



## Chapter Nine

# Achievements and Limits in Reforming the International Financial Architecture: A Critical Assessment of Brazil's G20 Presidency

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### Abstract

This chapter offers a critical analysis of the debates and proposals for reforming the international financial architecture that emerged during Brazil's G20 presidency in 2024. Situated within a broader context of geopolitical tensions, economic uncertainty, and global governance fragmentation, the chapter examines the extent to which Brazil's agenda contributed to advancing structural reforms in key areas of global economic governance. It provides a historical overview of the G20's evolution, highlighting its role as a forum for crisis management and agenda-setting, while emphasizing its institutional limitations in terms of inclusivity, legitimacy, and decision-making power. The analysis focuses on four core issues prioritized during the Brazilian presidency: the reform of the International Monetary Fund (IMF), the restructuring of Multilateral Development Banks (MDBs), the resolution of sovereign debt crises affecting developing countries, and the reform of the international tax system. Drawing on official documents from the Finance Track, the Leaders' Declaration, and policy recommendations developed within the Think 20 (T20) process, the chapter critically assesses the outcomes of



the 2024 G20 process. It argues that the reform of the global financial, economic, and tax architecture is an urgent necessity to ensure the majority of the world's population has access to basic rights and dignified living conditions, with decent work. Such an undertaking requires strengthening international cooperation, grounded in inclusion and effective participation of the various actors involved.

**Keywords:** international financial architecture; IMF reform; multilateral development banks, sovereign debt crisis; international tax system, Global South.

## 1. Introduction

Brazil concluded its G20 presidency in November 2024, transferring the rotating position to South Africa, in accordance with the arrangement known within the group as *troika*. President Luiz Inácio Lula da Silva took on this challenge in an international context marked by uncertainties and geopolitical tensions. The G20, although an informal forum, is currently one of the few multilateral spaces capable of driving strategic definitions on international agendas and public policies. Created in response to the need to reform the international financial architecture, the G20 emerged as a reaction to the successive economic crises of the 1990s, consolidating itself after the 2008 global financial crisis. Despite the thematic expansion of its agenda over time, this chapter contends that reforming the international financial architecture remains the central axis for a broader transformation of global governance. Furthermore, this reform is fundamental for mobilizing additional resources to confront climate change, hunger, and inequalities, as proposed by the Brazilian presidency.

This chapter presents an analysis of the main proposals for reforming the international financial architecture during Brazil's G20 presidency, incorporating contributions from the *Think 20* (T20), as well as a critical reading of the Finance Track documents and the

Leaders' Declaration. It will examine the debates on reforming the International Monetary Fund (IMF), Multilateral

Development Banks (MDBs), the debt crisis in poor and developing countries, and international tax system reform — the latter having occupied a prominent position under Brazilian leadership. Before that, a brief critical history of the G20 will be presented, with emphasis on its role as an instance of coordination and management of global economic crises.

## **2. The G20 as manager of International Financial Crises**

We are living through a period of hegemonic transition, with tensions and uncertainties that reflect within the G20. Drawing on Antonio Gramsci's reflections, Giovanni Arrighi (2007) defines hegemony as the capacity for moral and intellectual leadership to guide solutions for a systemic crisis. In this sense, it is the ability to overcome particular crisis and act on a more universal level, representing the managing reconciliable interests of both dominant forces and subordinate groups simultaneously. The country capable of guiding the way out of systemic chaos and morally and intellectually directing the international system in the desired direction will become hegemonic (Arrighi, 2007).

American hegemony faced its first crisis between 1969 and 1971. The excess of dollars abroad, resulting mainly from the Marshall Plan for European reconstruction, the financing of military bases and American troops, particularly in the Vietnam War, led to an imbalance in its domestic economy (Strange, 1970). Inflationary pressures, combined with growing demands from workers, increased the political and economic cost for the American government to maintain itself as guarantor of stability and provider of the international currency. In 1971, the Nixon administration made the well-known decision to unilaterally decouple the dollar from gold, thus breaking with the Bretton Woods agreement (Strange 1994; Gaspar 2015).

