



FfD4 Multi-Stakeholder Hearing Oct 28, 2024

Intervention by Rodolfo Lahoy, IBON International, on behalf of the Civil Society Financing for Development Mechanism

We are concerned that the repeated focus on filling in the "financing gap" has created a bias for profit, in the name of mobilizing financial capital, which supposedly are untapped in their trillions. More capital and de-risking is not equal to development—the history of the developmental role of the state simply shows otherwise. But in fact we have seen time and again that private capital will go towards the most profitable ventures, not where it is most needed. This framing also fails to address the systemic roots of our multiple crises in growing capital concentration,¹ net transfers of wealth from South to North, and global power asymmetries that restrict the global South's policy and fiscal space for structural transformation.

For FfD4, we emphasise the need for a focus on normative shifts in the IFA and economic governance to enable the right to development, self-determination, and structural transformation in the global South. We think this is more practical than for-profit false solutions. The growing voice of multinational enterprises in supposedly multilateral, member-state led processes is one of these imbalances. Their growing presence in spaces distracts from the consistent problems: (1) of the unregulated behaviour of private finance, which drives capital flight and economic shocks in the global South during times of crises. The unregulated flow of capital can be a barrier to Southern development. (2) Market solutions—for climate, gender, or development goals—are called "innovative," but they are increasingly discredited by the role of large market actors in ecological crises, colonialism, and social inequalities. For instance, the GSD alliance members include some of the biggest investors in fossil fuels.²

Therefore: We support the calls for FfD4 to establish a UN intergovernmental process to review the sustainable development outcomes, fiscal, labour and human rights impacts of public-private

¹ [as 148 top corporations made \$1.8 trillion in profits while five million people have been made poorer (Oxfam) since 2020]

² [see chart in

<https://www.bankingonclimatechaos.org/?bank=JPMorgan%20Chase#fulldata-panel>]

partnerships (PPPs), blended finance and other financing instruments established to leverage private finance.

Lastly, robust regulation of businesses, including the financial sector, are needed. We are calling on UN member-states to constructively engage in the ongoing process towards a legally binding instrument to regulate, in international human rights law, the activities of transnational corporations and other business enterprises - the UN Treaty on Business and Human Rights.

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