From Monterrey to Sevilla: International Tax Cooperation in the Financing for Development Conferences

GLOBAL ALLIANCE FOR TAX JUSTICE

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Introduction

Mobilizing domestic public resources, particularly through taxation, remains a main pillar of the Financing for Development (FfD) process. The FfD process has played a critical role in putting domestic resource mobilization and the broader structural challenges of international tax cooperation on the international agenda. Now, a historic shift is underway: one month after the conclusion of the 4th International Conference on Financing for Development (FfD4), UN Member States will begin negotiating a groundbreaking UN Framework Convention on International Tax Cooperation (UN Tax Convention), alongside two early protocols. The prominent role that international tax issues play in the FfD process reflects ongoing tensions between the Global South and Global North over the asymmetry of power in global economic governance. Until the start of the UN Tax Convention process, FfD had been the only forum where Global South countries can fully participate and be included in discussions on economic and tax-related matters.

The Lost Development Decades and the Rise of FfD

The 1980s and 1990s are widely regarded as the "lost development decades" from the perspective of Global South countries. The development gains achieved in the 1960s and 1970s were either reversed or stalled with severe debt crises, economic contraction, rampant inflation, and austerity measures. The Structural Adjustment Programs (SAPs) imposed by the IMF and World Bank not only failed to resolve these multifaceted crises but often exacerbated them. SAPs demanded deep cuts in public spending, marginalized the role of the state, and promoted market-led governance—frequently deepening poverty and inequality. Progressive taxation was also a target of SAPs: SAPs' policy conditionality asked governments to reduce taxes on capital and wealth, and to implement more regressive taxes such as value-added taxes (VAT)[1].

In the prevailing narratives that justified these programs, Global South countries were held solely responsible for their economic difficulties. The international context was portrayed as inherently favourable, on the condition that these countries made the necessary adjustments to integrate into the global economy. This narrative obscured the structural inequalities and external constraints that fundamentally shaped their development challenges.

The UN-led FfD process emerged as a response to this impasse.

[1] Shahe M. Emran and Joseph E. Stiglitz, "On Selective Indirect Tax Reform in Developing Countries," *Journal of Public Economics* 89, no. 4 (2005): 599-623, https://doi.org/10.1016/j.jpubeco.2004.04.007

Monterrey 2002: A Holistic but Incomplete Vision

The First International Conference on Financing for Development, held in Monterrey, Mexico, in 2002, was a historic milestone. For the first time at the global level, countries addressed both the domestic constraints faced by Global South countries and the structural imbalances in the global economic system that hinder development.

The outcome document, known as the *Monterrey Consensus*, was a holistic framework. It was composed of six core pillars[2]:

1. Mobilizing domestic financial resources for development
2. Mobilizing international resources for development: foreign direct investment and other private flows
3. International trade as an engine for development
4. Increasing international financial and technical cooperation for development
5. External debt
6. Addressing systemic issues: enhancing the coherence and consistency of the international monetary, financial and trading systems in support of development

While the *Monterrey Consensus* deserves recognition for expanding the concept of development finance beyond traditional aid and for bringing all countries to the discussion table, it ultimately fell short of being a breakthrough. The *Monterrey Consensus* failed to address structural imbalances in the global economy, lacked enforceable mechanisms to uphold commitments, and made no significant progress toward reforming global economic governance—the root cause of many systemic inequalities in the international financial system. Key tax justice issues, including illicit financial flows, tax evasion, corporate profit shifting, and the use of tax havens, were scarcely acknowledged. Likewise, gender inequalities, broader social disparities, and environmental challenges received minimal attention.

