THESSALONIKI

THESSISMUN

ThessISMUN

Thessaloniki International Student Model United Nations

SECOND COMMITTEE OF THE UNITED NATIONS GENERAL ASSEMBLY

Topic area B: "Promotion of Global Sustainable Development: The Aspects of Energy, Trade and Financial Relations"

University of Macedonia
Thessaloniki, Greece

Topic area B: "Promotion of Global Sustainable Development: The Aspects of Energy, Trade and Financial Relations"

TABLE OF CONTENTS

1. WELCOMING LETTER....4
2. THE 2ND COMMITTEE OF THE GENERAL ASSEMBLY....5
3. INTRODUCTION TO THE TOPIC:....6
4. THE 2030 SUSTAINABLE DEVELOPMENT AGENDA AND THE SUSTAINABLE DEVELOPMENT GOALS....7
4.1 Introduction to the 2030 Agenda and the Sustainable Development Goals....7
4.2 The implementation of the Sustainable Development Agenda and the United Nations' Actions....9
5. THE ASPECTS OF ENERGY, TRADE AND FINANCIAL RELATIONS IN THE 2030 SUSTAINABLE DEVELOPMENT AGENDA....11
5.1 INTERNATIONAL TRADE AND THE 2030 SUSTAINABLE DEVELOPMENT AGENDA 12
5.1.a Introduction to International Trade Relations....12
5.1.b The Current State of Affairs....13
5.1 c International Trade across the 2030 Agenda....16
5.1. d. The efforts raised by the UN and in particular the 2nd Committee of the General Assembly....19
5.2. FINANCIAL RELATIONS AND THE SUSTAINABLE DEVELOPMENT GOALS....21
5.2.a The scope of financial services and the definition of financial inclusion...21
5.2.b. The role of financial services in a development agenda....24
5.2.c The nexus between the sustainable development goals and international financial relations....25
5.2. d The current state of affairs and pending initiatives....28
5.3. THE 2030 DEVELOPMENT AGENDA AND THE INTERNATIONAL ENERGY RELATIONS....32
5.3.a Overview of the Current Energy Relations and Environment....32
5.3.b International Energy Relations and Sustainable Development Goal N. 7..34
5.3.c Efforts Raised by the International Community and current state of affairs....37
6. INTERNATIONAL ENERGY, TRADE AND FINANCIAL RELATIONS AS THE CATALYST OF THE 2030 DEVELOPMENT AGENDA....42
7. CONCLUSION....47

8. POINTS TO BE ADDRESSED: **47**
9. GENERAL BIBLIOGRAPHY: **48**
10. UN RESOLUTIONS AND RELEVANT CONTENT **50**

1. Welcoming Letter

Dear participants,

We would like to express our most sincere honor and excitement to serve as Chairs of the 2nd Committee of the General Assembly and in this capacity we shall cordially welcome you to ThessISMUN 2019.

We are convinced that your passion and enthusiasm towards International Relations is indisputably proven by your participation in this simulation. More specifically, your fervor to get involved in the international economic agenda and use your ThessISMUN 2019 as a springboard for your further engagement with the field of International Economic Relations constitutes our duty to deliver. Therefore, we pledge our full devotion on succeeding our goal, which is to facilitate your ThessISMUN and specifically, your 2nd GA Committee experience.

Our agenda this year, contains pertinent and intriguing topics of debate, which are closely connected with each other, as both target the enhancement and facilitation of the UN Development Agenda. Concerning the topic A of our Agenda, we aim at creating a comprehensive framework regarding the topic of illicit financial flows. Our objective is to examine the various component of the problem, pinpoint its causes and create effective strategies to cut its thread in multiple stages. It is a matter that requires multidimensional analysis as it is interwoven with our globalized economy.

Regarding now topic B, the purpose is to cover the different field of international relations, ie trade, energy and financial relations, and their role in achieving the 2030 Development Agenda and the Sustainable Development Goals. The substantial nexus between trade, energy and financial relations with the respective Sustainable Development Goals, and more distinctively, the importance of each of those fields for the International Community as a whole and for each Member State, renders this Topic extremely multifaceted and crucial.

We do hope you find this Study Guide useful. We have strived to provide you with the fundamental background information as well as summarized details and further bibliography, for those wishing to further expand their knowledge in preparation for the conference. Through this, we hope that you will be ready for what will be a sensational and passionate simulation.

Finally, we want to ask all of you to not only carefully read this guide, but also the Rules of Procedure (RoP), as you cannot play the game if don't know the rules.
It goes without saying that we are very much looking forward to meeting each and every one of you in person; it is in these conferences where amazing memories are forged and strong friendships are built. As your chairing team we cannot wait for it to start!

Kind regards,

Board of the 2nd committee of the General Assembly

2. The 2nd Committee of the General Assembly

The Second Committee of the General Assembly of the United Nations (also known as the Economic and Financial Committee) is one of the six main committees of the United Nations General Assembly. The membership status in the Second Committee is attributed to all 193 members of the organization.

The Second Committee was established in 1945 during the San Francisco conference where "*representatives of over eighty per cent of the world's population, people of every race, religion and continent; all determined to set up an organization which would preserve peace and help build a better world*"[1] gathered, with an aim in other words, to lay the foundations for the creation of the United Nations. Hence, we can understand the importance of the Economic and Financial Committee since it is an integral part of the UN from the first moments of its existence. The first meeting of the 2nd committee of the GA has held one year later in London.

The 2nd Committee's administration comprises of one chairperson, three vice-chairpersons and one rapporteur. The 2nd Committee regularly updates its working methods and practices to enable deeper debate and greater impact of the committee's deliberations and decisions. These efforts include streamlining the agenda, holding "question time" sessions with secretariat officials after the presentation of substantive

[1] United Nations 1945: The San Fransisco Conference un.org Available in: http://www.un.org/en/sections/history-united-nations-charter/1945-san-francisco-conference/index.html

reports and reducing the number and length of draft resolutions adopted. The Committee currently holds a dialogue with the Executive Secretaries of the Regional Commissions as well as a number of side events as part of its program of work.

3. Introduction to the topic:

In 2000, leaders from all around the world signed the "United Nations Millennium Declaration", which announced triumphantly the commitment of the global community towards halving poverty in the least-developed states by 2015, by accomplishing: The Millennium Development Goals (MDGs). On 25 September 2015, the United Nations General Assembly adopted the successor of the MDGs, the 2030 Agenda for Sustainable Development, accompanied by 17 development goals, the "Sustainable Development Goals" (SDGs).[2]

The SDGs cover all the different areas of human development and protection of the environment. The targets set within this framework, 169 in total, are to be met by both developing and developed states; yet despite the size of the agenda, the text of the agreement is mute on how different states, especially developing ones, are going to utilize their limited financial and human resources to achieve these goals. Within this context, the international community has started to consistently deal with issues related to interstate energy, trade and financial relations, both as goals included in the Sustainable Development Goals and as tools for achieving the Sustainable Development Goals and the Agenda 2030 for Sustainable Development. It is noteworthy that despite the fact that issues like energy and trade where left out of the Millennium Declaration in 2000 as MDGs, they were included in the SDGs.[3]

In the present study guide, we shall analyze first the nature and the importance of the Sustainable Development Goals, second the nexus of each different field of international relations with the Sustainable Development Goals, along with the

[2] United Nations 69/General Assembly resolution 69/315, *Draft outcome document of the United Nations summit for the adoption of the post-2015 development agenda*, A/RES/69/315 (15 September 2015).
[3] Goozee, H. (2017). Energy, poverty and the Sustainable Development Goals. *International Policy Centre for Inclusive Growth*, 351(ISSN 2318-9118). Available at: https://www.ipc-undp.org/pub/eng/OP351_Energy_poverty_and_the_Sustainable_Development_Goals.pdf

current status , and third the initiatives and actions required to move forward as we approach 2030.

4. The 2030 Sustainable Development Agenda and the Sustainable Development Goals

4.1 Introduction to the 2030 Agenda and the Sustainable Development Goals

On the 25th of September 2015, the *2030 Sustainable Development Agenda* was adopted by the General Assembly,[4] by declaring in its preamble:

"*This Agenda is a plan of action for people, planet and prosperity. It also seeks to strengthen universal peace in larger freedom. We recognize that eradicating poverty in all its forms and dimensions, including extreme poverty, is the greatest global challenge and an indispensable requirement for sustainable development.*

All countries and all stakeholders, acting in collaborative partnership, will implement this plan. We are resolved to free the human race from the tyranny of poverty and want and to heal and secure our planet. We are determined to take the bold and transformative steps which are urgently needed to shift the world on to a sustainable and resilient path. As we embark on this collective journey, we pledge that no one will be left behind."

The Agenda introduced the following Sustainable Development Goals ("SDGs") or "Global Goals" [5], which deal with a variety of issues and problems the International Community faces at the moment:

1. ***No Poverty*** *- End poverty in all its forms everywhere*
2. ***Zero Hunger*** *- End hunger, achieve food security and improved nutrition and promote sustainable agriculture*

[4] United Nations General Assembly resolution 70/315, *Transforming our world: the 2030 Agenda for Sustainable Development*, A/RES/70/315 (25 September 2015),

[5] United Nations (2019). *Transforming our world: the 2030 Agenda for Sustainable Development .:. Sustainable Development Knowledge Platform*. [online] Sustainabledevelopment.un.org. Available at: https://sustainabledevelopment.un.org/post2015/transformingourworld.

3. ***Good Health and Well-being*** *- Ensure healthy lives and promote well-being for all at all ages*
4. ***Quality Education*** *- Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all*
5. ***Gender Equality*** *- Achieve gender equality and empower all women and girls*
6. ***Clean Water and Sanitation*** *- Ensure availability and sustainable management of water and sanitation for all*
7. ***Affordable and Clean Energy*** *- Ensure access to affordable, reliable, sustainable and modern energy for all*
8. ***Decent Work and Economic Growth*** *- Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all*
9. ***Industry, Innovation and Infrastructure*** *- Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation*
10. ***Reduced Inequalities*** *- Reduce income inequality within and among countries*
11. ***Sustainable Cities and Communities*** *- Make cities and human settlements inclusive, safe, resilient and sustainable*
12. ***Responsible Consumption and Production*** *- Ensure sustainable consumption and production patterns*
13. ***Climate Action*** *- Take urgent action to combat climate change and its impacts by regulating emissions and promoting developments in renewable energy*
14. ***Life Below Water*** *- Conserve and sustainably use the oceans, seas and marine resources for sustainable development*
15. ***Life on Land*** *- Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss*
16. ***Peace, Justice and Strong Institutions*** *- Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels*

17. ***Partnerships for the Goals*** *- Strengthen the means of implementation and revitalize the global partnership for sustainable development*

As we can see, the 2030 Sustainable Agenda is the main railroad for developing and developed nations towards achieving a more sustainable and equal future for all. This railroad is consisted of the different SDGs that interconnect and with each other; thus leaving no one behind, and as they are connected they create and uphold the blueprint behind the conferences of the UN and their actions. The goals refer to many problems of the world from eliminating the issue of poverty to protecting and sustaining the wildlife of the planet, in other words calling the Nations urgently to sustain, protect and develop the world until 2030. Speaking by the numbers, the Goals are 17, yet each one of them can be broke down to specific Targets, by achieving those 230 targets/indicators[6] one may be able to say that all 17 Goals have been reached.[7]

4.2 The implementation of the Sustainable Development Agenda and the United Nations' Actions

The 2030 Sustainable Development Agenda, being adopted via a resolution, is not a legally binding document, rather it " *affirm (the) strong political commitment to address the challenge of financing and creating an enabling environment at all levels for sustainable development in the spirit of global partnership and solidarity*".[8] The goal was *"to end poverty and hunger and to achieve sustainable development in its three dimensions through promoting inclusive economic growth, protecting the environment and promoting social inclusion."*

More specifically, during the Third International Conference on Financing for Development the Member States concluded the Addis Ababa Action Agenda, which provided for concrete policies and actions to support the implementation of the new agenda. The SDGs shall be the compass that will align the plans of each individual

[6] https://unstats.un.org/sdgs/indicators/indicators-list/ United Nations, Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development

[7] United Nations (2018). *The Sustainable Development Goals Report 2018*. The Sustainable Development Goals Annual Reports. [online] Available at: https://unstats.un.org/sdgs/files/report/2018/TheSustainableDevelopmentGoalsReport2018-EN.pdf.

