; the development of a multilateral currency swap facility; and strengthened regional financial arrangements.

50. Such reforms must be complemented by joint action to combat tax avoidance and evasion and other illicit financial flows, which drain much-needed domestic resources from developing countries. A United Nations framework convention on international tax cooperation could help build a transparent, legitimate, fair, stable, inclusive and effective international tax cooperation system that fully takes into account the different needs and capacities of all countries. In December 2023, the General Assembly established an ad hoc committee to develop draft terms of reference for such a framework convention, for consideration by the General Assembly at its seventy-ninth session. Complementary measures to strengthen international tax cooperation include additional tax capacity-building, the integration of regional tax organizations into a more cohesive global framework, strengthening the role of the Committee of Experts on International Cooperation in Tax Matters, and enhancing normative coordination on all domains of financial integrity policies (A/79/285).

51. To ensure that reforms adequately reflect the needs and priorities of developing countries, their representation in the governance arrangements of international economic and financial decision-making bodies must urgently be aligned with their greatly increased role in the global economy. Despite long-standing commitments, progress has been limited so far. Most recently, the IMF 16th General Review of Quotas concluded in December 2023, without a realignment of voting rights. Quota realignment should remain a key priority for all member countries during the 17th General Review. Developing countries' representation must also be further strengthened in multilateral development banks, especially the World Bank, and in international standard-setting bodies.

B. Making trade work for sustainable development

52. It has been long debated whether trade can play the role of an engine of growth for developing countries by supporting a virtuous circle connecting jobs, investment, productivity, and incomes. While export-oriented policies have shown some

[36] *Financing for Sustainable Development Report 2024* (United Nations publication).
[37] United Nations, "United Nations Secretary-General's SDG stimulus to deliver Agenda 2030".

remarkable success in the past, more recently, the development outcomes from trade for developing countries – especially through their integration into global value chains – no longer seem to translate into dynamic moving up the value chain like they did in East and South-East Asia.[38] Multiple and recurrent crises like COVID-19, the worsening impacts of climate change and a growing number of violent conflicts are disproportionally affecting developing countries, making it more difficult for them to improve their share in global trade, which itself has become less dynamic, as discussed above.

53. The decline in global trade during 2023 was more pronounced in developing countries, whose imports and exports fell by an average of 5 per cent and 7 per cent, respectively. Global goods trade declined in most sectors, but it declined by more than 10 per cent in apparel, chemicals, energy metals, office equipment and textiles, which are some of the major export sectors for developing countries.[39]

54. The subdued outlook for global trade in 2024 and 2025 remains subject to significant downside risks, such as persistent geopolitical tensions, rising shipping costs, and high levels of debt weighing on economic activity in many developing countries. Vulnerable developing countries also face continuing challenges to integrating into the global trade of both goods and services, as rising digital trade threatens to further exacerbate existing inequalities.

55. The declining share of developing countries in global trade is accompanied by rising export market concentration, with increased ability of large firms and digital platforms to extract increasing rents. Empirical evidence suggests that part of the surge in the profitability of top multinational enterprises – a proxy for the very large firms dominating international trade and finance – together with their growing concentration, has acted as a major force pushing down the global labour income share, thus exacerbating personal income inequality.[40] It has also led to unequal trading relations even as some developing countries have deepened their participation in global trade.

56. Several factors have contributed to growing trade fragmentation and a non-linear relationship between trade and development in recent years. These include a rise in the utilization of geopolitical-related trade restrictive measures, such as non-automatic licensing, incomplete rebates of value added tax on exports or even outright bans, inward-looking industrial policies, re-shoring, near-shoring and de-risking, and trade related unilateral climate actions. Those trade measures, which include curbs related to high-technology components and critical minerals, are also posing new challenges to a green transition.

57. To make trade work for development, it is critical that the multilateral trading system is open, rules-based, transparent, and non-discriminatory, as called for by the Secretary-General in his report entitled "Our Common Agenda" (A/75/982). International trade policies should shift from protectionist approaches and aim at benefiting all and accelerating progress on the Sustainable Development Goals. This will require building a new consensus for international trade that can better accommodate policy priorities such as building resilient supply chains, delivering decent jobs, tackling corruption and corporate tax avoidance and developing a secure digital infrastructure.

