KEEPING GLOBAL FINANCING PROMISES: ADVANCING DEVELOPMENT, HUMAN RIGHTS, AND INTERNATIONAL COOPERATION

Key messages

- Reform of the international financial architecture is needed to ensure that countries have the required resources to invest in sustainable development and human rights, including the right to development. This includes equitable representation of developing countries in the governance of international financial institutions and reorienting their policies to align with human rights standards.
- Global partnerships and international development cooperation need to be revitalized to scale up development finance, and to ensure that concessional and predictable funding is directed to the countries that need it most, particularly Least Developed Countries, Landlocked Developing Countries, and Small Island Developing States.
- A fairer, more inclusive, participatory and transparent global tax system is needed to strengthen the capacity of developing countries to invest in human rights and the SDGs. International tax cooperation is critical to combatting tax avoidance and evasion and illicit financial flows.
- States have the duty under the United Nations Charter to cooperate in solving international problems of an economic, social, cultural or humanitarian character and in promoting and encouraging respect for human rights and for fundamental freedoms. Under the International Covenant on Economic, Social, and Cultural Rights, States also have obligations to maximize resources for these rights, including through international cooperation and assistance. The Declaration on the Right to Development provides the framework for States, the international community and all organs of society to act and cooperate to ensure an enabling environment for development that is sustainable, just, equitable and inclusive.

Problem statement

"There is no development without peace, no peace without development, and neither without human rights."[1] This interdependence was clearly recognized by the UN Charter and the Declaration on the Right to Development, as well as

1 Attributable to Kofi Annan.

RELEVANT ACTION AREAS

Addressing Systemic Issues

International Development Cooperation

ABOUT THIS SERIES

The Financing Policy Brief Series has been prepared by the Inter-agency Task Force on Financing for Development to inform the substantive preparations for the Fourth International Conference on Financing for Development (FfD4), to be held in Sevilla, Spain, from 30 June to 3 July 2025.

The Inter-agency Task Force on Financing for Development is comprised of more than 60 United Nations Agencies and international organizations. The policy briefs in this series were not subject to review by Task Force Members, and represent the views of the authoring organizations.

The full series is available at: https://financing.desa.un.org/iatf/report/financing-policy-brief-series

MORE ABOUT THIS TOPIC

For further information on the topic of this brief, please see: https://www.ohchr.org/en/development/integrating-human-rights-financing-development the 2030 Agenda for Sustainable Development. When the 2030 Agenda was adopted, the international community, through the Addis Ababa Action Agenda, committed to mobilizing resources "from billions to trillions"[2] to support the implementation of the ambition. However, the promises have fallen short. The lack of progress illustrates the need for a re-assessment of existing frameworks and approaches with a focus on urgent and effective implementation in practice.

The financing gap for the Sustainable Development Goals (SDGs) has grown to an estimated $4.2 trillion per year, restricting the capacity of countries, particularly developing countries, to invest in sustainable development and meet their human rights obligations.[3] The financing gap is deepening inequalities within and among countries, and undermines efforts to address global challenges. Record levels of public debt, rising interest rates and debt servicing costs are forcing many developing countries to prioritize public debt payments over meeting their people's rights to health, education and social protection.[4]

Access to development finance, including concessional financing, remains inadequate, especially for countries in vulnerable situations. Though total Official Development Assistance (ODA) reached a record high of $223.7 billion in 2023, the share of ODA to Gross National Income (GNI) only reached 0.37%, far below the 0.7% target, first agreed in 1970.[5] Moreover, ODA flows to Least Developed Countries (LDCs) have been trending downward to just above 0.05% of donors' GNI, from 0.08% in 2009 and falling short of 0.15 to 0.20% commitment.[6] Financial flows to Small Island Developing States (SIDS) have also been declining and SIDS most often receive funding immediately following exogenous shocks while struggling to access long-term and predictable funding to build resilience, accelerate growth and break the spiral of high debt.[7]

Additionally, developing countries lose significant resources due to tax avoidance and evasion and illicit financial flows, further constraining their capacity to invest in human rights and the SDGs. Countries around the world are losing $480 billion per year to global tax abuse by large multinational corporations and wealthy individuals.[8] When corporations and wealthy people avoid paying their fair share of taxes in the countries where they are due, the burden of taxes falls on the poor, deepening inequalities.[9]

The international financial architecture, established decades ago, is no longer fit for addressing today's complex development challenges. It has failed to offer a robust safety net and to effectively support countries to meet the challenges of financing sustainable development and recovering from multiple crises, including the COVID-19 pandemic, economic downturns, and climate disasters. The lack of representation and voice of developing countries in global financial decision-making exacerbates existing inequalities and hampers their ability to shape policies that affect them. For example, 68 low- and middle-income countries, representing some 1.74 billion people (21.7% of the global population), have just 5.3% of the IMF's votes.[10] This means that these countries have little power to shape IMF policies, despite being the ones most affected by those policies.[11]

2 2015. Statement by the Heads of the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank, the World Bank Group and the International Monetary Fund.

