Preparatory Committee (PrepCom) for the Fourth International Conference on Financing for Development (FfD4) First session, Addis Ababa, 22-26 July 2024

Intervention by Jason Braganza from AFRODAD delivered on behalf of the CS FfD Mechanism during the Multi-Stakeholder Round Table Discussion on "Cross-cutting Issues" Wednesday, 24 July 2024

[***Talking points … I will also respond to the issues raised by fellow panel members***]

Your Excellencies, Representatives from Multilateral Institutions, the Media, and Comrades from Civil Society, I speak on behalf of the African Forum and Network on Debt and Development, and the CSO FFD Coordination Mechanism.

Thank you for the opportunity.

The origins of the Financing for Development initiative, and its first conference in Monterrey in 2002, are rooted in the systemic asymmetries defining the international financial and monetary architecture, which cannot be resolved on the national terrain and reveal their steep social and economic costs through recurrent crises.

Moderator, I will centre my submission on three items that are critical to an ambitious start on the journey to Seville.

1. **Democratic Economic Governance**

Governments need to bring back decision making power to the United Nations General Assembly – building on the window offered by the Financing for Development process and inspired by the Monterrey Consensus - and develop member state centered institutional solutions and new normative frameworks resulting in a new governance ecosystem. There is a need to move away from relying on formations of illegitimate clubs that proclaim to provide solutions for all while taking decisions among the few. UN member states should avoid legitimizing their role by setting up meetings between them and UN organs. The ongoing impasse in the G20 - a club of powerful governments acting in their self-interest while trying to portray themselves as benevolent world stewards – creates an important window of opportunity.

[State examples]

- Framework Convention on Tax
- Proposed Framework Convention on Soverign Debt i.e. Africa Group

2. IFI Reform specifically IMF and SDRs

The governance of international organisations and institutions are usually shaped by the power configuration at the time of their inception as well as the prevailing ideological paradigms. The same is true for the international financial institutions with the Bretton Woods Institutions at their center.

In this context, it is also important to differentiate between the two institutions, as agendas might differ. Both are characterised by the same North-dominated shareholder and governance system, inclination to hegemonic expansion and deeply entrenched neoliberal ideology. Yet, a reform agenda might still be an option for the IMF, as the institution performs some functions that might remain necessary, albeit managed differently, in a new order. But it is debatable if a reform agenda is necessary for the Bank, rather than a different public finance architecture that limits its mandate, scope and hegemony.

[Stated points]

- Additional seat will not fundamentally change the IMF and WB governance structure that remain contributor based
- Piecemeal quota reform will still keep the majority of the members of the IMF and WB subservent to minority group of countries
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3. Regulation of Credit Rating Agencies

The United Nations should lead on further supervision and regulation of credit rating agencies (CRAs) by convening a universal, intergovernmental commission under ECOSOC with a mandate to examine needed international institutional innovations, including in the UN, required to correct and avert the adverse impacts of CRAs on international finance. In addition to looking at the adequacy of CRAs rating methodologies and possible bias in its implementation that undermine developing countries' access to capital markets, CRA regulation would also need to focus on issues such as conflicts of interest, promoting competition to avoid quasi-monopolistic market dynamics, and tackling excessive reliance of investors on ratings. Such a commission should also further study proposals such as establishing an international public credit rating agency at the UN.

[Stated points]

- Creating perverse incentives for borrowing countries to strive for more borrowing at all costs … possible mention Kenya?
- Punish countries who admit the need restructuring or relief or cancellation via downgrades
- Market-based orientation forces countries to prioritise private capital
- CRAs are affecting the way debt can be addressed in an fair and transparent way and undermines progress better global economic governance with a voice for developing countries

On Regulation … this will be addressed from the floor by Rodolfo (IBON).

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