Civil Society FfD Mechanism Collective Inputs to the Co-Facilitators of the Outcome Document of the 2026 ECOSOC Forum on FfD Follow-up

March 10th, 2026

This document has been collectively developed by the Civil Society Financing for Development (FfD) Mechanism, a broad platform of civil society organizations, networks and federations from around the world, that have followed closely the FfD process since its origins, facilitated civil society's contribution to the FfD3 and FfD4 Conferences, and continues to provide a facilitation mechanism for the collective expression of civil society in the FfD Follow-up process. More information can be found on the Civil Society FfD Mechanism's website: https://csoforffd.org/

This document is primarily focused on providing the Mechanism's collective inputs to the main action areas in focus this year, but also includes additional inputs on tax and debt, considering how critical these issues remain to Global South countries and the entire discussion of the reform of the international financial architecture, including through the ongoing UN Tax Convention Process.

From the outset, the Mechanism would like to reiterate civil society's joint position regarding the adoption of the *Compromiso de Sevilla*. It is important to highlight that the ambition for critical systemic governance reforms that were compromised during the negotiations towards Sevilla should be re-established, instead of now focusing merely on implementing an agreement that does not rise to the level of aspirations our current geopolitical context requires. We would also like to remind Member States that democratizing economic governance requires a strengthened intergovernmental process, therefore challenging the renewed emphasis for voluntary initiatives by few countries. It is essential to locate the FfD agenda in the context of the wider economy and geopolitics of war, considering how the proposed normative developments and governance reforms (starting from the successful conclusion of the UN Tax Convention negotiations) can provide a critical vision for the UN we need and we want, against the current efforts to undermine democratic multilateralism.

Trade & Development

General Remarks

Trade, given its position at the center of the global economy, has the possibility to act as an engine of inclusive growth and sustainable development. However, the multilateral trading system is facing a profound systemic crisis. The spotlight on tariffs as unilateral coercive measures (UCMs) has painfully showcased the structural vulnerabilities of developing countries and exposed just how effective trade is as a tool of intimidation, coercion, and war. Developing countries' sheer survival in the global economy has become hinged on the trade

policy whims of others. While we unequivocally emphasize the importance of the predictability and stability of global trade to developing countries' structural transformation, we also reiterate the need to go beyond the World Trade Organisation (WTO) for trade cooperation. WTO rules have proven ineffective in creating a rules-based, democratic multilateral trading system that works for all countries– while the WTO must be substantively reformed, Global South-led, UN-based initiatives are necessary to enable trade to fulfill its role as an engine of development. Some of the seeds of these initiatives are located in the *Compromiso de Sevilla*, but ambition must reach far beyond mere implementation of the SC or voluntary plurilateral initiatives by Global North countries to truly make progress towards trade justice. The urgency of the intersecting crises currently facing our world– economic, political, ecological, and social– requires a renewed commitment from Member States to democratizing and transforming the form and function of global trade.

Main Asks for the FfD Forum Outcome

- Reaffirm the centrality of a rules-based, non-discriminatory, fair, inclusive, equitable and transparent multilateral trading system to ensure **predictability and stability in global trade**
- Emphasise the need for all trade policies and governance to uphold **national sovereignty** as well as respect **domestic policy space** for developing countries. This includes highlighting the need for **fair terms of trade** and upholding **Special & Differential Treatment (S&DT) and Most Favoured Nation (MFN)** as core principles of multilateral trade cooperation
- Reiterate the **dangers of growing plurilateralism** at the WTO and reaffirm **consensus-based decision making** as essential to safeguarding the interests of developing countries, alongside an **inclusive WTO reform process**
- Call for renewed focus on the **trade and development connection** at the WTO, including through **substantive reforms of asymmetrical rules and agreements** (ex. AoA, TRIPS)
- Highlight the role of structural transformation through trade in helping **net food-importing developing countries** (NFIDCs) ensure **food sovereignty**
- Advance the commitment set forth by paragraph 43.n) of the SC to hold **constructive, multilateral discussions** at the UN on the impact of **unilateral environmental measures** on developing countries, including on agriculture and food sovereignty
- Ensure that discussions and language on **critical minerals** do not recreate unequal **dynamics of exchange** in global trade, including primary commodity export dependence and the primacy of foreign capital. Developing countries require **full policy flexibility** to determine their trade and investment policies regarding critical minerals and leverage critical minerals as a source of revenue for **structural transformation** and **economy-wide linkages**

