C20 Working Group 1 Policy Brief

Fair, Inclusive and Anti-racist Economies

The multiple crises the world has experienced in recent years are a product of systemic material accumulation, financial speculation, and extractivism, exacerbating a dependence on primary-export economies, and superimposing finance over the real economy. Industrialised nations and financial institutions continue to maintain decision-making power over economic and financial issues, whilst economies in the Global South suffer the consequences of these decisions, with scarce resources to meet the needs of their populations, and in a context of growing indebtedness, lost revenues due to tax abuse, and insufficient resources from international cooperation for development and appropriate responses to the climate urgency.

Public debt situations in developing countries have severely deteriorated due to increased indebtedness taken on to cover fiscal gaps, devaluations, and rising interest rates. Notwithstanding the G20 Common Framework, the lack of timely debt restructuring and cancellation processes leads to the allocation of greater budgets to debt servicing, rather than to essential public expenditure and social investment.

In addition, transnational corporations evade and avoid taxes, while distributing more than $2 trillion per year to shareholders, through dividends and share buybacks.

The effects of these multiple crises and austerity policies threaten the marginal gains made by historically discriminated constituents, groups in vulnerable situations, in recent decades. Despite these meager gains, important social sectors and populations remain excluded from the benefits of economic growth. Discrimination of all types, particularly against indigenous populations, afro-descendants, and migrants, persists, and intersects with other systemic biases of gender, class, age, sexual orientation, and disability, perpetuating and multiplying inequality.

Developing countries require fair financing models, which do not increase indebtedness or fiscal conditionalities, but rather, respond to the need for historical reparations, and allow them to move towards a sustainable, inclusive and decolonial economic transition. To this end, these solutions must be grounded in reforms to prevent TNCs and MNCs (transnational and multinational corporations) and the financial sector from extracting undue profit, and thereby help recover the hidden wealth which was syphoned away into tax havens.

In sum, the economy must become more inclusive, to create the necessary conditions for social justice, through decent jobs, while deconcentrating wealth through progressive taxation. Public policies and binding regulation must contribute to tackling the structural determinants of inequality, and guaranteeing human rights in a universal and comprehensive manner. Therefore, to effectively pursue a global economic transformation, the G20 governments should consider both macro and microeconomic measures, including through legislation such as:

- Engaging and benefitting MSMEs, in particular women, ethnic minorities, and entrepreneurs, with fair and concessional access to financing, training in new technologies, and the facilitation of fair trade.
- Eliminating structural and institutional barriers based on race, gender, age, disability or class, in the allocation of public resources and investment, in order to guarantee access for marginalized populations (including communities descended from enslaved and indigenous peoples, in respect of their rights of self-determination) to inclusive education, employment, and social protection floors, to ensure they can fulfil their economic, social, and cultural rights.
- Monitoring and ensuring transparency of the statistics and instruments reflecting gender, race, disability, and other conditions, to track and ensure global macroeconomic policies effectively reach the populations which are most in need.
- Creating decent jobs, while prioritising those in the most vulnerable situations, including capacity development in the creation of an inclusive society for people with disabilities, in an anti-racist, and anti-sexist economic environment.
- Providing capacity training for workers and guaranteeing meaningful participation of trade unions and other labour organisations, to ensure a just and inclusive green economic transition.
- Respecting and investing in traditional and indigenous communities, particularly in rural areas, to guarantee access and rights to natural resources and land, alternative pathways for development, and their right to self-determination.
- Establishing the universal achievement of Human Rights, the Sustainable Development Goals and the Climate and Biodiversity Agendas as the primary overarching multilateral objective.

We call on G20 Leaders to commit to the following recommendations:

1. A world beyond GDP

International trade and investment treaties, domestic policies, overemphasise public policies to boost Gross Domestic Product (GDP) growth as an end in itself, with focus on growth at any cost without considering environmental rights, gender, or minority living conditions. They form a basis for sustainable, inclusive and equitable development for all. Moreover, GDP per capita has been used extensively to target and define global economic, social and financial policies, leaving many of the countries in need locked in the middle-income trap.

It is necessary to go beyond GDP and per capita income, and promote a new framework based upon alternative criteria and indices, which consider economic, social, and environmental vulnerabilities, to accurately reflect each nation's specific conditions. The C20 therefore recommends the G20 nations create a new vulnerability and sustainable development index, to substitute for GDP and GDP per capita.

