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Mechanism

UN member states fail to deliver international financial architecture reform at the Summit of the Future - FfD4 should be the moment to course correct.

*Communique by the Civil Society FfD Mechanism
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The Summit of the Future's (SotF) outcome document, Pact for the Future, begins with a pledge by member states to 'a new beginning in multilateralism'. On International Financial Architecture (IFA) reform, that pledge has been cast aside and member states have instead committed to business as usual. **We call on member states to ensure that the failure of the SotF on IFA reforms is not used as an excuse for retrogression in the FfD4 negotiations.**

The UN tax convention process is a lesson in the success of multilateralism on IFA reforms: the tax convention process is a concrete example of existing UN fora making decisions on democratising global economic governance. The challenge remains the obstinate blocking by a handful of Global North countries to advance on such IFA reforms. Africa Group has shown the importance of member state-driven leadership to ensure the realisation of long-standing demands of Global South countries on FfD issues. It is critical to reinforce these existing UN member state-led processes such as the UNGA Second Committee and FfD that have resulted in this historic breakthrough on democratising global tax governance. UN member states and the Secretary General should learn lessons from this process rather than continually invent new distractions.

IFA reform is about affirming the centrality of UN member states in decision-making and norm-setting. The SotF outcome instead further entrenches the status quo mandating existing undemocratic institutions such as the World Bank and IMF. This undemocratic architecture is the reason for the multiple crises we are confronted with today in the first place. IFA reform should not be about re-branding the same false solutions. Instead, we call on UN member states to 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.

Reforming the debt architecture should be led by UN member states through an inclusive, intergovernmental process, not by the IMF. The shortcomings of the G20 Common Framework to deliver on a timely, comprehensive and fair debt resolution for countries in debt distress is a striking example of how leaving debt architecture discussions in the hands of mainly lenders is a guarantee for failure to address the profound reform of the international financial architecture that the world needs. We do not need a process that further reinforces the role of lender-dominated forums, as it is currently presented in the SotF draft. Instead, the United Nations, which is not a creditor itself, is the only forum that provides an inclusive and democratic space to provide a lasting multilateral solution to the debt crisis. **Recently, [Africa Group called for the establishment of a global legal debt framework at the first FfD4 prepcom in Addis Ababa in July 2024.](#) We strongly support this call by the Africa Group and call on member states to establish a UN intergovernmental process towards agreeing a legally binding convention on sovereign debt.**

The Biennial Summit on the global economy risks turning into another theatrical performance of speeches and multistakeholder approaches where it is unclear who makes decisions. The UN cannot afford

to continually invent new ‘talk-shops’ and performative summits. We call on member states to ensure that the convening of this Biennial Summit does not result in multistakeholder initiatives that risk undermining existing UN member state-led negotiations of the UNGA Second Committee and the ECOSOC FfD processes.

FfD4 should deliver on reforming the international financial architecture: We call on leadership from UN member states to deliver on the following systemic reforms at FfD4:

- 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.
- Agree on a UN Framework Convention on Sovereign Debt that would comprehensively address prevention and resolution of unsustainable and illegitimate debt, including through extensive debt cancellation.
- 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.
- Establish a UN intergovernmental process to regulate credit rating agencies, including establishing 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.
- 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 through decades.
- Elaborate a UN multilateral agreement for a coordinated and permanent termination of Investor State Dispute Settlement (ISDS) mechanisms that have empowered transnational corporations to sue governments in confidential tribunals on a range of issues including debt, tax and climate action.
- Assess systemic risks posed by unregulated or inadequately regulated financial sector instruments and actors.
- 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.
- Establish a UN intergovernmental process to conduct a thorough review of the sustainable development outcomes, fiscal and human rights impact of public-private partnerships (PPPs), blended finance and other financing instruments established to leverage private finance.
- Ensure fiscal space and scale up international cooperation for decent jobs creation and universal social protection in line with SDGs and ILO standard.
- Ensure human rights and gender equality as cross-cutting framing.

Our recommendations for FfD4 can be accessed here: <https://csoforffd.org/resources/what-should-be-achieved-in-ffd4-a-civil-society-checklist-for-member-states/>

We need leadership from UN member states to reinforce these existing multilateral processes rather than inventing new forums and summits that only serve as a distraction and delay decision-making.

The Civil Society Financing for Development (FfD) Mechanism is a 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. For more info: <https://csoforffd.org/>

Our previous critiques and concerns related to the Summit of the Future can be accessed here: <https://csoforffd.org/post/compilation-summit-of-the-future/>