[8] United Nations General Assembly resolution 69/313, *Addis Ababa Action Agenda of the Third International Conference on Financing for Development (Addis Ababa Action Agenda*, A/RES/69/313 (15 August 2015),

state with the global commitments as the burden and the responsibility for implementing and succeeding on reaching the goals shall rest upon each country's own sustainable development policies. Besides, the governments are excepted to develop their own national indicators that shall aid in monitoring the development made at the national level.[9]

Furthermore, these country-led and nationally owned development strategies shall require separate financing strategies and resource mobilization. In this regard, the different stakeholders, government, the private sector and civil society are expected to support the national efforts and contribute to the realization of the new agenda. Yet unfortunately, the country-led initiatives cannot be considered as a viable solution, especially in the least developed states, at least not by themselves. Rather, the importance of the Sustainable Development Agenda is exactly the global cooperation and the establishment of a common global scheme.[10]

For this reason, the 17 SDGs and the 169 targets are going to be monitored at the global level and reviewed using a set of global indicators. In specific, on the 6th of July 2017, the United Nations General Assembly adopted a global indicator framework to monitor the 2030 Agenda for Sustainable Development which was developed by the Inter Agency and Expert Group on SDG Indicators (IAEA-SDGs).[11]

The 232 global indicators are supplemented and complemented by indicators at the regional and national levels developed by United Nations Member States and Regional Organizations. The basis for the compilation of global indicators is the data sent from national statistical and data systems. With these efforts, the capability to identify those left further behind sharply risen on the grounds that data are

[9] Eg. Government Offices of Sweden, Ministry of Foreign Affairs (2017). *Towards Achieving the 2030 Agenda and the Sustainable Development Goals (SDGs)*. Report on the implementation of the Addis Ababa Action Agenda on fi nancing for development. [online] Available at: https://www.regeringen.se/49d52b/contentassets/f883444856cd40838e69a22d5da2beed/report-on-the-implementation-of-the-addis-ababa-action-agenda-on-financing-for-development.

[10] Inter-agency Task Force on Financing for Development (2018). *Financing for Development: Progress and Prospects 2018*. Report of the Inter-agency Task Force on Financing for Development. [online] Available at: https://developmentfinance.un.org/sites/developmentfinance.un.org/files/Report_IATF_2018.pdf.

[11] Division, U. (2019). *IAEG-SDGs — SDG Indicators*. [online] Unstats.un.org. Available at: https://unstats.un.org/sdgs/iaeg-sdgs/.

increasingly disaggregated by income, sex, age.[12] Additionally, these indicators will be vital for the follow-up and review process of the annual SDG Progress Report as well as the annual meeting in High-level Political Forums on sustainable development.

As a follow up to the introduction of the 2030 Agenda, the "Sendai Framework for Disaster Risk Reduction", agreed in March 2015, the "Addis Ababa Action Agenda on Financing for Development" which declared the need for international cooperation on the field of financing for development, were among else agreed by the United Nations' Members States in order to supplement the 2030 Agenda.[13]

In addition, in 2016 the Paris Agreement on Climate Change which built upon the UNFCCC, signed in 1992, provides for rules on combating the climate change by undertaking even more ambitious efforts and supporting developing states in their efforts.[14]

What is very important to notice is that the international community has realized that the SDGs cannot be realized by the efforts raised by each state in clinical isolation from the other states. Rather, the 2030 Agenda as a global agenda requires global cooperation in order to find global solutions. On this playing field, the international relations in terms of trade, finance and energy come to serve their vital role: bringing people, ideas and solutions closer together in order to provide substance to the declarations made during the 2030 Agenda declaration.

5. The Aspects of Energy, Trade and Financial Relations in the 2030 Sustainable Development Agenda

At this point, we shall examine the basic features of each of the three fields of international relations under discussion, and their connection to the 2030 Agenda and the SDGs in specific.

[12] Ibid.10

[13] The United Nations Office for Disaster Risk Reduction (2015). *UNISDR Annual Report 2015*. 2014-15 Biennium Work Programme Final Report. [online] Available at: https://www.unisdr.org/files/48588_unisdrannualreport2015evs.pdf.

[14] UN (2019). *The Paris Agreement | UNFCCC*. [online] Unfccc.int. Available at: https://unfccc.int/process/the-paris-agreement/what-is-the-paris-agreement.

5.1 International Trade and the 2030 Sustainable Development Agenda

5.1.a Introduction to International Trade Relations

The modern International Trade Relations were shaped in 1947, which was the year of the signature of the GATT 1947 (General Agreement on Trade in Goods) which is the first big Multilateral Treaty (23 states at first, reaching up to 123 in 1994) which legally obliged states to promote International trade by establishing the main rules on international trade relations, removing quantitative barriers, reducing tariffs and providing equal standards of treatment. It was the first decisive step towards liberalizing International Trade, while introducing a dispute settlement for States violating the GATT.[15]

The GATT 1947 was succeeded in 1995 by the **Marrakesh Agreement of 1995 signed by 123 states,** which established the World Trade Organization (hereinafter: WTO).[16] The WTO, which has now 164 Member-States, provides for a vast array of different legal obligations for the regulation of trade in goods, services and intellectual property as well as rule on tariffs, subsidies, custom duties, safeguard measures and antidumping duties, while incorporating an enduring institutional framework with a workable and strong dispute settlement mechanism.[17]

The cornerstones of the WTO are mainly two: non-discrimination and transparency. In a vast variety of rules, the member states are obliged to provide equal treatment to all different states (most favored nation principles, MFN) and among domestic and foreign producers, products, suppliers etc. (national treatment principle, NT), while on the other hand, the Agreement provides for predetermined and accessible rules and policy on tariffs for imports (schedule of concessions), market access for foreign services suppliers (schedule of commitments) and the rules of the transparent mechanism of the organization and disclosure of national trade rules and policy to the Trade Review Mechanism.[18]

---

[15] Irwin, D., Mavroidis, P. and Sykes, A. (2007). *The genesis of the GATT. Choice Reviews Online*

[16] Wto.org. (2019). *WTO legal texts*. [online] Available at: https://www.wto.org/english/docs_e/legal_e/legal_e.htm.

[17] Wto.org. (2019). *WTO | Development - Trade and development gateway*

[18] VanGrasstek, C. (2013). *The history and future of the World Trade Organization*.

These rules are enforced by a stable and consolidated legal framework of dispute settlement and the general rule of reciprocity, as all the Member States have to follow the same rules and avoid instances of free riding. In addition, the WTO caters for the special differential treatment provided to developing and least developed states, while organizing the next rounds of Negotiations for further liberalizing International Trade. After all, the Members have committed to further reduce or abolish barriers to trade and decrease the existing tariffs and custom duties.[19]

5.1.b The Current State of Affairs

The post Marrakesh Agreement era is characterized by the desired, undesired and the unexpected implications on the massive trade liberalization and regulation introduced by the WTO Agreement.[20]

First of all, trade liberalization as an International Trade theory has as a matter of fact dominated the trade negotiations of the latest 30 years. Tariffs have severely diminished (by an average 40%), barriers to trade have manifestly decreased (prohibition of quantitative restrictions under the GATT/WTO system), market access rules on trade in services (obligatory commitments taken by Member- States under the GATS) and generally 90% of trade is currently regulated by the WTO law, while Regional Trade Agreements (hereinafter: RTAs),[21] that provide for WTO plus obligations regulate even more.[22] This creates a stable environment that promotes International cooperation and easier cross-border trade of goods and services.[23]

What is more, the introduction of an effective and prompt dispute resolution mechanism (regulated by the Dispute Settlement Understanding (DSU) of the WTO

[19] Wto.org. (2019). *WTO | Development - Trade and development gateway*

[20] UNCTAD secretariat (2015). *Evolution of the international trading system and its trends from a development perspective. Trade and Development Board*

[21] RTAs are International free trade or custom union agreements among two or more states offering more preferential treatment and rules than those of the general WTO Agreement we spot currently over 270 regional trade agreements either bilateral or multilateral that create a very peculiar complex of differential treatment that could render the basic rule of the WTO, non-discrimination, unworkable. RTAs basically provide for preferential treatment among the parties that either provide for larger market access, zero tariffs and general lower boundaries and restrictive measures than the general WTO obligation (WTO minus commitments), or establish rules on areas that the WTO Agreement does not regulate like labour, competition and investment (WTO plus commitments)

[22] More on the Gats: https://www.wto.org/english/docs_e/legal_e/26-gats_01_e.htm

[23] Singh, S. (2013). *WTO Plus Commitments in RTAs*.

further enhanced the stability and predictability of the multilateral trading system. The result was, at least until 2008 and the resurgence of recession, an integrated development that raised living standards around the world, as most developing states have shared this prosperity brought by trade liberalization. The special and differential clauses of the Multilateral Trade Agreements, mostly the WTO, raised the significance of those states to the totality of international trade, by boosting their exports and total production. This augmented trade growth potential has aided developing states to witness a high GDP growth rate, sometimes higher than the developed states. For example, in 2000 developing states have experienced an annual GDP growth of 5.7% on average, while developed only by 1.6% on average.[24]

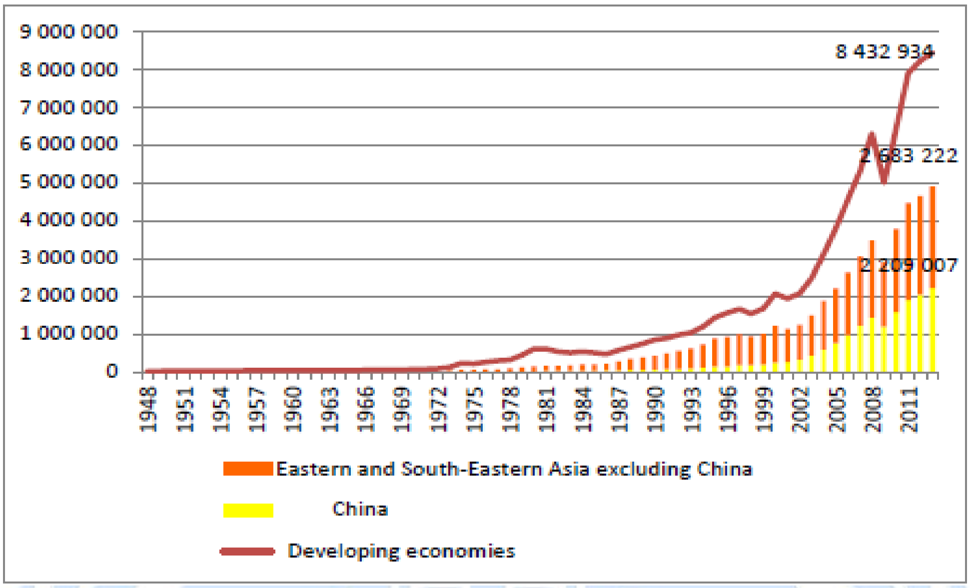
Yet, the integration has been widely uneven and thus we open the chapter of the undesired effects of the massive trade liberalization. International Trade integration was achieved by states like China, India and other developing countries mainly in Asia as they choose to be part of it and thus attracting new investments and took advantage of the new market oriented international trade rules by reforming their own economy on this note.[25] Yet, states that could not or did not want to follow this pattern show their share of world trade decline substantially and their dependence on production and export of traditional commodities, in addition to deep-seated structural and institutional problems, lead them towards marginalization. This is comprehensively illustrated by the following graph of the level growth in trade for developing countries.[26]

[24] Kituyi, M. (2013). *International trade and development nexus*. *GREAT Insights*

[25] Iversen, K. and Cheng, H. (2017). Development Issues No. 7: Global Context For Achieving The 2030 Agenda For Sustainable Development: International Trade. *Development Strategy and Policy Analysis Unit- Development Policy and Analysis Division Department of Economic and Social Affairs*

[26] UNCTAD secretariat (2015). *Evolution of the international trading system and its trends from a development perspective. Trade and Development Board*

Growth in trade
(US$ thousands)



Source: UNCTAD secretariat (2015). Evolution of the international trading system and its trends from a development perspective. Trade and Development Board

In addition, the proliferation of RTAs has led to a complex multipolar trade environment, often described as “spaghetti bowl” of RTAs. In this context, it is important to identify some additional idiosyncratic features of RTAs. As each agreement is negotiated on a completely different basis, the variety of legal provisions, treaty language and expressions, structure and design of the treaties renders these agreements even more complex to the average trader or investor. On the other hand, there is a vast difference between the so-called South-South Agreements[27] and North-South Agreements[28]. The specialization, depth and width of regulation that most North-South Agreements provide, can become a very important burden to Developing States who are unable to fully utilize the WTO minus obligations mainly due to the existence of sophisticated WTO plus commitments which impose obligations that an institutionally weak state cannot simply abide by.

