

Input to Meeting of Finance Ministers at the UN
Statement by Civil Society FfD Group (including Women's Working Group on FfD)

4 September 2020

Subject: Need for a new consensus on global economic architecture and systemic reforms to tackle the COVID-19 crisis and support a resilient recovery/transformation

Your excellencies/excellency,

In view of the upcoming meeting of Finance Ministers at the United Nations on 8th September 2020, we are writing to express our deep concerns, as we are yet to see any meaningful pathway towards the necessary multilateral decisions to overcome the global crisis induced by the pandemic.

The COVID-19 pandemic has indeed triggered a global health, humanitarian and economic crisis which is threatening the well-being of billions of people and risks derailing the global efforts to achieve the Sustainable Development Goals and respond to the expanding climate emergency. The crisis is also exacerbating inequalities within and between countries, while unpaid domestic and care work, primarily carried out by women, have once again stepped up to increase the already huge subsidy to the global economy, undermining women's human rights and gender equality.

We urgently need systemic solutions to the broken global economic architecture. National level decisions, while important, are insufficient to ensure the required policy and fiscal space needed for a decolonial, feminist and just transition for people and planet.

We need to ensure the democratization of global economic governance, recognizing the right of every country to be at the decision-making table, and not only those concentrating power or resources. A new global governance should promote equality and common but differentiated responsibilities on global commons.

We want to thank the UN Secretary General and the Governments of Jamaica and Canada for their leadership in enabling a space for discussions on "Financing for Development in the Era of Covid-19 and Beyond" at the United Nations, including the [six discussion groups](#) on crucial economic issues.

As civil society organizations, we would like to reaffirm some of the key policy actions and institutional reforms that are essential (attached annex provides more detail):

- **Extensive debt cancellations and the establishment of a Sovereign Debt Workout Mechanism at the UN to support comprehensive, systematic, timely and fair restructuring of sovereign debt.** The COVID-19 pandemic has increased the risk of a new wave of debt crises, and systemic solutions to resolve debt crises will be vital to avoid devastating and long-term impacts, especially on developing countries;
- **Liquidity injection commensurate with the level of need among developing countries through a new allocation of Special Drawing Rights (SDRs),** possibly combined with a reallocation of unused ones, needs to be urgently agreed;
- **UN Tax Convention to comprehensively address tax havens, tax abuse by multinational corporations and other illicit financial flows through a truly universal, intergovernmental process at the UN.** Unless the failures of the international tax system are urgently addressed, countries around the world will continue to lose billions of dollars due to illicit financial flows. This will increase the already unsustainable debt levels and undermine governments' abilities to respond to the crisis;

- **Review development outcomes of public-private-partnerships and ‘private finance first’ approach and reaffirm the centrality of public policies and investments.** The COVID-19 pandemic has provided a stark reminder of the importance of accessible and affordable public services, and the short-comings of development models that prioritize private profit over public needs; and,
- **Review of the official development assistance (ODA) framework to immediately reverse the decline in ODA, fulfil and where possible exceed the 0.7% target for ODA in the form of unconditional grants.** Now more than ever, it is vital that the long-standing commitments to deliver international development assistance are fulfilled.

Some of these critical decisions have been in a stalemate for some time. It is urgent to recognize that these standstills need to be overcome through a new consensus that allows real progress in tackling the pandemic and advance the 2030 Agenda. Civil society organizations, social movements and citizens are looking towards this meeting of **Finance Ministers on September 8th as a key decision-making moment that can on the one hand take immediate actions to create fiscal space** for crisis response, as outlined above, and on the other hand impulse the necessary intergovernmental processes to address the current global crisis through more fundamental reforms of the international financial architecture. We look forward to your leadership as the world cannot afford any further delays.

As we mark the 75th anniversary of the United Nations, it is time to allow it to achieve its role as the central global body for international co-operation in solving problems of an economic, social, cultural or humanitarian character, based on the agreed human rights framework and the sustainable development goals.

We therefore reiterate our call on UN Member States to mandate an “International Economic Reconstruction and Systemic Reform Summit under the auspices of the UN” to move towards a new global economic architecture that works for the people and planet. The formal mandate for such a Summit should also provide for an appropriate intergovernmental preparatory process to ensure the adequate space for governments to reflect on all options and inputs and agree on a powerful outcome document that could provide a solid pathway for a new international economic consensus. The intergovernmental negotiation process must be transparent and inclusive, allowing full and effective participation of civil society.

The Summit must include action on the crucial aspects of a multilateral, systemic response to the pandemic-induced global crisis that we outlined above. In the attached annex, we have explained key areas of this agenda in more detail.

