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Positioning the UN Framework Convention on International Tax Cooperation in a Fragmented Global Tax Order

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Policy recommendations

- States should engage more strategically and deliberately in shaping the design, mandate and decision-making architecture of the proposed COP under Article 16 of the UN Framework Convention on International Tax Cooperation (UNFCITC).
- States should treat Article 15 of the UNFCITC as a central pillar of the negotiations.
- Predominantly source countries within the G20, and other willing members, should assume an explicit bridge-building mandate to secure the political legitimacy of the UNFCITC.

African perspectives
Global insights

Executive summary

Negotiations towards the UN Framework Convention on International Tax Cooperation (UNFCITC) are gaining momentum, with a target to conclude the convention and initial protocols by 2027. While technical discussions are advancing, the more difficult political questions remain insufficiently addressed. Key questions are where the UNFCITC will sit within the existing system and whether it can command the same level of political backing that has sustained the OECD process, notably through the G20.

This policy brief argues that the success of the UNFCITC will depend less on technical design and more on whether it can secure credible political legitimacy alongside effectiveness. This requires greater clarity on core institutional issues, including the role of the Conference of the Parties (COP) and the interaction with existing agreements. Both of these issues go directly to the authority and implementation of the framework. The policy brief advances practical recommendations to address this gap. Notably, it calls for predominantly source countries within the G20 to play a more deliberate bridge-building role and use the G20's political platform to position the UN process at the centre of global tax governance. Without this, there is a risk that the UNFCITC will remain technically sound but politically fragile. With it, there is a credible pathway to a framework that is not only more inclusive but also capable of delivering real and durable change.

Catalysts for reform: The road to UN tax negotiations

The push for a new framework for international tax cooperation has been driven by deep structural shortcomings in the existing system. In particular, the system has historically favoured residence-based taxation and the interests of developed, capital-exporting countries, thereby constraining the taxing rights of developing economies.[1] Over time, the model led by the OECD has proven increasingly inadequate in the face of globalisation. This is because multinational enterprises have been able to exploit gaps through mechanisms such as profit shifting and transfer mispricing, resulting in significant revenue losses and, in some cases, double non-taxation.[2] Efforts such as the base erosion and profit shifting (BEPS) reforms have largely failed to address these imbalances. Such efforts have remained complex, non-binding and insufficiently inclusive, with limited agenda-setting power for Global South countries.[3]

1 Jeroen Lammers, "Which Roles Can the UN Assume in International Tax Cooperation?", British Tax Review 1, no.1 (2025): 119–41.

2 Global Alliance for Tax Justice, "The Long Road to a UN Framework Convention on International Tax Cooperation" (Policy Brief, Global Alliance for Tax Justice, 2025); Yariv Brauner, "What Can the UN Do That the OECD Can't or Won't?", Intertax 53, no. 1 (2025): 44–55.

3 Ivan Ozai, "Global Justice in the Reshaping of International Tax", *Journal of International Economic Law* 27, no. 4 (2024): 639–45; Annet W. Oguttu, "A Critique of International Tax Measures and the OECD BEPS Project in Addressing Fair Treaty Allocation of Taxing Rights between Residence and Source Countries: The Case of Tax Base Eroding Interest-Royalties and Service Fees from an African Perspective", Stellenbosch Law Review 29, no. 2 (2018): 314–46.

Against this backdrop, calls have intensified[4] for a more equitable, transparent and universally governed system, anchored in the UN, which can better align taxing rights with real economic activity and support sustainable development outcomes.[5] This has ultimately culminated in the adoption of Resolution A/RES/77/244 on the Promotion of Inclusive and Effective Tax Cooperation at the UN, which set in motion the UNFCITC negotiations. However, the road to Resolution A/RES/77/244 was not built overnight; rather, it was the result of sustained advocacy and consensus-building by developing countries, grounded in a long history of multilateral engagement on tax issues. Within the UN itself, earlier resolutions laid important groundwork. Notably, Resolution 69/313 of 2015 had already committed member states to embedding fairness, transparency, effectiveness and efficiency within their tax systems.[6] Resolution A/RES/77/244 built on this foundation, while recognising the contributions of broader international processes, including the Platform for Collaboration on Tax, the G20 Ministerial Tax Symposium on Taxation and Development in Indonesia and the OECD.