Some famous RTAs are the Mercosur in South America, NAFTA in North America, CAFTA in Central America, ASEAN in SouthEast Asia, the proposed TTIP (between

[27] Agreements among Developing States
[28] Agreements between a Developed and a Developing country

USA and EU), and the recently signed CETA between Canada and EU.[29] In this environment, multilateral negotiations have become more and more problematic, as witnessed by the stalled Doha Agreement. Thus, one massive undesired feature of the current system is the massive inertia caused by the bulk of trade agreements and trade negotiations *acquis*. This languor renders the multilateral or plurilateral trade system ineffective in cases of crisis.[30] As a result, the rule-based, transparent and non-discriminatory multilateral system is gradually overtaken by preferential rules by a dazzling amount of RTAs that could actually have the role of quantitative barriers and high tariffs that characterized the pre-WTO era, as a mean of protectionism.

On this account, we arrive at the unexpected implications of the current trade system. The financial crisis of 2008 lead to a significant the rise of protectionism, nationalism and additional regionalism, which on their turn opened the *Gates of Babylon* for continuous strikes at the corpus of the multilateral trade system. More and more states have turned their back on further trade liberalization and international trade regulation and either openly adopt restrictive and protectionism regulations or cause procedural crisis on the current institutions, like US's current introduction of protectionist tarrifs.

5.1 c International Trade across the 2030 Agenda

Ever since 2001, Member States of the WTO have committed themselves to further Negotiation Rounds in order to further liberalized trade and foster development. On this ground, the Doha Round of Negotiations was launched in 2001 and is also quoted as the Doha Development Round. The goal, as introduced by the Ministerial Declaration which initiated the round, is: "*to place developing countries' needs and interests at the heart of the Work Programme adopted in this Declaration...to continue to make positive efforts designed to ensure that developing countries, and especially the least-developed among them, secure a share in the growth of world trade commensurate with the needs of their economic development. In this context,*

---

[29] More on Mercosur : http://www.as-coa.org/articles/explainer-what-mercosur-0
On NAFTA: http://www.naftanow.org/
On CAFTA: https://www.citizen.org/our-work/globalization-and-trade/nafta-wto-other-trade-pacts/cafta
On ASEAN: http://asean.org/
On TTIP: http://ec.europa.eu/trade/policy/in-focus/ttip/
And on CETA: http://ec.europa.eu/trade/policy/in-focus/ceta/

[30] Singh, 2013,ibid.

enhanced market access, balanced rules, and well targeted, sustainably financed technical assistance and capacity-building programmes have important roles to play."[31]

Hence, it comes naturally that, even though the SDGs do not proclaim any trade goal but for some SGG targets- mainly under Goal 17- such as the promotion of a "*rules based multilateral trading system, and implementation of duty-free and quota-free market access for least developed countries, with a doubling of their export market share",* it has become apparent that the positive effects of trade liberalization, evidently economic growth, is a necessary prerequisite for the achievement of the 2030 Agenda.[32] Thus, notwithstanding the sixth SDG which provides *expressive verbis* for economic growth with an enhanced framework of integration for trade-related technical assistance, international trade is a major component of the Sustainable Development Agenda. More generally, the additional resources generated through growth can be used as part of investment in the pursuit of various goals. In addition, this indirect link between trade and development is complemented by a direct one. International trade reform blows a wind of change into domestic trade policies that are anti-poor biased such as high tariffs on absolutely necessary products and goods.[33]

More specifically, International trade is a substantial part in the "abolition" of hunger (SDG 2), as it requires correcting and preventing trade distortions and restriction in agricultural products and markets, which can be achieved by eliminating exports subsidies on agricultural products or by removing export trade restrictions such as quantitative restrictions. These issues are regulated for example by the WTO legal system.[34]

In addition, the 9th goal (Industry, Innovation and Infrastructure) calls for an upgraded intergration of SMEs and small scale industries into global value chains and markets,

---

[31] Wto.org. (2001). *WTO | Doha 4th Ministerial - Ministerial declaration*. [online] Available at: https://www.wto.org/english/thewto_e/minist_e/min01_e/mindecl_e.htm.

[32] United Nations Sustainable Development. (2019). *Global Partnerships - United Nations Sustainable Development*. [online] Available at: https://www.un.org/sustainabledevelopment/globalpartnerships/.

[33] Wto.org/The WTO and the Sustainable Development Goals. (2017). *WTO | The WTO and the Sustainable Development Goals*.

[34] Sengupta, R. (2016). *International Trade and the 2030 Agenda for Sustainable Development*.

while noting that national and regional infrastructure should meet the standard of quality, reliance, sustainability and resilience. On the other hand, Goal 10, which calls for reduced inequalities, proclaims the high importance of SDT (special and differential treatment) for developing countries as set by the WTO Agreement, mostly the Enabling Clause and the LDCs (least developed countries) waiver.[35]

Last but definitely not least, as noticed goal 17 stresses the importance of global partnerships which can be achieved by the multilateral trading system of the WTO, mainly by concluding the negotiations of the Doha Round. In addition, it calls for an increased portion of total export shares or LDCs, promotes market access opportunities by ensuring, among else, transparent and simple preferential rules of origin [36] and enhances the trade policy coherence, while having the SDGs in mind.

It should be noted that International Trade plays a vital role in the raise of public revenue, especially for LDCs, as most of those are specialized in the extraction, production and export of precious commodities such as ores and fossil fuels. A study of the World Bank has shown that the trade-related revenue can make up to 25% of total public revenue in sub-Saharan African countries.[37] While on the other hand, the private-sector can generate a significant amount of revenue by productively operating in trade-related goods and services, an option that creates additional revenue for development. More importantly, private initiatives can foster a vent for surplus, create new jobs and promote the economic and productive capabilities of a state, all being essential requirements for the success of SDGs, mainly absolute poverty

As a concluding remark, it is worth mentioning that as International Trade regulation, mainly under the WTO, covers more than 90% of the total economic activity is more than apparent that it is crucial in promoting any goal that affects economic growth and development, while on the other hand, as seen by the historical perspective of trade, human development and culture thrives under the positive radiation of increased trade relations and cross-border transcations. After all, according to the United Nations Conference on Trade and Development (UNCTAD), "*trade remains the most reliable*

[35] Helble and Shepherd, 2017,ibid.
[36] Rules concerning the determination of origin of a specific product.
[37] Wacziarg, Romain, and Karen Horn Welch, 2008, "Trade Liberalization and Growth: New Evidence

and productive way of integrating into the global economy and of supporting the efforts of poorer countries to become less aid dependent."[38]

The following table is introduced by the UNCTAD in its reports and perfectly sums up the relation between International Trade and the SDGs.[39]

Trade-related targets and how they relate to the WTO provisions

Goal 2.	End hunger, achieve food security and improved nutrition, and promote sustainable agriculture
	2.b: Correct and prevent trade restrictions and distortion in world agricultural markets, including by the parallel elimination of all forms of agricultural export subsidies and all export measures with equivalent effect, in accordance with the mandate of the Doha Development Round
Goal 3.	Ensure healthy lives and promote well-being for all at all ages
	3.b: Support research and development of vaccines and medicines for the communicable and non-communicable diseases that primarily affect developing countries, provide access to affordable essential medicines and vaccines, in accordance with the Doha Declaration, which affirms the right of developing countries to use to the full the provisions in the TRIPS agreement regarding flexibilities to protect public health and, in particular provides access to medicines for all
Goal 10.	Reduce inequality within and among countries
	10.b: Implement the principle of special and differential treatment (SDT) of developing countries, in particular least developed countries, in accordance with WTO agreement
Goal 14.	Conserve and sustainably use the oceans, seas and marine resources for sustainable development
	14.6: By 2020, prohibit certain forms of fisheries subsidies which contribute to overcapacity and overfishing, and eliminate subsidies that contribute to IUU fishing, and refrain from introducing new such subsidies, recognizing that appropriate and effective special and differential treatment for developing and least developed countries should be an integral part of the WTO fisheries subsidies negotiations (taking into account ongoing WTO negotiations and WTO Doha Development Agenda and Hong Kong Ministerial Mandate)
Goal 17.	Strengthen the means of implementation and revitalise the global partnership for sustainable development
	17.10: Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the WTO including through the conclusion of negotiations within its Doha Development Agenda (DDA)
	17.12: Realise timely implementation of duty-free, quota-free (DFQF) market access on a lasting basis for all least developed countries consistent with WTO decisions, including, through ensuring that preferential rules of origin applicable to imports from LDCs are transparent and simple, and contribute to facilitating market access

Source: WTO and OECD (2015). Trade In The Post-2015 Development Agenda. Aid For Trade At A Glance 2015: Reducing Trade Costs For Inclusive, Sustainable Growth

5.1. d. The efforts raised by the UN and in particular the 2nd Committee of the General Assembly

Starting from 2015, when the third international conference on Financing for Development (FfD) in Addis Ababa, the United Nations presented its collective position on the issue of using and mobilizing private and public financial resources

[38] Unctad.org. (2017). *UNCTAD | Trade and the Sustainable Development Goals (SDGs)*.

[39] *WTO and OECD (2015). Trade In The Post-2015 Development Agenda. Aid For Trade At A Glance 2015: Reducing Trade Costs For Inclusive, Sustainable Growth*

for the implementation of the new development agenda. Furthermore, the 14th session of the United Nations Conference on Trade and Development (UNCTAD), held from 17 to 22 July 2016, in Nairobi, has forged an international consensus that Trade and Development have become increasingly interrelated within the context of growing economic and financial interdependence among nations in today's globalizing world economy. It commented that international trade and international trade relations can act as a genuine engine of development as it leads to steady improvement in human conditions by expanding the range of people's choices, increasing cultural interrelation and connecting the different sides of today's multi-faceted economic world. Yet, the real contribution of trade into a development agenda greatly depends on the context in which it works and the ends it serves, that is a proper policy agenda and multilateral solutions and agreements.[40]

On this issue, the 2nd Committee of the GA has reaffirmed its position towards boosting international trade, while reiterating the strong nexus of trade with development, in a series of resolution such as **GA resolution 68/199 and 67/196** on "*International trade and development*". In addition, a new draft resolution has been introduced again on "*International trade and development*"(document A/C.2/72/L.17).

Furthermore, the United Nations' Conference on Trade and Development (UNCTAD) has become the forum for the exchange of ideas concerning inclusive trade and development, as it was mandated by Paragraph 18(d) of the Doha Mandate of its 13th session, which states that UNCTAD should "*Continue to monitor and assess the evolution of the international trading system and its trends from a development perspective*". Thus, it publishes every year a report containing precious information on the topic. In the last 3 reports, the role of SDGs has become dominant in the reports, as UNCTAD introduces statistics and addresses trade policy measures on the topic. [41]

Under the auspices of UNCTAD, the Third Round of Trade Negotiations The Global System of Trade Preferences among Developing Countries (GSTP) has been

---

[40] Report by the Secretary-General, International trade and development, A/69/150

[41] Secretariat of the United Nations Conference on Trade and Development (2017). *Trade And Development Report*

concluded in December 2010, which opted for promoting trade among developing and least-developed states. The GSTP has 42 member states, among which 7 LDCs, and recognized the need for preferential treatment and measures towards them, by making non reciprocal commitments and concessions by developed states, mostly targeting lower tariffs, market access rules and preferential rules of origin.[42]

5.2. Financial Relations and The Sustainable Development Goals

5.2.a The scope of financial services and the definition of financial inclusion

Although there can be no absolute definition of the term "financial services" (mainly due to the sector's constant modification and expansion) , broadly speaking it can be defined as " *services provided by the finance industry, which encompasses a broad range of organization that manages money including credit unions, banks, credit, card, companies, investment funds and some government*".[43] To begin with, it should be noticed that most of the activities and benefits in the financial services sectors are strongly tied to the sale of money that users and customers apply financial value.[44]

The Annex on Financial Services of the General Agreement on Trade in Services (GATS) divides the sector into two major sub-*groups:"insurance and insurance-related services and banking and other financial services (excluding insurance)".* Thus, on the one hand, we have life and health insurance providers or insurance agents and brokers, while, on the other hand, the drafters have listed the acceptance of deposits, lending activities and the provision credit and guarantees.[45] However, this sub-division is only fictitious and it actually does not intervene with the peculiar treatment that the whole sector receives.