The first post-war financial crisis led the US and its allies to seek restricted multilateral governance to manage crises. The G7 was created in 1973, formed by the United Kingdom, France, Canada, Germany, Italy, Japan and the US (Ramos, 2013). Contrary to what some thinkers argued (Wallerstein,

2003; Arrighi 2007; 2008), the crisis of the 1970s did not signify a decline in American hegemony. On the contrary, its hegemony was reinforced (Panitch and Gindin, 2012). Firstly, the flexible dollar resulted in a significant increase in the power of American institutions, particularly the Federal Reserve and the Treasury on the international economy. By breaking with the dollar-gold standard, they now decided on interest rates and other monetary factors regarding a national currency that had become, *de facto*, the world currency, without necessarily having to consider the interests of other countries. Secondly, the creation of the G7 was not a sign of weakness, but a demonstration of U.S. leadership over a group economically and ideologically aligned with them. This group of countries began to take responsibility, together with the U.S., for managing the functioning of global capitalism, increasingly volatile and financialized, while maintaining, at the same time, the U.S. role as supervisor and guarantor of currency, and of the rules and norms governing the world market (Panitch and Gindin, 2012).

Thus, Asia, Europe, and Latin America became even more intertwined with the core of the American financial market, Wall Street. Given the absence of capital controls and the enormous fluidity of deregulated financial flows, it was not long before the first financial crisis occurred, this time in Mexico in 1994, followed by successive crises in other markets, such as in the Asian Tigers in 1997, in Russia in 1998, and in Brazil in 1998/99. In particular, the crisis in the Asian Tigers made clear the G7's inability to exercise management of the international market, given the centrality of Asian countries in global value chains (Ramos, 2013).

In September 1999, the G20 was created at a meeting of G7 finance ministers. It aimed to incorporate regionally important economies into the responsibility of preventing and containing crises. For Ramos (2013), it is intimately linked to the Asian crisis and reflects significant changes in the world economy, showing that it was necessary to incorporate emerging economies to be able to stabilize and manage increasingly global markets, with integrated production, trade, and financial chains, though also deregulated and volatile (Ramos, 2013: 229).

As the author explains, defining how many and which countries would compose this expanded group was not simple. The G22 had already been created by the U.S., which involved Asian and southern countries with greater representation from the Pacific region, which was not well viewed by Europeans. Another option was the Willard Group, also created by the US, which included the G7 and some southern countries. Still, it was considered to expand the G22 to G33 to include African and Middle Eastern countries (Ramos, 2013:228). Finally, the G20 was composed of G7 members, together with Argentina, Australia, Brazil, China, India, Indonesia, South Korea, Mexico, Russia, Saudi Arabia, Turkey, South Africa, and the European Union. In 2023, during India's presidency, the African Union was incorporated into as a member (Sharna, 2023).

It is relevant to remember that the G20 is not a permanent but informal group. It has no headquarters, statute, etc., and makes decisions by consensus. We can say that it is a space for economic coordination. At the time of its creation in 1999, the world was living through the period of globalization and neoliberalism, when consensus around market opening, free trade, and free financial transactions was dominant while revealing U.S. power. Thus, economic policy coordination took place, within the G20, among countries relatively aligned with the U.S., even China and Russia at that time, which maintained production and financial networks integrated with the American market.

However, when the 2008 financial crisis occurred, the world was no longer the same as in 1999. In 2008, the U.S. no longer enjoyed automatic economic and ideological alignment. The G20 remained a group of finance ministers and central bank presidents until the 2008 crisis. This crisis was different from previous crises: it happened at the epicenter of global capitalism, George Bush as the U.S. president convened heads of state for a G20 summit, which became a grouping of the highest political level, no longer just ministers. This period is marked by China's rise as an economic power and the beginning of the BRICS' ascension. The crisis once again launched the debate about hegemony, leading to questions about whether American

hegemony was in decline and a new hegemonic cycle based on China was being created (Chin, 2010).

In the first years after the 2008 crisis, the G20's main focus continued to be reforming the international financial architecture to contain and prevent crises. Summits became more frequent (twice a year) and the demand for reform of international financial institutions unified Global South countries, which claimed more voice and voting power, reflecting the distribution of productive capacities in the world, particularly with China's and Asian countries' new role. Despite recognition that institutions created in the Bretton Woods context no longer reflected the international economic order and could not respond to the attributions of containing crises and stabilizing the system, Global North countries, particularly the U.S. and Europe, still hesitated to cede power and carry out the necessary reform. Only in 2015 was a timid reform of the International Monetary Fund's quota system made (Bond, 2023).

