



Outcome Document of the 2024 ECOSOC Forum on Financing for Development (First Draft)

Inputs by Civil Society Financing for Development (FfD) Mechanism

11th April 2024

This document has been collectively developed by the Civil Society Financing for Development (FfD) Mechanism, a very broad platform of civil society organizations, networks and federations from around the world, that followed closely the Financing for Development since its origins, facilitated civil society's contribution to the Third International Conference on Financing for Development, 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/about/>

The column in the middle contains alternative text suggestion. Text underline in red represents additions, ~~strikethrough~~ = suggested deletions. The column on the right contains summaries of comments – further elaboration is available on request. These inputs are in addition to our previous suggestions to the ‘zero draft’.

First Draft	Alternative Suggestion	Comments
Cross-cutting issues		
16. We reaffirm the need to promote quality, reliable, sustainable and resilient infrastructure, in particular in developing countries, in a manner that has the greatest social, economic and environmental benefits. In this regard, we will also continue to explore innovative platform approaches to coordinate, scale up and channel public and private finance and technical assistance. We reiterate our call for developing countries to be supported in	We reaffirm the need to promote quality, reliable, sustainable and resilient infrastructure, in particular in developing countries, in a manner that has the greatest social, economic and environmental benefits. <u>In this regard, we will also continue to explore innovative platform approaches to coordinate, scale up and channel public and private finance and technical assistance.</u> We reiterate our call for developing countries to be supported in the preparation of a pipeline of viable projects,	Framing private finance as an effective and sustainable source of financing for infrastructure belies the inadequacy of the amounts mobilised so far and their nature. According a Global Infrastructure Hub 2022 report, “private investment in infrastructure projects is tumbling in middle- and low-income countries where investment is needed most. While investment grew by 8.3% in high-income countries in 2021, it fell for a third year in middle- and low-income countries, by 8.8%.” In contrast, the trading of existing infrastructure investments (or in secondary markets), accounted for 75 per cent of all private financing

<p>the preparation of a pipeline of viable projects, especially in the “de-risking” of investments through tools such as, inter alia, blended finance, first-loss, other guarantees, and other innovative instruments, including SDG and Green Bonds. (Source: E/FFDF/2023/3, para 14 and new language)</p>	<p>especially in the “de-risking” of investments through tools such as, inter alia, blended finance, first loss, other guarantees, and other innovative instruments, including SDG and Green Bonds. <u>For harnessing the potential of blended finance instruments for sustainable development, careful consideration should be given to the appropriate structure and use of blended finance instruments. Projects involving blended finance, including public-private partnerships, should share risks and reward fairly, include clear accountability mechanisms and meet social and environmental standards. (Source: AAAA, para 48)</u></p>	<p>in 2019. The disparity in figures shows that while actual mobilisation of capital to achieve transformational impact remains insignificant, private financing as a tool for value capture and enhancement of yields through the trading of existing infrastructure assets is high.</p> <p>For this agenda to deliver, states would effectively need to have a constant supply of profitable projects at hand, which transforms their developmental agenda, often leading to prioritising mega-projects that aim to integrate developing countries into global value chains. Meanwhile, this puts the needs of investors (i.e. maximising profits) before the rights of their citizens, also contributing to locking countries into export dependency and preventing economic diversification. The state then becomes defined by its capacity to “de-risk” and protect investors’ profits from risks attached to commodified infrastructure assets, and to policies that would threaten cash flows, including higher minimum wages, climate regulation and from liquidity and currency risks.</p> <p>In addition, there is little evidence of the development impact of ‘blending’ ODA with private finance. This approach often focuses on middle-income countries and may give preferential treatment to donors’ own private-sector firms. Projects commonly fail to incorporate transparency, accountability, and stakeholder participation. The promotion of the blended finance model as a solution has created more problems with negligent results since the AAAA has been implemented – the Addis outcome document provides relevant language on its para 48 that needs to be preserved.</p>
<p>Domestic and international private business and finance</p>		

