



**CIVIL SOCIETY
FINANCING FOR
DEVELOPMENT**
Mechanism

ECOSOC Forum on Financing for Development (FfD4)

NY, 28-29 April, 2025

Maria Jose Romero, Eurodad on behalf of the CS FfD Mechanism Intervention delivered at the Ministerial fireside chat 2: Mobilizing private investment to drive impact'

The Fourth International Conference on Financing for Development (FfD4) is a key opportunity for the international development finance community to renew its commitment to deliver a global framework to achieve the SDG agenda. For that, a reality check on the role of private finance in development is needed. The Financing for Development process can either set the stage for transformational development in the Global South or repeat the mistakes of the past.

In December last year, we heard from the World Bank's Chief Economist that "the snappy slogan" of going from billions of public monies to trillions of private finances "turned out to be a fantasy". This was a timely recognition.

On this basis, we believe that a strong focus on creating a business enabling environment is a cause for concern. Civil society and academics have warned against the high risks of policies aimed at attracting private investors, as they can result in negative impacts on sustainable developmental needs and human rights obligations of states.

While a larger scale of financing is indeed needed, globally agreed standards and measures to regulate private investments in the public interest are essential, including reform of credit rating methodologies, as mentioned by Tanzania.

Regulation cannot be left to the ability of individual countries in a context of a highly unequal distribution of power, including between Global South countries and transnational corporations.

Given the lack of evidence that the majority of development and climate projects in Global South countries are bankable, continuing to use public concessional finance and public institutions to promote new iterations of a problematic approach, including through initiatives focused on developing country platforms and project pipelines, can be a mistake of historic proportions.

We call on UN Member States to promote a cautious approach at the global level for the use of blended finance, guarantees and all mechanisms dedicated to leverage private finance.

This entails avoiding a narrative and policies that focus on standardising and scaling up the use of different types of innovative financing instruments, regardless of their risks, the specific country contexts, sectoral specificities and their implications for the public purse, citizens and democratic accountability.

Private finance should be at the service of national development plans and in support of structural transformation of countries in the Global South. Otherwise, there is a high risk of exacerbating the debt, inequalities and climate crisis.