When Resolution A/RES/77/244 was adopted, it marked a historic victory for developing countries, but its significance extended beyond the moment. It opened a critical door to further debate at a time of fundamental transformation in international tax law, much of which poses serious challenges for developing countries across the globe. Ultimately, this process reflected the power of collective determination. It is the result of concerted effort by member states, particularly the Africa Group and the G77, working in concert with evidence-based research and advocacy by key stakeholders to reshape the global tax architecture.[7]

At the heart of this initiative lies a fundamental ambition to establish a governance structure for international tax cooperation that genuinely includes the voices of all states, not merely those with the greatest economic weight. The goal is two-fold: transforming the governance of international taxation away from an OECD-centric model and reforming international tax rules to ensure a fair allocation of taxing rights between developed and developing countries. This forms the normative core of the UNFCITC negotiations. A preliminary but important question, however, is whether it is realistic to expect states to cooperate on these terms, particularly where their national interests diverge sharply.[8]

4 UNCTAD, 2024 Trade and Development Report: The Global South and New International Tax Architecture: The Quest for Development Finance (UNCTAD, 2024); Centre for Economic and Social Rights, "Early Signals: Mapping State and Stakeholder Inputs on the UN Tax Convention" (blog), August 4, 2025.

5 Annet Oguttu et al., A Roadmap for Negotiating the Protocols to the United Nations Framework Convention on Tax, Policy Report (International Institute for Sustainable Development, July 2025).

6 Leopoldo Parada, "Response to the UN Resolution A/RES/77/244 on Promotion of Inclusive and Effective Tax Cooperation at the United Nations", May 18, 2023.

7 Global Alliance for Tax Justice, "The Start of the Negotiations for a UN Framework Convention on Tax: Maximising Opportunities, Overcoming Challenges", July 28, 2025.

8 Parada, "Response to the UN Resolution A/RES/77/244".

The political underpinnings of international tax rulemaking

International tax cooperation sits at the intersection of two forces that are inherently difficult to reconcile, namely the collective need for coordinated global rules and the deeply guarded principle of national fiscal sovereignty. Unlike many other areas of development policy, taxation goes to the core of governments' ability to raise revenue, shape economic policy and respond to domestic political pressures.[9] There is broad recognition of the risk of systemic failures such as profit shifting, base erosion and the misalignment between where value is created and where profits are taxed. Ultimately, implementation depends on voluntary national adoption, rendering consensus both fragile and uneven.

The evolution of the OECD-led Inclusive Framework, particularly the Global Minimum Tax under BEPS 2.0, illustrates these tensions in practice. While presented as a landmark in global coordination, it has exposed underlying geopolitical fractures, not least between the US and European partners, over questions of taxing rights, revenue allocation and regulatory reach.[10] The US's hesitancy to fully implement key elements, alongside differing approaches within Europe, underscores the limits of even advanced economies to sustain unified positions on tax governance.[11] More broadly, the difficulty in securing a cohesive stance from the EU (a bloc typically characterised by high levels of regulatory coordination) further reflects the politically sensitive and redistributive nature of international tax rulemaking.[12]

Accordingly, if the politics of international tax have shown anything, it is that technical reform cannot be divorced from questions of power, sovereignty and distribution. It is for this reason that one can argue that the migration of rulemaking from the OECD to the UN is not a guarantee of better outcomes. Rather, it is an opportunity contingent on how the above-stated political tensions are managed. To outperform the OECD model, the UNFCITC process must do more than broaden the table. It must confront, in tandem, the very frictions that have historically undermined cooperation, such as divergent national interests, asymmetries in bargaining power and the reluctance of states to cede fiscal autonomy.[13]

It accordingly follows that a multilateral process that envisages better and more effective coordination in the realm of international tax law must garner the necessary political backing to execute this mandate. After all, in international law, the principle of explicit

9 Dirk Broekhuijsen and Laurens van Apeldoorn, "International Tax Cooperation in a Multipolar World", Intertax 53, no. 1 (2025): 56–66.

10 Rifat Azam, "The Global Minimum Tax and Intra Western Tax Competition", *Berkeley Journal of International Law* 44, no. 1 (2026): 99–153.

11 Azam, "The Global Minimum Tax"; Florian Dierich, "The Collapse of International Tax Truce: Trump's Impact on Digital Taxation" (blog), International Centre for Tax & Development, April 11, 2025.

12 International Trade Union Confederation et al., "Voting Dynamics in the UN Tax Convention Negotiations"; Tove Ryding, "Breaking the Ice in the UN Tax Convention Negotiations", September 4, 2025.

13 Global Alliance for Tax Justice, "The Start of the Negotiations".

consent remains foundational.[14] States cannot be bound by an international law rule unless they have explicitly agreed to it. One reason for this is that there is no central international legislator, necessitating a process of political negotiation and consensus-building. It follows, therefore, that states must endorse the outcome before it can claim authority over them. Yet this is precisely where the current moment in international tax negotiations reveals a critical gap.

