



Inputs by Civil Society FfD Mechanism (including Women's Working Group on FfD) to the Zero Draft Political Declaration to be adopted at the High-level Political Forum on Sustainable Development (HLPF)

May 2023

Overview

- The Civil Society FfD Mechanism calls on member states to ensure that there is no adoption of FfD-related language that dilutes commitments agreed in the 2023 FfD Outcome Document.
- For eg: the most important commitment in the 2023 FfD outcome document is the language in para 20: *We look forward to the beginning of intergovernmental discussions in New York at the United Nations headquarters on ways to strengthen the inclusiveness and effectiveness of international tax cooperation through the evaluation of additional options including the possibility of developing an international tax cooperation framework or instrument through a United Nations intergovernmental process, taking into full consideration existing international and multilateral arrangements. In this regard, we also look forward to the findings of Secretary General's report.* Any language related to illicit financial flows, including tax, should reiterate this and we do not support any dilution of or distraction from this important commitment through the HLPF/SDG Summit negotiations.
- The inputs highlighted either suggest reiterating language from 2023 FfD outcome document or provides new language on the level of ambition needed on some of the issues that are yet to achieve a breakthrough in the FfD process.
- An overview of our FfD-related positions is available here: <https://csoforffd.files.wordpress.com/2023/02/cs-ffd-mechanism-inputs-to-2023-ffd-forum-jan-2023.pdf>

Note: Text underline in red represents additions, ~~strikethrough~~ = suggested deletions. Comments are in blue. Further elaboration is available on request.

II. [Our changed world - Progress and remaining gaps and challenges]

26. In the face of the multiple and interlinked global crises, we must meet the moment and embrace change by taking immediate measures to scale up efforts to achieve the 2030 Agenda and the Addis Ababa Action Agenda, including through development cooperation, SDG investments, reforming the international financial architecture, enhancing macroeconomic policy cooperation and implementing actions to accelerate sustainable

development, in particular in support of developing countries. ~~We welcome the Secretary-General's efforts towards an SDG stimulus to tackle the high cost of debt and rising risks of debt distress, massively scale up affordable long-term financing for development and expand contingency financing to countries in need.~~

Comment: The SG's SDG Stimulus package should be carefully assessed and a blanket endorsement of the entire document with no intergovernmental discussion is not appropriate. The SG's SDG Stimulus is in line with the World Bank's Evolution Roadmap that reinforces a 'private turn' in its financing approach. This means MDB lending, including concessional, is focused on mobilizing and leveraging private capital through 'the de-risking state,' in that the state absorbs private sector risks through means such as co-financing, loan guarantees, political risk insurance or public equity co-investments. The numerous failures of leveraging private finance to achieve the SDGs sets a cautionary precedent against deepening market creation at the expense of the public sector, including commodifying public services at the heart of the SDGs, such as health and education.

III. [Call to action – turning our world towards 2030]

Mobilizing resources, boosting investment, and building capacity:

We commit to take further actions to finance sustainable development, including the following:

- n) We will ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular the least developed countries, to implement programmes and policies to end poverty in all its dimensions.
- o) We urge development partners to scale up and fulfill their ODA commitments, including the commitment by many developed countries to achieve the target of 0.7 per cent of gross national income for official development assistance (ODA/GNI) and 0.15 to 0.20 per cent of ODA/GNI to the least developed countries. We emphasize the need for grant finance and highly concessional finance for least developed countries, and the need to consider grant finance and highly concessional finance for other vulnerable countries, such as landlocked developing countries and small island developing States. We acknowledge ODA and other concessional finance are still important for a number of middle-income countries (para 34, 2023 FfD outcome doc).
- p) We recognize the importance of new and emerging challenges and vulnerabilities in regard to developing country external debt sustainability. Strengthened multilateral coordination by all creditors is needed to address the deteriorating debt situation. We recognize the need to consider a concrete tool to incentivize, encourage, or enforce private creditors participation in debt treatments alongside the official sector to ensure comparable treatment of creditors (para 63, 2023 FfD outcome doc). We decide to establish an open ended intergovernmental working group at the UN to begin intergovernmental discussions towards implementing these decisions on strengthening the debt architecture (new language).

- q) We call for an urgent re-channeling of unutilized Special Drawing Rights to countries most in need, through non debt creating and unconditional contributions (new language), ~~including through Multilateral Development Banks.~~

Comment: Re-channeling of SDRs through the IMF in particular is attached to conditionality that is typically centred on fiscal austerity and generates debt. However, SDRs in and of themselves are non-debt creating and unconditional reserve assets. The full potential of SDRs to provide needed fiscal liquidity can be activated only by decoupling SDR issuances from economic power and instead, allocating by economic need. This requires an urgent UN process on MDBs' governance reforms.

- r) We support reform of the international financial institutions, including their governance, to be more fit for purpose, and to broaden and strengthen the voice and participation of developing countries in international economic decision-making, norm-setting, and global economic governance.
- s) We support MDB reform efforts and encourage dialogue between MDBs and other financial institutions. We call for a UN intergovernmental process on MDBs reform to address the urgent governance reforms, including quota distribution, to build more inclusive and democratic MDBs (new language). We urge MDBs to bring forward actions to mobilize and provide additional financing in the form of grants within their mandates to support developing countries to achieve the SDGs.
- t) We recommit to the promotion of a rules-based, non-discriminatory, open, fair, inclusive, equitable and transparent multilateral trading system, with the World Trade Organization (WTO) at its core, as well as meaningful trade liberalization, while integrating and expanding special and differential treatment (SDT) for developing countries including LDCs.

Comment: Given the threats to SDT including to self-designation of development status at the WTO, where developing countries are expected to make further market liberalisation without necessarily getting SDT (which is also being promoted in the case of WTO reform), it is imperative to reaffirm this fundamental principle whenever the MTS and specifically further trade liberalisation, is being promoted.

- u) We commit to strengthening the means of implementation and revitalization of the Global Partnership for Sustainable Development and, in this regard, we will explore measures of progress on sustainable development that complement or go beyond gross domestic product to have a more inclusive approach to international cooperation.
- v) ~~We reiterate our call for enhanced international support for multistakeholder partnerships for implementing effective and targeted capacity building in developing countries, recognizing that capacity development is integral to achieving the 2030 Agenda and the SDGs.~~
- w) We commit to convening a fourth international conference on financing for development in 2025.