

The ffd Chronicle

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RINSE AND REPEAT

BRETTON WOODS INSTITUTIONS ROUNDTABLE AT THE IX ffd FORUM FAIL TO RECOGNIZE THEIR ROLE IN THE PROBLEMS

SAME OLD BRETTON WOODS INSTITUTIONS roundtable, same old failed policy prescriptions. If only we had a dollar for every time we hear that the G20 common framework will fix the debt crisis, we could start cancelling the debts!

IMF and WB are not only unable to contribute to a fair resolution of the debt crisis, but they are responsible for the worsening of the situation. The Sustainable Development Goals are off track precisely because of the policies of these colonial institutions, that are systematically denying the severity of the crisis, featuring it as mere short term liquidity problems. They continue pushing for more lending instead of grants and reparations as well as de-risking private finance flows (subsidising wealthy investors while global south countries have to pay abusive interest rates).

Let's be clear: there hasn't been a single dollar of debt cancellation from the G20 common framework. Expanding and tweaking the Common Framework won't allow for overcoming the 'too little too late' syndrome. Debt restructurings within and outside the common framework are too long and debt rescheduling utterly insufficient, including problematic contingency clauses like in the cases of Suriname and Zambia. They are based on IMF and World Bank manufactured debt sustainability analyses, that ignore human rights and financing needs for public services or climate action investments. They also keep prioritising creditors' interests and opening the door to neoliberal policies and austerity through IMF conditionalities.

It is time for member states to stop watching this Bretton Woods Institutions roundtable show every year and start demanding accountability instead. When we say *international financial architecture reform* we mean a complete overhaul of the unequal governance structures of the international financial institutions through a member-state led process at the UN. It means taking out of their hands the debt resolution portfolio and bringing it into a truly multilateral debt resolution legal framework under the aegis of the UN. This is what the fourth Conference on Financing for Development should achieve.

What does international financial architecture reform mean?

- Taking debt resolution away from IMF, World Bank and G20;
- Regulating credit rating agencies;
- Creating a binding global debt transparency registry
- Implementing binding responsible lending and borrowing rules;
- Establishing a rules-based debt resolution legal framework at the UN.

GLOBAL SOUTH WAITING FOR THE COMMON FRAMEWORK TO BRING TIMELY AND SUSTAINABLE DEBT RESOLUTION



Inter-Agency Task Force on FfD: A Trojan Horse?

The IATF is failing on its mandate by providing a biased report annually reflecting the internal politics of the Secretariats of the Agencies, rather than a politically neutral and relevant assessment of progress, gaps and recommendations.

IF YOU MISSED THE PRESENTATION OF THE IATF's annual Financing for Sustainable Development Report (FSDR) yesterday, you didn't miss much. It is an annual report that has turned into a vehicle to promote the work of undemocratic institutions outside the UN but with the UN logo. As civil society, we have been very critical of the work of the IATF because of its internal power asymmetries and political economies.

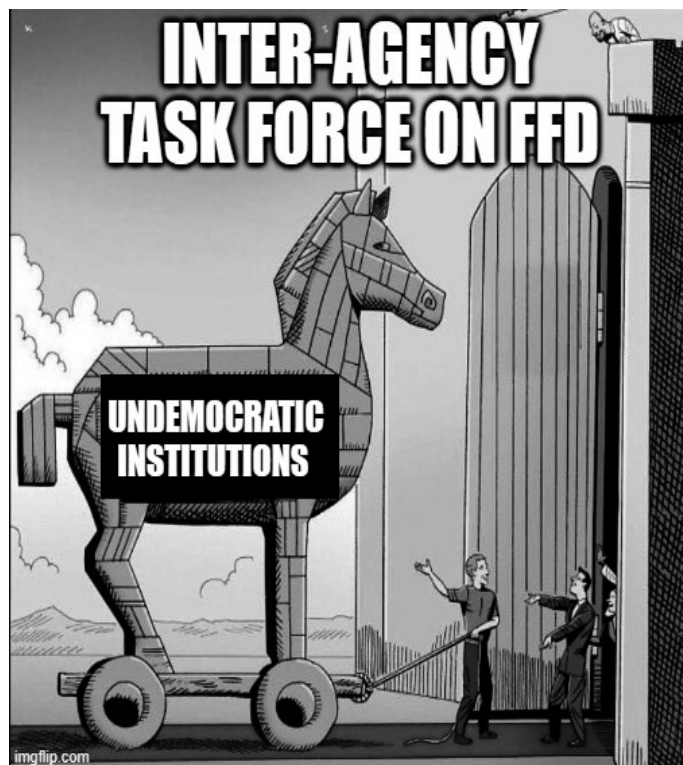
The core struggle of the FfD process is that of democratizing global economic governance and establishing a more democratic governance ecosystem centred around the UN. But some of the big powers behind the IATF are clearly out of sync with such a focus and rather stand to defend the institutional status quo. In our view, the IATF is not a progressive instrument in advancing the FfD agenda but rather one that wants to protect the current institutional ecosystem, including many false solutions that stand as obstacles for systemic reforms.

This year's chapter on Domestic Resource Mobilization (DRM) serves as a very unfortunate example of how the internal politics of the IATF makes it incapable of delivering relevant and politically neutral inputs to the international discussion. At the end of 2023, the adoption of Resolution 78/230 provided a historical breakthrough towards fully inclusive and transparent intergovernmental cooperation on tax, and in February 2024, all UN Member States supported the adoption of a Roadmap for negotiating Terms of Reference of a new UN Framework Convention on International Tax Cooperation – in line with the mandate set out in the Resolution.

This breakthrough is the most important development we have seen within the area of DRM since the IATF report was initiated. And yet, the IATF report only includes minimal acknowledgement of this development, and generally carries on with the narrative from previous years' reports – ignoring the biggest shift in the intergovernmental work on DRM that we have seen in recent history.

While all UN Member States have now jointly decided that it is high time for a fundamental reform of international tax governance and have come together in pursuit of inclusive international tax governance where all countries participate on an equal footing, it appears as if the IATF has not reached that point.

We suggest member states move away from *inter-agency* to strengthening *intergovernmental* review of the implementation of the FfD agenda.



TEAM(S) EUROPE

It was encouraging to hear the statement from Spain yesterday calling for ambitious fiscal reforms and the need to prioritize agreeing a UN framework convention on international tax cooperation.

On the other hand, the statement by the European Commission on behalf of the EU members made no mention of any commitment to the UN tax convention process and instead worryingly suggested that FfD4 should mainly focus on crowding in more private finance. This is very much aligned with the EU push for the Global Gateway, very much for the benefit of EU's private sector and economic interests.

Is it multilateral global governance or EU's geopolitical and economic interests that will guide European member states on the way to FfD4? Will the real Team Europe please stand up?

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