- Acknowledge the **grave dangers of the primacy of foreign capital in global trade**, including the disproportionate control of global trade by Global North corporations and extractive tools such as the **investor-state-dispute-settlement (ISDS) mechanism** which undermine the policy space and national sovereignty of developing countries. This requires a multilateral commitment for the coordinated and permanent cession of ISDS in all international investment agreements
- Treat the imposition of trade sanctions or threats thereof as illegal and unjustified when such trade policy tools are weaponized against countries who exercise their sovereign right to impose income and other taxes, including digital services tax, on natural and juridical persons

Systemic Issues & International Financial Architecture

General Remarks

FfD4 was a missed opportunity to lay out an ambitious and comprehensive set of reforms to the international financial architecture to be decided coherently and democratically, with universal and inclusive participation, while ensuring human rights, gender and race equality and ecological integrity. This should have included recognition and redress of historical and systemic economic disparities imposed, among others, on African countries and communities of African descent, directly linked to colonial legacies, systemic racism, and structural exclusion perpetuated by IFIs.

Main Asks for the FfD Forum Outcome

Regarding Systemic Issues and IFA, the 2026 outcome document should **reaffirm the role of the UN in Global Economic Governance and IFA Reform and revive the following critical intergovernmental discussions within the ambit of the post-Seville FfD follow-up process**:

- Prioritizing intergovernmental dialogue on the need for a more comprehensive International Financial Architecture reform than the governance reform of BWIs, including by exploring which new normative frameworks and institutional arrangements are urgently needed to advance the developmental agenda, prioritise the voice, vote and needs of the most vulnerable nations and ensure that global trade and finance are brought under democratic governance and accountability.
- Strengthening intergovernmental dialogue on global macroeconomic coordination and policy coherence within the UN process, particularly with reference to identifying and tackling adverse macro-critical spillovers of international monetary tightening, recurrent capital outflows and resulting currency crises in the context of capital account

liberalization and the ongoing and intensifying economies of war generating economic loss and crises, including through fossil fuel price inflation exacerbating socioeconomic inequalities . The core concern of systemic issues lie in the erosion of multilateralism and the rule of law, which is leading to a loss of trust in institutions, and cooperation.

- Advancing intergovernmental dialogue to identify a set of reforms that can facilitate a more efficient global reserve system, including the function of Special Drawing Rights and the complementary roles that can be exercised by various regional arrangements. Ensuring an adequate Global Financial Safety Net through, for example, extensions of central bank swap lines, regional lenders of last resort and counter-cyclical provisioning of liquidity is also fundamental.
- Recognizing the importance of developing bilateral and plurilateral payments initiatives for settling international economic obligations and managing foreign exchange transactions, advancing intergovernmental dialogue on options to increase the use of national currencies to settle obligations and manage foreign exchange payments, complemented by enhanced efficacy and fairness in cross-border payments, clearing, and settlement systems.
- Resuming intergovernmental dialogue on the possible establishment of an multilateral credit rating agency (MCRA) at the UN as a viable institutional creating toward generating risk ratings based on a long-term methodology that fully recognizes the public interest and social contract mandate of the State, addresses inequality and the relationship between national economies and productive sectors, and incorporates stakeholder engagement, therefore providing investors with ratings that reflect greater accuracy and objectivity, while supporting fair access to and terms of international borrowing, particularly for the goal of achieving sustainable development.

Domestic and International Private Business and Finance

<u>General remarks</u>

The unfolding geopolitical and macroeconomic context is deepening inequalities and shrinking fiscal and policy space in many countries, while private finance is being reorganized along new lines of power and risk, rather than social and environmental needs. In a fragmented world economy marked by high debt burdens, volatile capital flows and uneven access to long-term affordable finance, the narrative of “leveraging private finance” risks reinforcing concentration and short-termism instead of supporting territorially rooted, democratic economic actors, such as local and community banks, credit unions, cooperatives and other Social and Solidarity Economy institutions. This context directly affects the workstream on private business and finance: who is recognized as part of the

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"private sector", whose financing gaps are prioritized, and what kinds of institutions are enabled or constrained by regulatory frameworks?

