



Financing for Development Forum 2024

Overall theme: Enhancing on the path toward the Fourth International Conference on Financing for Development

Panel 3. Domestic and International Private Business and Finance. Intervention from the Floor. Flora Sonkin. Society for International Development.

Your excellencies, we have increasingly heard how FfD4 should be a moment to leverage more private capital for development, a space to showcase pipelines of profitable infrastructure projects and ultimately convince private investors that if governments blend already scarce public resources, they can ensure private risks are reduced and profits are guaranteed.

These narratives - and the policy proposals attached to them – are not only problematic because of their short-term profit-above-all orientation, but also because they are based upon the flawed assumption that lack of financing is the main obstacle to address the social, economic, and ecological crises. But in fact, as we've heard in the previous session, there is actually a net flow of resources from South to North through tax evasion and avoidance and Illicit Financial Flows, which is why the UN tax convention process is so important if we are serious about advancing on the FfD agenda. The resources drain through unequal and unfair trade, which far outstrips ODA inflows to the South, is a major driver of global inequality, which happens as rich countries and monopolistic corporations leverage geopolitical and commercial power in the world economy to cheapen the prices of resources and labour in the South.

So while there is a need to urgently address the climate emergency and global South countries are owed reparations, the fundamental challenge is systemic. More private finance to fuel a system that is destructive and unfair by design will not resolve the interconnected crises we face.

We need a fundamental overhaul to the current economic and financial system - shifting regulations and economic incentives to transform the way we produce and consume (away from commodity dependencies and towards more vibrant local and regional economies), while also addressing excess resource consumption in the North.

With that we welcome the mention of the importance of preserving policy space for developing countries to pursue a new generation of sustainable and inclusive industrial policies in the FfD Forum outcome.

When it comes to FfD4, let us not get lost in the smokescreen and empty promises of so-called innovative finance mechanisms. Let's make the most of this moment to refocus on the real economy, on the structural transformation agenda and on democratizing global economic governance.