After 2010, when the financial crisis was relatively stabilized in the United States, its effects spread to Europe, and, in particular, severely affecting Greece in 2012. Other countries, such as Brazil, also felt the impacts of the crisis in subsequent years. Although G20 summits between 2008 and 2010 focused on the financial crisis and global stabilization efforts, from then on new issues began to be incorporated into the group's agenda.

The thematic expansion of G20 summits accompanied changes in international circumstances. Between 2010 and 2012, themes such as international development, infrastructure investment, and environment began to be integrated into discussions. In the period from 2012 to 2014 with final declarations reflected concerns about food security, green growth, climate change, anti-corruption efforts, and infrastructure development. Between 2015 and 2020, themes such as gender equality, migration, and terrorism emerged. During the COVID-19 pandemic, between 2020 and 2022, global health issues, digital economy, technological transformation,

future of work, and tourism stood out in the summits (Ramos and Garcia 2024: 182).

We argue that this thematic expansion, while making the G20 more comprehensive and, in a certain way, more democratic, also results in a certain loss of focus and greater dispersion in priorities. Consensus decision-making and the pursuit of effectiveness in negotiations thus become even more complex challenges for the group.

### **3. G20 in Brazil and International Financial Architecture Reform**

As discussed, despite the thematic expansion of the G20 over the years, agendas focused on reforming the international financial architecture remain central, both due to the group's historical trajectory and because they constitute the necessary economic foundation to enable action in other areas, such as overcoming hunger, climate change, and inequality. In this section, we will examine the main recommendations developed by think tanks gathered in T20 Brazil within the financial agenda, focusing on four fundamental areas: international taxation, International Monetary Fund (IMF) reform, Multilateral Development Banks (MDBs) reform, and the issue of developing countries' debt. We will analyze how these themes were addressed in the Finance Track and how they were incorporated — or not — into the final declaration of G20 leaders.

#### **3.1 Taxation**

The main novelty of the G20 conducted by Brazil was in the area of international taxation: the proposal for a coordinated international standard that ensures taxation of very high-net-worth-individuals or the “super-rich”. According to the report commissioned by the Brazilian government and brought to negotiation with G20 members, individuals with more than US\$ 1 billion in total wealth (assets, real estate, stocks, ownership stakes in companies, etc.) would be required to pay a minimum value of 2% annual tax on their wealth (Zucman, 2024). This minimum is expressed as a fraction of wealth rather

than income, as wealth would be more difficult to manipulate. This norm would be implemented flexibly by participating countries through different national instruments. Therewith, it is estimated that the 2% minimum tax on billionaires would raise US\$ 200 to 250 billion per year from about 3,000 individuals, which would support financing of public goods and services, as well as investments to address the climate crisis (Zucman, 2024).

This proposal adds to the agreement already reached by OECD, promoted within the G20, about Base Erosion and Profit Shifting (BEPS). The agreement aims to tax multinational companies with a minimum rate of 15% on their global profits. In 2016, the OECD and G20 established an Inclusive Framework on BEPS to allow countries interested in cooperating and being part of the agreement, gaining the adherence from 100 countries. In 2021, the rules were simplified to facilitate their applicability. According to the OECD, more than 140 countries have joined the agreement to implement 15 measures to combat tax evasion. Such measures would aim to equip governments with instruments to ensure that profits are taxed where economic activity is performed, and to address challenges arising from the digitalization of the economy, reducing disputes over the application of international tax rules (OECD, n.d.).

Although the OECD/G20 agreement is seen as a major step in attempting to correct distortions and avoid tax evasion, its rules are complex and its application is difficult. Some argue that the agreement is not effective and that companies end up not paying the minimum tax in the southern countries (Eze et al., 2023). For this reason, the new proposal for minimum taxation on high-net-worth-individuals has been gaining support from non-governmental organizations, networks, personalities, and some countries such as France, South Africa, Germany, and Spain (Elliot, 2024; Financial Times, 2024).

In contrast to the OECD agreement, southern countries and civil society organizations have pressed for the establishment of a UN Framework Convention on International Tax Cooperation (UNFCITC). These actors consider that the OECD/G20 agreement

fails to tax multinational companies and create fiscal justice between developed and developing countries. For them, the UN space would be more inclusive and appropriate for an effective agreement for low-income countries (Beghin, 2024).

