



**CIVIL SOCIETY
FINANCING FOR
DEVELOPMENT**
Mechanism

**Preparatory Committee (PrepCom) for the Fourth International Conference
on Financing for Development (FfD4) Second Session, NY, 3-6 December,
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**Luiz Vieira, Bretton Woods Project and the CS FfD Mechanism Intervention
delivered at the Interactive Discussion 7, Addressing Systemic Issues**

6 December 2024

Thank you madam chair, my name is Luiz Vieira with the Bretton Woods Project. I am also speaking on behalf of the CSO FfD Mechanism.

I would like to begin by calling for the establishment of a UN framework to adequately regulate and supervise financial institutions, including non-banking financial institutions and hedge funds. We also call for a global agreement on capital account management under UN auspices and a global regulatory framework for the asset management industry.

These calls reflect our growing concern about the displacement of public development resources by the deepening financialisation of development finance, including through an increasing reliance on innovative finance instruments and securitisation.

These trends exacerbate the extreme limitations of the current monetary and financial frameworks, which undermine economic, monetary and financial sovereignty of developing countries, trapping them into disadvantageous currency hierarchies, liquidity challenges and tight monetary policies that restrict their policy and fiscal space for structural transformation and economic diversification.

These have real-economy effects on the cost of living, employment opportunities, social expenditures and the ability of states to meet their human rights obligations and aspirations of their citizens. It is unacceptable that developing countries operate under such sovereignty limitations and have no agency in re-shaping these frameworks from their developmental perspective.

Past financial crises not only represented a massive failure in macroeconomic and financial regulation but also exposed the significant vacuum in governance over financial actors, particularly non-banking actors. Yet, the asset management industry has grown exponentially since the last crisis, generating even higher systemic risks for global financial instability.

It is essential for all UN Member States to assess the current system from both developmental and global financial stability perspectives and to undertake decisive steps towards financial regulation, recognizing the limitations of voluntary non-binding measures.

It is imperative therefore that FfD4 provide the right framework and processes to restore state capacity to regulate in the public interest.