<p>30. We commit to support developing countries to unlock barriers to increasing investment, including providing support to grow their domestic capital markets and productively use their pools of local savings, and by other measures, such as insurance and guarantees. We will provide support to establish core market infrastructure like stock exchanges, collaborating with local institutional investors, including pension funds, developing new asset classes like green bonds, and deploying local currency guarantees. (Source: New language)</p>	<p>We commit to support developing countries to unlock barriers to increasing investment, including providing support to grow their domestic capital markets and productively use their pools of local savings, and by other measures, such as insurance and guarantees. We will provide support to establish core market infrastructure like stock exchanges, collaborating with local institutional investors, including pension funds, developing new asset classes like green bonds, and deploying local currency guarantees. (Source: New language)</p>	<p>Even when countries promote deregulatory measures to "unlock barriers to increasing investment", FDI tend not to materialize or meet expectations and promises. Private investments only materialize in profitable conditions, which often times differ from directing investments to countries most in need. Moreover, the development of new asset classes such as green bonds poses several problems. The voluntary nature of green/ESG bond labelling means that any issuer can declare their bonds green/ESG-labelled. ESG bonds are widely discredited because of greenwashing. Accountability mechanisms, including external evaluations and impact reports, offer limited assurances. Green/ESG bonds are often referred to as 'sustainable debt'. However, sovereign borrowing through ESG bonds is usually raised in foreign currency and close to, if not at, commercial lending rates. Inevitably, the expansion of the ESG markets in the global south will come with risks of worsening the debt vulnerabilities in these countries. In addition, and given the extent of the greenwashing problem, there is also the risk that the use of proceeds does not result in the promised 'sustainable growth', limiting the possibilities that governments can increase revenue and, therefore, pay back investors without incurring public spending cuts. Finally, a considerable risk of ESG bonds is to divert attention from the cultural and political changes needed to achieve a more sustainable and just society, while they may also be a distraction for policies urgently needed to tackle the unjust and unsustainable transfer of wealth from the south to the north.</p>
<p>International development cooperation</p>		
<p>43. We note the efforts of and call on the MDBs to evolve their vision, incentive structures, operational approaches and financial capacities so that they are better equipped to maximize their impact in</p>	<p>We note the efforts of and call on the MDBs to evolve their vision, incentive structures, operational approaches and financial capacities so that they are better equipped to maximize their impact in addressing a wide range of</p>	<p>UN should lead on the process to ensure all developing countries have a say in these decisions. We also do not support diversion of funds away from sustainable development in developing countries.</p>

<p>addressing a wide range of global challenges while being consistent with their mandate and commitment to accelerate progress towards the Sustainable Development Goals. We acknowledge progress made by the World Bank on their Evolution Roadmap. (Source: New language)</p>	<p>global challenges while being consistent with their mandate and commitment to accelerate progress towards the Sustainable Development Goals. We acknowledge progress made by the World Bank on their Evolution Roadmap. (Source: New language)</p> <p><u>We call for a UN intergovernmental process on MDBs to address the urgent governance reforms, including quota distribution, in order to build more inclusive, transparent and democratic MDBs.</u></p>	
<p>International trade as an engine for development</p>		
<p>55. We recommit to the promotion of a universal, rules-based, non-discriminatory, open, fair, inclusive, equitable and transparent multilateral trading system, with the World Trade Organization (WTO) at its core, as well as meaningful trade liberalization. We underscore that the multilateral trading system should contribute to the achievement of the Sustainable Development Goals, providing policy space for national development objectives, poverty eradication and sustainable development, consistent with relevant international rules and countries' commitments, and promote export-led growth in the developing countries through, inter alia, preferential trade access for developing countries, targeted special and differential treatment that responds to the development needs of individual</p>	<p>We recommit to the promotion of a universal, rules-based, non-discriminatory, open, fair, inclusive, equitable and transparent multilateral trading system, with the World Trade Organization (WTO) at its core, as well as meaningful trade liberalization. We underscore that the multilateral trading system should contribute to the achievement of the Sustainable Development Goals, providing policy space for national development objectives, poverty eradication and sustainable development, consistent with relevant international rules and countries' commitments, and promote export-led growth <u>structural transformation</u> in the developing countries through, inter alia, preferential trade access for developing countries, targeted special and differential treatment that responds to the development needs of individual <u>developing</u> countries, in particular least developed countries, and the elimination of</p>	<p>The SDG and WTO reform are now covered in the next paragraph and can be deleted from this paragraph</p>