Within T20 Brazil, experts reinforced, as the main recommendation to the G20, accelerating work on the UNFCITC. The G20 should ensure that the UNFCITC has a democratic and inclusive governance architecture. It needs to effectively address international tax-related challenges, especially the taxation of international transactions and high-net-worth-individuals, with the aim of making international tax rules fairer and simpler for all stakeholders. G20 members should also expand existing efforts to exchange information and improve tax transparency, especially through country-by-country public reporting. It would be necessary to advance information exchange measures on different asset classes and advance the creation of a public Global Asset Registry within the UNFCITC. In this sense, G20 members should support, within the UNFCITC, the creation of a global minimum tax on high-net-worth individuals and families, with assurances that collected resources can be directed toward the achievement of human rights, especially in Global South countries (T20 Brasil, 2024: 9).

In its turn, the Finance Track released a document of finance ministers' resolutions in July 2024, where it reaffirmed that taxation is a constitutive right of State Sovereignty. Inclusive and consensus-oriented international tax cooperation should enable jurisdictions to exercise their tax rights more effectively (G20 Finance Track, 2024b:2-3). In the Finance Track's view, the OECD/G20 Inclusive Framework on BEPS demonstrated the potential of international tax cooperation. G20 countries maintain their commitment to quickly finalize and implement the Two-Pillar Solution,<sup>1</sup> which should stabilize the global tax landscape, reduce profit shifting, and restrict harmful tax competition, limiting the possibility of a "race to the bottom" in corporate taxes. The document states that the implementation of Automatic Exchange of Information

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1 Generally speaking, Pillar 1 of the OECD agreement established that large multinationals (with global revenue above

(AEOI) on financial accounts represents a historic achievement for tax transparency, making financial secrecy, tax evasion, and offshore tax evasion more difficult, and supporting tax inspection (G20 Finance Track, 2024b: 3).

Regarding the UNFCITC negotiations, the Finance Track document points out that they are an additional opportunity to promote inclusive and effective international tax cooperation. Meanwhile, it would be indispensable to avoid unnecessary duplication of efforts, leveraging existing achievements and processes, such as the OECD. Priority should be given to issues that will achieve consensus among countries and that can be implemented effectively (G20 Finance Track, 2024b, p. 5).

Furthermore, it was recognized that the international mobility of ultra-high net worth individuals creates challenges to ensure adequate levels of taxation, affecting tax progressivity. Thus, the document states that, while respecting tax sovereignty, G20 countries will seek to engage cooperatively to ensure that ultra-high-net-worth individuals are effectively taxed. Cooperation could involve exchanging best practices, fostering debates on tax principles, and developing mechanisms against tax evasion (G20 Finance Track, 2024, p. 3; 5).

The final declaration of G20 leaders in Brazil largely followed the Finance Track document from July 2024, highlighting the OECD Inclusive Framework on BEPS. At the same time, the Brazilian presidency's victory was the recognition of the "super-rich" people taxation proposal. The leaders' declaration stated that G20 countries will engage in cooperative efforts to "ensure that ultra-high-net-worth individuals will be effectively taxed" (G20, 2024). Cooperation will happen not only through exchanging best practices, but

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2 billion Euros) must allocate taxable profit in market jurisdictions where goods or services are used or consumed. Pillar 2, negotiated in 2021 with the Global Anti-Base Erosion Model (GloBE), establishes the "common approach" for a global minimum tax of 15% for multinational companies with revenue above 750 million Euros. Cf. <https://www.oecd.org/content/dam/oecd/en/topics/policy-issues/beps/declaracao-sobre-uma-solucao-de-dois-pilarespara-enfrentar-os-desafios-fiscais-decorrentes-da-digitalizacao-da-economia-8-outubro-2021.pdf>

also debates on fiscal principles and developing anti-evasion mechanisms, and may involve international organizations, universities, and experts (G20, 2024).

Additionally, the leaders' declaration reaffirmed the need for broad consensus and synergies between existing forums, avoiding duplication of efforts, but points to the development of the UNFCITC and its protocol at the UN (G20, 2024). For some experts, the proposal for taxing high-net-worth individuals should advance within this convention (Grondona et al., 2024).

In this sense, we can consider the recognition of these two agendas — the taxation of the “super-rich” people and the implementation of the Framework Convention — as a victory for Brazil and developing countries. It is worth remembering that these two agendas were also included in the BRICS leaders' declaration at the Kazan summit, Russia (BRICS, 2024), indicating that Brazil should continue with negotiations on these themes during its BRICS presidency in 2025.

