

CSO FfD GROUP'S STATEMENT IN RESPONSE TO INAUGURAL FORUM ON FFD FOLLOW-UP

This document has been collectively developed by the CSO Financing for Development (FfD) Group, a very broad platform of civil society organizations, networks and federations from around the world, that followed closely the Financing for Development process since its origins, facilitated civil society's contribution to the Third International Conference on Financing for Development, and continues to provide a facilitation mechanism for the collective expression of civil society in the FfD Follow-up process. While the group is diverse and positions might differ on specific issues, this document expresses the elements of common concern. For more information, visit the CSO FfD Group's website: <https://csoforffd.org/about/>

We, participating organizations, networks and movement of the CSO FfD Group, welcomed the inaugural FfD Forum and the initiation of a strengthened follow-up process of the Financing for Development Conferences, comprised of the all three outcome documents of Monterrey, Doha and Addis Ababa.

We firmly believe that this process can play a pivotal role in removing many of the structural barriers to the socio-economic transformation of developing countries, increasing the participation of developing countries in global economic governance, and advancing systemic reforms of global economic frameworks in order to realign them with the imperatives of human rights, people-centeredness and sustainable development. We also believe that FfD process is critical to unlock the necessary means of implementation to realize the aspirations exposed by the 2030 Agenda for Sustainable Development. We stand ready to provide our untiring contribution through our passionate and knowledgeable participation at all levels of this process and all its related interconnected domains. We continue to re-affirm the importance of multilateralism and the democratic ideals that it upholds, despite our deep concerns that the Addis Ababa Action Agenda failed to rise to the world's current multiple challenges, nor it contained the necessary leadership, ambition and practical actions meet the ambition that we had called for.

However, this inaugural Forum and the actual time allocated to its preparations did not live up to such an ambitious set of aspirations. Not only it did not meet its potential usefulness, but it was a missed opportunity to move the implementation of FfD agreements forward. Insufficient time was devoted to envisioning and organizing the follow-up process, including, and with special emphasis on, the necessary articulation of a medium term plan of work for the coming years.

The outcome document is deeply unsatisfying as it fails to articulate clear mechanisms and steps for ensuring that concrete and decisive actions are taken towards realizing agreed aspirations. It reflects the stated lack of clarity on the follow-up process and its negotiation exposed unconstructive tensions and confrontations. We are also concerned that, despite their name, the "intergovernmentally agreed conclusions" have been largely negotiated before the Forum has

even started and have therefore be unable to capture the richness of the Forum discussions and deliberations.

Against this background, we would like to offer a set of alternative proposals that could possibly contribute to envisioning a relevant and ambitious follow-up process. First of all, it is essential that the FfD Forum provides adequate space to **contextualise and assess critical trends and emerging issues** in order to ensure that the FfD follow-up process is always in tune with the evolving political, social, environmental and economic landscape. For instance, the recently concludes Forum failed to contextualize its discussion within critical emerging issues, such as:

- The renewed urgency to scale-up inclusive international cooperation to provide for a fairer global tax system that can increase domestic resource mobilization and tackle inequalities, also in response of the wave of popular outrage the followed the recent release of the Panama Papers;
- The migration crises that not only has once again exposed the dramatic human consequences of the persistence of structural inequalities and development disparities, but has also witnessed the significant diversion of ODA flows by some important donors to address the cost of the refugee crisis in their own countries, in the context of a continue gap between the aspirations and ODA resources, as confirmed by the recently released DAC data;
- The challenging state of the world economy, still reeling from the repercussions of the global financial crisis and, in spite of unprecedented monetary stimuli, still facing a fragile situation with stubbornly low growth, weak demand, low commodity prices, fluctuating exchange rates and tightening financial conditions. Rather than a weak recovery, conditions are more consistent with a slow-motion – not for that less damaging – new financial crisis, whose impacts will be more widely felt by developing countries, where they threaten to lead to re-emergence of debt sustainability crises. In this context, the combined evolution of commodity prices and exchange rates is particularly concerning for its implications in exacerbating existing conditions of commodity dependence and promoting the re-emergence of debt sustainability crises in many developing economies;
- The recent deal by Argentina with holdout (vulture) creditors that chose to stay out of a restructuring that 92 % of creditors had accepted, will force the country to raise near USD 15 billion in debt at relatively high interest rates. In addition to representing a dramatic increase in the debt of one of the few countries that had been able to stay out of the debt binge of the last few years, and the growing burden of debt service, two thirds are expected to be immediately used to pay such creditors. This, at a time when the country is undergoing a drastic adjustment, price hikes in services, job cuts and weakening of real wages, illustrates all that is wrong in the current architecture for solving sovereign debt crises.

We further believe that, in addition to proper contextualization, future instances of the follow-up process should be articulated in three distinct domains:

- **Monitoring of implementation:** While we appreciate the efforts that have been placed in the development of the inaugural Inter-Agency Task Force Report, the process did not allow any space for interrogating the report and interrogating, and possibly tackling, the challenges being exposed by the attempt to monitor implementation. The absence of such a shared methodological understanding will likely result in significant future challenges when the actual reports will be presented. Furthermore, the process to prepare the report should provide space to consult with civil society;
- **Advancement of the normative agenda:** The FfD Outcome documents call for the development of global policy guidelines and safeguards to build coherence and convergence with sustainable development objectives and advance the FfD agenda. We believe these normative developments to be a critical dimension of the follow-up process. However, they require appropriate multi-year planning and a clear preparatory pathway, that includes adequate independent knowledge generation preceding the political negotiations;
- **Institutional redesign:** The FfD outcomes call for the significant institutional development to either be initiated such as the Global Infrastructure Forum, the Technology Facilitation Mechanism and the STI Forum and the strengthening of international tax cooperation. Furthermore, the outcomes chart many interrelations between the FfD process and other interrelated institutions and policy domains. The follow-up process should provide critical space for advancing the proper development of these new components of the architecture of global economic governance under the close guidance of Member States.

We offer these concrete proposals to confirm that our intent here is not to simply express criticism, but rather to challenge Member States to invest greater political energy in shaping a relevant follow-up process and to act with greater urgency – one that is comparable to the gravity of the multiple crises our people face every day.

In this respect, we reiterate our proposal to plan two additional days in the fall of 2016 in order to advance the dialogue and foster strategic thinking among Member States, the institutional stakeholders, civil society and the private sector, on the FfD follow-up process and the nature and format of the FfD Forum. These two additional days would correspond to the two missing days in the April Forum agenda and would therefore be fully consistent with the AAAA mandate.

We are committed to do our part through our passionate and knowledgeable participation at all levels of this process and all its related interconnected domains.