countries, in particular least developed countries, and the elimination of trade barriers that are inconsistent with WTO agreements. We welcome the commitment of WTO members to work towards the necessary reform of the organization, with the aim of improving all its functions and effectively addressing the challenges facing global trade. (Source: Based on SDG Summit PD, 38 t.x)	trade barriers that are inconsistent with WTO agreements. We welcome the commitment of WTO members to work towards the necessary reform of the organization, with the aim of improving all its functions and effectively addressing the challenges facing global trade. (Source: Based on SDG Summit PD, 38 t.x)	
56. We welcome the commitment of World Trade Organization members to work towards the necessary reform of the Organization, with the aim of improving all its functions, while reaffirming the foundational principles of the Organization, and to conduct discussions with a view to having a fully and well-functioning dispute settlement system accessible to all members by 2024, while taking advantage of the available opportunities, addressing the challenges that the Organization is facing and ensuring the Organization's proper functioning; the work shall be member-driven, open, transparent, inclusive and must address the interests of all members, including development issues. We note the contribution of the multilateral trading system to promote the 2030 Agenda for Sustainable Development and its Sustainable Development Goals. (Source: A/RES/78/134, OP 5)	We welcome the commitment of World Trade Organization members to work towards the necessary reform of the Organization, with the aim of improving all its functions, while reaffirming the foundational principles of the Organization <u>and GATT 1994</u> , and to conduct discussions with a view to having a fully and well-functioning dispute settlement system accessible to all members by 2024, while taking advantage of the available opportunities, addressing the challenges that the Organization is facing and ensuring the Organization's proper functioning; the work shall be member-driven, open, transparent, inclusive and must address the interests of all members, including development issues. We note the contribution of the multilateral trading system to promote the 2030 Agenda for Sustainable Development and its Sustainable Development Goals <u>including its Means of Implementation</u> . (Source: A/RES/78/134, OP 5)	Along with the WTO, GATT 1994 has important principles which must be respected under any process of WTO reform. The Means of Implementation are the most relevant part of the SDGs in the context of trade and therefore must be highlighted.
57. We celebrate the enlargement of the Organization in accordance with	We celebrate the enlargement of the Organization in accordance with Article XII of	There is nothing to celebrate in the lack of progress on the trade and development agenda, which is the central concern

<p>Article XII of the Marrakesh Agreement Establishing the World Trade Organization. We note with satisfaction that this Conference has completed the accession procedures for two least-developed countries, Comoros and Timor-Leste. We recognise the contribution of accessions to strengthening the multilateral trading system and recall our commitments in this regard. (Source: WTO 13th Ministerial Conference Declaration, para 19)</p>	<p>the Marrakesh Agreement Establishing the World Trade Organization. We note with satisfaction that this Conference has completed the accession procedures for two least-developed countries, Comoros and Timor-Leste. We recognise the contribution of accessions to strengthening the multilateral trading system and recall our commitments in this regard. (Source: WTO 13th Ministerial Conference Declaration, para 19)</p>	<p>from the FfD angle. Therefore, no need to mention this here as a key issue.</p>
<p>58. We reaffirm that international trade is an engine for inclusive growth and poverty eradication and that it contributes to the promotion of sustainable development, structural transformation and industrialization, particularly in developing countries. We express concern that the recent slowdown in world trade growth and declines in trade openness pose challenges for many developing countries, including making traditional export-based development models, which a number of developing countries successfully implemented, much harder to pursue. (Source: A/RES/78/134, OP 2; FSDR p. 127)</p>	<p>We reaffirm that <u>fair and equitable</u> international trade <u>is can be</u> an engine for inclusive growth and poverty eradication and that it <u>can</u> contributes to the promotion of sustainable development, structural transformation and industrialization, <u>if it can recognise and respond to the policy needs</u> particularly in developing and <u>least-developed</u> countries. We express concern that the recent slowdown in world trade growth and declines in trade openness pose challenges for many developing countries, including making traditional export-based development models which a number of developing countries successfully implemented, much harder to pursue. (Source: A/RES/78/134, OP 2; FSDR p. 127)</p>	<p>International trade, by itself, may or may not achieve these objectives unless it is fair and equitable and allows policy space to developing countries.</p>
<p>59. We recognize that countries should cooperate on promoting a supportive and open international economic system aimed at achieving sustainable economic growth and development in all countries and thus enabling them to better to address the</p>	<p>We recognize that countries should cooperate on promoting a supportive and open international economic system aimed at achieving sustainable economic growth and development in all countries and thus enabling them to better to address the problems of</p>	<p>This paragraph can be improved further with the suggested inclusions (in addition to Para 134 of the First Global Stocktake Decision), by emphasizing the special needs of developing countries and LDCs in this regard.</p>

