



## Elements paper for the outcome document of the Fourth International Conference on FfD

### Inputs by Civil Society FfD Mechanism

2nd December 2024

*This document has been collectively developed by the Civil Society Financing for Development (FfD) Mechanism, a broad platform of civil society organizations, networks and federations from around the world, that followed closely the FfD process since its origins, facilitated civil society's contribution to the 3rd FfD conference, and continues to provide a facilitation mechanism for the collective expression of civil society in the FfD Follow-up process. More information can be found on the Civil Society FfD Mechanism's website: <https://csoforffd.org/>*

#### Summary

- The elements paper is entirely missing concrete decisions needed to establish UN intergovernmental processes, legal framework, norms and standards on FfD, which have been proposed in several civil society's and member states' submissions to the call for inputs. As civil society, we are calling for a transformative and ambitious FfD4 that democratises global economic governance.
- **Domestic Public Resources:** The key focus of the UN Financing for Development process should be on international cooperation. The section on "Strengthening fiscal systems" seems strongly focused on national policies in developing countries and is highly prescriptive. Given that developed countries also have significant problems with tax systems that are very ineffective and regressive, "capacity building" of developing countries will not solve the fundamental problems. Governments should focus on promoting international tax cooperation to address the systemic issues at the global level, including through the negotiation of a UN Framework Convention on International Tax Cooperation. In terms of ensuring that national tax systems are progressive, effective and gender just, this is an issue which all governments should commit to.
- **Private Finance:** The private finance section is very weak and problematic. It does not reflect the need for the transformative approach that should guide proposals to be agreed at FfD4.
- Firstly, the proposals show a strong focus on private capital mobilisation, including by using public institutions and scarce public resources to serve that. This deepens existing strategies that have not delivered on commitments made in 2015. Private capital mobilisation should not

be seen as an end in itself, and should not be promoted without the necessary connection with a policy agenda aimed to deliver socio-structural transformation of countries in the Global South.

- Secondly, there is a need to rethink and transform the whole ecosystem of public development banks and agree on a UN intergovernmental process addressing the whole ecosystem of institutions – from global to regional, bilateral and national development banks – to cater for the needs of financing. FfD4 offers a unique space to reach a political agreement to bring the UNGA leadership back to the discussion on the role of IFIs and public development banks and holding them accountable to all member states. The rethinking must be guided by a comprehensive assessment of the needs of Global South countries to promote socio-economic transformation and by the Right to Development.
- Thirdly, the proposals under this section must recognise that the private sector is not a homogenous entity – Multinational Corporations are not the same as domestic Micro, Small and Medium enterprises. As such, differentiated strategies are needed as part of an expanded policy space to promote sustainable industrial policies across the Global South. A sectorial approach is also needed, as it is critical to protect essential public services, like education, health and water and sanitation, for instance, from further privatisation and financialization.
- Fourthly, the section on “Aligning private business and finance with the SDGs” must include clear commitments to set regulatory frameworks that align private investments with development objectives and monitor their development. Such frameworks must ensure that investments comply with ILO standards, responsible business-conduct and mandated due diligence, and require the respect of human and labour rights along the entire supply chain, through independent monitoring mechanisms and binding accountability frameworks. It is imperative to move towards the adoption of a binding UN treaty on multinationals and human rights.
- **Debt:** The paper acknowledges the need to improve the debt architecture for "quicker, fairer and deeper debt resolution" but the supporting recommendation is to continue and "improve" the existing flawed and failed debt resolution platforms by creditor/rich countries. Specifically, the paper supports continuing with the G20 Common Framework. It also reaffirms the Pact for the Future recommendation of assigning to the IMF, a sovereign debt architecture review, which will be one of the basis for the Secretary General to close the gaps through a multilateral sovereign debt restructuring mechanism. In effect, this implicitly recognizes the analysis and prominent role of the IMF as necessary and serves to dismiss any alternative debt architecture models. It also falls short when limiting the language to ‘explore the need’ for a multilateral sovereign debt restructuring mechanism, instead of capturing the call from several global south countries to pin down a decision on establishing such a mechanism (see the inputs to the elements paper by African Group, LDCs, Brazil, Pakistan, Egypt and Nigeria, Colombia, Iran and Zambia).

