**Civil Society FfD Mechanism's Recommendations to the Second Committee Draft Resolutions**
**UNGA 81st Session**

To the kind attention of:
Permanent Representatives and Permanent Observers to the United Nations in New York
United Nations Secretariat, Agencies and Programmes

Your excellencies,

We are writing on behalf of the Civil Society Financing for Development (FfD) Mechanism, in relation to the recent public release of the Draft UNGA II Committee's Resolutions in order to provide inputs to your ongoing discussion. Considering civil society's active role throughout the entire FfD process and follow up, we trust our contribution to this process will be welcomed. We thank you in advance for the consideration of our comments below:

- Draft UNGA II Committee Resolution on FfD Follow-up

    - The FfD Follow-up resolution enlists all key elements of the process but does not mention implementation of the intergovernmental process on debt at the UN as included in paragraph 50f of the Sevilla Commitment (even if this is mentioned in the IFS and Debt resolutions). In line with the Sevilla Commitment agreements, we would urge the II Committee to advance on proposing clear modalities, mandate and timeline to advance on 50f's implementation.
    - We welcome the establishment of the FfD Focal Points. However, they should be transparently enlisted so that this can unlock cooperation with civil society and other FfD stakeholders.
    - Mention should also be made of the agreement reached regarding SDRs, especially Para 54(j) concerning the development of a playbook on SDRs.
    - The context of the impacts of the "Super El Niño" phenomenon and other climate-related problems should be reflected in the resolutions, as it is becoming increasingly urgent to take immediate action in providing appropriate financial assistance to affected countries.

- Draft UNGA II Committee Resolution on International Financial System

    - The International Financial System resolution appreciates the FSB and even provides mandates to its workplan. We believe that it is not appropriate to normalize the role of the FSB in the UN context without addressing its governance (it reports to the G20), composition and conflicts of interest. Similarly, the resolution should demand a review of the composition of the BIS to increase the voice of developing countries and ensure greater representation of the Global South and all the special categories of countries.
    - We welcome the highlighted urgency of the reform of the international financial architecture and "that there is an urgent need to broaden and strengthen the voice and participation of developing countries in international economic decision-making, which implies further governance reform in international financial institutions, especially the International Monetary Fund and the World Bank, improved global sovereign debt architecture with the meaningful participation of developing countries…" this urgency should be reflected in actionable mandates linked to the governance reforms proposed. In the context of debt, explicit mention can be made to operationalize the Sevilla Commitment paragraph 50f.
    - On Paras 66-67, the wording of "macroeconomic, macroprudential and regulatory policies" is much welcome given the lack of mention of capital flows regulations in the Sevilla Commitment; however, the emphasis is on source country/inflows, instead of recipient country/regulating outflows. Given the exogenous shocks era we are in today, as well as the South to North financial drain represented by foreign exchange reserve accumulation to self-insure against crisis-inducing outflows, placing emphasis on outflow/recipient country regulations is extremely important.

- On CRAs, the resolution should acknowledge the intense intergovernmental discussions on the possible establishment of a Multilateral Credit Rating Agency (MCRA) under UN auspices. This should not be understood as a competitor or a repetition to the AfCRA but rather as a parallel governance innovation that could potentially generate constructive progress and momentum on methodology reform, including the various aspects mentioned in Paras 69-70 on "transparency, objectivity, conflicts of interest, encouraging greater number of actors, national regulatory frameworks to reduce over-reliance on ratings, "quality" & "analytical rigor". Paras 69-70 also fails to mention the biased methodology of the Big Three CRAs or the exacerbation of adverse spillovers from exogenous shocks that CRAs trigger. We would welcome stronger language on this.
- We agree that current crises make new SDR allocations urgent, although these new allocations should not depend on IMF quotas, but rather on the needs of individual countries.
- We agree that development banks play a fundamental role, but the solutions proposed to mitigate risk and attract private investment must not compromise fiscal space or increase the debt levels of developing countries.