3 United Nations, 2024. Financing for Sustainable Development Report.

4 See OHCHR brief on debt

5 DAC, 2002 (revised 2016). History of the 0.7% ODA target.

6 UNCTAD, SDG Pulse. Cooperation and solidarity for progress towards the 2030 Agenda

7 OHRLLS, 2022. Financing for Development for SIDS (Advanced Unedited).

8 Tax Justice Network, 2023. The State of Tax Justice.

9 OHCHR, 2024. Key Messages on Integrating Human Rights into the International Financial Architecture Reforms.

10 2023. V20 Ministerial Dialogue XI Communique.

11 A/HRC/57/24

Policy solutions

To scale up access to timely, concessional and low-cost financial resources for developing countries, with a particular focus on countries with the greatest need and the lowest capacities to mobilize other sources of development finance, multilateral development banks (MDBs) should adopt lending criteria that are aligned with human rights, including the right to development, and encapsulate the weighting of vulnerability in all its dimensions. Member States should commit to voluntary rechannelling of additional SDRs to countries most in need, including through MDBs, while respecting the relevant legal frameworks and preserving the reserve asset character of SDRs. ODA donors need to step up efforts to meet their ODA commitments and increase grant-based ODA to address the evolving priorities of developing countries.

International financial institutions should ensure that their missions, policies, practices, metrics and internal incentives and monitoring and evaluation are aligned with human rights standards, including the right to development, and do not undermine States' obligations to invest in human rights. They should include human rights principles and responsibilities in risk analysis and due diligence processes and systematically conduct independent, participatory, informed, transparent, age- and gender-sensitive human rights impact assessments integrated with or alongside environmental and social impact assessments prior to making decisions.

Due diligence, grievance redress, risk management and remedy frameworks should be brought into alignment with the Guiding Principles on Business and Human Rights as part of a broader effort to mainstream human rights within their operations. Areas for reform of the governance and operations of IFIs include updating IMF quota formulas to increase representation of developing countries, reforming voting rights and decision-making rules to make them more democratic, separating access to resources from quotas, and improving institutional transparency and gender representation in governance structures.

International tax cooperation is needed to create a fairer, more effective and inclusive, participatory and transparent global tax system that ensures equitable distribution of global resources and a fairer sharing of the benefits of development that strengthens countries capacity to invest in the realization of all human rights. Key recommendations include: integrating human rights as a key principle of the United Nations framework convention on international tax cooperation, in line with the draft TOR; establishing a more effective, inclusive and representative body on international tax cooperation under the auspices of the UN with representation of all Member States; ensuring a fairer allocation of taxing rights to developing countries and higher global minimum corporate tax rate to thwart the "race to the bottom", and conducting a human rights impact assessment of the two-pillar approach of OECD and the G20. Member States should also: strengthen the automatic exchange of tax and financial information among the competent authorities; implement public beneficial ownership registers for legal entities, assets and arrangements, to include information on the identities of true owners, shareholders and corporate structures; (implement public, country-by-country reporting of taxes paid and other related financial information by multinational companies; and strengthen corporate due diligence, laws and regulation on investment, tax, banking and financial institutions to plug loopholes that allow tax-related illicit financial flows and the persistence of tax havens.

Specific recommendations for FFD4

The FfD4 outcome document should emphasize the following key actions:

- **Rally for a global financial governance and an international economic order that integrates human rights safeguards and creates an environment which enables all human rights for all:** The outcome document should advocate for the integration of human rights in all aspects of international financial architecture and call for governance reforms within IFIs to ensure more equitable representation of developing countries in global decision-making. Justice and equity, transparency and accountability must be advanced, ensuring active, free and meaningful participation of individuals and peoples in decisions and agreements that affect their lives, livelihoods and rights and the fair distribution of the benefits of development within and between nations and generations.

- **Promote a fair global tax system:** FfD4 should support the development of a UN-led framework convention on international tax cooperation to strengthen capacity of all States, including developing countries, to raise revenues from multinational corporations to invest in the realization of human rights. This should include concrete measures to combat tax evasion, strengthen tax transparency, and ensure that multinational corporations contribute fairly to the public budgets of the countries where they operate.

- **Revitalize global partnerships and international development cooperation:** FfD4 should call for a significant increase of development finance, ensuring that these resources are provided in a concessional, predictable and appropriate manner to the needs of developing countries. Special attention must be given to countries in vulnerable situations, including LDCs, LLDCs, and SIDS, and in line with their respective action agendas. FfD4 should re-affirm the unique and essential role of ODA and the systematic application of development cooperation effectiveness principles. It should also stress the urgency for donor countries to meet their commitments in a timely manner and reiterate that other measures of official support do not supplant ODA.

- **Reinforce the follow-up process:** To increase effectiveness and accountability, the monitoring framework should include a global peer review dimension. It should build on existing monitoring mechanisms, including by integrating in a structured manner the work of relevant human rights bodies. The review needs to go beyond the tracking of financial flows to also assess the development results and progress in addressing systemic and structural issues. Monitoring efforts must be underpinned by human rights-based data that are transparent, accessible and disaggregated to track development and human rights impacts for all people in all countries.