

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.

CANCEL THE DEBT: UN DEBT CONVENTION NOW!

Debt is the single greatest challenge for the Fourth Financing for Development Conference. There are many reasons. Debt in the Global South is growing at twice the rate of Global North countries since 2010, with over more than half of the 68 low-income countries in debt distress. 3.3 billion people live in countries that spend more on debt payments than on health or education, while more than 40% of tax revenues in the Global South are used to repay the total debt service annually, and their interest rates reach even 12 times higher than those of developed countries.

This increasingly worsening situation takes place under a system that is creditor driven, where debt is another colonial instrument that sustains the economic power in few hands. Debt crisis prevention and debt resolution have not been timely and effectively tackled by the current business as usual global debt policies. Nor the IFIs nor the G20 have been able to resolve debt distress and debt crisis, and the bar to adequately tackle them keeps rising.

The call for a reform in the debt architecture is not only necessary but urgent. A real reform can only take place through a UN Framework Convention on Sovereign Debt, towards a governance where one country has one vote to make decisions on the priorities and approach that borrowers and lenders need to reduce uncertainty and guarantee sustainable development.

A UN Framework Convention on Sovereign Debt will address the norm setting for debt transparency, debt sustainability, debt renegotiations (debt cancellation, automatic debt suspension, debt restructuring), responsible borrowing and lending, reduce cost of capital, national legislations, establish a global public debt registry (on data, conditions, contracts, final bondholders), among other debt priorities that all countries decide jointly.

When multilateralism is at stake, an FfD4 outcome establishing an intergovernmental process to agree a UN Convention Framework on Sovereign Debt (para 43 e alt.2) will be the signal to the world that we can still trust global decision makers. Any less ambitious result will reflect that "ambition" has vanished in FfD4.

Many Global South countries are rightly supporting this Convention, which is key for the reform of the financial architecture mentioned several times in the outcome document. This is a crucial week of negotiations. We strongly call on UN delegates to stand out and support the UN Framework Convention on Sovereign Debt, and make a real difference for the next decade and generations to come.

Time for UN to reclaim International Development Cooperation: From charity to reparations and justice

As we witness rich countries slash ODA budgets and retreat from their responsibilities with little recourse or accountability, while simultaneously increasing their defense spending, the FfD4 outcome document needs to send a clear message: the current IDC system, anchored in OECD-DAC, is outdated, undemocratic and clearly not fit for purpose. A framework controlled by an exclusive club of rich countries cannot and should not be the sole authority on international development cooperation.

It is therefore imperative that the FfD4 outcome document strengthens the 'norm-setting' mandate of United Nations on IDC and agrees to initiate a multilateral process at the United Nations to agree on a shared understanding of ODA parameters and to develop a new framework that ensures equity, effectiveness, and accountability.

UN member states should develop a new normative framework on IDC, through a legally binding IDC convention, to shift the narrative which underpins IDC from a perspective of charity to one of justice and reparations, recognizing and addressing historical injustices. Such a convention would enshrine clear commitments, foster coherence, and anchor development cooperation in the principles of justice and mutual accountability. It should also recognise the trillions in unmet aid/ODA commitments as a debt owed to the Global South. The commitment to allocate 0.7% of GNI to ODA has rarely been met and the amount of undisbursed ODA owed to the Global South is estimated to be almost USD 7.2 trillion to date.

Civil society remains deeply concerned by the lack of ambition shown in the current negotiations and the blockage to any proposals that would foster progress on existing commitments – particularly by Global North countries. If all member states are serious about their claims to support fair, inclusive and sustainable development for all, the future of international development cooperation must be equally inclusive and equitable.

The time to act is now.

Closed negotiations to kill ambition?

Those familiar with the FfD process know that underneath the technical components lie deeper underlying issues. Anyone interested in this agenda sooner or later will arrive at the same question: how come no one has yet written a thriller inspired by the FfD negotiations?

In Volume Four of this live thriller, the FfD Chronicle worries about the fate of the only possible victim in this plot: ambition. The protagonists of the story seem to be busy hiding their conversations behind closed doors, while in small working groups assail a draft that was already left in bad shape after the first and second intersessionals.

A new text is said to have been produced last week by the Co-facilitators, but civil society is yet to see any signs of ambition being alive, while this text with new consolidated paragraphs creeps in with secrecy. This plot may not be so surprising, since the usual suspects who uphold the unjust status quo have not been so discreet in their deeds: Global North countries benefit from the unequal exchange with Global South countries and have served themselves with a full platter while a multilayered crises is unfolding. They are the ones benefiting the most from this opacity.

Now observers are not allowed in the room, while the destiny of millions of people in the world is being decided without transparency. But there is still time to write the final episodes of this story.

The Co-Facilitators are relevant pen-holders: they can support the drafting of the text, but also write history and the legacy of FfD4 by ensuring meaningful participation of civil society in this process. It is not the role of the Co-Facilitators to kill the ambition of the FfD4 outcome. Developed countries are doing it fine by themselves. Intersessionals must remain open to allow transparent discussions of the most relevant issues to ensure a new International Financial Architecture for the people and planet.

As a fan of happy endings, the FfD Chronicle calls on Co-Facilitators: Do not let ambition die. Open the doors of the negotiations to observers before it is too late, and let's write the story together.