- Draft UNGA II Committee Resolution on Trade and Development

  - We welcome the resolution's recognition of women's roles as workers, producers and traders. But women's roles specifically as caregivers, farmers, fishers and natural resource conservers must also be recognised along with the specific challenges to these roles posed by domestic, regional and international trade.
  - While a rules-based, non-discriminatory, fair, inclusive, equitable and transparent multilateral trading system is important at this juncture, we remain doubtful that multilateral trade governance can be exclusively centred on the WTO. Furthermore, upholding and strengthening the element of the multilateral framework embodied in the World Trade Organization must go hand in hand with the reaffirmation of its foundational principles and in particular, the delivery on its development mandate.
  - We strongly support Paras 36 to 40, and the concerns expressed about trade-restrictive measures imposed under the guise of environmental protection and in particular unilateral economic, financial or trade measures which are used as protectionist measures taken by some trade partners as a means of arbitrary or unjustifiable discrimination between countries or a disguised restriction on international trade.
  - While we support Para 12 on agricultural trade and subsidies, the development dimension of such subsidies must be kept in mind and appropriate and effective special & differential treatment in subsidy rules must be implemented.
  - We strongly reject Para 16 as plurilateral agreements have increasingly undermined multilateralism, have been driven by the interests of a few developed countries and are now being incorporated inside or outside the WTO system in blatantly illegal manner.
  - On Para 21, we support the extraction of critical minerals *only if* it is limited to "enhancing the capacity of local industries to participate in regional and global value chains, to drive industrialization, growth and development in those sectors" and not any further. Unnecessary extraction must be stopped. At the same time, resource-rich developing countries and LDCs must retain and exercise full policy flexibility to determine their own trade and investment policy with regards to their critical minerals.

- Draft UNGA II Committee Resolution on External Debt Sustainability

  - We welcome Para 38, which reiterates the need for "multilateral debt mechanisms to fully address sovereign external debt distress and provide an effective, efficient, equitable and predictable mechanism for managing debt crises in view of the development needs of developing countries". Current mechanisms remain woefully slow whilst providing inadequate and unpredictable debt relief to the detriment of creditors and debtors.
  - The resolution in Para 40 rightly focuses on the "ability of non-cooperative minority bondholders" to not take part in a restructuring. This is an issue where legislation and contractual steps in key jurisdictions could have major impact. We would welcome action from governments in this area and "urge" all governments to make action a priority.
  - In Para 46, regarding the Borrowers' Platform, we welcome that it "encourages its effective operationalization as a country-led mechanism." We consider it important that this initiative remain led by the member countries of the Platform.

- We welcome Para 47, which rightly "Recalls paragraph 50 (f) of the Sevilla Commitment on the initiation of the intergovernmental process on debt at the United Nations;" however, it would be important to establish a clear mandate, timeline and procedure to implement the agreement included in 50f.
- In Para 48.h of the Sevilla Commitment Member States commit to "strengthen measures to curb corrupt borrowing and lending […] and fully utilizing the United Nations Convention against Corruption and its Conference of the States Parties to explore options to make such contracts unenforceable". It would be timely to propose a resolution on corrupt borrowing and lending at the next UNCAC Conference of States Parties taking place in Uzbekistan in 2027. It would therefore be important for the resolution to reiterate this commitment with the intention of following up at the CoSP.
- Para 52 calls for scaling up debt swaps. We underline that, as currently implemented, debt swaps are of little help to indebted countries. Debt swaps should be rigorously assessed against principles that ensure transparency throughout the entire process, incorporate a proper cost-benefit analysis, respect national sovereignty, and prioritize the interests of the affected communities.