Except for the usual peculiarities that characterize services, such as intangibility, inseparability from the supplier and time dependent profitability, financial services are highly regulated, varying from state to state. In general, these

[42] Scelta, G. (2019). *Global System of Trade Preferences among Developing Countries | Support Measures Portal for Least Developed Countries*. [online] Un.org. Available at: https://www.un.org/ldcportal/global-system-of-trade-preferences-among-developing-countries/.

[43] International Monetary Fund (IMF), *Finance & Development*. [online] Available at: http://www.imf.org/external/pubs/ft/fandd/basics/finserv.htm.

[44] Lets learn finance, *Types of Financial Services* | [online]. Available at: http://www.letslearnfinance.com/types-of-financial-services.html.

[45] World Trade Organization (*WTO*), *Services: Financial services*. [online] Available at: https://www.wto.org/english/tratop_e/serv_e/finance_e/finance_e.htm.

regulations introduce a constant conflict between the state-oriented obligation for liquidity, as well as the market and the self-oriented obligation for profitability.

Apart from its public policy orientation, this regulatory overheat holds a considerably important impact on the "attractiveness" of a financial entity, on the grounds that investments are highly tied to the level of the regulatory constraints, as well as the deriving legal certainty or, most commonly, uncertainty. In other words, the value of commercial and investment banks, as well as insurance companies is contingent upon the regulatory structure that governs them.[46]

We see that the peculiarity and the importance of financial services, dominates the international financial relations. To put it simply, it is too valuable, to make it internationally accessible or part of a major international deal. In addition, international financial relations are characterized by a constant fluctuation and change. More specifically, with the advance of the state-of-art technology and the new possibilities it carries it is made clear that with it new ways of economics are going to be built. This kind of dynamic building is structuring new innovative ways of financial inclusion and integration which may not be so accessible to developing states[47]. The promotion of technological assets of such means would be quite beneficial for a developing state's domestic product as it would also assist rural areas to be more versatile and accessible to its citizens in handling and learning basic financial policies. At the same time this could support the reduction of poverty as the citizens are going to be more frequently updated on the matter of economic aspects.

Moving on, developed and developing states face the same problems on financial issues at the same rate. The great financial crisis that struck the world the previous decades brought to the surface many problems of the current world financial system. Thus, making the financial organizations of the world move; the WB's resources[48]

---

[46] New York University's Leonard N. Stern School of Business, *The Little Book of Valuation ,Financial service company characteristics.* [online] Available at: http://people.stern.nyu.edu/adamodar/New_Home_Page/littlebook/financialsvccompanies.htm.

[47]Williams, H. T., Adegoke, J.A. and Dare,A. 2017, "Role Of Financial Inclusion In Economic Growth And Poverty Reduction In A Developing Economy" Available at: https://www.researchgate.net/publication/321197681_ROLE_OF_FINANCIAL_INCLUSION_IN_ECONOMIC_GROWTH_AND_POVERTY_REDUCTION_IN_A_DEVELOPING_ECONOMY

[48] Independent Evaluation Group (IEG)/World Bank(WB), 2009, "*The World Bank Group's Response*

came into action as well as the IMF's actions[49] upon damaged states assisted the world to overcome such issues up to a point. While, the world economy is continuously expanding due to the economic growth of all, the creation of issues is unavoidable as newborn situations are always going to be created with different aspects.

As a last remark, the influence of the developed nations on forming and enhancing international financial policies is the key factor when it comes to discussing the influence of states upon world economy. In recent decades it has been observed that the leading economies tend to have steady growth and financial inclusion while developing ones strive to reach the appropriate level of integration thus widening the gap between the two. Solutions and ideas upon facing such issues remain a challenge for the UN and other international organizations up to date thus calling for innovative and realistic ideas on the matter.

At this point and before moving on as it a major issue in the development agenda, we shall define the term "*financial inclusion*". The term has been defined as "*the universal access, at a reasonable cost, to a wide range of financial services, provided by a variety of sound and sustainable institutions*".[50] This term is used in contrast with "*financial exclusion*", where services are either unavailable or not-affordable. It can also mean that individuals and businesses can have access to useful and affordable financial services and products able to meet their needs either them being payments, credits, savings or being insurance, in a sustainable and trustworthy manner.

Hence, the notion of financial inclusion is to deliver a full range of services at affordable prices to all sections and segments of society, especially those disadvantaged and low-income, governed by a safe and clear regulatory framework promoting financial and institutional sustainability.

to the Global Crisis", Available at: http://siteresources.worldbank.org/INTOED/Resources/EB8-web.pdf

49 IMF, International Monetary Fund Capacity Development [online], Available at: https://www.imf.org/en/Capacity-Development

50 United Nations, *Financing for Development*. [online] Available at: http://www.un.org/esa/ffd/topics/inclusive-finance.html.

5.2.b. The role of financial services in a development agenda

Financial markets play a determinative role in development and economic growth. The various financial products help individuals to create savings and be protected against uncertainty, while businesses can initiate operations, expand in the domestic and international market due to the availability of credits and guarantees.[51] More importantly, they create opportunities and gateways. To wit, a simple transaction account can be the prelude to more specialized financial products.[52] As accountholders more and more people are likely to apply for credit or insurance, to create start up businesses or invest in health and education. This is very crucial in developing states where such notions are completely alien.

Besides, the universal and safe cash accessibility and transfer, as well as security and insurance from unforeseen events, is a major prerequisite for any development agenda, especially in developing countries where the lack of proper infrastructure and the high probability of precarious conditions constitute a dominant stalemate. Hence, financial inclusion promotes the economic activity of rural or undeveloped places. For instance, in India, studies have indicated a considerable correlation between the opening of bank branches in locations with no previous financial provider and notable reduction of local poverty.[53]

Furthermore, financial intermediation can create paths towards mobilizing resources for long-term investments, while financial services in general can provide extensive input by themselves or through security and insurance services that facilitate the mobilization of domestic savings and investment activities.[54]

In addition, global financial integration can be promoted through a viable and credible financial market. Besides, a functional domestic market can ensure the

[51] Sutton, C. and Jenkins, B. (2007). *The role of financial services sector in expanding economic opportunity*. [online] hks.harvard.edu. Available at: https://www.hks.harvard.edu/mrcbg/CSRI/publications/report_19_EO%20Finance%20Final.pdf.
[52] This is why the World Bank Group's Universal Financial Access 2020 initiative has as target the worldwide access to transaction accounts.
[53] Consultative Group to Assist the Poor (2014). *Financial Inclusion and Development: Recent Impact Evidence*. [online] Available at: https://www.cgap.org/sites/default/files/FocusNote-Financial-Inclusion-and-Development-April-2014.pdf.]
[54] United Nations Conference on Trade and Development (2015), *Access to financial services as a driver for the Post-2015 Development Agenda*. Available at: http://unctad.org/en/PublicationsLibrary/presspb2015d7_en.pdf.

country's more competitive position in the global capital market; thus, lessen its untenable reliance on foreign aid or other types of external debt. [55]

A considerably noteworthy case study is this of South Korea, which is currently the 11th strongest economy, while in the late 50s and early 60s it was amongst the poorest ones.[56] The trigger for this magnificent development was the reform and proper regulation/ liberalization of its financial system having ensured a well-functioning market that could cope with the general development initiatives, foreign aid and domestic economic reconstruction.[57]

The endless development possibilities that a prudent financial policy can entail, is key in the international financial relations, which is demonstrated in the nexus between finance and the SDGs.

5.2.c The nexus between the sustainable development goals and international financial relations

As we can see the SDGs neither have an explicit reference in promoting access to financial services nor target financial inclusion. Yet, international financial relations can become the catalyst, the key enabler" as it has been described, to many of the individual goals of the agenda by promoting financial inclusion or providing sources of finance for development programs.

Before introducing the importance of proper financial services in each country and the role of financial inclusion, we should make clear that direct international financing of the different initiatives of the UN or other international organizations, is self-evidently connected with the outcome of the 2030 Agenda. Besides, the Addis Ababa Action Agenda has as a prerequisite, a whole range of new financing sources and mechanisms in order to reach its levels of ambition.

Furthermore, healthy international financial relations can lead to the establishment of multilateral development bank (hereinafter MDBs) that can serve as

[55] Jalloh, M. (2009). *The role of financial markets in economic*. [online] waifem-cbp.org. Available at: http://www.waifem-cbp.org/v2/dloads/THE%20ROLE%20OF%20FINNCIAL%20MARKET.pdf
[56] Heritage.org. (2019). *South Korea Economy: Population, GDP, Inflation, Business, Trade, FDI, Corruption*. [online] Available at: https://www.heritage.org/index/country/southkorea.
[57] International Monetary Fund (2006). *Financial Markets and Economic Growth, by Anne O. Krueger, Special Advisor to the Managing Director*. [online] Available at: https://www.imf.org/en/News/Articles/2015/09/28/04/53/sp092806.

effective institutional mechanisms to help finance the SDGs. This is due to the fact that these institutions have *clear mandate to support development-oriented programmes, inhouse expertise and track record on identification, development, risk assessment and management of complex projects, and balance sheet structure matching long-term liabilities with long-term assets.*[58]

Moving on, it has been proved that access to financial services assist initiatives to target the first goal, the elimination of extreme poverty, since poor people with access to financial services can manage unforeseen expenses easier. In general, it constitutes a helping hand in the process of acquiring control over their economic lives. In addition, the establishment of functional deposit accounts or other relevant services leads to the increase of a state's net savings boosting investments and productive consumption.[59] These positive effects of financial inclusion have been recognized by the Open Working Group on Sustainable Development, which declared that "*it is necessary that, by 2030, all men and women, in particular the poor and the vulnerable, have, among other things, access to financial services*".[60]

Concerning the SDG2, eradication of hunger, the UN Food and Agricultural Organization (FAO) has found that most of the 795 million people being undernourished globally live in rural areas which are neglected or excluded from the financial system. It is not difficult to connect the dots between the financial exclusion and malnourishment. Since, farmers and rural workers, given access to financial products such as insurance and credit, can secure their harvests and increase the probability of profit and success of their rural investment; thus, increasing the agricultural production, so as to meet the growing needs of expanding populations. For instance, it was found that in Ghana the promotion of rainfall-indexed insurance— insurance payouts are based on rainfall amounts— led to an outstanding

[58] United Nations Conference on Trade and Development. (2018). *Scaling Up Finance for The Sustainable Development Goals: Experimenting with Models of Multilateral Development Banking*. UNCTAD/GDS/ECIDC/2017/4. [online] United Nations Publications..

[59] Bosch, M. (2015). *Savings under formal and informal conditions*. [online] bbvaresearch.com. Available at: https://www.bbvaresearch.com/wp-content/uploads/2015/06/WP_15-19_BBVA-Working-Paper-Savings-Informality.pdf.

[60] General Assembly resolution 68/970, *Report of the Open Working Group of the General Assembly on Sustainable Development Goals*, A/RES/68/970 (12 August 2014), available at: http://www.un.org/ga/search/view_doc.asp?symbol=A/68/970

increase in rural investments, rural revenue and eventually to the total amount of harvest.[61] After all, a caring and affordable financial system can lead to safer and bigger harvest.

Furthermore, it is undeniable that financial services are closely tied to the better management of medical expenses or the aid for the recovery from a health crisis. Besides, this is the target of medical insurances. This is not just a feature of the developed world, as researches have recommended that a considerable factor in the survival of the vicious circle of poverty is the out-of-the-pocket payments on health care, especially those concerning women.[62] More specifically, due to pregnancy and child birth in conjunction with hospital-related infections, women seem to need treatment costs more than men, thus increasing the demand for health insurance products and preventing the disruption of their economic activities, the loss in income or revenue. In Jordan, a research suggested that an affordable or specialized health insurance constitutes a reliable channel of mitigating the risks and financial hardships deriving from pregnancy.[63]

Last but not least, financial inclusion is closely related to the 8th and 9th SDG, in other words the promotion of shared economic growth and innovation through sustainable industrialization. There is no doubt that modern and specialized affordable financial products and tools, such as business banking consulting and business insurance can boost entrepreneurship, job creation and growth of SMEs. In addition, there can be no equal –or at least reasonable- distribution of the increased wealth between the rich castes and the poor ones, when the latter are excluded from formal basic financial services.[64] On the other hand, sustainable industrialization calls for

---

[61] Karlan, D., Osei-Akoto, I., Osei, R. and Udry, C. (n.d.). *Agricultural Decisions after Relaxing Credit and Risk Constraints*. *SSRN Electronic Journal*. [online] Available at: http://www.econ.yale.edu/~cru2/pdf/eui.pdf

[62] Consultative Group to Assist the Poor (2014). *Financial Inclusion and Development: Recent Impact Evidence*. [online] Available at: https://www.cgap.org/sites/default/files/FocusNote-Financial-Inclusion-and-Development-April-2014.pdf.