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[2] United Nations, "Monterrey Consensus of the International Conference on Financing for Development," Monterrey, Mexico, March 18-22, 2002. A/CONF.198/11. https://www.un.org/esa/ffd/wp-content/uploads/2014/09/MonterreyConsensus.pdf

Although the *Monterrey Consensus* can be interpreted as an implicit counterpoint to its namesake, the "Washington Consensus"—which underpinned the neoliberal counterrevolution led by international financial institutions—there was no considerable effort made to operationalize and implement the Monterrey framework in the following years. Despite minimal debt reduction reforms such as the World Bank's Heavily Indebted Poor Countries Initiative, debt sustainability remained a challenge. No serious efforts were undertaken to introduce comprehensive international debt restructuring mechanisms. On the contrary, new forms of debt accumulation became widespread. Inaction to implement the *Monterrey Consensus* was compounded by the impact of the 2007/8 global financial crisis.

Doha 2008: A Missed Opportunity for Reform

The Second International Conference on Financing for Development was convened in Doha, Qatar, in the immediate aftermath of the 2008 Global Financial Crisis to assess progress on the *Monterrey Consensus* and to reaffirm global commitments in a more challenging financial landscape. Key features included:

- Recognition of the urgent need for reform of the global financial system
- Recommitment to the Monterrey framework, but with emphasis on coherence, coordination, and crisis response
- Strengthened calls for inclusive multilateralism and improved global economic and financial architecture

However, FfD2 did little more than reaffirm the spirit of the *Monterrey Consensus*. The *Doha Declaration* mentions for the first time tax evasion and avoidance and illicit financial flows (IFFs), not within the global context and international cooperation, but as domestic policy measures to improve "*public financial management*" and to *"broaden"* the domestic tax base.[3]

The conference was widely criticized for its lack of ambition and for failing to seize the opportunity presented by the global financial crisis to push for structural change in global economic governance.

[3] United Nations, "Doha Declaration on Financing for Development," Doha, Qatar, December 29–31, 2008, https://www.un.org/esa/ffd/wp-content/uploads/2014/09/Doha_Declaration_FFD.pdf.

Tax Takes its Rightful Place in the Post-2008 Crisis Discourse

The aftermath of the global financial crisis brought significant shifts in international discourse and policy debates, highlighting systemic flaws in the global economic and financial architecture. IFFs gained prominence, especially within the African Union, which identified them as a major obstacle to domestic resource mobilization. Civil society organizations launched strong campaigns to expose how tax avoidance by multinational corporations and wealthy individuals undermines governments' ability to raise revenue. These efforts fueled calls for comprehensive reform of the global tax system—particularly to address the disadvantages faced by Global South countries.

In response, even the G20 began promoting transparency standards to curb tax evasion by wealthy individuals. However, its timid reforms largely ignored the needs of Global South countries—those most affected by such practices. Under growing pressure, the G20 eventually placed Base Erosion and Profit Shifting (BEPS)—that is, tax avoidance by multinational corporations—on its agenda and tasked the OECD with developing proposals to address it. Yet the OECD mishandled this mandate, producing fragmented reform suggestions that preserved the status quo and failed to address the underlying flaws in international tax rules that enable profit shifting to tax havens. Worse still, the process reinforced deeply problematic governance dynamics: the "rich countries club" sought to set new global tax standards without inviting Global South countries to the negotiating table or taking their interests into account—while at the same time pressuring them to adopt the outcomes.

During this period, momentum was building around the idea that development financing must go beyond aid, incorporating systemic reforms and fairer global economic rules. Within the United Nations, a broader shift was also underway—from the Millennium Development Goals (MDGs), which focused on basic needs, to the more comprehensive and systemic framework of Sustainable Development Goals (SDGs). This transition recognized that sustainable development required not only financial resources but also structural transformation at national and global levels.

Addis Ababa 2015: The Loudest Call Yet for a Global Tax Body

In this changing international policy environment, the Third International Conference on Financing for Development was convened in Addis Ababa, Ethiopia in 2015. The historic achievement of the Addis Ababa Conference was aligning the Financing for Development agenda with the SDGs. However, it fell short in delivering systemic reforms and binding commitments, particularly on issues of tax justice, debt sustainability, and global financial governance.