### **3.2 Multilateral Development Banks Reform**

Another topic of great importance in Brazil's G20 agenda was the reform of Multilateral Development Banks (MDBs). Brazil received, from the Indian presidency, the task of developing a roadmap to make multilateral banks “bigger, better, and more efficient.” India had already delivered a report on the Capital Adequacy Framework of MDBs, and Brazil developed, throughout 2024, the roadmap, with support from specialists and think tanks.

In this agenda, T20 Brazil recommended increasing local currency lending mechanisms. The G20 should work with multilateral banks to expand and improve foreign exchange risk hedging opportunities, and to explore diversification of local currency hedging sources, including international banks and onshore banks in local markets whenever possible. It was pointed out that the Currency Exchange Fund (TCX) could be capitalized to allow a larger local currency portfolio for MDBs, reducing hedging costs through portfolio risk guarantees and interest rate subsidies. Additionally, multilateral development

banks should be able to promote local currency capital markets in middle-income countries to help mitigate local currency lending risks. To promote risk sharing among MDBs, the G20 should work to diversify banks' portfolios across a wide range of low and middle-income currencies through an off-balance-sheet fund to pool local currency assets and diversify credit and currency risks (T20 Brasil 2024, p. 7).

Finance Track representatives reaffirmed, in a technical document from July 2024, their commitment to delivering “better, bigger, and more effective” multilateral development banks to achieve sustainable development goals. They point out that banks should continue improving their operations, enhancing responsiveness and accessibility of their support, including capacity building, sharing knowledge, and lending to low and middle-income countries. Furthermore, it would be necessary to encourage multilateral development banks to increase private capital mobilization through support for favorable conditions, innovative risk-sharing instruments, and new partnerships to maximize their development impact (G20 Brasil Finance Track, 2024a, p. 5).

The document points to the Progress Report for “Implementing the recommendations of the G20 Independent Review of MDBs' Capital Adequacy Frameworks (CAF),” whose measures would have the potential to unlock up to US\$ 357 billion in additional lending for major banks in the next decade. MDBs should jointly develop and adopt approaches to value callable capital, adjust confidence levels in their capital adequacy structures and their appetite for risk. It is also desired that MDBs improve dialogue with credit rating agencies (G20 Brasil Finance Track 2024a, p. 6).

In October 2024, the working group responsible for the theme delivered the roadmap establishing recommendations based on the three defined pillars: bigger, better, and more effective (G20 Brazil Finance Track 2024c). With the presentation of this document, we consider that Brazil fulfilled an important commitment within the G20 process, consolidating

its leadership in the Multilateral Development Banks (MDBs) reform agenda.

The final leaders' declaration endorsed the roadmap, highlighting that its comprehensive recommendations and actions will enable banks to develop “visions, incentive structures, operational approaches, and financial capabilities, in order that they are better equipped to maximize their impact in addressing a wide range of global and regional challenges, while accelerating progress toward the Sustainable Development Goals (SDGs)” (G20, 2024). Leaders also requested that MDBs act in close cooperation with governments, national and subnational development banks, insurers, and the private sector, reinforcing the importance of a multisectoral and collaborative approach to expand the reach and effectiveness of development actions.

### **3.3 International Monetary Fund Reform**

The reform of the International Monetary Fund (IMF) is one of the most traditional agendas of financial architecture reform. As G20 countries are the Fund's main shareholders, with significant voting power, they are capable of leading reforms in lending policy. In this sense, T20 argues for placing a ceiling or limit on the interest rate on Special Drawing Rights (SDRs). This measure aims to protect borrowing countries from increasing borrowing costs during crisis periods, ensuring that IMF support does not deepen ongoing financial stress. The G20 should promote countercyclical application of the surcharge system, which is charged on interest value for borrowing countries. That is, the surcharge rate should increase when SDRs fall and vice versa, ceasing to burden countries in crisis. Such adjustments would not only align IMF practices with its mandate to promote financial stability but would also demonstrate G20 leadership in promoting a more resilient and equitable international financial architecture (T20 Brasil 2024, p. 7).