[63] Klapper, L. (2016). *Financial Inclusion Has a Big Role to Play in Reaching the SDGs*. [online] Consultative Group to Assist the Poor. Available at: http://www.cgap.org/blog/financial-inclusion-has-big-role-play-reaching-sdgs

[64] Klapper, L., El-Zoghbi,, M. and Hess, J. (2016). *Achieving the Sustainable Development Goals- The Role of Financial Inclusion*. [online] United Nations Secretary-General's Special Advocate for Inclusive Finance for Development. Available at: https://www.unsgsa.org/files/3114/6489/8605/sdgs_paper_final_003.pdf

credible and available credit services for the facilitation of investments. According to the World Bank Enterprise Surveys, many of SMEs assert that financial exclusion is a major constraint in the ability to growth or follow extensive investment initiatives. This comes as no surprise as especially the lack of credit services disenables firms from taking the first step towards building resilient infrastructure, promoting innovation and investing in labor or other means of production.[65]

5.2. d The current state of affairs and pending initiatives

The importance of financing in the development agenda is evident and financial inclusion is pivotal in the promotion of the 2030 agenda; thus, bringing the financial relations of the different countries in the spotlight.

As a prelude, there is a lack of international commitment for resource scaling up comes at a time of sluggish global economic growth and of an austerity-dominated mindset among most country governments from around the world.

Yet, the financial agenda could be massively promoted through market accessing of the transnational financial institutions or at least their capital investment, especially when there are no physical barriers at the borderline, or tariffs that hinder the cross border financial capital flow or share of know-how. Yet, the existence of legal impediments, deriving from national laws or regulations, disturbs or even precludes such an international financial integration. These impediments can be classified in two categories: direct or indirect.

Direct barriers are usually discrimination measures that pose a distinction regarding the rights or obligations of a service provider based on his nationality or residence. These measures obscure and discourage both financial institutions from launching their activities in another country either through commercial presence or direct investment, and consumers from benefiting from financial services abroad.

[65] World Bank Group (2019). *Enterprise Surveys - What Businesses Experience - World Bank Group*. [online] Enterprisesurveys.org. Available at: http://www.enterprisesurveys.org/.

Indirect barriers are comprised by regulations that create legal uncertainty, capricious or irrational supervision or engagement of national authorities or law enforcement agencies, or a questionable procedure for the acquisition of licenses.[66]

The driving force behind the persistence of the states to create such impediments and barriers was excessive protectionism. It was a main belief that the restriction of free trade in services, especially in financial services, constituted a state's best interest. Thus, a state either highly restricted *per se* the international interference in the financial sector *via* direct barriers or introduced indirect barriers which operated mainly on discriminatory basis (thus keeping effective control of trade and excluding unwanted trade partners.[67]

These issues were regulated for the first time under the **GATS (General Agreement on Trade in Services)** in 1994, as part of the establishment of the WTO. The main GATS obligations are transparency, which partly deals with those indirect barriers, and the Most Favored Nation clause, which is basically a non-discrimination obligation as it demands that all trade partners receive equal treatment. Yet, the most effective prevention of both direct and indirect barriers, which is the obligation for granting equal market access to foreigners, is conditional and restricted under the GATS, as it is part of the complete and specific discretion of a Member State.[68]

In the aftermath of GATS, the ***WTO Agreement on Financial Services*** (1997) came into force, introducing the potentials to promote capital mobility and investment and to consolidate reforms in the financial sector, mainly by creating international institutional framework that deals with services capital transactions.

However, this additional institutional framework is not adequate, especially in light of some WTO Members, such as Brazil, Pakistan, China, Malaysia, scheduling a

---

[66] Gkoutzinis, A. (2005). *International Trade in Banking Services and the Role of the WTO: Discussing the Legal Framework and Policy Objectives of the General Agreement on Trade in Services and the Current State of Play in the Doha Round of Trade Negotiations.* International Lawyer, [online] Volume 39,(No.4). Available at:
http://www.shearman.com/~/media/files/newsinsights/publications/2005/12/international-trade-in-banking-services-and-the-__/files/view-full-text/fileattachment/fia_122005.pdf.

[67] Suman, S. (2017). International Trade: Balance of Trade Protectionism and WTO. [online] Economics Discussion. Available at: http://www.economicsdiscussion.net/international-trade/international-trade-balance-of-trade-protectionism-and-wto/12784

[68] - Sorsa, P. (1997). *The GATS Agreement on Financial Services A Modest Start to Multilateral Liberalization*. Working Paper of the International Monetary Fund, [online] WP/97/55. Available at: https://www.imf.org/external/pubs/ft/wp/wp9755.pdf.

scarcity of liberal commitments (market access or national treatment), under the GATS, in order to secure their absolute or nearly absolute discretional authority over regulatory adjustments in the financial sector.[69] Developing states expressed their concerns that a great liberalization would create systemic vulnerabilities or destabilization in the capital movements. On the other hand, developed countries having a keen interest in the rights of their financial exporters, aggressively pointed towards market opening and the adoption of liberalized commitments.[70]

With these in mind, the Addis Agenda Action Plan, was based on first domestic public resource mobilization and, second, international development cooperation, as part of its plan to scale up finance for development. On the international level, a major initiative was the establishment of a global infrastructure forum to help address the global financing gap in infrastructure development. Yet, the Action Plan has failed to introduce new ideas or mechanisms or, above all, any new commitments, be that either direct financing or provision of incentives to private actors, from the international community for a substantial scaling up of resources for development finance.

Despite that a variety of special funds donor support focused on infrastructure development, and also with the aim of attracting private investor, was established. A few examples are

- the IADB's Infrastructure Fund (InfraFund) which facilitates investment in infrastructure through identification and preparation of bankable projects, [71]
- the Regional Infrastructure Integration Fund, in which IADB provides technical assistance for the development of integration projects in the Latin America and the Caribbean region,[72]
- the ADB's Leading Asia's Private Sector Infrastructure Fund (LEAP), which provides co-financing to non-sovereign infrastructure projects and seeks private sector participation through different

[69] Gkoutzinis, A. (2005), OP Cit
[70] Ibid.
[71] IADB website at www.iadb.org/en/topics/transportation/ infrafund,1635.html.
[72] ADB website at www.adb.org/site/funds/funds/leap.

modalities, including PPPs, joint ventures and private finance initiatives,

- and lastly New Partnership for Africa's Development (NEPAD) Infrastructure Project Preparation Facility (NEPAD-IPPF).[73]

On the other hand, the G20 have reiterated their commitment to financial inclusion by initiating and then renewing, in 2015, the **Financial Inclusion Action Plan**, while approving the **G20 High-Level Principles for Digital Financial Inclusion**. The implementation of the plan is supervised by the **Global Partnership for Financial Inclusion (GPFI)**, which is a platform for all countries and relevant stakeholders, with the help of **Organisation for Economic Co-operation and Development (OECD)**, the **Consultative Group to Assist the Poor (CGAP)**, the **International Finance Corporation (IFC)** and the **Alliance for Financial Inclusion (AFI)**. The latter constitutes a network founded in 2008 by Banks and policymakers deriving from developing and emerging countries, such as the Bank of Indonesia, the Central Bank of Kenya and the National Bank of Mexico (CNBV). In 2011, AFI advocated the Maya Declaration, targeting the promotion of financial inclusion through the creation of proper regulatory framework.[74]

In corroboration with the aforementioned, the World Bank Group has proposed the rather ambitious global goal to reach **Universal Financial Access (UFA)** by 2020, in terms of the access to financial services as a dominant enabler to reduce poverty. In addition, the World Bank created the **Global Findex** in 2012, which is a database deriving from a financial survey that provides information about the financial status, activities and incentives from 148 states (almost 97% of the global population).

Last but not least, many international standard setting bodies (SSBs) have reaffirmed the importance of financial inclusion, by initiating reforms in banking

73 Africa 50 website at www.africa50.com/about-us/our-mission/.

74 Alliance for Financial Inclusion, (2011). *Maya Declaration: The AFI network commitment to financial inclusion*. [online] Alliance for Financial Inclusion | Bringing smart policies to life. Available at: http://www.afi-global.org/publications/879/Maya-Declaration-The-AFI-network-commitment-to-financial-inclusion. ; Inclusion, A. (2017). Maya Declaration Urges Financial Inclusion for World's Unbanked Populations. [online] Prnewswire.com. Available at: http://www.prnewswire.com/news-releases/maya-declaration-urges-financial-inclusion-for-worlds-unbanked-populations-130887928.html.

regulation and supervision. The **International Liaison Group of the Basel Committee on Banking Supervision (BCBS)** has proposed a new set of guidelines (2012 Core Principles), targeting financial inclusion, consumer protection, financial integrity and safe and sound bank supervision.[75]

5.3. THE 2030 DEVELOPMENT AGENDA AND THE INTERNATIONAL ENERGY RELATIONS

5.3.a Overview of the Current Energy Relations and Environment

The role of energy in the evolution of humankind is almost impossible to ignore or downgrade. After all, fire, our first source of energy, was the spark in the evolution of human civilization. Even unconsciously humans use energy to day simple everyday tasks like using electricity to open the light and be able to see in the dark or make their food. Since the Industrialization scientists learned to find, exploit and use energy resources, international energy relations become one of the main reasons of conflicts, agreements and negotiations in the international scenery. The establishment of the World Energy Council[76] (WEC) is an example of the importance of energy issues in the international relations, or the European Charter Treaty (ECT),[77] which deals with protection of energy related foreign direct investment.

The main issues that dominate the international energy relations and the general current state of affairs is:

➢ <u>*Energy Management/Efficiency:*</u> A nation or state manages their energy resources so as for they, themselves and their citizens, to develop. At the same time, these inner actions affect greatly the world's scenery and result in different cases of international and mainly regional interest, as many other issues come at hand when talking for this matter. In this regard, energy efficiency plays the vital role of providing more while requiring less. Energy efficiency is considered as" *the first fuel of a sustainable global energy system since it can mitigate climate change, improve*

[75] More on the Basel Committee, Available at: https://www.bis.org/bcbs/mesc.htm
[76] World Energy Council Website, Available at https://www.worldenergy.org/
[77] More information available at : https://energycharter.org/process/energy-charter-treaty-1994/energy-charter-treaty/

energy security and grow economies while delivering environmental and social benefits".[78]

➢ <u>*Energy Security:*</u> Can be defined as "*the uninterrupted availability of energy sources at an affordable price*".[79] This aspect focuses upon states' capability on ensuring the sufficient resources for them to function their infrastructures and be able to enhance the necessary means of sustainable development.

➢ <u>*Energy/Natural Resources:*</u> Natural Resources are : "*The naturally occurring assets that provide use benefits through the provision of raw materials and energy used in economic activity and that are subject primarily to quantitative depletion through human use. They are subdivided into four categories: mineral and energy resources, soil resources, water resources and biological resources*". While the energy resources are divided between, "*non—renewable energy resources*" which " *are exhaustible natural resources such as mineral resources that cannot be regenerated after exploitation*", such as gas and oil, and "*renewable natural resources*", which "*are natural resources that, after exploitation, can return to their previous stock levels by natural processes of growth or replenishment*", such as the solar and wind power.[80]

➢ <u>Access to energy</u>. For the purpose of the works in this committee, we'll refer to energy access "*as the ability to obtain energy that is adequate, available when needed, reliable, of good quality, affordable, legal, convenient, healthy, and safe for all required energy applications across households, productive enterprises, and community institutions*".[81]

[78] International Energy Agency (2019). *Energy Efficiency* [online] Iea.org. Available at: https://www.iea.org/topics/energyefficiency/

[79] International Energy Agency (2019). *What is energy security?*. [online] Iea.org. Available at: https://www.iea.org/topics/energysecurity/whatisenergysecurity/.

[80] Directorate, O. (2019). *The OECD Glossary of Statistical Terms*. [online] Stats.oecd.org. Available at: https://stats.oecd.org/glossary/index.htm.