One of the most contentious debates centered on the proposal to establish a UN-led intergovernmental tax body to oversee global tax governance. The aim was to create a truly universal forum where all countries could negotiate tax matters on equal footing—unlike the OECD-led discussions—allowing for comprehensive and inclusive solutions. The proposal garnered strong support from Global South countries but was firmly opposed by Global North countries, who preferred to keep tax reform under the OECD's control. Civil society organizations actively mobilized in support of a "Global Tax Body" in the lead-up to FfD3, underscoring the principle that *"if you're not at the table, you're on the menu"* and calling on Global North countries to stop obstructing ambitious and inclusive reform efforts.[4]

The negotiations on this issue continued until the final days of the summit, and OECD countries ultimately succeeded in blocking the proposal for a Global Tax Body in the *Addis Ababa Action Agenda*.[5] However, they failed to remove it from the G77's agenda. Civil society organizations remained resolute, emphasizing the need to continue the fight and sending a clear message to the blocking countries: "*See you in New York*"—a reference to the UN headquarters.[6] Aware that the Financing for Development process was falling short in delivering meaningful reform of international tax rules, the Africa Group at the UN took the initiative to bring the issue to the UN General Assembly.

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[4] Global Alliance for Tax Justice (@GA4TJ), "If you are not at the table, you are part of the Menu: UN Tax Body now! stunt at #FfD3", Twitter, July 14, 2015, https://x.com/GA4TJ/status/620971211271618560

[5] United Nations, "Addis Ababa Action Agenda of the Third International Conference on Financing for Development," Addis Ababa, Ethiopia, July 13–16, 2015, https://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf.

[6] Global Alliance for Tax Justice (@GA4TJ), "The @GlobalTaxBody will be back! See you in New York #FfD3", Twitter, July 16, 2015, https://x.com/GA4TJ/status/621761979523444736..

Between FfD3 and FfD4: The UN Framework Convention on International Tax Cooperation

In November 2022—seven years after the Addis Ababa Conference—the UN General Assembly adopted the historic UN Resolution 77/244, submitted by Nigeria on behalf of the Africa Group and supported by the G77.[7] The resolution mandated the UN to begin work toward a UN Framework Convention on International Tax Cooperation. This breakthrough came amid growing turmoil and disagreement over global tax governance. After the failure of its initial BEPS project and mounting criticism over its lack of inclusivity, the OECD launched a new initiative in 2018—"BEPS 2.0." While Global South countries were invited to join the so-called "Inclusive Framework," they were first required to endorse the original BEPS package, which they had had no role in shaping. Even in this new round, they were denied agenda-setting power and full negotiating rights. The process remained dominated by the OECD Secretariat, whose primary focus was securing support from the G7. Notably, one-third of the world's countries—including half of all African nations—did not participate in these discussions. Once again, the resulting proposals fell short of delivering comprehensive solutions to tax avoidance and were widely seen as unfair to Global South countries—particularly the widely promoted "global minimum tax," which offers little benefit to them.

This exclusionary dynamic undoubtedly helped reignite political momentum among African countries to elevate tax issues to the UN level. The 2022 resolution marked the first major step toward shifting global tax rulemaking from the OECD to a more inclusive, UN-led process. Ironically, a demand that originated within the FfD process stepped outside of it to gain traction.

After nearly two years of negotiations and intense debates, Terms of Reference (ToR) for the UN Tax Convention was adopted under Resolution 79/235 by the UN General Assembly in 2024, to start the process of formulating a UN Framework Convention.[8] The Terms of Reference covers many of the central issues, including some key civil society demands: a fair allocation of taxing rights, addressing tax abuse by multinational corporations and high net-worth individuals, taking a sustainable development approach covering environmental aspects, and alignment with international human rights law.

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[7] United Nations General Assembly, Resolution 77/244, "Promotion of inclusive and effective international tax cooperation at the United Nations," A/RES/77/244 (December 30, 2022), https://docs.un.org/A/RES/77/244.

[8] United Nations General Assembly, Resolution 79/235, Promotion of inclusive and effective international tax cooperation at the United Nations," A/RES/79/235 (December 24, 2024), https://undocs.org/en/A/RES/79/235.