The current geopolitical context of growing unilateralism and war bolsters the asymmetrical role of large private business and finance. Dynamics that undermine a rules-based international order come with the growing power of a few firms and economic actors. In our time of war, stock market surges that favor arms-producing firms come at the expense of countries' devastation. The boom of Artificial Intelligence (AI) can also shift power towards large corporations and asset owners. Large Northern-based extractive firms are likely winners from new critical minerals extraction and resource competition, driven by Northern states' one-sided industrial policy measures, increased arms production, and a quest for technological hegemony.

These trends deepen the asymmetrical role of multinationals and finance capital today. They both reinforce, and stem from, the (a) unregulated free movement of short-termist capital flows and its promotion even in the global South; (b) the decades-long corporate concentration into fewer oligopolistic firms; and the (c) skewed relationship of public and private sectors in favour of the latter.

An "unfinished business" post-Sevilla remains: Among others, a need for coherent and strong policy norms to address oligopolistic power including in the context of militarism and the rise of AI; to undo the blanket "mobilisation" of private business and capital, and to put primacy of a new global South structural transformation agenda that could contextualise any positive roles for private actors. The role of private business and finance should be coherent with democratic economic governance and policy space for sovereign development.

<u>Main asks for the FfD Forum Outcome</u>

- Decades-long investment facilitation and the push for private sector enabling environments, that have been driving unchecked corporate power, merits a reversal of these norms. At the minimum, the current context further creates conditions for governments to engage constructively in the ongoing development in the Human Rights Council towards an international legally binding instrument on Transnational Corporations and other Business Enterprises. Private capital's role in development should be reevaluated in terms of coherence or incoherence with structural transformation, instead of mere filling in investment gaps.
- In a time of a more explicit political activity of the Bretton Woods institutions, with the World Bank's involvement in the Board of Peace, and the Bank's "private sector-led growth" model for Gaza reconstruction, both make more urgent the prior call for a UN intergovernmental process to review and transform the governance and mandate of IFIs and MDBs.

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- The Sevilla outcome's language on promoting "country ownership by aligning with national sustainable development priorities and industrialization strategies" can be truly advanced on mainly the basis of policy space for a developmental governance and regulation (instead of blanket capital mobilization) that can define managed and purposeful linkages within the world economy (instead of the primacy of attracting FDI from oligopolies and financial liberalization). Deindustrialization in the global South from decades of global value chain integration should be addressed.
- Integrate, alongside all relevant actionable recommendations aimed at supporting the development of MSMEs and MSME ecosystems, tailored actions to support the development of SSE entities and SSE ecosystems at all levels.
- The current context merits a more active response from global South states to re-envision a new international economic order that addresses the war economy and the rise of new industries like AI and re-prioritizes the developmental role of the state for our time.

Debt & Debt Sustainability

General Remarks

At the Fourth International Conference on Financing for Development (FfD4) in Sevilla, member states acknowledged that the existing sovereign debt architecture has significant room for improvement, calling for a **development-oriented debt-architecture**. However, the agreement reached last July, falls far short of the reforms needed. While not fulfilling the expectations from civil society, neither agreeing on the most substantial proposals from borrowing countries – particularly the call for a UN Framework Convention on Sovereign Debt, the *Compromiso de Sevilla* opens opportunities on a range of issues. Of particular relevance is the agreement on initiating an intergovernmental process at the UN "for closing gaps in the debt architecture and exploring options to address debt sustainability" (para 50f). This agreement is an integral part of the *Compromiso de Sevilla* and member states, who voted in favour of the FfD4 outcome document, must fulfill their commitment by initiating as soon as possible such an intergovernmental process.

The *Compromiso de Sevilla* also delivered on an agreement to set up a UN working group on responsible lending and borrowing (P. 48a), the establishment of a Borrower's platform (P. 48i), a proposal to set up a single global central debt data registry, housed in the World Bank, and measures to curb corrupt borrowing and lending by enhancing domestic legal frameworks and exploring options within UNCAC to make such contracts unenforceable. It is paramount that the 2026 FfD Forum and its outcome document build up on those commitments, reflecting possible advances and setting concrete deadlines to deliver on them.