[81] UNITED NATIONS, Advisory Group. *Energy for a Sustainable Future*. New York: United Nations, 2010. Summary Report and Recommendations. UN: 28 Oct. 2010. Available at: http://www.un.org/chinese/millenniumgoals/pdf/AGECCsummaryreport[1].pdf

5.3.b International Energy Relations and Sustainable Development Goal N. 7

The important of energy is highlighted by the introduction of the SDG N. 7, ***Affordable and Clean Energy*** - *Ensure access to affordable, reliable, sustainable and modern energy for all*, which contains three targets and two means of implementation:

Target 7.1. By 2030, ensure universal access to affordable, reliable and modern energy services.

Target 7.2. By 2030, increase substantially the share of renewable energy in the global energy mix.

Target 7.3. By 2030, double the global rate of improvement in energy efficiency.

Target 7.a. By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.

Target 7.b. By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, Small Island Developing States, and Landlocked Developing Countries (LLDCs), in accordance with their respective programs of support.[82]

Hence, as we can see energy access is crucial for creating economic opportunities and fostering development and growth. Energy is a basic, enabling good that helps individuals and nations achieve other development outcomes, such as those highlighted in the SDG's[83]. A lack of access to electricity prevents the establishment of adequate facilities for the satisfaction of basic human rights like health, education or other essential needs like sanitation, food or water. Examples include schools that

[82] SEforALL (2016). *Contributions to the 2030 Agenda for Sustainable Development*. Sustainable Energy for All. [online] Available at: https://sustainabledevelopment.un.org/content/documents/10718SEforAll%20submission%20to%20HLPF%202016%20(13July2016).pdf.

[83] Brew-Hammond, Abeeku and Kemausuor, Francis (2009) *Energy for all in Africa — to be or not to be?! 83-88pp Ghana: The Energy Centre, Kwame Nkrumah University of Science and Technology (KNUST)* Published on *Current Opinion in Environmental Sustainability (Impact Factor: 3.49). 10/2009; 1(1):83–88. DOI: 10.1016/j.cosust.2009.07.014*

cannot operate without energy in cases of lack of daylight or hospitals that cannot refrigerate vaccines or medicines.

Furthermore, insufficient energy access challenges economic capabilities of households and Small and Medium Enterprises (SMEs) as the relationship between energy access and economic growth is bidirectional. If we look at development strategies, we'll find that today's advanced countries had sorted their energy access issues before walking towards the path of development. Yet, the problem is difficult to address since a large portion of the world's population still relies in traditional biomass to fulfil its energy needs. These include wood, dung, charcoal, or coal and have associated harmful effects on public health for those regularly exposed to the smoke, such as young children, and can also exacerbate gender inequality when women are the primary gatherers of the fuel.[84]

Energy is also a primary factor of production and a crucial component for business. Today's modern economy relies on the availability of energy for electricity, transportation, production and for many other applications. This shows as well that the lack of energy access leads to poverty. People deprived from adequate and affordable energy services striving to improve their living conditions, will not achieve such goal, as it will result in below average output results thus leading to very limited income.[85] For example, low agricultural and economic productivity as well as diminished livelihood opportunities will often result in malnourishment, low earnings, and little (if none) surplus cash.[86]

A positive aspect of the IYL is the growing consensus to consider energy access as a "human right".[87] It goes on to examine the historic worldwide relationship between access to energy services and development, arguing that developing countries also need to have access to improved energy services in order to overcome poverty,

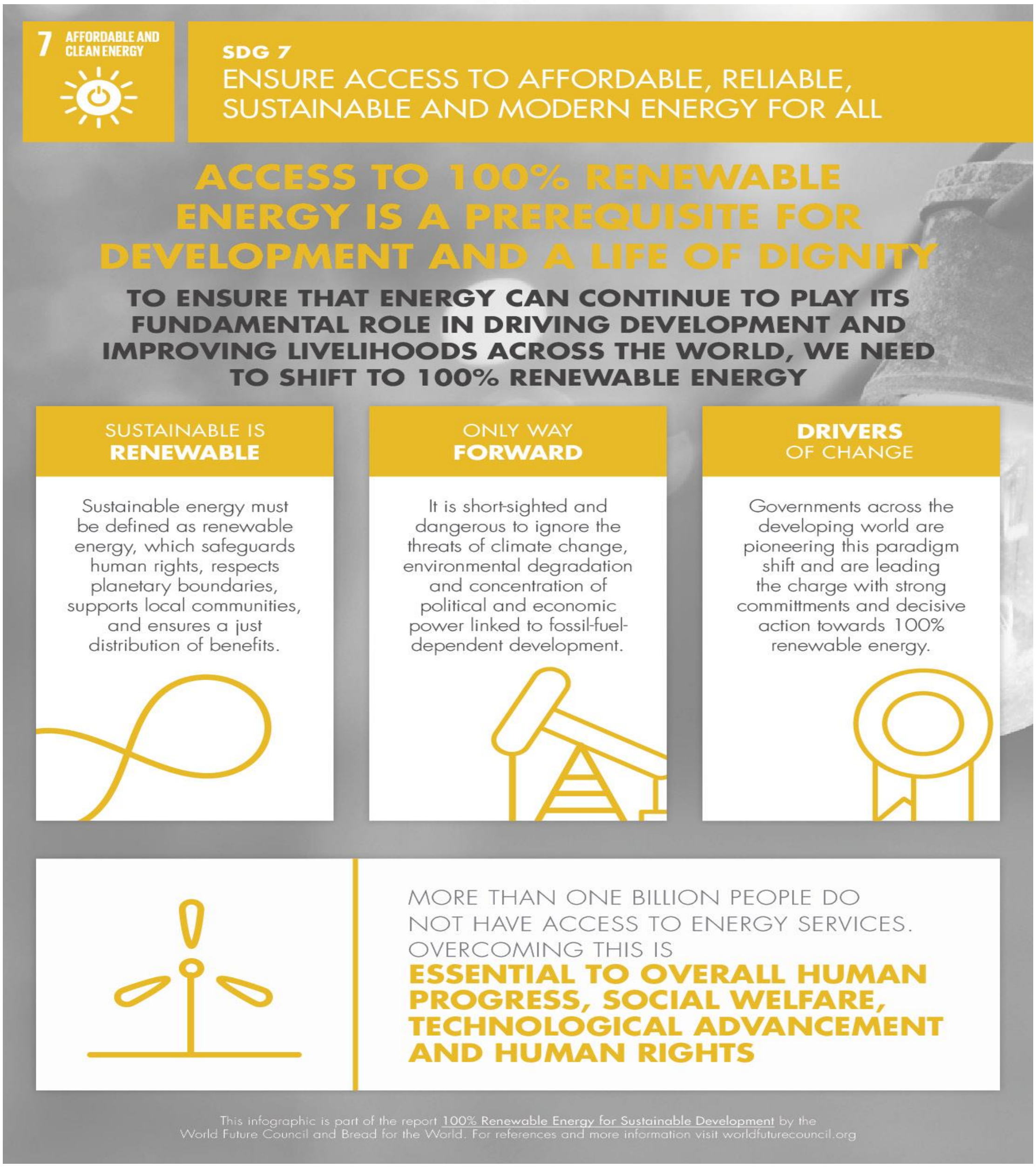
[84] Apergis, N and Payne, JE (2011) *A dynamic panel study of economic development and the electricity consumption-growth nexus.* International Journal of Energy Economics and Policy Energy. Econ 33:770–781,

[85] International Energy Agency (2019). *Sustainable Development Goals* [online] Iea.org. Available at: https://www.iea.org/sdg/

[86] worldenergyoutlook.org, (2015) *IEA - Measuring energy and development*. (Online] Available at: http://bit.ly/1MwGTIQ

[87] Tully, Stephen R. *The Contribution of Human Rights to Universal Energy Access*, North Western University Journal of International Human Rights 4 (2005–6) 518. Available at: http://bit.ly/1P8gikh

especially the most extreme forms faced by the lowest fifth of income earners around the world. The specific role of energy services – those provided by modern energy carriers such as electricity and fuels such as LPG, biogas and ethanol – is discussed in this chapter in relation to both household and productive energy applications. The essential role that energy plays in supporting job creation, economic growth, agriculture, transport, and commerce is reviewed, as these are key factors for overcoming poverty.



Source: *Future Economic Council*[88]

In addition, the management of energy resources plays such a great role in modern time international relations as it can produce conflicts between nations. Resulting in complicating and overthrowing the already fragile balance of the world. Energy security is a topic whose nature each state must overcome or adapt (if they are consuming, supplying or transiting) to, as it is one of the main issues that require delicate thinking and extensive debating, considering the variability of conditions that can be met.[89] The past decades, nations have tried through conventional means to overcome and associate with many aspects of the problem but resulting in lukewarm results.

5.3.c Efforts Raised by the International Community and current state of affairs

The organization of "World Energy Council" (WEC)[90] was funded during 1923 and is still functioning as a UN-accredited world energy body, which represents the whole energy spectrum of the planet with thousands of members, states, organizations and enterprises alike, thus working on elaborating and creating regional and worldwide action strategies that will assist the sustainable development of the world.[91] Setting this organization as a basic example of what has to be done, the need for innovative and functional ideas is needed now more than ever for all to come together and have equal opportunities in a sustainable energy future, through cooperation and frameworks.

The focus on bringing Universal Energy Access as a key actor while planning the UN Post-2015 Development Agenda initiated in 2012, as the United Nations General Assembly declared the year 2012 as the International Year of Sustainable Energy for

[88] https://www.worldfuturecouncil.org/100re-sdg/

[89] Adam N. Stullberg, 2017, *Energy and International Security*, Oxford Bibliographies, Available at: http://www.oxfordbibliographies.com/view/document/obo-9780199743292/obo-9780199743292-0204.xml

[90] About WEC : https://www.worldenergy.org/about-wec/

[91] World Energy Council (2016). *World Energy Scenarios l 2016: THE GRAND TRANSITION*. World Energy Scenarios. [online] Available at: https://www.worldenergy.org/wp-content/uploads/2016/10/World-Energy-Scenarios-2016_Full-Report.pdf.

All and the decade 2014-2024 as the "Decade of Sustainable Energy for All",[92] while in 2013, the United Nations General Assembly passed a resolution on 20th December 2013, declaring 2015 as the International Year of Light and Light-Based Technologies (IYL 2015) in order to promote the importance of access energy.[93]

What is more, an annual Sustainable Energy for All Forum has been established since 2014, in coincidence with the beginning of the Decade. As part of his statement the President of the General Assembly noted that "*the Assembly is acutely aware of the role that sustainable energy can and must play our future planning*".[94] Another expression of the growing interest on the topic was the introduction, in 2012, of the Global Energy Assessment (GEA).

The GEA has gained support not only from the UN and Governments, but also from NGO's and the private sector. This "program" established a more current energy policy agenda aiming for change on how society generates, distributes, delivers and uses energy[95]. The GEA took into its ranks world's leading experts and consultants that come from a vast variety of countries, disciplines and policy areas, speaking for the developed and the developing states. For the first time, a consistent and totally integrated energy assessment was established that analyzes the favourable and the unfavourable circumstances and possible approaches towards instituting successfully an energy policy that is equitable for all economies.

What is more, the Paris Agreement is of great importance for the energy agenda, as it constitutes a milestone in the promotion of environmentally friendly policies. More than 190 countries recognized the need for deep reductions in global emissions and emphasizes the urgency in addressing climate change. The commitment to act is evident, as all the signatory members submitted a list of Intended Nationally Determined Contributions (INDCs) even though greater ambition is needed to keep the global temperature rise well below 2 degrees Celsius. The energy sector, accounting for some two thirds of greenhouse gas (GHG) emissions, offers a

---

[92] United Nations (n.d.). *Sustainable Energy For All: an overview*. MDGs. [online] Available at: http://www.un.org/millenniumgoals/pdf/SEFA.pdf.
[93] UNITED NATIONS, General Assembly (2014 . *International Year of Light and Light-based Technologies, 2015. A/RES/68/221* available at http://bit.ly/1jUQtcg
[94] SE4ALL, available at http://bit.ly/SSd4Zk
[95] globalenergyassessment.org (2019). Available at: http://bit.ly/1O34LDp

compelling path to transform the global economy and reduce GHG emissions through the accelerated deployment of renewables and efforts to significantly boost energy efficiency, in developed and developing countries. The Paris Agreement acknowledges the need for the enhanced deployment of renewable energy to meet the objective of universal access. [96]

Concurrently, an important player in the international energy scenery is the International Energy Agency (IEA) which is an autonomous body within the Organization for Economic Co-operation and Development framework (OECD). The IEA is consisted by 30 member countries, which are mainly the major oil producer countries , as a state is only considered an eligible candidate if it has crude oil or product reserves equivalent to 90 days of the previous year's net imports, to which the government has immediate access even if it does not own them directly, and could be used to address disruptions to global oil supply.[97] The agency is considered a focal point for energy cooperation especially on issues of international energy relations and energy security (it had a pivotal role in prevention of energy crisis), security of supply, long-term policy and national energy strategies, environmentally friendly energy policies as well as research and development. The main "products" of this global hub on energy are the yearly publications such as the *World Energy Outlook* and the IEA Market Reports as well as data and statistics, such as *Key World Energy Statistics* and the *Monthly Oil Data Services*.

