

Time for a UN Economic Reconstruction and Systemic Reform Summit

Towards a New Global Economic Architecture that works for the People and Planet

The health and humanitarian crises induced by the COVID-19 pandemic triggered a global economic crisis, while the urgency to restore global growth may result in furthering the unresolved environmental and climate emergency. Inequalities within and between countries have been exposed and magnified, while unpaid domestic and care work have once again stepped up to increase the already huge subsidy to the global economy. Despite seductive narratives, powerful forces are already at play to use the crisis to further consolidate the already skewed concentration of economic and political power in few hands. We cannot allow this to happen.

We urgently need systemic solutions to the broken global economic architecture that reinforces the status quo of a global division of labour focused on the extraction of wealth and resources from the Global South. Decolonising the global economy needs to be the key priority. This is the time for the UN to promote again a global transformation based on the human rights framework, as it did 75 years ago. Time for rhetoric is over. The time to mobilize jointly around structural transformation is here. **The time to act is NOW!**

We call for an **International Economic Reconstruction and Systemic Reform Summit under the auspices of the UN**, as it remains the only place where developing countries are at the table with equal voice and vote. The Summit should work towards global consensus on a new global economic governance architecture that could foster systemic reforms while promoting human rights, gender equality, social equity and environmental justice.

Overarching principles

Human rights, gender equality, wellbeing, social-economic and environmental justice

The Summit 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. Our long term planetary and human wellbeing continue to be conditional to systemic transformations for socio-ecological and financial justice: on the way we produce and consume, on how the global economy and global and sexual division of labour are structured.

Socio-economic transformation and a just, equitable transition for people and the planet

The Summit should provide the necessary fiscal, judicial and policy space needed to ensure a decolonial, feminist and just transition for people and planet. This means promoting a rebalancing of the global economy with more vibrant, inclusive and circular local/national economies; promote decent work and responsible business conduct; advance ecological resilience; reduce resource consumption; restore biodiversity; and move away from extractive, discriminatory, military, racist and androcentric economies that erode the ecological basis of our collective wellbeing.

Democratization of global economic governance and inclusive participation at all levels

The Summit should ensure democratization of global economic governance, recognizing the right of every country to be at the decision-making table, and not only those with concentrated power or resources. A new global governance should promote national economic sovereignty and common but differentiated responsibilities on global commons. At every level of decision-making, meaningful participation of rights-holders should be enhanced and guaranteed.

Calls for Action

- **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 support 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.
- **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;
- **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**
 - 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 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. We also call on donors to uphold the integrity of ODA and their development effectiveness commitments.