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Main asks for the FfD Forum Outcome

- A timebound commitment to initiate, in 2026, the intergovernmental process on debt architecture agreed in Sevilla, in order to advance towards the agreement on a UN Framework Convention on Sovereign Debt, as proposed by the African Group and AOSIS during the process towards FfD4.
- A UN Framework Convention on sovereign debt, negotiated and agreed by all UN Member States, in an equitable, inclusive, participatory, accountable and transparent manner, should address, amongst other reforms, the commitment to establish a multilateral debt resolution mechanism. As the African Union notes with concern, in its recently adopted Common African Position on Debt, the G20 Common Framework "has yet to deliver an effective pathway for the timely restoration of debt sustainability. Delays in implementation, lack of clarity regarding creditor coordination, and insufficient engagement with debtor countries among others have all contributed to widespread skepticism about its ability to provide meaningful relief for participating countries, particularly in Africa". There is an urgent need for a UN led multilateral debt resolution mechanism that delivers on timely and comprehensive debt cancellation or unsustainable and illegitimate debt. A UN Framework Convention on Sovereign debt should also deliver on strong debt crisis prevention and debt management safeguards.
- FfD Forum Outcome document should express support on the advances in establishing a Borrowers Platform.
- Acknowledge the need to deliver immediate cancellation of all unsustainable and illegitimate debts, from all creditors, consistent with states' human rights obligations. Several resolutions of the UNGA and HRC reiterate the obligations to ensure that "debt service does not result in violations of human rights and human dignity and does not prevent the attainment of international development goals." Characterized by exclusionary, profit-driven debt resolution processes, the existing global debt architecture prioritizes debt servicing at the expense of human rights, SDGs, gender equality, and climate action. The FfD Forum outcome document should acknowledge the severe debt crisis situation many countries are facing today, and commit to find ways to deliver on unconditional debt cancellation.
- The UN needs to reclaim its role in addressing sovereign debt challenges, away from creditor dominated forums, such as the G20, that have failed to establish mechanisms to prevent the accumulation of unsustainable and illegitimate debt and to resolve debt crises, bound to human-rights commitments, including peoples' right to development and gender equality.

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Domestic Resource Mobilization

General Remarks

In a time when a small minority of very destructive world leaders are undermining world peace and sustainable development, to the detriment of people all around the world, the UN Tax Convention is more important than ever, including as an instrument to promote fair and inclusive global economic governance. A strong and ambitious UN Tax Convention would also strengthen the UN and mobilize additional public resources for sustainable development in countries all around the world.

Main asks for the FfD Forum Outcome

The FfD Forum Outcome document must include a strong commitment by all Member States to engage constructively in the UN Tax Convention negotiations with the aim of finalizing, by mid-2027, a UN Framework Convention on International Tax Cooperation that delivers on the agreed Terms of Reference and the *Compromiso de Sevilla*.

The current draft template for the UN Tax Convention falls far short of the mandate as outlined in the Terms of Reference, as well as the agreements in the *Compromiso de Sevilla*. There is therefore an urgent need to strengthen the draft text.

The following decisions from the *Compromiso de Sevilla* are particularly relevant for the UN Tax Convention:

- *"We will promote progressivity and efficiency across fiscal systems to **address inequality** and increase revenue. We will **promote progressive tax systems** in countries, where applicable, and enhance efforts to **address tax evasion and avoidance by high-net-worth individuals and ensure their effective taxation, supported by international cooperation**, while respecting national sovereignty. We will also **promote effective and equitable government spending**."* (paragraph 27(e)).
- *"We encourage effective taxation of **natural resources**…"*. (paragraph 27(f));
- *"We will (…) advance discussions on **gender responsive taxation**."* (paragraph 27(g));
- *"We will promote the consideration of the **environment, biodiversity, climate (…) in fiscal programming** in line with national circumstances, sustainable development priorities, and poverty eradication strategies. While respecting national sovereignty, options may include (…) **taxes on environmental contamination and pollution**."* (paragraph 27(h);
- *"We encourage countries to integrate financing of **social protection systems and policies, including floors**…"* (paragraph 27(i));

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- *"We further reaffirm that the pursuit and enjoyment of **human rights** and fundamental freedoms for all, encompassing **civil, political, economic, social and cultural rights, which includes the right to development**, must be respected, protected and promoted, without distinction or discrimination of any kind."* (paragraph 3)
- *"We will work to strengthen country-by-country reporting of multinational enterprises, when applicable, including further evaluating the creation of a **central public database for country-by-country reports**."* (paragraph 28(f));
- *"(...) We will implement effective domestic beneficial ownership registries with high quality and standardized information, consistent with international standards (...) and **consider the feasibility and utility of a global beneficial ownership registry**."* (paragraph 28(g)).

Civil society has published a Catalogue of Proposals for Articles for the UN Tax Convention, which shows how the *Compromiso de Sevilla* can be integrated into the Convention.