Despite all these, almost one fifth of the global population (near 1.1 billion people) lacks electricity and energy services[98]. Simultaneously, over 2.7 billion more rely on traditional sources of energy for their everyday needs like wood, animal waste and charcoal, sources that are hazardous, inefficient or unsafe.[99] World energy statistics

[96] United Nations Climate Change Secretariat (2018). *Progress tracker*. Work programme resulting from the relevant requests contained in decision 1/CP.21. [online] United Nations. Available at: https://unfccc.int/sites/default/files/resource/Progress%20Tracker%20PAWP.pdf.

[97] About the Organization, check : https://www.iea.org/about/

[98] worldenergyoutlook.org, (2019). *IEA - Energy access database*. [online] Available at: https://www.iea.org/weo/

[99] SEA4ALL, Available at http://bit.ly/1M3KL22

fears that 85% of the world population will have energy poverty by 2030.[100]

Looking toward 2030, it is crucial that access to energy is enhanced as a matter of urgency. Not doing so, will affect specially developing countries, due to in their formidable population growth and immense potential for future development and economic bloom. Thus, the world is introduced to the fact that any decisions that will be made regarding energy institutions, access to energy and energy policy in these areas will be decisive for the future development of the whole world not only of the developing states.[101]

Some promising efforts have been made. For example, from 2010 to 2015 the number of people without access to electricity declined from 1.2 billion to 1.1 billion, a much higher rate of progress than the previous decade (1990-2010)[102]. In addition, the number of people that gained access to electricity during this period, was vastly higher than the population increase (222 million to 138 million respectively). These gains were concentrated in South Asia and Sub-Saharan Africa, and mainly in urban areas.[103]

In addition, the rates of access sharply increased in rural areas, due to due to slower population growth, but also aided by an upswing in off-grid solar electricity. Yet, access rates to electricity in rural areas (at 76 per cent) are much lower than in urban areas (97 per cent), and rural residents make up 87 per cent of the global deficit in access. What is more, the outlook for electrification shows that the world is not yet on track to achieve universal access by 2030. Some 40 countries have met the target since 2010; another 98 countries will need to intensify their efforts to do so.[104]

Despite the increased focus of energy access on the international development agenda and the global awareness of the issue of energy poverty over the past two decades, the need for basic energy access in some regions like Sub-Saharan Africa has not changed

[100] OECD, Organisation for Economic Co-operation and Development, and IEA, International Energy Agency, (2004). *World Energy Outlook 2004*. [online] Paris: IEA PUBLICATIONS, p.577pp. Available at: https://www.iea.org/weo/

[101] Info on Regulatory Indicators in : http://rise.esmap.org/

[102] OECD (2015). *World Development Indicators| World DataBank.* [online] Available at: http://bit.ly/1NbDazb.

[103] *Ibid.*

[104] United Nations Development Programme (2016). *Delivering Sustainable Energy in a Changing Climate Strategy Note on Sustainable Energy*. [online] United Nations.

much over this time, nor is it projected to change significantly over the next two decades in light of population growth.[105]

In addition, the World Bank, after analyzing the first data has reached the conclusion that despite the efforts already raised, the global community is not making enough progress. They also released an update on how fast the world has been moving toward the goal of sustainable energy for all. Overall progress over the tracking period falls substantially short of what is required to attain the SE4ALL objectives by 2030. In many cases it is suggested that efforts should be vastly enhanced in order to get back on track; particularly in countries with large access deficits and high energy consumption whose rate of progress carries substantial weight in the global aggregate.[106]

In this regard, international partnerships such as the African Development Bank (AfDB), the Asian Development Bank (ADB), the Inter-American Development Bank (IABD), Islamic Development Bank (IsDB), the European Investment Bank (EIB), and the OPEC Fund for International Development (OFID) have continued their initiatives to aid the World Bank and the United Nations on projects that involve:

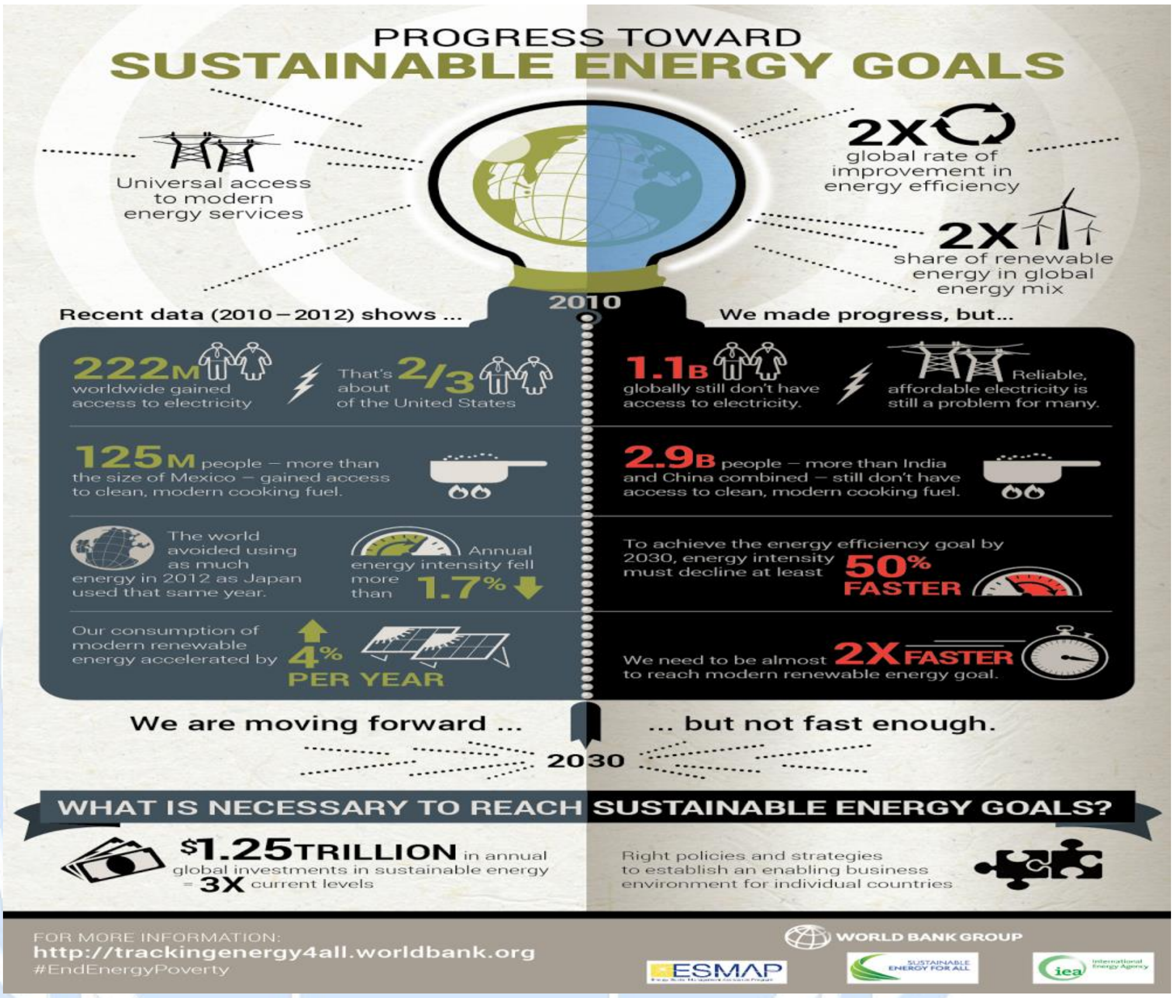
- Increasing the share of renewable energy in the global energy mix by developing on and off grid renewable energy technologies and delivery services by providing technical an policy support, and financial de-risking.
- Increasing the global rate of improvements in energy efficiency across sectors by creating incentives public and private investment in energy efficiency via a combination of policy, financial de-risking and direct incentives, as well as catering for enhancing market demand
- And increasing access to affordable, reliable and sustainable energy, by decentralizing energy access and solutions and the the use of minigrid and off-grid options. It also includes the role of energy access in conflict and disaster recovery efforts, improved livelihoods and social inclusion[107]

---

[105] Bazilian M, Sagar A, Detchon R, Yumkella K (2010) *More heat and light.* Energy Policy 8:54095412

[106] SEA4ALL, Available at http://bit.ly/1wvbooo

[107] United Nations Development Programme (2016), supra 103



Source Tracking Energy 4 all, World Bank Group[108]

6. International energy, trade and financial relations as the catalyst of the 2030 Development Agenda.

Throughout, the previous analysis we saw the different facets of the present agenda: the international trade regime as the backboard of modern-day trade relations, the importance of financial services and financing in achieving the SDGs and the unique case of energy relations as part of the international development agenda. The fact that we examined different aspects of each sub-topic should not come as a surprise. The current international negotiations are based upon these elementary features.

[108] https://datacatalog.worldbank.org/dataset/sustainable-energy-all

International trade is a means to end, not a goal by itself. Hence, the international trade agenda is used as the basis for the promotion of other goals, which in our case is finance and energy related goals. On the other hand, financial relations can be considered both as a prerequisite backing up international trade negotiations and a goal by itself. Indeed, the need for further and substantial finance commitments among states or cooperation for provision of incentives to the private sector, is pivotal for the implementation of the Development Agenda in general, while the promotion of financial services via among else international financial negotiations is consider a prerequisite as well as a substantial part of the SDGs. Lastly, international energy have to deal directly with an SDG that requires to be addressed properly. For this reason, the international agenda on trade, energy and financial relations should include a holistic assessment of the current situation in order to find viable solution.

Among else, it has become apparent that any development agenda requires international cooperation and a review of the international trade agenda. For example, it has been noticed that one major source of exclusion from world trade is purely international since developing states are usually constrained by international covenants and agreements to use certain tools required for inclusive growth. Thus, the first thing to examine under a possible new agenda is to provide greater policy space for developing states in order to leverage the benefits from trade liberalization while mitigating the cost of international competition. In this context, the scales should be balanced between policy space and sound international regulation on the grounds that an absolute discretionary authority may lead to serious misfortunes both for developed and developing states. Besides, discretion and policy space require a sound institutional infrastructure and elaborated trade policy-making skills which most LDCs and developing countries lack.[109]

This inclusive agenda should among else, introduce the notion of open trade in energy goods and services which is indispensable for economic progress generally and for meeting the needs of developing countries in particular especially towards achieving universal access to energy.

[109] International trade as an engine for development. (2008). In: *Financing for Development*.

For this reason, a new international trade agenda should focus on strengthening the genuine multilateralism which promotes quality employment and sound regulation, in order to avoid protectionism measures that halt international trade and cause misdirection of public and private finance and investments and make social welfare the universal right that should be provided by states, not treated like a commodity sold at stock markets. Having these in mind, it is vital that international cooperation will be based upon a compressive and consistent policy agenda, which supports national trade policy, restricts beggar-thy-neighbor approaches, and promotes the inclusion of each country in the international for a for trade, finance and energy.[110]

On this note, states should take a decisive step in their negotiations either under the auspices of the WTO in the Doha Development Round, or under the auspices of the UN, in order to further liberalize sectors of international trade, which is vital for developmental goals, while having in mind the need for Special and Differential Treatment of developing states and LDCs, the need for policy space in order for national regulators to adopt pro-trade initiatives, and the importance of a rules-based, non-discriminatory and inclusive multilateral trade system, that bolsters stability and predictability of national trade policies.

It goes without saying that finance and energy sectors should be dealt delicately; yet, this special treatment should not lead to a de facto exclusion from the negotiations. Rather, energy markets must be allowed to operate as efficiently as possible, which requires a rules-based system that guarantees the operations of market mechanisms through non-discrimination (meaning national and most-favored-nation treatment), regulatory transparency and access to fair, open and impartial adjudicative processes. These processes and rules can be achieved through international cooperation and negotiations either within the WTO system or within the competence of the various UN bodies, in order to converge the different interest of the energy sector. Finally, it should be highlighted that as the global community looks for solutions to the challenge of climate change, international negotiations should include clear cut

[110] WTO/ UN Environment (2018). *Making trade work for the environment, prosperity and resilience*. [online] World Trade Organization Secretariat. Available at: https://www.wto.org/english/res_e/publications_e/unereport2018_e.pdf.

incentives and initiatives for the development of environmentally-friendly goods and services.

