



## **FfD4 Second Intersessional: Civil society supports call by Global South countries for democratizing debt and aid architecture at the UN**

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As UN member states complete two rounds of negotiations on the FfD4 outcome document, the Civil Society FfD Mechanism urges all governments to keep ambition high. All our previously submitted thematic inputs towards the intersessional can be accessed here: <https://csoforffd.org/resources/response-to-first-intersessionals/>.

In particular, with negotiations now shifting to closed-door informals and small group discussions on key issues, we support the calls by Global South countries for democratizing debt and aid architecture at the UN and urge all UN member states to support these paragraphs.

We are at a critical juncture in the global development landscape. The ongoing reduction in Official Development Assistance (ODA), shifting rich countries' priorities, and the persistence of poverty and inequality in developing countries have placed the international development cooperation (IDC) system under immense strain. At the same time, many countries are in severe debt crises, with external debt payments far exceeding ODA and other financial transfers, generating a net outflow of resources from the Global South to the Global North.

This crisis is not accidental — it is the result of outdated and imbalanced governance structures.

The current IDC system, anchored in the OECD-DAC, no longer reflects today's development realities. A framework controlled by a limited group of donor countries cannot and should not be the sole authority on global development cooperation.

When it comes to the debt governance landscape, the current debt crisis is compounded by a status quo led by the G20, IMF and World Bank who insist countries do not need debt cancellation, while allowing private creditors to drag out debt relief negotiations, and leaving countries highly indebted even after debt relief is finally agreed. The status quo enables debt contracts to remain secret, blocks rules on responsible lending and borrowing, and therefore ensures the repetition of debt crises.

It is urgent and vital that the 4<sup>th</sup> UN Financing for Development Conference takes bold action to create a new financial architecture that prioritizes the voices, leadership, and experiences of Global South countries.

**We strongly support the G77's call for the Financing for Development (FfD) Conference to initiate a transparent, inclusive, and democratic process under the auspices of the United Nations to redefine the principles, objectives, and governance of international development cooperation. This is a crucial opportunity to build consensus on a shared understanding of ODA parameters and to develop a new framework that ensures equity, effectiveness, and accountability (Para 31 c sext).**

**We therefore urge UN Member States to ensure that FfD4 empowers the United Nations to lead in setting global norms, fostering dialogue, and advancing coherence in international development cooperation (Para 33 a., b., c.i.ii.iii).**

**We call on creditor countries, to support the efforts of Global South governments that try to achieve ambitious and positive outcomes on debt at the Sevilla Conference. Success can only be achieved in Sevilla if Member States support Para 43e, and in particular Para 43 e) alt2 in the FfD4 outcome document.**

**We particularly welcome the proposal to initiate an intergovernmental process at the United Nations to establish an international convention, as per Para 43 e) alt2. We suggest that member states merge 43 e) alt2 and 43 e) to move towards a comprehensive debt architecture reform through a UN Convention on Sovereign Debt which should establish:**

- A fair and transparent multilateral sovereign debt resolution mechanism, in order to deliver on faster, fairer and more orderly debt restructurings and cancellation for the borrowing countries.
- Binding principles of responsible sovereign lending and borrowing, and promoting legislation, both in lender and borrower countries, that mandates transparent and fair governance and management of sovereign debts.
- New approach to debt sustainability framework and analyses (DSAs), ensuring that the assessment is aligned with human rights, climate and sustainable development needs, including ex-post and ex-ante gender, human rights and environmental impacts assessments and audits to identify illegitimate, illegal and odious debts.
- Automatic debt service cancellation mechanism that protects Global South countries from extreme climate, environmental, economic, health, food and security shocks.
- Major jurisdictions to pass domestic legislation to limit holdout creditors and facilitate effective debt restructuring
- Strengthen measures to curb corrupt lending and borrowing, including through fully utilizing the United Nations Convention against Corruption
- A binding single global debt registry, independent from creditors, to promote transparency.

The debt status quo which has led to repeated debt crises over the past years is built on the legacy of colonialism and imperialism by the global north in the global south. In this sense **we also strongly support Para 10 of the Global Financing Framework section**. The Global North owes an unfathomable debt to the Global South. By supporting Global South proposals to make the debt system work in a fairer and more sustainable way, Global North governments can begin to righting these wrongs in the interest of justice, accountability and sustainability around the world.

**Civil society remains deeply concerned by the lack of ambition and blockage of any real progress shown in the current negotiations — particularly by donor and creditor countries, which continue to protect undemocratic institutions where they hold the decision making power.**

The time to act is now. If all member states are serious about their claims to support fair, inclusive and sustainable development for all, the future of international development cooperation and debt justice must be equally inclusive, equitable, and shaped by the voices and needs of those it is meant to serve. We call on all member states to register their support, individually or through their respective country group representatives, for these key proposals in the ongoing negotiations, and ensure a strong outcome on debt and IDC.