More than six months into the COVID-crisis, we believe that Finance Ministers on September 8th should take bold steps to initiate the change we need. It is also obvious that some of the more fundamental and most important governance innovations need more thorough preparation. The meeting on the 8th should therefore be the beginning, not the end, of a United Nations process that is mandated to make global economic governance work for the COVID-era and beyond.

Yours sincerely,

[Civil Society FfD Group](#) (including Women’s Working Group on FfD)

The Civil Society FfD Group is an open network of more than 800 organizations, federations and networks from diverse regions and constituencies around the world, including the Women’s Working Group on FfD.

ANNEX – Calls for Action on the key elements of the Financing for Development agenda

- **Debt cancellation and Sovereign Debt Workout Mechanism at the UN**
 - Permanent cancellation of external debt payments for up to four years to all developing countries in need without penalties;
 - Provision of additional, emergency finance without creating more debt, nor conditionalities;
 - Protection of developing countries from lawsuits when ceasing debt payments at national and multilateral levels;
 - A debt relief initiative to bring developing country debts down to sustainable levels and which considers countries' long-term financing needs to pursue the SDGs, climate goals, and human rights and gender equality commitments;
 - Agreement on a permanent process under UN auspices to facilitate systematic, timely, and fair restructuring of sovereign debt.

- **UN Tax Convention**
 - It is time to back a truly universal, intergovernmental process at the UN to comprehensively address tax havens, tax abuse by multinational corporations and other illicit financial flows that obstruct redistribution and drain resources that are crucial to challenging inequalities, particularly gender inequality.
 - Taxing income, wealth and trade should be seen to support the internationally agreed human rights frameworks, as without taxation we cannot mobilise the maximum available revenues. Tax abuse and tax avoidance also needs to be considered under the extraterritorial obligations of states towards other states not to hamper the enjoyment of human rights via blocking financing through abusive tax laws, rules and allowing companies and wealthy individuals to abuse tax systems.

- **Global technology assessment mechanism at the UN**
 - As the UN, governments and institutions grapple with the governance of digital 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, livelihoods and society;
 - Horizon scanning and foresight capacities need to be developed and should involve identifying options beyond technological solutions. Governance measures on technologies is not just about regulation but ensuring that the common good remains as the ultimate goal and takes precedence over profits.

- **Assess development impacts of current trade and investment framework**
 - To ensure developing countries retain maximum policy flexibility in their trade and investment policies there should be no negotiations or signing of any binding trade and investment agreements including at the WTO;
 - A moratorium on Investor-State-Dispute-Settlement (ISDS) cases, and non-implementation or violation of current trade and investment commitments, including Intellectual property rights rules through the TRIPS and TRIPS plus agreements, if these conflict with public policy objectives including economic and health objectives, during the pandemic.
 - Ensure an international legally binding instrument to regulate, in international human rights law, the activities of transnational corporations and hold them accountable for

human rights violations by supporting the ongoing negotiations for the UN Binding Treaty on Business and Human rights under the Open-ended intergovernmental working group on transnational corporations and other business enterprises with respect to human rights.

- **Assess systemic risks posed by unregulated or inadequately regulated financial sector instruments and actors**
 - Agree on adequate regulation and supervision of financial institutions, credit rating agencies and hedge funds through a UN framework;
 - A global ban on short selling among all markets and increase regulation/surveillance of high-frequency trading;
 - A global agreement on the importance of capital account management to prevent capital flight, limit speculative trading and arrest declines in currency and asset prices;
 - A new allocation of Special Drawing Rights (SDRs) needs to be agreed, commensurate with the level of need among developing countries;
 - A Global Fund for Universal Social Protection to support the most vulnerable countries in responding to the pandemic.

- **Review development outcomes of PPPs and ‘private finance first’ approach**
 - We reject the World Bank Group’s Maximising Finance for Development (MFD) approach that implies a problematic ‘private finance first’ attitude to development finance and rather unrealistic assumption that private finance will appear to fill the financing shortfalls. While donors and institutions promote a ‘Billions to Trillions’ narrative and blended finance, whose development impact is yet to be proven, the reality is they are not living up to their own commitments and are instead regressing.
 - There is a need to reaffirm the centrality of public policies and investments. We call on governments to declare a moratorium on funding, promoting or providing technical assessment for PPPs and ‘private finance first’ approaches until an independent review into their development outcomes is completed.

- **Review of the ODA framework**
 - Partnerships for sustainable development should comply with the local ownership of development processes, whereby all relevant stakeholders, including local communities and CSOs can be actively involved. We also call on donors to uphold the integrity of ODA and of effectiveness agenda.
 - Call on DAC members to immediately reverse the decline in ODA as a share of GNI, fulfil and where possible exceed the 0.7% target for ODA in the form of unconditional grants and technical support;
 - Call on all donors to ensure that development aid is not diverted but reinforces humanitarian response to the crisis and to ensure that emergency responses are aligned with developing country priorities without conditionalities.