While Global South countries played a leading role in shaping an ambitious ToR, Global North countries were generally less supportive—despite publicly stating their commitment to the process and pledging to negotiate in good faith. The ToR was ultimately adopted by an overwhelming majority of 125 countries, with European countries abstaining and 9 voting against.[9] The next phase will see UN Member States engage in negotiations on the Framework Convention and two early protocols, expected to finish in mid-2027.

Sevilla 2025: "Avoiding the worst" as the highest ambition?

The Fourth Financing for Development Conference, to be held in Sevilla, Spain in July 2025—the first ever in Europe—takes place amid a turbulent international landscape. The debt crisis has sharply worsened in the wake of the COVID-19 pandemic and subsequent economic disruptions, leaving many Global South countries burdened with unsustainable debt levels that severely constrain their ability to fund essential public services. At the same time, numerous Global North donors have announced aid cuts in recent months, failing to uphold their long-standing commitments.

The outcome document of the Fourth Financing for Development (FfD) Conference—the *Compromiso de Sevilla*—reflects a clear lowering of ambition and dilution of commitments across several key areas. In the domain of international tax cooperation, it notably falls short of explicitly endorsing the UN Framework Convention on International Tax Cooperation. Nevertheless, UN Member States did agree to: "*...continue to engage constructively in the negotiations on a United Nations Framework Convention on International Tax Cooperation and its protocols and encourage support for the process.*"[10]

Attempts by Global North countries to roll back previously agreed UN General Assembly decisions—such as reintroducing consensual decision-making in the Framework Convention process or steering decisions back into OECD-led forums—ultimately failed. Indeed, despite some concerning shifts in emphasis toward national-level policies, the outcome document does include several positive commitments.

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[9] United Nations General Assembly, Resolution 79/435, "Promotion of Inclusive and Effective International Tax Cooperation at the United Nations," A/79/435 (December 5, 2024), https://docs.un.org/en/A/79/435/Add.6.
[10] United Nations, "Outcome document of the Fourth International Conference on Financing for Development," June 17, 2025, https://financing.desa.un.org/ffd4/outcome.

Countries reaffirmed their intention to pursue a fair allocation of taxing rights between nations, strengthen taxation of high-net-worth individuals, enhance tax cooperation on environmental challenges, and reinforce the connection between tax policy and the fulfillment of human rights obligations.

Moreover, the *Compromiso de Sevilla* introduces essential elements—such as progressive taxation and gender-responsive fiscal policies—that were not explicitly included in the original UN Terms of Reference. These should now be meaningfully incorporated into the upcoming negotiations.

Staying the Course on Reforming International Tax Rules and Governance

The Terms of Reference for a UN Framework Convention on International Tax Cooperation represents a turning point. This is a historic opportunity for global tax reform and a key moment to create a fairer and more inclusive global tax system that supports all countries, and in particular Global South countries, in mobilizing domestic public resources.

The first session of negotiations on the Convention and two early protocols will start in August 2025 in New York, just a month after FfD4. The stakes are very high, as a just and effective global tax system is essential for achieving the SDGs and upholding human rights obligations.

For tax justice activists around the globe, the next decisive phase of the process will take place next month. As was said in Addis Ababa a decade ago: "*See you in New York*"—to continue the struggle for a fair international tax system that serves both people and the planet.

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About GATJ

The Global Alliance for Tax Justice (GATJ) is a South-led global coalition uniting the tax justice movement. GATJ works for a world where progressive and redistributive tax policies counteract inequalities within and between countries, and generate the public funding needed for quality public services and human rights.

Created in 2013, GATJ comprises regional tax justice networks in Asia (Tax & Fiscal Justice Asia), Africa (Tax Justice Network Africa), Latin America (Red de Justicia Fiscal de América Latina y el Caribe), Europe (Tax Justice-Europe) and North America (Canadians for Tax Fairness & FACT Coalition), collectively representing hundreds of organisations. GATJ co-coordinates the Tax Justice Workstream of the Civil Society Financing for Development Mechanism.