58. Existing international trade agreements should be revisited, with a view to creating policy space for countries to redesign their production, consumption and

[38] *Trade and Development Report 2023: Growth, Debt and Climate – Realigning the Global Financial Architecture* (United Nations publication, 2024).
[39] UNCTAD, "Global trade update".
[40] *Trade and Development Report 2023* (United Nations publication).

trading profiles to address contemporary global challenges. In addition, there is a need to promote technological capacity, innovation and resilience in developing countries, including through more flexibility in intellectual property rights, technology transfer, trade facilitation support and limits on the use of trade restrictions (ibid.). Further strengthening South-South trade cooperation can also help to gainfully integrate developing countries into global trade.

59. The World Trade Organization is being reinvigorated and updated to take account of twenty-first century realities, such as electronic commerce and the digital economy, which offer opportunities for the inclusion of micro-, small and medium-sized enterprises and women in international trade. Along with World Trade Organization reforms, the reinstatement of an effective dispute settlement mechanism to address trade disputes effectively is key to overcoming rising trade tensions (ibid).

C. The role of the United Nations

60. The Declaration on the Establishment of a New International Economic Order assigns a key role to the United Nations, as a “universal organization [that] should be capable of dealing with problems of international economic cooperation in a comprehensive manner and ensuring equally the interests of all countries” (resolution 3201 (S-VI)). In the 50 years since the Declaration, its principles have been reflected in major United Nations conferences and summits and in the 2030 Agenda. The repositioning of the United Nations development system and the emergence of a new generation of country teams has strengthened its efficiency and improved alignment with country needs and priorities.

61. The United Nations provides an inclusive forum for addressing international challenges and fostering multilateral consensus. The General Assembly and the Economic and Social Council are the main forums for building consensus on key economic and social norms and goals, including the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda. The establishment of a Biennial Summit at the level of Heads of State and Government could help to enhance the coherence of the international system, by strengthening existing and establishing more systematic links between the United Nations and the international financial institutions (A/77/CRP.1/Add.5). A standing authority for the Secretary-General and the United Nations system to convene and operationalize an emergency platform could help to coordinate global responses to a broad range of complex global shocks (A/77/CRP.1/Add.1).

62. On the ground, United Nations country teams coordinate with specialized entities of the United Nations system to provide coherent and well-tailored support to Member States, in line with their development needs and priorities. Activities include capacity development, shifts in policy and regulatory frameworks, the design of bankable project pipelines, and the mobilization of finance. Dedicated mechanisms, such as the Technology Facilitation Mechanism and the Technology Bank for Least Developed Countries, provide support for countries’ science, technology and innovation capacities, as well as facilitate technology transfer.

63. United Nations agreements and mechanisms also support joint global action needed to reduce the impacts of and assist recovery from more frequent and intense recurring crises. In addition to a more equitable and stable international financial system, discussed above, this includes the mitigation of climate change, the limitation of spillovers from violent conflict, and enhanced pandemic prevention and preparedness. Rather than merely providing assistance during a crisis – which is often late, costly and insufficient – such joint global actions can reduce systemic risk from

the outset and prevent or limit future damage, which greatly reduces the cost to lives and livelihoods.[41]

64. Joint actions to reduce global systemic risk and strengthen resilience benefit all countries, but they are even more important for developing countries that lack the necessary domestic resources and capacities to protect their populations from the effects of converging crises, especially countries in special situations such as least developed countries, landlocked developing countries and small island developing States.[42]

65. Upcoming global summits and conferences under the auspices of the United Nations present an opportunity to galvanize proposals for reforming the international system, in order to make it more equitable and supportive of sustainable development that leaves no one behind. The Summit for the Future, to be held in September 2024, could be a catalyst for Member States to accelerate reform of the international financial system and the global trading system; advance efforts to develop indicators that go beyond GDP; guide multilateral cooperation in the area of science, technology, and innovation – including through a global digital compact – and strengthen the commitment to joint global action to address current and future challenges. The Fourth International Conference on Financing for Development in 2025 can build on these efforts and secure an ambitious outcome towards a reformed financing for development architecture that will close the Sustainable Development Goals financing gap. The Second World Summit for Social Development in 2025 could strengthen global partnerships for social development in a changing world. Upcoming conferences of the United Nations Framework Convention on Climate Change are an opportunity for developed countries to make more ambitious climate commitments and pledge additional support for developing countries to adapt and recover, including through the loss and damage fund.

