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## FfD4: 10 DEMANDS FROM CIVIL SOCIETY

### First FfD4 Prepcom at Addis Ababa should set the scene for democratising global economic governance

#### **1. Agree on a UN Framework Convention on International Tax Cooperation to comprehensively address tax havens, tax abuse by multinational corporations and other illicit financial flows.**

Unless the failures of the international tax system are urgently addressed, countries around the world will continue to lose billions of public revenue dollars. This will increase the already unsustainable debt levels, worsen income and wealth inequality and undermine governments' abilities to respond to the multiple crises, while also decreasing the public revenue base of developing countries. We therefore welcome the establishment of the Ad Hoc Committee to Draft Terms of Reference for a United Nations Framework Convention on International Tax Cooperation. We call on all UN member states to engage constructively and agree an ambitious UN Framework Convention on International Tax Cooperation.

#### **2. Agree on a UN Framework Convention on Sovereign Debt that would comprehensively address unsustainable and illegitimate debt, including through extensive debt cancellation.**

In September 2014, the UN General Assembly adopted a landmark resolution tabled by the G77 and China entitled "*Towards the establishment of a multilateral legal framework for sovereign debt restructuring processes.*" The lack of political will at the time by Global North countries to implement this resolution has proven costly. Vital public financial resources are being allocated today to external debt repayments at the expense of domestic health, social, economic financing, and climate resilient needs. It is evident that current ad-hoc international initiatives to address the debt resolution are insufficient and existing debt sustainability assessments inadequate, as they disregard human rights, gender equality or climate investment needs.

The United Nations, with the core mandate to address critical global issues, and the fact that it is neither debtor nor creditor itself, is the only inclusive multilateral and democratic space that has the legitimacy and competence to discuss and agree a multilateral legal framework to prevent and address sovereign debt crises.

#### **3. Establish an international public credit rating agency at the UN that could provide long-term ratings as well as counterbalance the influence of private credit rating agencies.**

Such a public utility has the significant potential of facilitating the reduction of CRA monopoly power as well as their ability to constrain policy space for developing countries through their embedded procyclicality. Importantly, public ownership of CRAs widens the possibility of integrating long-term development-based, human rights-based and gender-sensitive criterion in the indicators and assessment frameworks of CRAs. Ratings of this public CRA should provide the benchmarks for portfolio investments of national pension and insurance funds, in order to become relevant.

#### **4. Agree on a UN Convention on International Development Cooperation, including establishing a mechanism for the fulfilment of the trillions in unmet 'aid debt' owed to the Global South over decades.**

There is a need to move the center of development cooperation away from donor clubs and towards a more even terrain. We therefore call on states to advance a binding convention on development cooperation, under UN auspices, that could hold Northern states accountable for their unfulfilled historical commitments on quantity and quality, in a way that recognizes the trillions of unmet aid commitment as aid debt, and ushers a democratic, rights-based, equitable and just governance of development cooperation.

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**5. Elaborate a UN multilateral agreement for a coordinated and permanent termination of Investor State Dispute Settlement (ISDS) mechanisms that has empowered transnational corporations to sue governments in confidential tribunals on a range of issues including debt, tax and climate action.**

Investment protection through ISDS mechanisms is expanded to the detriment of policy-making for human and environmental rights and development. These agreements have introduced new disciplines that straitjacket state policies needed by countries seeking to benefit from the rapidly expanding trade in the digital economy. According to the 2022 IPCC report, ISDS also risks blocking the phase out of fossil fuels.

**6. Assess systemic risks posed by unregulated or inadequately regulated financial sector instruments and actors.**

Past financial crises not only represented a massive failure in macroeconomic and financial regulation but also exposed the significant vacuum in governance over financial actors, particularly non-banking actors. Yet, the asset management industry has grown exponentially since the last crisis, now featuring a higher degree of interconnections between financial institutions and generating an even higher systemic risk. It is therefore essential for UN Member States to assess the current financial "non-system" and undertake decisive steps towards financial regulation, including a global regulatory framework for the asset management industry and a global agreement on the importance of capital account management.

**7. Establish a UN intergovernmental global technology assessment mechanism to fill the vacuum in the governance of digital technologies, including digital finance technologies, and assess their impacts on society, the environment and people.**

As the UN, governments and institutions grapple with the governance of digital technologies, including digital finance technologies, there is an urgent need for broad, transparent, inclusive, accessible, and participatory deliberations on the current and potential impacts of these technologies on the environment, the labour market, tax policy, livelihoods and society. There remains a huge vacuum in Member State-led governance of digital technologies that needs to be

addressed with a sense of urgency to assert the mandate of inclusive multilateral institutions over corporate interests and to protect human rights. Governance of digitalization is key to curbing the widening digital divide and contribute towards the vision of the 2030 Agenda for Sustainable Development to Leave No One Behind.

**8. Establish a UN intergovernmental process to review and transform international financial institutions and Multilateral Development Banks, leading to an overhaul of the international public finance architecture.**

Such a process must transform the global financial architecture, empowering national development banks to better serve national development needs. It must also transform IFIs and MDBs' governance, missions and visions, as well as their policies and practices to build more inclusive, transparent, accountable and democratic institutions, with a rights-centered approach to development, responsive to national and regional dynamics. The same process must also include a review of the development outcomes of public-private-partnerships, blended finance and other financing mechanisms established to promote a 'private finance first' approach to infrastructure and public services, largely promoted by MDBs.

**9. Ensure fiscal space and scale up international cooperation for decent jobs creation and universal social protection in line with SDGs and ILO standard.**

The global pandemic illustrated more drastically than ever before the importance of ensuring adequate fiscal space to support the extension of social protection systems to ensure universal coverage through social protection floors, in line with ILO standards. We stress the need for access to essential health care for all and income security and to maintain these services even in times of crisis.

**10. Ensure human rights and gender equality as cross-cutting framing.**

FfD4 should promote the interrelation and progressivity of human rights of all people in a healthy environment, with accessible global public goods respecting planetary boundaries. Structural inequalities and environmentally destructive behaviour are not natural, but political choices.