Still regarding the IMF, T20 Brazil recommended pressing for reforms to make trust funds, the Poverty Reduction and Growth Trust (PRGT) and the Resilience and Sustainability Trust (RST) more accessible, making excessively rigid economic

conditions and eligibility criteria more flexible in order to provide long-term financing to low and middle-income countries. Also, the G20 should work to reform the IMF's quota system to ensure that a larger share of Special Drawing Rights is made available to developing countries in future allocations. In other words, it would be necessary to allow new issuances so that countries can immediately invest in climate and development policies and help address shocks and crises (T20 Brasil 2024, p. 9).

In this agenda, the document published by the G20 Finance Track in July 2024 reaffirms the urgency and importance of realigning the quota system in international financial institutions to better reflect members' relative positions in the world economy while protecting the quotas of the poorest members. G20 countries would be working nationally to secure approvals for the quota increase as agreed in the 16th General Review of Quotas (GRQ), as well as adjustments under the New Arrangements to Borrow (NAB). Regarding the review of charges and surcharges, the IMF Executive Board would be working to achieve an outcome that can alleviate the financial burden on borrowing countries, preserving their incentive functions and safeguarding the Fund's financial soundness (G20 Brazil Finance Track, 2024a, pp. 7–8).

The document also states that it expects the completion of the review of PRGT facilities and financing to better serve the balance of payments needs of low-income countries and ensure the fund's financial sustainability, as well as the completion of the interim review of the RST and operationalization of the pandemic preparedness pillar of the Trust (G20 Brazil Finance Track, 2024. p. 7–8). Finally, G20 finance ministers and central bank governors affirm that they seek to enhance country representation in international financial institutions, to make these institutions “more effective, credible, accountable, and legitimate,” and aim to welcome the creation of a 25th chair on the IMF Executive Board to increase Sub-Saharan Africa's representation (Ibidem, p. 8).

The final leaders' declaration emphasized the need for representation and voice of developing countries in the International Monetary Fund, and in Multilateral Development Banks. The declaration welcomes the work of the IMF Executive Board to develop a "guide for a new quota realignment," which may include a new quota formula, within the 17th General Review of Quotas (G20 2024). In addition, leaders welcome the Executive Board's review of charges and surcharges that are charged on loan interest rates, further burdening countries that are forced to resort to the fund. The declaration also welcomes the review of the IMF's Poverty Reduction and Growth Trust (PRGT) facilities and financing. Finally, the declaration emphasizes the invitation to eligible countries to explore channeling Special Drawing Rights (SDRs) to Multilateral Development Banks, in order to strengthen these banks' financial capacity to support sustainable development objectives (G20 2024).

### 3.4 Debt

Finally, another fundamental theme for international financial architecture reform is debt relief for the poorest and middle-income countries. In previous decades, the so-called Paris Club (composed of 22 creditor countries<sup>3</sup>) coordinated creditor action that held the majority of official and bilateral credits; nowadays, however, faced with China's emergence as a new creditor, the G20 has become a more suitable forum for official creditors. In the context of the COVID-19 pandemic, G20 countries and multilateral financial institutions developed the Debt Service Suspension Initiative (DSSI) aimed at temporarily relieving debt payment for countries in crisis and freeing resources to face the pandemic. However, some evaluate that the initiative, which lasted until December 2021, was ineffective and countries were forced to resume payments without having managed to recover economically (The Bretton Woods Project, 2022).

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3 Among the members are European countries and the USA, but also Russia, Brazil, South Korea, Israel, as well as Australia and Canada. Cf. <https://clubdeparis.org/en/communications/page/who-are-we>

Furthermore, the G20 launched the Common Framework for Debt Treatment, which has, nonetheless, significant deficiencies: it excludes middle-income countries; it is based on flawed debt sustainability analyses; it does not oblige all creditors to negotiate; it does not offer fair treatment among creditor classes; and it is not linked to climate and development goals (T20 Brasil 2024, p. 5).

In this context, T20 Brazil's main recommendation was improving the Common Framework on Debt Treatment in several of its aspects. First, the G20 should solicit that the IMF includes development and climate investment needs in its Debt Sustainability Analyses (DSA). In addition, the G20 should stipulate that all private financial institutions must establish social responsibility and/or human rights policies and publicly explain how they will be applied in negotiations with debtor countries. The G20 should also create incentive mechanisms that oblige all creditor classes to participate and provide the level of debt relief necessary to mobilize financing for climate and development goals, besides ensuring fair comparability of treatment among creditor classes. It should also provide credit enhancement to reduce the cost of capital and liquidity support for countries that are not experiencing a debt crisis but need fiscal space. Finally, the G20 should encourage all debtor countries to explain, in debt negotiations, how they intend to fulfill their legal obligations, including environmental, social, and human rights obligations. A set of international principles should be developed to guide both debtors and creditors in fulfilling their environmental, social, and human rights obligations equitably during these negotiations (T20 Brasil 2024, p. 8).