2. International Taxation

Achieving fair, effective, transparent and inclusive international tax cooperation is essential in eliminating the loopholes which facilitate tax avoidance and evasion. This requires an inclusive, institutional, and normative framework that can only be possible through the establishment and strengthening of global fiscal mechanisms, led by the United Nations, with the participation of the member-states and civil society organizations. Therefore, the G20 ought to:

- Promote structural changes in global tax policy and recognise the potential of tax regimes to enhance the realization of human rights, including children's rights, and to achieve justice in all its dimensions: economic, social, labour, political, cultural, racial, gender, and regional.
- Support the creation and implementation of the United Nations Framework Convention on International Tax Cooperation (UNFCITC) as a binding instrument, with meaningful civil society participation, while ensuring all countries benefit equitably from the collection and allocation of cross-border revenues.
- Support, within the UNFCITC, the creation of a global tax on the super-rich, as well as a ratio increase on global minimum corporate tax rates to 25%.
- Promote progressive taxation, whether nationally or internationally, including for share repurchases and dividends, increase capital gains taxes, and implement multi-jurisdictional legal frameworks for the taxation of financial transactions, including on crypto platforms, and in derivatives trading.

- Expand the scope of the automatic exchange of information on various classes of assets.
- Create a public Global Asset Registry and public Beneficial Ownership Registry.

3. Sovereign debt relief and resolution

The G20 Common Framework for debt treatment has proven insufficient, and is inadequate to ensure debt relief, reinforcing power asymmetries between creditors and debtors. Therefore, the G20 should focus on reducing the debt burden and its costs, particularly for low- and middle-income nations, to address liquidity and solvency problems, and free up resources for the financing and implementation of the 2030 Agenda, and the Climate Agenda. To this end, and as a way out of the current debt crisis, the G20 must:

- Support the establishment of a multilateral debt framework, under the auspices of the UN, to comprehensively address unsustainable and illegitimate debt.
- Achieve full debt transparency and accountability of debtors and creditors, by establishing a publicly accessible global debt registry, including all debt contracts, lenders, and bondholders.
- Support prompt, comprehensive debt relief and cancellation for all countries in need, according to economic, social, and climatic vulnerabilities.

- Conduct an audit of contracting and renewals of public debts, with the participation of citizens.
- Introduce debt service cancellation clauses in debt contracts, to protect nations from economic shocks and other financial catastrophes.
- Eliminate the IMF surcharges policy.
- And the G20 must ensure debt swaps implemented for health, natural, climatic, food supply or other reasons are effective, by resolving all current controversies, such as those around fiscal risks in the mid to long term, governance, sovereignty, transparency and accountability.

4. Access to financing for LICs and MICs

The financial needs of the Global South must be complemented by public resources from international cooperation, and through the intelligent management of capital inflows and outflows, considering the need for historical reparations to counteract the subordination exercised on economies which supply raw materials and cheap labour. We call on the G20 to:

- Go beyond the 0.7% GNI minimum target of the Official Development Assistance (ODA), with new and additional financing through grants without fiscal conditions, complemented by the transfer of knowledge and technology, allowing real, productive transformations for recipients.

- Support the issuance of Special Drawing Rights (SDRs), providing the liquidity required for full implementation of the 2030 Agenda.
- Introduce sovereign capital controls to prevent speculation, currency devaluation, and lack of liquidity. This includes renegotiation of trade and investment agreement restrictions on the management of capital flows, and negotiated Memorandum of Understanding to not sue countries who protect their currency and availability of capital.
- Protect countries from international financial dispute resolutions when they implement social and environmental protection legislations.

5. IFIs Reform, MDBs role and CRAs

International Financial Institutions' policies are primarily informed by the interests of a few developed countries, who hold a majority quota power. These institutions were created eighty years ago, before many countries even existed, and are currently not fit for purpose. The G20 should agree to:

- Reform the IFIs governance structure, in accordance with changes in the global economy through:
    - A meaningful quota reform in the IMF, to ensure the fair representation of the Global South, while redefining its role and mandate.
    - A reform of Multilateral Development Banks (MDBs), towards inclusive and equitable governance, with a roadmap intended for all, especially groups in the most vulnerable situations, as described herein, promoting an ambitious replenishment and more active participation in debt relief processes, concessional lending, the absence of fiscal conditionalities or tied lending, and the inclusion of an assessment of risks prioritising the public interest.
- Mainstream human rights and environmental obligations in economic decision-making within the mandates of the IFI and MDB.
- Create a multilateral credit rating agency (CRA), to balance credit rating assessments of countries' economies, and counterbalance the oligopoly of three private firms.