problems of climate change, noting that measures taken to combat climate change, including unilateral ones, should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade (Source: COP 28 Outcome of the first global stocktake decision, para 134)	climate change, noting that measures taken to combat climate change, including unilateral ones, should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade (Source: COP 28 Outcome of the first global stocktake decision, para 134). <u>We recognize that developing countries and LDCs in particular need special tools in this regard.</u>	
60. We note with concern that countries in special situations remain largely marginalized in international trade. We reiterate the centrality of the development dimension in the work of the WTO. We recognise that the full integration of developing Members, including least-developed countries (LDCs), in the multilateral trading system is important for their economic development and stress the need to make positive efforts so that the gains from trade benefit them in accordance with the Marrakesh Agreement. (Source: 2024 FSDR, p. 127; WTO 13th Ministerial Conference Declaration, para 7)	We note with concern that countries in special situations remain largely marginalized in international trade. We reiterate the centrality of the development dimension in the work of the WTO. We recognise that the full integration of developing Members, including least-developed countries (LDCs), in the multilateral trading system is important for their economic development and stress the need to make positive efforts so that the gains from trade benefit them in accordance with the Marrakesh Agreement. (Source: 2024 FSDR, p. 127; WTO 13th Ministerial Conference Declaration, para 7). <u>We also highlight the role of special and differential treatment and the need for both policy space and access to technology in addressing the development dimension in the work of the WTO.</u>	This paragraph has improved by incorporating Para 7 of the MC13 Declaration. It can be further improved by articulating specific tools and pathways to better address the development dimension of the work of the WTO. These can be the access to better S&D, policy space and the provision of technology and markets.
63. We underscore the urgent need to keep markets, including for food, fertilizer and agriculture, open, equitable, transparent, non-discriminatory and predictable by eliminating trade-restrictive measures and distortions, speculations and hoarding through the reform of the multilateral trade rules on agriculture,	We underscore the urgent need to keep markets, including for food, fertilizer and agriculture, open, equitable, transparent, non-discriminatory and predictable by eliminating trade-restrictive measures and distortions, speculations and hoarding through the reform of the multilateral trade rules on agriculture, according to World Trade Organization	The need to liberalize trade by “eliminating trade-restrictive measures and distortions, speculations and hoarding through the reform of the multilateral trade rules on agriculture” must also recognize and be shaped by the need for developing countries, NFIDCs and LDCs to develop their own agriculture sector and ensure domestic livelihoods.