- Draft UNGA II Committee Resolution on Promoting Investment for Sustainable Development

  - While draft references across Paras 19, 25, 26, and 35 emphasize private finance mobilization and MDB "de-risking", the text lacks the necessary safeguards to align private investment with national policy space and public oversight. As highlighted in the Sevilla Commitment, and in the draft resolution itself, private investment is a complement to - not a substitute for - public financing, and public-private arrangements must ensure fair risk-sharing so that public resources benefit proportionately without socializing losses. Furthermore, empirical evidence demonstrates the stark limitations of the "Billions to Trillions" agenda promoted since the 2015, also recognized in the Sevilla Commitment, which has failed to scale developmental investment in Least Developed Countries (LDCs) while creating unmanageable contingent liabilities for host governments.
  - In line with established UN language, including UNCTAD investment policy frameworks and UNGA principles on economic sovereignty, the resolution must explicitly reaffirm the sovereign right and responsibility of States to regulate private investment in the public interest. We therefore call for amending Para 19 (and other relevant Paras) to require ex-ante impact assessments, protect national regulatory space, ensure MDBs focus on quality over quantity of private capital mobilization, including with regards to their internal incentives, and that MDB private mobilization schemes do not erode public service delivery or fiscal sustainability.

- Draft UNGA II Committee Resolution on Industrial Development Cooperation

  - While welcoming collaboration between UNIDO and financial institutions in Para 43, the draft text currently lacks critical safeguards regarding the nature of international financial institutions, including multilateral development banks and developed country-led development finance institutions involvement. Historically, the policy advice, lending programs, and conditionalities tied to IFI lending have severely constrained the national policy space of developing countries, restricting their ability to use key industrial policy tools (such as tariffs, local content requirements, subsidies, and public investment). To ensure industrial development cooperation yields genuine structural transformation, Para 43 must explicitly stipulate that IFI lending, financial support, and policy advice must respect national policy space and avoid restrictive conditionalities, in line with the UN Declaration on the Right to Development.
    Proposed text: “Notes with appreciation the efforts of international, regional and subregional development banks and development finance institutions to support industrial development through financial programmes, while emphasizing that lending, financial assistance, and policy advice from international financial institutions must fully respect and preserve national policy space and sovereignty in developing countries, avoiding restrictive macroeconomic conditionalities that constrain industrialization strategies; and encourages the United Nations Industrial Development Organization to work closely with such institutions on the implementation of relevant regional and continental industrialization strategies and programmes”.

- Draft UNGA II Committee Resolution on the New International Economic Order

    - Para 7 is extremely important but should also mention capital flow management measures, on both inflows and outflows
    - Para 13 on international trade should mention the role that the multilateral trading system must play in advancing economic diversification and sustainable and equitable industrialization pathways (industrialization is mentioned in para 22 but only in reference to "mineral value chains").
    - Para 15 makes reference to "deteriorating public finances, fiscal constraints, debt, monetary and financial stability risk" but does not connect to the central role of financialization in directing capital into the financial sector and out of the real economy and productive sector.
    - We welcome Para 17, which rightly “Recalls paragraph 50 (f) of the Sevilla Commitment on the initiation of the intergovernmental process on debt at the United Nations;” however, it would be important to establish a clear mandate, timeline and procedure to implement the agreement included in 50f.
    - Para 18 makes a small ad hoc reference to "measures to lower the cost of capital for developing countries," but fails to call for CRA reform and accountability, particularly over its biased methodology.
    - We welcome the references in Paras 23 and 24 to coherent follow-up and the implementation of the Sevilla Commitment. However, to ensure multilateral coherence, an explicit reference to the UN Development Cooperation Forum (DCF), in line with Para 40(d) of the Sevilla Commitment, is essential. As donor ODA cuts undermine international solidarity, a revitalized DCF—leading up to its key 2027 milestone—is the primary universal, ECOSOC-anchored space to ensure democratic governance, transparency, and mutual accountability over the quantity and quality of development cooperation.
    - Proposed text insertion (Para 24 bis or addition to Para 24): “...and in this regard emphasizes the central role of a revitalized UN Development Cooperation Forum, including its 2027 session, as the universal platform to review the quantity, quality, and mutual accountability of international development cooperation in line with the Sevilla Commitment”.