6. Climate finance

The world, and particularly the groups in the most vulnerable situations, are already living through a climate crisis, previously an emergency, and now an absolute urgency. Whilst financing commitments have failed to meet growing needs, those needs have also rapidly expanded. The G20 agenda to develop just transition plans must ensure:

- Public climate financing for adaptation, mitigation, loss and damage. The G20 nations must also fulfil their commitment to the Green Climate Fund and to the Loss & Damage Fund.
- A New Collective Quantified Goal (NCQG) on climate finance, fulfilling the necessities of southern countries, who are disproportionately and asymmetrically affected by climate-related phenomena, driven primarily by the actions and economic appetite of Global North nations.
- Climate financing must be additional to other development commitments, including ODA. Furthermore, it should be as concessional as possible, favouring grant-based contributions, so as not to increase indebtedness.

- The G20 must ensure climate finance interventions, such as carbon offsets and debt swaps, whether for nature, climate or other, are effective, by ensuring the currently faced challenges, including fiscal risks in the mid to long term, are resolved, by promoting robust governance, sovereignty, transparency and accountability in the formulation of agreements, and throughout their implementation.

Since the private sector, and especially the financial sector, are considered important to the financing of a just transition, the G20 countries must ensure:

- Large companies, including banks and asset managers, publish and implement a science-based just transition plan towards zero emissions (no carbon offsets or capture, utilisation and storage) with clear timelines for 2025, 2030, 2035, 2040, 2045, and 2050. These plans should eliminate subsidies, and reduce investment in fossil fuels and unsustainable agriculture, using freed-up resources to finance the energy transition, whilst internalising labour and environmental costs.
- G20 countries avoid promoting de-risking, guarantees, subsidies for carbon offsets and Carbon Capture, Utilisation and Storage (CCUS), and implement a moratorium on private offset certifications, to assess their human rights and environmental impacts. Ensure taxpayer-supported, nature-based solutions are proven to reduce GHG emissions before implementation.
- Financial authorities and international financial standards organisations should define potentially stranded assets posing a financial and/or harmful ecological impact risk, and decrease investment in them.
- The G20 devises a commodity pricing stabilisation modality, to prevent volatility and price spikes due to climate impacts and geopolitical tension.

- The ecological and climate debt owed to the Global South is fully recognized, and fulfil the need for reparations, including a Common but Differentiated Responsibilities (CBDR) based disbursement, where polluters pay principle contributions, through investments in climate adaptation, green infrastructure, and renewable energy.
- The strengthening of regulations on financial flows, to align with Global Biodiversity Framework (GBF) targets, remove harmful incentives, and shift subsidies towards agro-ecological production, zero deforestation, and climate-resilient food systems.
- A framework is developed for a just economic transition to net-zero emissions for the Global South, supported by financial assistance from the Global North.

7. Fair, Inclusive and Anti-racist Microeconomics for National Implementation

Globally, various populations face vulnerability due to historical oppression and social biases, including ethnic minorities, indigenous peoples, afro-descendants, migrants, Romas, Dalits, landless and homeless populations, women, girls, LGBTQIAPN+ people, people with disabilities, including autistic people, and those with other health conditions, such as people living with HIV and dementia. These groups should be able to fully access their rights. Therefore, the C20 asks the G20 countries to set a standard:

- Create special lines of credit, financial and technical support for micro, small, and medium enterprises run by economically disadvantaged and under-represented populations, as described above, to stimulate their financial robustness, investment, and job creation. These special lines of credit can be disbursed through country platforms: development banks, development agencies, NGOs and local governments.
- Promote regular surveys of minority businesses (access to credit, equity, fixed and working capital, technical support), to support the development of public policies and other support mechanisms in each country.
- Provide financial and technical support to cooperatives, community development firms, and alternative forms of minority ventures, both by national governments and international institutions.
- Amend legislation to promote economic and social inclusion, particularly for historically marginalized communities, and implement historical reparation policies, to address past injustices perpetrated against groups in vulnerable situations, as described above.
- Create a framework through International convention on unpaid carework to set guidelines for national implementation to compensate unpaid care work.

- Develop capacity-building and development programs and implement temporary tax incentives to encourage diverse entrepreneurship amongst the above mentioned underserved populations.
- Establish and fund initiatives to support feminist and women-led organisations, focusing on gender equality, women's empowerment, and combating gender-based violence.
- Design an international plan to solve the persistent problem of homelessness due to growing inequality, and the urban housing crisis, by regulating and limiting the insertion of private equity funds, which disrupt real estate markets in favour of financial speculation.
- Establish an international fund to tackle homelessness due to rent-driven, social, and environmental displacement caused by climate disasters, and forced migration.
- Adapt funding mechanisms to incorporate gender equality criteria and ensure resources benefit women and girls, with the meaningful participation of feminist organizations in evaluation processes.
- Invest in early childhood policies and services to ensure equal opportunities for all children, particularly those from groups in vulnerable situations.

Promote inclusive workplaces by supporting the employment of individuals with disabilities, including autistic people, and addressing attitudinal barriers.