- The paper ignores the calls for a new legal framework (see Pakistan, Egypt and Nigeria inputs to the elements paper) that civil society argues should take the form of a UN framework convention on sovereign debt. Such a framework would open the door to real intergovernmental and democratic discussions and agreements on what are the reforms needed to improve the debt architecture.
- While the call for a new approach on DSA was included, the paper envisions it to be incorporated in the review of the IMF-WB's DSA. This reinforces the centrality of the IMF-WB on defining and determining sustainability and precludes the possibility of an independent (from creditors) global debt authority under the UN auspices, to set the standard of informing DSAs with human rights, climate change, inequality etc.
- Calls for debt cancellation were not picked-up, although LDCs, LLDCs, Mexico and Zambia support the need for debt relief in their inputs to the elements paper. The paper at most mentions debt restructurings for countries in need but does not offer a strong stance to put debt cancellation as part of the menu of options necessary for addressing the debt crisis. Proposal for a Debt Sustainability Support Service (DSSS) is a band-aid solution that remains limited to viewing the debt crisis as simply a problem of liquidity. It seeks to provide greater liquidity to indebted countries through enhanced coordination by official creditors, offer a range of financial and legal tools, etc. to prevent countries from defaulting. The DSSS is also envisioned to support scaling up debt swaps but without mentioning any prospects for debt cancellation.
- Calls to establish a UN intergovernmental process to regulate credit rating agencies has also not been picked up. FfD4 should establish a universal, intergovernmental commission under ECOSOC to regulate Credit Rating Agencies (CRAs) including ESG rating bureaus, to examine needed international institutional innovations required to correct and avert the adverse impacts of CRAs, including establishing an international public credit rating agency at the UN.
- **IDC:** - FfD4 should agree on broadening the normative role of the UN in Development Co-operation through agreeing on a UN Convention on International Development Co-operation. We are encouraged by the inclusion of a section on the "Reform the Global Architecture". However, the proposals in the section do not match the ambition of the heading and instead restates the status quo, which is not democratic, weak on representation, and outdated. These proposals should instead more explicitly call for a new global governance of IDC through a legally binding convention housed in the UN system.
- There are welcome references in the elements paper that we would like to see in the final outcome, especially when it comes to setting "concrete and binding timeframes" on the existing ODA volume targets and should be operationalized through a legally binding UN Convention on IDC. We also welcome the references to Country Programmable Aid (CPA) and increased use of budget support, including setting targets for both.

### **A global financing framework (including cross-cutting issues)**

Cross-cutting issues are mentioned without much elaboration. Here a few additional elements that needs to be considered:

- The Elements Paper is completely decent-work blind, while the Addis Ababa Action Agenda (AAAA) includes “generating full and productive employment and decent work” and “social protection for all” among its priorities. It is therefore essential that the Global Financing Framework would deliberately support structural transformation, including the creation of decent and climate-friendly jobs with just transitions; rights for all workers, equality and non-discrimination; minimum living wages and universal social protection; and inclusion through social dialogue.
- A commitment to policy coherence among UN processes related to sustainable development should be added, to ensure coherence and leverage of commitments among key UN negotiations happening in 2025, such as the 30th anniversary of the adoption of the Beijing Declaration and Platform for Action (March 2025) and the 2nd World Summit on Social Development (November 2025).
- It is important to have a wider ecological approach, rather than mentioning the climate emergency only. This means to always pair references to climate with wider notions of “ecology and ecological integrity” (i.e., refer to the integrity of the biosphere and the nine planetary boundaries, of which climate change is one of them, it also includes biodiversity integrity, which is referenced in the Elements paper).
- When needed, it is useful to be specific about the components of climate action (such as mitigation, adaptation and loss and damage), as well as the principles of Common but Differentiated Responsibilities, equity, fair shares, and the importance to promote a just and equitable transition. We also recommend referring not only to the UNFCCC, but to the larger UN system of entities and treaties on ecological and environmental integrity, including the Rio Conventions. We also recommend not to single out specific outcomes, such as the NCQG, the COP29 Presidency roadmap (given that their mandate is expiring) or even references to the Pact of the Future, since there is an entire UN system devoted to the entirety of the ecological and climate integrity agendas.
- On gender equality, it is important to include specific references to women and girl’s human rights and their empowerment. AAAA already includes women and girls’ human rights and FfD4 cannot backtrack from it and must reaffirm the urgency of addressing gender inequality and adopt a gender-transformative financing agenda. There is also an omission on the exploitation of unpaid domestic and care work, and the key role of social spending, including on public services, to tackle inequalities, including gendered ones.
- The Elements paper promotes women’s financial inclusion as a tool of economic empowerment. However, it has been proven that this only enhances the financialization of women’s lives, exposing them to the effects of larger speculative processes, increasing their risk of indebtedness and overall, this undermines non-monetized forms of economic reproduction.