The focus has largely been on substantive design without an equally deliberate effort to build the political bridges required to secure durable consent. Moving the process from the OECD to the UN expands participation, but participation alone does not guarantee legitimacy. What is missing is a deeper conversation on how to reconcile competing national interests, address asymmetries in negotiating power and create incentives for genuine buy-in across both developed and developing states. Without this, even the most technically sound framework risks remaining aspirational. A politically legitimate system of cooperation will not emerge by design alone; it must be actively constructed through trust, reciprocity and a shared sense that the rules are not only fair, but worth committing to. After all, it is not enough for actors to agree that an institution is necessary; they must also be persuaded that it is worthy of their support.[15]

The central question: Legitimacy, buy-in and the G20

To ensure that the emerging framework for international tax cooperation delivers meaningfully on both effectiveness and inclusivity, greater clarity must be established regarding the role of the UNFCITC. Current negotiations suggest a drift toward a predominantly technical function, focused on the design of rules and protocols.[16] While technical rigour is indispensable, this approach should not come at the expense of political legitimacy. It is therefore recommended that the process explicitly integrate a dual mandate combining robust, technically sound standard-setting with a deliberate effort to build political consensus and secure broad-based endorsement. In the absence of such balance, there is a risk that the framework will replicate the shortcomings of existing arrangements, producing rules that lead to insufficient adoption or effectiveness. A credible outcome will depend on ensuring that technical design is anchored in a shared political commitment, thereby enhancing both the authority and durability of the system.

14 David Bederman, The Spirit of International Law (University of Georgia, 2002), 14; Samantha Besson, "State Consent and Disagreement in International Law-Making. Dissolving the Paradox", *Leiden Journal of International Law*, no. 29 (2016): 289–316; Peter Hongler, Justice in International Tax Law, A Normative Review of the International Tax Regime (IBFD, 2019), 155.

15 Broekhuijsen and Van Apeldoorn, "International Tax Cooperation in a Multipolar World".

16 Lammers, "Which Roles Can the UN Assume".

Accordingly, the following recommendations are made to African policymakers to ensure that, from an international law perspective, the foregoing is addressed.

- States should engage far more strategically and deliberately in shaping the design, mandate and decision-making architecture of the proposed COP under Article 16 of the UNFCITC. As envisaged in the UN Secretary-General's report,[17] COP has the potential to serve as the central political anchor of the UNFCITC. However, given the lack of clarity about its authority – whether in agenda-setting, standard endorsement, monitoring or enforcement – there is a real risk that the framework will inherit the same ambiguities that have weakened existing arrangements. The configuration of COP is therefore not a procedural detail but a crucial matter of institutional legitimacy and effectiveness, particularly given the profound shift from an OECD-centred system to a universal, UN-based process.

  States should prioritise negotiations on COP's voting rules, scope of powers, relationship with technical bodies and mechanisms for ensuring compliance and accountability. In doing so, they can help secure a framework that is not only inclusive in participation, but also politically authoritative and capable of commanding sustained commitment and translating consensus into durable outcomes. Ultimately, COP should be more than a mere supervisory body; it should, as far as possible, be the UNFCITC's political and norm-setting body. Accordingly, it should set its agenda, translate broad commitments into rules and protocols, and use monitoring and peer review chiefly to ensure that its decisions are put into effect.

- States should treat Article 15 of the UNFCITC as a central pillar of the negotiations. Article 15 addresses the relationship between the convention, existing bilateral tax treaties and other instruments (including those developed under the OECD). In this way, it directly addresses the question of whether the new framework will meaningfully reshape the current system or simply coexist alongside it. The divisions already emerging between the Global North and Global South reflect deeper concerns. For some, it is the need to preserve legal certainty and existing treaty networks, while for others, it is the imperative to correct entrenched imbalances in taxing rights that those very instruments have produced.[18]

  Negotiators should include a dedicated provision clarifying the convention's relationship with existing bilateral tax treaties and other international instruments, together with a mechanism for giving its protocols effect across the treaty network. This is a practical concern. The OECD's BEPS Multilateral Instrument demonstrated how agreed reforms could be incorporated into numerous bilateral treaties without reopening each one separately. Meanwhile, the UN Tax Committee's proposed Fast-Track Instrument is intended to provide a comparable route for selected provisions of

17 UN Digital Library, Promotion of Inclusive and Effective International Tax Cooperation at the United Nations: Report of the Secretary-General, A/78/235 (July 26, 2023).