V. Conclusions and recommendations

66. **The current development challenges and inequities in the international system continue to resonate with the Declaration on the Establishment of a New International Economic Order. Over the past 50 years, some developing countries have witnessed significant development progress, but many others still struggle to overcome gaps and access the support they need. Recurrent and converging crises – including those related to climate change – pose additional challenges. Rapid technological change remains highly concentrated in a few countries and threatens to widen existing divides.**

67. **Countries that are more exposed to external shocks need to strengthen their preparedness, resilience, and response capacities to reduce vulnerabilities and protect their populations. Yet, many continue to lack the necessary resources and capacities due to systemic flaws in the existing international financial architecture, which pose serious constraints to financing for development, capacity building and technology transfer. International support should be informed by measures that go beyond GDP, to better address individual needs and reduce vulnerabilities. The agreed multidimensional vulnerability index is a welcome advance in this direction.**

68. **Harnessing the potential benefits from technological progress, while avoiding risks and drawbacks, requires coherent national science, technology and innovation strategies. Successful technology diffusion and adoption also**

[41] *World Social Report 2024* (United Nations publication).
[42] Ibid.

requires international financial, technical and capacity-building support, to help overcome persistent technology divides. This should be accompanied by an enabling international environment that facilitates developing countries' productive insertion into global value chains; provides adequate, balanced and effective protection of intellectual property rights; and promotes multilateral guardrails such as the proposed digital compact.

69. **A meaningful reform of the international financial architecture requires action in several areas, including to (a) reduce the risk of debt distress – including through further improvements to the Common Framework for Debt Treatments and concrete steps toward a permanent sovereign debt restructuring mechanism; (b) increase access to concessional long-term financing – including through increases in the capital bases of multilateral development banks, better financing terms, and a massive increase in climate finance, without crowding out official development assistance; (c) enhance contingency financing – including through new uses for special drawing rights, more flexible IMF lending, and other improvements to the global financial safety net; (d) make international tax cooperation fully inclusive and more effective – including through a United Nations framework convention on international tax cooperation; and (e) fulfil the long-standing commitment to strengthen the voice and participation of developing countries in the governance arrangements of international financial institutions.**

70. **Making trade work for sustainable development requires maintaining an open, rules-based, transparent, and non-discriminatory multilateral trading system and international trade policies that support sustainable development goals. A new consensus on international trade should accommodate policy priorities such as building resilient supply chains, delivering decent jobs and enabling more flexibility in intellectual property rights. It should support technological capacity and innovation in developing countries, and it should further strengthen South-South trade cooperation. Reforms to reinvigorate the World Trade Organization should be accompanied by the reinstatement of an effective dispute settlement mechanism.**

71. **The United Nations plays a crucial role in global economic governance, alongside other multilateral institutions, by providing an inclusive forum for addressing international challenges and fostering consensus, as well as providing coherent and well-tailored support to Member States. A biennial summit at the level of Heads of State and Government could further strengthen links between the United Nations and the international financial institutions, and an emergency platform could help to coordinate responses to complex global shocks.**

72. **Multilateralism must be redesigned to achieve the necessary reforms which address systemic flaws in the existing international economic order and build a new, inclusive and equitable economic order. This will also strengthen the United Nations' capacity to deliver on sustainable development, including by facilitating joint global action to reduce global systemic risk and strengthen resilience.**

73. **Member States are encouraged to seize upon upcoming global summits and conferences to reform the international system, to make it more equitable and supportive of sustainable development that leaves no one behind.**