

Economic and Social Commission for Western Asia

# Proposed Reforms to the International Financial Architecture at the Summit of the Future 2024

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# The road to the Summit of the Future



2015

*2030 Agenda*



2020

*UN75  
Declaration*



2021

*Our Common  
Agenda*



2023

*SDG  
Summit*



2022-2024

*Summit of the  
Future*



2024

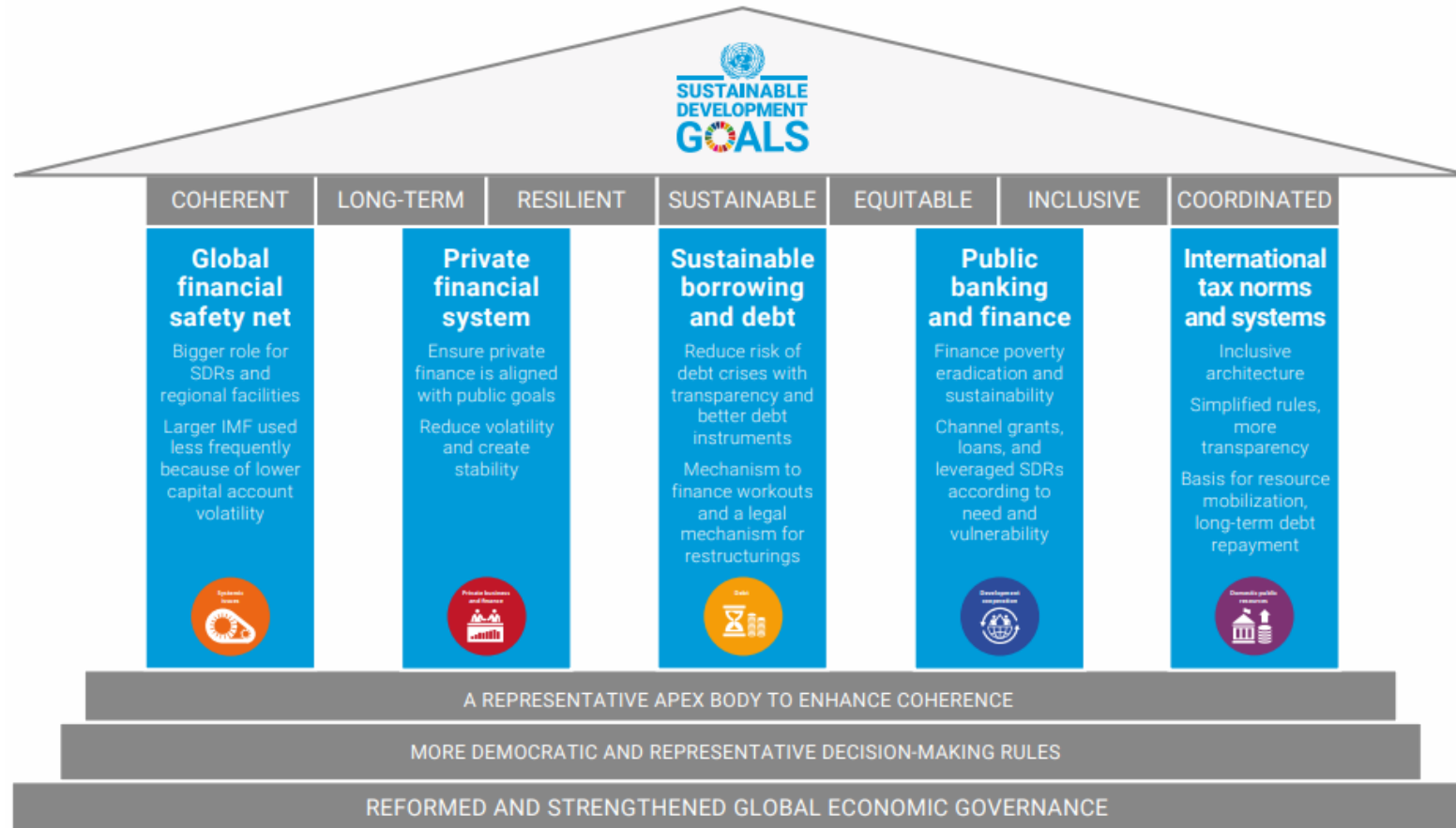
*Pact for the  
Future*

- Summit outcome document will address Sustainable Development and Financing for Development; International Peace and Security; Science, Technology, and Innovation and Digital Cooperation; Youth and Future Generations; and Transforming Global Governance
- The Zero-Draft was released 26 January