In addition, the process of international negotiations in the financial sector requires coordination and synchronization between internationalization and adequate domestic regulation promoting stability and financial inclusion. This should be ensured through multilateral negotiating efforts (post Doha) under the GATS or under regional trade agreements which can be tailored to the needs of developing states. Any proposed multilateral framework should limit discrimination by diminishing exemptions to the MFN principle or by furthering commitments for national treatment. Such non-discrimination commitments shall go hand in hand with the reduction of barriers or guarantees of a minimum standard of security and predictability to market access. Yet, it is of outmost importance that a regime of special and differential treatment towards the financial institutions of developing states by the developed ones, be enforced.

In addition, the possibility of adopting the principles of banking supervision as adopted by Basel Committee on Banking Supervision, shall be considered, especially after the inclusion of specific policies for promoting financing in developing states and financial inclusion.[111] These principles ensure the credibility of the financial system which appeals to foreign investors and the stability which is well required in the process of gradual liberalization of the financial services sector.

Additionally, international financial relations should primarily focus on adopting principles and specific commitments on raising funds for the Sustainable Development Agenda. Indeed, the current state of financial affairs cannot be considered ideal; yet, the constant introduction of groundbreaking technologies, the minimization of transaction and transportation costs, and the massive globalization of international financial tools and services, transform the role of the state from the main financier to the facilitator of initiatives. State should find ways to promote private or public-private initiatives, facilitate the introduction of new technologies that tear

[111] Basel Committee on Banking Supervision, (2015). Range of practice in the regulation and supervision of institutions relevant to financial inclusion. *Bank for International Settlements 2015.*. [online] Available at: http://www.bis.org/bcbs/publ/d310.pdf.

down barriers and borders, and enhance the role of SMEs and regional partnerships in issues of finance and energy.

Taking the aforementioned regional partnerships as inspiration, an inclusive development agenda should consider regional development as a crucial aspect. Regional cooperation and regional capacity building and integration are to be enhanced, especially since in the fields of finance and energy, the peculiarities of each region may become an impediment for a multilateral solution which can only be dealt by tailor-made solutions that regional partnerships can provide. This closer cooperation and economic relations that those agreements encompass, promotes policy coherence, strengthen institutional and data-statistical capacities and promote peer learning which is important for LDCs where know-how is missing. In addition, the tailoring of general rules to the specificities of the regions or countries renders the rules more successful, while preferential rules of origin and market access rules prevent trade deflection which is a major concern for developing countries.[112] As a result, the strong regional cooperation can lead to more favorable international deals via common representation as well as better protection of common interests especially in the field of energy consumption, generation and extraction of commodities required for energy generation. [113]

As a final thought, while it is unanimously believed that regional deals are a key enabler of Sustainable Development Goals, it is required to be supported by multilateral initiatives and global partnerships. In this regard, multilateral trade, finance and energy solutions and concessions remain the most appropriate means to

---

[112] Taylor, V. (2015). *Advancing regionalism and a social policy agenda for positive change: From rhetoric to action*

[113] UNCTAD (2018). *Achieving the Sustainable Development Goals in the least developed countries*. UNCTAD/ALDC/2018/4: United NATIONS CONFERENCE ON TRADE AND DEVELOPMENT. Available at : https://unctad.org/en/PublicationsLibrary/aldc2018d4_en.pdf

create an enabling environment for sustainable development both for developed and developing states. After all, the goal is to negotiate on a universal level and find common solutions within the framework of the global partnership for sustainable development. The components, as we see, require a multilateral outcome in order to achieve full-fledged International Trade, Finance and Energy cooperation and integration. Therefore, it is important to align the totality of the multilateral system with the universal imperatives enunciated in the Sustainable Development Goals.[114]

7. Conclusion

To conclude with, the present , rather long, study guide strives to poke upon the different fields of international relations, their nexus with the 2030 Development Agenda, and finally propose solutions and raise concerns that should be dealt with in the future. The SDGs represent the common intention of the UN members to cater for a better future. In this regard, the different cornerstones of economic activities and international relations, ie. trade, finance and energy, have their own substantial part in the success of this international endeavor. Hence, the 2nd Committee of the UN General Assembly faces the current challenge: How to make the ends meet when the various actors, the various fields and the various goals seem to go to different directions?

The tools, the ideas and the goals are present. All left to do is negotiate and commit.

8. Points to be addressed:

- Can the SDGs be considered a viable objective?
- How do states deal with the goal of succeeding the 2030 Development Agenda?
- What can be done to enhance cooperation in meeting the SDGs requirements?
- What is the exact relationship between the three fields of international relations at hand?

---

114 UNCTAD (2016). *Trading into Sustainable Development: Trade, Market Access, And The Sustainable Development Goals*. *Developing Countries in International Trade Studies*

❖ Are there any ways of cooperation in achieving energy security and energy access on a regional level?

❖ What kind of alternative energy forms may be utilized for a sufficient framework in boosting sustainable development?

❖ The role of financial inclusion in the development agenda and the connection with the Sustainable Development Goals;

❖ Improvement of current initiatives under the auspices of the United Nations;

❖ What is the role of the GATS and what further commitments can be made towards enhancing financial inclusion through the World Trade Organization?[115]

❖ Is trade liberalization a viable solution?

❖ What is the role of International Trade in the development agenda and its connection with the Sustainable Development Goals?

❖ What dangers does Regionalism pose and on what grounds can the International trade system utilize the benefits from regional development?

❖ A future agenda on international cooperation on the fields of trade, energy and finance regarding the promotion of sustainable development

9. General Bibliography:

(for further research, please take a look at the sources provided in the various footnotes)

- Helble, M. and Shepherd, B. (2017). *Win-win: How International Trade Can Help Meet the Sustainable Development Goals*. 1st ed. Asian Development Bank, p.https://www.adb.org/sites/default/files/publication/327451/adbi-win-win-how-international-trade-can-help-meet-sdgs.pdf.
- Inter-agency Task Force on Financing for Development (2018). *Financing for Development: Progress and Prospects 2018*. Report of the Inter-agency Task Force on Financing for Development. [online] Available at: https://developmentfinance.un.org/sites/developmentfinance.un.org/files/Report_IATF_2018.pdf.
- Iversen, K. and Cheng, H. (2017). Development Issues No. 7: Global Context For Achieving The 2030 Agenda For Sustainable Development: International Trade. *Development Strategy and Policy Analysis Unit- Development Policy and Analysis Division Department of Economic and Social Affairs*, [online]

[115] For inquiries about each state's commitments look at : http://i-tip.wto.org/services/default.aspx

UN/DESA. Available at: https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/publication/dsp_policy_07.pdf.

- Klapper, L., El-Zoghbi,, M. and Hess, J. (2016). *Achieving the Sustainable Development Goals- The Role of Financial Inclusion*. [online] United Nations Secretary-General's Special Advocate for Inclusive Finance for Development. Available at: https://www.unsgsa.org/files/3114/6489/8605/sdgs_paper_final_003.pdf.
- Sutton, C. and Jenkins, B. (2007). The role of financial services sector in expanding economic opportunity. [online] hks.harvard.edu. Available at: https://www.hks.harvard.edu/mrcbg/CSRI/publications/report_19_EO%20Finance%20Final.pdf.
- Taylor, V. (2015). *Advancing regionalism and a social policy agenda for positive change: From rhetoric to action. Global Social Policy: An Interdisciplinary Journal of Public Policy and Social Development*, [online] 15(3), pp.329-335. Available at: https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4639825/
- United Nations Conference on Trade and Development (2015), Access to financial services as a driver for the Post-2015 Development Agenda. Available at: http://unctad.org/en/PublicationsLibrary/presspb2015d7_en.pdf.
- United Nations Conference on Trade and Development (2016). *Trading Into Sustainable Development: Trade, Market Access, And The Sustainable Development Goals. Developing Countries In International Trade Studies*. [online] Available at: http://unctad.org/en/PublicationsLibrary/Ditctab2015d3_en.pdf
- United Nations Conference on Trade and Development. (2018). *Scaling up Finance For The Sustainable Development Goals: Experimenting with Models of Multilateral Development Banking*. UNCTAD/GDS/ECIDC/2017/4. [online] United Nations Publications. Available at: https://unctad.org/en/PublicationsLibrary/gdsecidc2017d4_en.pdf.
- United Nations Development Programme (2016). *Delivering Sustainable Energy in a Changing Climate Strategy Note on Sustainable Energy*. [online] United Nations. Available at: http://www.un-energy.org/wp-content/uploads/2017/01/UNDP-Energy-Strategy-2017-2021.pdf.
- United Nations Economic Commission For Europe (2000). *Standards and regulations in international trade, Round Table on the impact ofstandards on international trade*. [New York United Nations]. Available at: http://www.ierc.bia-bg.com/uploads/vtcontract/files/vtcontract__22e3703ab8167e07f0f56360e8717814.pdf

- Van Grasstek, C. (2013). *The history and future of the World Trade Organization*. Geneva: WTO, p.at: https://www.wto.org/english/res_e/booksp_e/historywto_e.pdf.
- Wacziarg, Romain, and Karen Horn Welch, 2008, "Trade Liberalization and Growth: New Evidence," World Bank Economic Review, Vol. 22, pp. 187–231.at: http://www.nber.org/papers/w10152
- World Bank (2018). *TRACKING SDG7: THE ENERGY PROGRESS REPORT*. Executive Summary 2018. [online] International Bank for Reconstruction and Development / The World Bank. Available at: https://trackingsdg7.esmap.org/data/files/download-documents/executive_summary.pdf.
- World Energy Council (2016). *World Energy Scenarios l 2016: THE GRAND TRANSITION*. World Energy Scenarios. [online] Available at: https://www.worldenergy.org/wp-content/uploads/2016/10/World-Energy-Scenarios-2016_Full-Report.pdf.
- Yi, H. and Feiock, R. (2014). Renewable Energy Politics: Policy Typologies, Policy Tools, and State Deployment of Renewables. *Policy Studies Journal*, 42(3), pp.391-415. Available at: https://onlinelibrary.wiley.com/doi/abs/10.1111/psj.12066

10. UN Resolutions and relevant content

- General Assembly resolution 68/199, Draft resolution on International trade and development, A/C.2/69/L.52 (20 November 2014), available at: http://www.un.org/ga/search/view_doc.asp?symbol=A/C.2/69/L.52&Lang=E
- General Assembly resolution 68/199, International trade and development, A/RES/68/199 (20 December 2013), available at: http://www.un.org/en/ga/search/view_doc.asp?symbol=A/RES/68/199
- General Assembly resolution 68/970Report of the Open Working Group of the General Assembly on Sustainable Development Goals, A/RES/68/970 (12 August 2014), available at: http://www.un.org/ga/search/view_doc.asp?symbol=A/68/970
- General Assembly resolution 69/313, The final text of the outcome document adopted at the Third International Conference on Financing for Development (Addis Ababa, Ethiopia, 13–16 July 2015) and endorsed by the General Assembly in its resolution 69/313 of 27 July 2015.A/RES/69/313 (27 July 2015), available at: http://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf
- General Assembly resolution 69/315, Draft outcome document of the United Nations summit for the adoption of the post-2015 development agenda,

A/RES/69/315 (15 September 2015), available at: http://www.un.org/en/ga/search/view_doc.asp?symbol=A/RES/69/315

- General Assembly resolution 70/1., *Transforming our world: the 2030 Agenda for Sustainable Development*, A/RES/ 70/1 (25 September 2015), available at: http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E
- General Assembly resolution 70/189, *Financial inclusion for sustainable development*, A/RES/70/189 (4 February 2016), available at: http://www.un.org/en/ga/search/view_doc.asp?symbol=A/RES/70/189
- General Assembly resolution 70/315, *Transforming our world: the 2030 Agenda for Sustainable Development*, A/RES/70/315 (25 September 2015), Available at: http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E
- General Assembly, Draft resolution on International trade and development, A/C.2/69/L.52 (20 November 2014), available at: http://www.un.org/ga/search/view_doc.asp?symbol=A/C.2/69/L.52&Lang=E
- Report by the Secretary-General, International trade and development, A/69/150, (23 July 2014), available at: http://www.un.org/ga/search/view_doc.asp?symbol=A/69/179&Lang=E