18 María Emilia Mamberti, "From Mandate to Machinery: The Unresolved Structural Questions of the UN Tax Convention" (blog), Center for Economic and Social Rights, February 24, 2026.

the 2025 UN model. The UNFCITC should therefore specify whether its protocols will modify covered bilateral treaties, operate alongside them or require their renegotiation and whether this will occur through the Fast-Track Instrument or a comparable multilateral mechanism. Without such a bridge, the convention may sit above the existing treaty network in principle while leaving it largely untouched in practice.

It is therefore recommended that states engage proactively to craft a provision that balances continuity with reform. This includes clarifying the hierarchy between the convention and existing agreements, establishing principles for the progressive alignment or renegotiation of bilateral treaties and ensuring that domestic implementation does not undermine the convention's objectives. Without such clarity, there is a risk of fragmentation, forum shopping and uneven application, which are outcomes that would weaken both effectiveness and legitimacy. A carefully calibrated Article 15, by contrast, can serve as the bridge between old and new regimes, providing the legal certainty required by capital-exporting states while enabling the structural rebalancing sought by developing countries. In this way, it will play a decisive role in determining whether the UNFCITC emerges as a genuinely transformative framework or a parallel layer within an already contested system.

- Predominantly source countries within the G20, and other willing members, should assume an explicit bridge-building mandate to secure the political legitimacy of the UNFCITC. This is not a peripheral concern. The G20 has, in practice, served as the principal source of political backing for OECD-led reforms (most notably the BEPS agenda), providing the high-level endorsement necessary to translate technical standards into widely adopted norms.[19] By contrast, the UN process, while more inclusive in nature, has yet to secure comparable political anchoring. Recent G20 communiqués continue to frame the UN track cautiously, emphasising the need to 'avoid duplication',[20] which suggests that the question of its role in the global architecture remains unsettled.

  This asymmetry matters. Without similar political sponsorship, the UNFCITC risks being perceived as an adjunct rather than an alternative locus of rulemaking, regardless of its technical merits. At the same time, the current system's continued bias towards residence jurisdictions has imposed tangible costs on developing economies, reinforcing the need for reform. G20 source-country members such as South Africa, Brazil and India, among others (many of which straddle both source and emerging residence interests), are uniquely positioned to address this gap.

  To do so, they should pursue three practical steps. First, they should align their positions across G20 and UN platforms, explicitly reframing the UNFCITC as a complementary but necessary evolution of the system, rather than a duplicative process. Second, they should use the G20 Finance Track engagements to introduce and support bridging proposals on contentious issues (such as taxing rights allocation

19 Lammers, "Which Roles Can the UN Assume".

20 Paragraph 73 of the G20 South Africa Summit: Leaders' Declaration.

and the interaction with existing OECD instruments) that can command broader support. Third, they should advocate for clearer and more substantive recognition of the UN process in future G20 Leaders' Declarations, thereby incrementally building the political endorsement that has historically underpinned OECD initiatives.

Without such strategic engagement, the UN process risks advancing without the level of buy-in required for effective implementation. With it, there is a credible pathway to embedding the UNFCITC within the core of the international tax architecture, supported not only by inclusivity in negotiation but also by the political legitimacy necessary to sustain it.

Conclusion

The prospect of a fully coherent and unified international tax system is, for now, distant. Fragmentation, overlap and institutional tension will likely define this space for some time. That, however, should not detract from the significance of what is underway. If anything, it sharpens it. The shift towards a UN-led process is not about perfection; it is about progress in a system that has, for too long, struggled to reflect the realities and priorities of a broader set of countries.

For African states in particular, this process carries real weight. It speaks directly to questions of fiscal sovereignty and development, as well as to the ability to mobilise domestic resources in a manner that is fair and sustainable. A more equitable allocation of taxing rights could enable states to retain a greater share of the revenues generated by cross-border economic activity within their jurisdictions. In practical terms, this could widen fiscal space for investment in infrastructure, health, education, industrialisation and climate resilience, while reducing reliance on increasingly costly debt and volatile external finance. More predictable domestic revenues could also strengthen governments' capacity to plan over the longer term, provide counterpart funding for development projects and attract additional public and private investment.

That is why, despite the complexity and inevitable contestation, these negotiations matter. They create space (perhaps even for the first time on this scale) for a more balanced conversation about how taxing rights should be allocated and how the system should function in practice. This will not be an easy journey; nor will it resolve every tension. But it is not without purpose. If approached with clarity and strategic intent, it offers a credible pathway towards an international tax system that is more inclusive and more grounded in political reality. Such a system is also better aligned with the development finance needs of countries that have historically remained at the margins of international tax rulemaking.

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