# Reform of the International Financial Architecture – Why now?

- The International Financial Architecture is **not built for purpose** to face today's challenges
- **Increasing incoherence** with proliferation of informal groupings and growing importance of private lenders
- The result is **insufficient resourcing** for sustainable development and global public goods, and host of **inequities** disadvantaging developing countries

# Towards a “new Bretton Woods” moment?



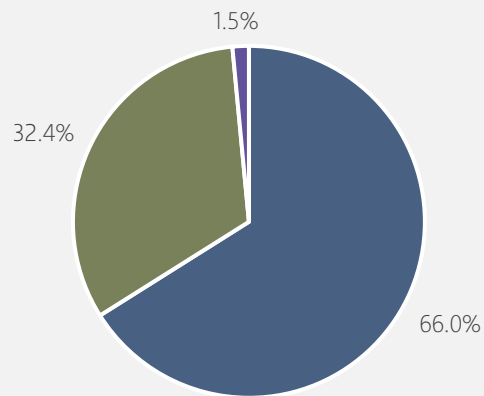
Source: Our Common Agenda Policy Brief 6: Reforms to the International Financial Architecture

# Reforming international financial institutions

## Secretary-General's Reform Proposals

- Enhance **representativeness** and **transparency** of international financial institutions to reverse increasing concentration of power
- Reform to voting rights, board membership

IMF Quota Distribution by Income Grouping



■ High-income countries ■ Middle-income countries ■ Low-income countries

## Zero-Draft Text

- Calls for **greater voice and participation** of developing countries in economic decision-making, norm-setting, and governance.
- **Supportive of ongoing governance reform processes** at international financial institutions

# Financing development and ensuring financial safety nets

## Secretary-General's Reform Proposals

- Calls for an **SDG stimulus** of at least \$500 billion per year through development bank action and enhanced public and private finance
- Need for **more automated and countercyclical SDR issuance** and to de-link access to resources such as SDRs from quotas, with allocations instead based on **need and vulnerability**

## Zero-Draft Text

- **Welcomes the call for an SDG Stimulus** and for multilateral development banks to shift practices towards **more favourable loan terms**
- Calls for development finance and liquidity support **based on need and vulnerability**
- Building consensus around specific reforms of International Financial Institutions has been challenging

# Prevention and management of debt crises

## Secretary-General's Reform Proposals

- Agree to adopt principles for responsible sovereign lending and borrowing
- Create a public registry of debt data to improve transparency
- Normalize state-contingent clauses for automatized relief in the face of shocks
- Establish a debt workout mechanism with greater access for middle-income countries
- In the long-run, create a sovereign debt authority to implement a multilateral legal framework for debt restructuring

## Zero-Draft Text

- Recognizes a need for “timely, predictable, and fair” debt restructuring and relief measures
- Encourages a comprehensive review of the sovereign debt architecture in advance of the Fourth International Conference on Financing for Development (2025).
- Review to include the principles of responsible borrowing and lending, existing tools for debt analysis, and proposals for increasing transparency

# Strengthening the coherence of the international financial architecture

- “We welcome the Secretary-General’s decision to convene a biennial summit at the level of Heads of State and Government between the members of the Group of 20 and the members of the Economic and Social Council, the Secretary-General and the heads of the international financial institutions, in order to achieve progress in building a stronger and fairer international financial architecture.”





# Coming Events

- The Pact for the Future **remains under negotiation**, with the Summit scheduled for 22-23 September
- *AFSD session on Wednesday, 06 March, 11:15 AM*
- Fourth International Conference on Financing for Development to be hosted in Spain in 2025
- Will assess implementation of previous commitments, identify actions to address the growing SDG financing gap, and support reform to the international financial architecture
- Preparatory committee launched 22 February 2024



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# Thank you

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