To address this issue, the G20 Finance Track reinforced, in the July 2024 technical meeting document, the advances achieved by the Common Framework, and the persistence in its commitment to addressing global debt vulnerabilities, including through intensifying implementation of the Common Framework “in a predictable, timely, orderly, and coordinated manner.” The memoranda of understanding on debt treatments agreed for Zambia and Ghana were cited, as were the process

for concluding Ethiopia's debt treatment. Outside the Common Framework, the G20 welcomes agreements for Sri Lanka's debt treatment concluded with official bilateral creditors. The G20 would continue to support the Global Roundtable on Sovereign Debt to promote progressive understanding among key stakeholders, including the private sector and debtor countries, with the IMF and World Bank as important supporters. The Finance Track affirms that it considers the negotiations on Development Debt Swaps and Climate Resilient Debt Clauses (CRDCs), which could be considered voluntarily and case-by-case, maintaining a balanced view of their benefits and limitations. Also, the G20 reiterates its continued support to Africa through the G20 Compact with Africa (G20 Finance Track, 2024a, p. 7).

Brazil's G20 presidency did not manage to advance, in fact, a more immediate solution for countries that are in situations of great vulnerability. Nevertheless, throughout 2024, it was possible to achieve consensus on a document about "lessons learned" from the experiences of four countries that are negotiating their debts within the Common Framework: Ethiopia, Chad, Ghana, and Zambia. The document seeks to elucidate the negotiation situation in each case to ascertain to what extent the Common Framework is working (G20 Finance Track 2024d). Despite numerous criticisms about the failures of this instrument (Li, 2024), the fact that there is an assessment of its scope already shows an effort for its eventual revision.

In the leaders' declaration, G20 countries state they are committed to approaching global debt vulnerabilities and implementing the Common Framework in a coordinated and predictable manner. They reinforce the need to improve "debt transparency and encourage private creditors to follow them." The Global Roundtable on Sovereign Debt, promoted by the G20, should help understanding among stakeholders, including the private sector, bilateral and multilateral creditors, and debtor countries (G20 2024). The Brazilian presidency held debates with African countries on "Debt, Development and Infrastructure," indicating an important agenda for South Africa's presidency.

#### **4. Conclusion**

This chapter sought to present an analysis of the main proposals for reforming the international financial architecture during Brazil's G20 presidency, bringing the recommendations developed within the T20 framework, as well as the consensus reached by the Finance Track throughout 2024, and in the Leaders' Declaration. It brought the debates on the reform of the International Monetary Fund (IMF), Multilateral Development Banks, the debt crisis in poor and developing countries, and the reform of the international tax system. It also provided a brief critical history of the G20, pointing to its role in coordinating and managing global economic crises.

As pointed out, the G20 is one of the few multilateral spaces in the world today that can bring together Western powers (the G7), Eastern powers (Russia and China), and some Global South countries. For this reason, it is important, but it has several limitations. It is a forum for debate, interaction, and advancing proposals, but not for making decisions that are binding on member countries. It is still a restricted space, less democratic and inclusive than the United Nations space. It reflects global geopolitical tensions and the impacts of the absence of moral and intellectual leadership that would lead to solutions for the crises currently lived, particularly the humanitarian emergency in Gaza, the war in Ukraine, and the impacts of the climate crisis.

It is up to South Africa to continue the negotiations and commit to building broader support for reforming the international financial architecture. It is worth noting that, for the first time in its history, the G20 is under the presidency of an African country and includes the African Union as a permanent member. It is a historic opportunity to prioritize the interests of poorer and southern countries on the agenda. The reform of the global financial, economic, and tax architecture is an urgent necessity to ensure the majority of the world's population has access to basic rights and dignified living conditions, with decent work. Such an undertaking requires strengthening international cooperation, grounded in inclusion

and effective participation of the various actors involved. Social mobilization, comprising different segments of society, will play a central role in strengthening this process and promoting substantive transformations.

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## G20 in Brazil and South Africa

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