



## Preparatory Committee (PrepCom) for the Fourth International Conference on Financing for Development (FfD4) Second Session, NY, 3-6 December, 2024

### Emma Burgisser with Christian Aid, and the CS FfD Mechanism Intervention delivered at the Interactive Discussion 7: Addressing Systemic Issues

5 December 2024

Thank you very much, your excellencies, my name is Emma Burgisser with Christian Aid, and I'm also speaking on behalf of the CSO FfD mechanism.

The Elements Paper rightly sets out that representation of developing countries in international institutions is insufficient.

Yet, we share Brazil's frustration at the incredibly slow pace of IFI governance reform and feel that the proposed measures for reform remain deeply inadequate as they will fail to give greater voice and vote to countries in the global South, especially within the Bretton Woods Institutions.

- Today, the US and just the seven largest European countries and former colonial powers control nearly 40% of IMF vote shares.
- While 46 sub-Saharan African countries hold just 4.7%.
- That state of affairs meant that just one country was able to unilaterally block an SDR allocation for an entire year in the middle of a global pandemic crisis, and that when it was allocated, those countries most in need received the least.
- What's worse, the most recent IMF quota review has actually made it **harder** to increase the vote shares of developing countries in future reviews, while the starting point of the upcoming World Bank shareholding review is that some of the largest global North countries are **overrepresented**.

In other words, given their undemocratic governance structures, when left to their own devices the unequal distribution of power within these institutions means that these institutions have not and will not deliver on democratising global economic governance - only fostering **more** distrust and disenfranchisement between its membership and the notion that these institutions do not serve their membership evenhandedly.

We therefore call for a UN-led intergovernmental process to review and rethink the ecosystem of public development banks and international financial institutions, including a review of the mandates and governance structures of IFIs.

And to address the inadequacies of the SDR system, we welcome the Elements Paper's proposal to create a new playbook on SDRs that strengthens their role, which should include a rules-based approach to SDR issuance decisions and consider approaches that allow SDR allocations to respond to specific needs, such as decoupling the triple function of the IMF quota system.