<p>according to World Trade Organization mandates, and to ensure sustained food security and nutrition of countries, particularly the least developed and net food-importing developing countries. (Source: A/RES/78/134, OP 7)</p>	<p>mandates, and to ensure sustained food security and nutrition of countries, particularly the least developed and net food-importing developing countries. (Source: A/RES/78/134, OP 7). We also recognize the need to provide <u>policy space for augmenting agricultural production and productivity and ensuring livelihoods in developing countries, Net Food Importing Developing Countries (NFIDCs) and LDCs.</u></p>	
<p>64. We note with concern that certain forms of support for agricultural producers are either trade-distorting or harmful to nature and health, and reaffirm our commitment to correct and prevent trade restrictions and distortions in world agricultural markets, including through the parallel elimination of all forms of agricultural export subsidies and all export measures with equivalent effect. We highlight the need to address trade-distorting domestic support in agriculture, and look forward to continuing the World Trade Organization negotiations consistent with existing mandates to further reform agricultural trade rules. (Source: A/RES/78/134, OP 9)</p>	<p>We note with concern that certain forms of support for agricultural producers are either trade-distorting or harmful to nature and health, and reaffirm our commitment to correct and prevent trade restrictions and distortions in world agricultural markets, including through the parallel elimination of all forms of agricultural export subsidies and all export measures with equivalent effect. We highlight the need to address trade-distorting domestic support in agriculture, and look forward to continuing the World Trade Organization negotiations consistent with existing mandates to further reform agricultural trade rules. (Source: A/RES/78/134, OP 9) <u>Unfair and inequitable forms of domestic support must be addressed first and special and differential treatment of developing countries and least developed countries must be protected and expanded while pursuing further negotiations.</u></p>	<p>On domestic support, most developing countries support the proposal that unfair and inequitable elements of domestic support, such as extra AMS entitlements, enjoyed mainly by developed countries must be disciplined first, rather than all forms of domestic support which would place more burden on developing countries to cut subsidies. At the same time, special and differential treatment remains at the core of the WTO Agreements and GATT, and must be preserved across all further negotiations.</p>
Debt and debt sustainability		
<p>68. We recognize that further strengthening public debt management and advancing public debt transparency are key for mitigating the risk of debt crises.</p>		<p>While we agree on the concerns about debt transparency, the burden should not be put solely on borrowing countries. In order to prevent new debt crisis countries need systemic changes, including binding rules on responsible lending</p>

<p>Ensuring transparency in debt matters remains a priority in light of increasing public debt vulnerabilities. We note that transparency is crucial to ensure governments make informed borrowing decisions based on a comprehensive view of the entire public sector's debt burden and debt-related fiscal risks, as it fosters investor confidence and better cooperation with lenders, ultimately increasing the availability of resources and lowering the cost of funding. We note that transparency also enhances accountability by allowing the public to monitor how public debt is managed. (Source: 2024 FDSR, p. 165)</p>		<p>and borrowing and setting a binding global debt registry to ensure debt transparency, that holds both borrowing countries and all lenders (official bilateral, multilateral and private) accountable.</p>
<p>69. We emphasize the need for multilateral debt mechanisms to fully address sovereign external debt distress and provide an effective, efficient, equitable and predictable mechanism for managing debt crises in view of the development needs of developing countries. We recognize the need to consider a concrete tool to incentivize, encourage or enforce the participation of private creditors in debt treatments alongside the official sector to ensure the comparable treatment of creditors. (Source: A/RES/78/137, OP 33; E/FFDF/2023/3, para 63)</p>	<p>We <u>commit to agreeing</u> emphasize the need for <u>a UN multilateral legal framework</u> debt mechanisms to fully address sovereign external debt distress and provide an effective, efficient, equitable and predictable mechanism for managing debt crises in view of the development needs of developing countries, <u>including</u> We recognize the need to consider a concrete tool to incentivize, encourage or enforce the participation of private creditors in debt treatments alongside the official sector to ensure the comparable treatment of creditors.</p>	<p>Language on the "need for multilateral debt mechanisms" is unclear and member states should instead commit to establishing a multilateral legal framework or debt resolution mechanism under UN auspices.</p> <p>Language on considering "a concrete tool to incentivize, encourage or enforce the participation of private creditors in debt treatments" would be stronger if the focus is on enforcing, rather than open the door to voluntary approaches (incentivize or encourage) that have been demonstrated inefficient.</p>
<p>71. We also recognize the important role, on a case-by-case basis, of debt relief, including debt cancellation, as appropriate, and debt restructuring as debt crisis</p>		<p>We appreciate the recognition for the need of debt cancellation, not only rescheduling, to address the present debt crisis. We understand that the need for such debt cancellation should be assessed, by a body independent from creditors (UN debt body) and based on a renewed</p>

prevention, management and resolution tools. (Source: A/RES/78/137, PP 18)		approach to debt sustainability, in order to stop prioritizing debt payment and instead incorporate human rights protection, climate action needs and gender justice perspective.
Addressing systemic issues		
84. We also note the development of central bank digital currencies, and encourage regulators to consider potential opportunities and risks for the international and domestic financial system. (Source: A/RES/78/136, OP 35)		We would urge to use the opportunity to suggest the need for global regulation through UN normative instruments – please refer to the CS FfD Mechanism comments to the Zero Draft.