

Global Economic Solutions Now!

Open Letter to Heads of State Meeting at the United Nations

24 September 2020

Excellencies,

In view of the upcoming special meeting of Heads of State on the margins of the 75th United Nations General Assembly on 29th 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 economic crisis induced by the pandemic. The humanitarian and economic crisis triggered by the pandemic 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.

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.

In the lead up to a recent meeting of Finance Ministers at the UN, a [‘menu of options’](#) for consideration by governments was published which includes key recommendations on issues such as debt, illicit financial flows, global liquidity and financial stability among others. It is now time for action. The world cannot afford any further delays.

At the Heads of State meeting on 29th September, we call on governments to commit to implement the following recommendations in the [‘menu of options’](#) and highlighted in the Finance Ministers meeting on 8th September 2020, while abiding by the human rights framework, as well as ensuring gender equality and environmental integrity (attached annex provides more detail)¹:

- Extensive debt cancellations and the establishment of a Sovereign Debt Workout Mechanism at the UN that would comprehensively address unsustainable and illegitimate debt;
- Liquidity injection commensurate with the level of need among developing countries through a new allocation of Special Drawing Rights (SDRs), combined with reallocation of unused ones;
- UN Tax Convention to comprehensively address tax havens, tax abuse by multinational corporations and other illicit financial flows through a universal, intergovernmental process at the UN;
- Mandate the organization of 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. Jamaica, in their national capacity, at the Finance Ministers meeting on 8th September 2020 called for the need for the United Nations to convene a conference focused on economic recovery from COVID19.

Time for talking is over. Time for action now.

¹ The [‘menu of options’](#) published includes recommendations on debt cancellations (page 83), need to move towards a sovereign debt workout mechanism (page 96), SDRs allocation (page 57) and UN tax convention (page 123).

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 at least four years for 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;
 - A sovereign debt workout mechanism at the UN that would comprehensively address unsustainable and illegitimate 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.

Yours sincerely,

Civil Society FfD Group

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