

# The FfD Chronicle



**CIVIL SOCIETY  
FINANCING FOR  
DEVELOPMENT**  
Mechanism

The CS FfD Mechanism is an open civil society platform including several hundreds of organizations and networks from diverse regions and constituencies around the world. CS FfD Mechanism's core principle is ensuring that civil society can speak with one collective voice.

## LOOKING FOR AMBITION IN THE FFD4 ZERO DRAFT FEELS LIKE SEARCHING FOR A NEEDLE IN A HAYSTACK

*Dear delegates,*

As civil society, we laboured through the long zero draft, trying to make sense of often contradictory messages, to provide a comprehensive response. We hope you will review our inputs carefully (it is only 120 pages short). In the meantime, here is a quick summary (before you ask AI for it).

### **Gender equality and human rights cannot be reduced to tokenism**

FfD4 is the moment for macroeconomic policy recommendations that finally tackle the colonial legacy of the current international financial architecture and address the patriarchal root causes of the crises we are facing. To bring about genuine solutions that address long-standing inequalities between and within countries, including gender, race and ability inequalities, FfD4 requires no less than a just and equitable transformation of the international financial architecture. We must agree to reverse the neocolonial, neoliberal patterns and policies that have been extracting resources and women's labour, especially in the global south, and finally usher in an equitable and transformative financial architecture that allows us all to live well for more generations to come. The current zero draft is falling behind on addressing these systemic barriers that undermine the Right to Development, without which sustainable development, peace and justice cannot be achieved. But luckily there is still some time to ramp up efforts and be bold.

### **Climate finance is not about solidarity, but reparations and justice**

As most governments acknowledge by now, climate change is one of the greatest challenges of our time. The crossing of our nine planetary boundaries (including climate change) adversely affects sustainable development globally but clearly has disproportionate effects in historically marginalized groups of the population, even more intensely in the global South, who haven't contributed much to the problem. Member states should commit to systemic transformations and urgent actions to immediately phase out greenhouse gas emissions especially in countries that have been historically responsible for the climate crisis.

FfD4's outcome should improve access to debt-free climate finance, provide new and additional financial resources, prioritizing the role of public finance, in line with the principle of common but differentiated responsibilities and respective capabilities (CBDR-RC), and facilitate the transfer of technology to address the global climate change challenge.

### **Domestic public resources**

The key focus of the FfD process should be on international cooperation. The section seems strongly focused on national policies in developing countries, and is highly prescriptive. Given that developed countries also have significant problems with tax systems that are very ineffective and regressive, "capacity building" of developing countries will not solve the fundamental problems. Governments should focus on promoting international tax cooperation to address the systemic issues at the global level, including through the full endorsement of the Terms of Reference for the UN Framework Convention on International Tax Cooperation. In terms of ensuring that national tax systems are progressive, effective and gender just, this is an issue which all governments should commit to, along with specific measures to promote public country by country reporting and transparency around the true - beneficial owners of companies and similar structures.

### **Domestic and international private business and finance**

The key focus of this section should have been to uphold the regulatory role of States and ensure alignment of private business and finance with democratically determined national development strategies. Private businesses and investors should adhere to countries' development and fiscal strategies, not the other way around. Not all private actors are the same and it is important to differentiate strategies to foster and support national MSMEs versus strategies to regulate foreign large scale investments. SDGs are problematically perceived as an investment opportunity. With such logic, sectors perceived as unbankable or non-profitable are sidelined from investment, whereas those projects/countries with highest potential returns are favored, which defeats the purpose of SDG financing.

## International development cooperation

The section entirely misses the need for the United Nations to establish a new normative framework on IDC, which can respond to the need for a transparent and inclusive multilateral process under UN auspices for agreeing on a common understanding of parameters and objectives of IDC flows. FfD4 should be the place to recognise and agree such a new normative framework and global governance of IDC, on the basis of a framework convention. This would be the first step towards giving the UN the needed mandate, including ensuring DAC members honor their collective commitment through a binding timeframe and deliver USD 7.1 trillion of unmet ODA debt owed to Global South countries over decades in full and unconditionally.

## International trade as an engine for development

The Zero Draft features interesting entry points (i.e., many references to strengthen policy space for developing countries which we support) but lacks clear actionable mandates. We reiterate our call for: multilateral agreements under the aegis of the UN on the permanent cessation of ISDS; reaffirming, updating and strengthening special and differential treatment in international, regional and bilateral trade agreements for developing countries; redesigning of international rules and commitments to ensure policy space for pursuing public policy goals; and, finally, the termination of unilateral economic, financial or trade measures that are inconsistent with the principles of international law and the Charter of the United Nations, building on the work of the United Nations System, or create adverse impact on sustainable development.

The section on critical minerals should be maintained only if it unambiguously protects the sovereignty of developing countries over these resources and strengthens the policy space for the use of these resources to advance developing countries' pathways to structural transformation, economic sovereignty and their own pursuit of sustainable development.

## Debt

The debt section takes a piecemeal approach to addressing different elements of urgent debt reforms needed. This piecemeal approach is concerning as it reinforces the current fragmented unfair and inefficient debt architecture.

FfD4 needs to decisively move away from this ad-hoc, fragmented system and establish a legally binding UN framework convention on debt that addresses the challenges comprehensively and inclusively.

IMF and G20 are the backbone of the creditor-dominated architecture that has historically failed in delivering fair, lasting solutions for global south countries dealing with debt challenges, and continues to do so. No further mandates should be given to them through FfD4 that would only strengthen the undemocratic status quo that has taken countries to a new debt crisis.

We welcome the proposal included in paragraph to initiate an intergovernmental process at the UN, however, this should be coupled with a firm decision on agreeing a UN framework convention on sovereign debt that will establish a multilateral debt workout mechanism (as called for by Africa Group), binding principles on responsible borrowing on lending (useless to have voluntary principles), agree extensive debt cancellation for countries that need it, establish debt data registry and other issues related to debt prevention and resolution.

## Addressing systemic issues

It is high time to bring the IFIs (BWI and other IFI/MDBs) under proper intergovernmental democratic governance and restore their foundational establishment as an integral part of the UN system with full accountability to the UNGA. FfD4 should therefore initiate a profound review of the IFI/MDB ecosystem, hence reaffirming the role of the United Nations in global economic governance. FfD4 should undertake decisive actions in monetary and financial cooperation and regulation by establishing a global consensus on capital account management, regulatory frameworks for credit rating agencies and the asset management industry, and a new playbook on the role and issuance modalities of SDRs. We reject mandates to the Financial Stability Board, given its exclusive representation (very few jurisdictions) and extensive conflicts of interest.

## Science, technology, innovation and capacity building

This section has no reference to the democratic deficit in the global governance of science, technology and innovation. It is largely reduced to the idea of riding on the wave of the data and AI revolution, a puzzling move in the current context that demands a holistic, coordinated response to the twin digital and climate transition.

Member states should prioritise establishing an intergovernmental, inclusive, transparent and participatory global mechanism at the UN for the evaluation of new and emerging technologies, inter alia artificial intelligence, and their actual and potential impacts on society, economy, environment and the climate.

