

MISSING THE FOREST FOR THE TREES

Response by the Civil Society FfD Mechanism to the SG's Our Common Agenda Policy Brief 6 on "Reforms to the International Financial Architecture"

July 2023

Our concerns with the SG's agenda for UN governance 2.0:

- We have consistently been critical of the Secretary General's 'Our Common Agenda' for promoting new multistakeholder structures that privilege exclusive membership clubs, such as G20, instead of reaffirming existing UN member state-led inclusive processes. Our critique of the SG's OCA report can be accessed here: <https://csoforffd.org/2022/01/19/response-to-un-secretary-generals-our-common-agenda-report/>
- This policy brief on "Reforms to the International Financial Architecture" has been published as part of a package of SG policy briefs in implementing the SG's Our Common Agenda (OCA) with a clearly stated aim towards a new UN Governance 2.0. Rather than reaffirm the role of universal, inclusive member-state led intergovernmental processes, the OCA proposals rely on new multi-stakeholder approaches, termed 'networked multilateralism' in the SG's OCA report.
- We are concerned that the new multistakeholder approach proposed by the OCA will weaken the role of member states in global decision-making, embed the UN in extreme conflicts of interest and undermine the related accountability and transparency that are central to UN legitimacy. Multi-stakeholderism dangerously conflates duty bearers (governments), rights holders (people) and corporate interests as equal stakeholders while rendering invisible the historical and prevailing asymmetries of power and voice between and within nations.

Our concerns with the Biennial Summit between the G20, ECOSOC, SG and IFIs:

- The key governance focus of the SG's OCA policy brief on 'Reforms to the International Financial Architecture' is the call for a coordination body of the Biennial Summit between G20, ECOSOC, SG and IFIs. We reject this proposal for the following reasons:
 - This would undermine the UN Charter, which created ECOSOC as a body that coordinates governments, institutions and agencies, and that reports and makes recommendations to the General Assembly (GA). As the UN's central decision-making body, the annual GA opens with addresses by many heads of state and government and

closes with resolutions of the entire membership that contain key decisions when agreed. The proposed Biennial Summit and a coordination body of the Biennial Summit would only undermine these existing valuable processes on global finance i.e the UNGA Second Committee and the ECOSOC Financing for Development Forum and negotiations towards its outcomes.

- It would legitimise the G20 (who are already members of the UN) and bring in the SG and IFIs as equal decision-making actors to UN member states, which is deeply problematic.
 - The SG and leaders of IFIs serve member states and have no vote on decisions. Establishing multistakeholder platforms such as the proposed Biennial Summit that dilutes standard accountability relationships would be a major setback in global governance as we know it.
 - Despite several member states expressing their concerns with the proposal for a Biennial Summit, this continues to feature prominently in the SG's OCA implementation plan and remains the central governance/decision-making process featured in this policy brief on international financial architecture.
- The challenge is not the lack of existing universal intergovernmental decision-making processes but the obstinate blocking by a handful of Global North countries to the consistent calls by Global South countries over decades in the UN to democratise global economic governance. The SG not only refuses to call out this central political economy challenge in the latest briefing but emphatically doubles down on his problematic call for a Biennial Summit between the G20, ECOSOC, SG and IFIs as well as a coordination body for such a biennial summit.

Our concerns with the proliferation of SG-driven reports and the Summit of the Future:

- The SG regularly issues reports on international financial architecture. In fact, the SG is mandated to provide reports annually by UN member states via the UNGA Second Committee (the Economic and Financial Committee) on, among other issues, the international financial system (which includes issues of quota reforms and SDRs), debt, illicit financial flows and most recently on international tax cooperation. The full list can be found here: <https://www.un.org/en/ga/second/77/documentslist.shtml>
- The key difference with this report as part of the SG's Our Common Agenda (OCA) implementation process is the SG's clearly stated aim throughout this process towards a new UN Governance 2.0, as noted earlier. While the SG driving changes in the way the UN works is not new, the current SG's agenda in transforming UN governance with such controversial elements as "networked multilateralism" is deeply worrying and have far-reaching repercussions.
- The Summit of the Future, the rationale for which remains nebulous, is not the appropriate multilateral venue for any economic decision-making. We continue to be deeply concerned by the SG's Our Common Agenda and the Summit of the Future being a vehicle for furthering multistakeholderism, or as the SG's OCA report calls it 'networked multilateralism'.

- Our critique, 'The Summit With No Future', can be accessed here: <https://csoforffd.files.wordpress.com/2023/04/ffd-forum-newsletter-4-1.pdf>

Our recommendations:

- Any specific proposals in this SG policy brief that UN member states are keen to implement should be agreed through the upcoming UN Second Committee negotiations. The annual FfD negotiations early next year would be an opportunity to further build consensus. For issues that require high-level political decision-making, the 4th FfD conference and its preparatory process is the appropriate space.
- We call on UN member states, through the upcoming UNGA Second Committee process, to work towards establishing a multilateral legal framework that would comprehensively address unsustainable and illegitimate debt, including through extensive debt restructuring and cancellation, and agreeing to negotiate a UN Tax Convention to comprehensively address tax havens, tax abuse by multinational corporations and other illicit financial flows, among others.
- All our policy recommendations can be accessed here: <https://csoforffd.files.wordpress.com/2023/02/cs-ffd-mechanism-inputs-to-2023-ffd-forum-jan-2023.pdf>
- We call on all UN member states to reject the proposal for a Biennial Summit and instead ensure all economic decision-making is through existing UN member state-led negotiations of the UNGA Second Committee and the ECOSOC FfD processes.

We want to emphasise that the entire implementation roadmap of the SG's Our Common Agenda, leading to the Summit of the Future, is filled with red herrings. The only aim of the process is to contribute to the SG's problematic vision of a new UN Governance 2.0 that strengthens corporate interests and privileges exclusive membership clubs in multilateralism. We strongly call on all UN member states to ensure that the upcoming UN General Assembly and the process of defining the different elements leading to the Summit of the Future, including the Global Digital Compact, do not become vehicles for undermining multilateralism and the UN charter.

The Civil Society Financing for Development (FfD) Mechanism (including the Women's Working on FfD) is a very broad platform of civil society organizations, networks and federations from around the world, that followed closely the FfD process since its origins, facilitated civil society's contribution to the Third International Conference on Financing for Development, and continues to provide a facilitation mechanism for the collective expression of civil society in the FfD Follow-up and other relevant United Nations processes.

