

**Civil Society Comments on 2017 ECOSOC Forum on Financing for Development Follow-up Outcome Document
(May 6 Revision)**

This document has been collectively developed by the Civil Society 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 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. More information can be found on the CSO FfD Group’s website: <https://csoforFfD.org/about/>. While the group is diverse and positions might differ on specific issues, this document expresses the elements of common concern.

| # | Civil Society FfD Group’s Comments |
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| 1. | <ul style="list-style-type: none"> It refers primarily to AAAA and defines it as building and somehow overwriting all previous FfD outcomes. This is factually incorrect and the commitment should be phrased with respect to the implementation of all FfD outcomes; |
| <i>Global context</i> | |
| 2. | <ul style="list-style-type: none"> Excessive focus on “national efforts”. While these are crucial, many elements of the FfD agenda require global concerted efforts. The text might be rebalanced to address “national, regional and global efforts”; The call for “concrete and immediate action” needs to be explicitly located within the human rights framework; |
| 3. | |
| <i>Cross cutting issues</i> | |
| 4. | <ul style="list-style-type: none"> While the explicit references to women’s human rights and gender equality are appreciated, these cannot be framed as exclusively functional to economic growth. What if economic losses of gender inequities would not be significant? Would this be a reason to slow down the pursuit of gender equality? While there is an economic case, the affirmation of women’s rights cannot be framed as conditional or instrumental to economic growth. Possible reformulation (additions in bold): “We reaffirm that achieving gender equality, empowering all women and girls, and the full realization of their human rights are central aims and principles and they will also be essential to achieving sustained, inclusive and equitable economic growth and sustainable development. We recognize that the economic losses due to a lack of progress in achieving gender equality and women’s empowerment are significant and also have an economic dimension. (...)”; |

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| | <ul style="list-style-type: none"> • Suggested additions (bold): “We welcome efforts to design and implement <u>comprehensive fiscal measures with a gender perspective, including progressive taxation and</u> gender-responsive budgets at the national and local level and its contribution to transparency and equal participation in revenue and expenditure decisions. We will continue to pursue policies and actions that seek to <u>advance realize women’s human rights,</u> gender equality and women’s and girl’s empowerment, <u>including through macro economic and systemic measures and all matters related to the financing for development agenda</u>”; • Suggested addition: “We commit to expanding gender-responsive public services, including comprehensive sexual and reproductive health services. We call for tackling gendered distribution of unpaid care work, and promoting maternity pay, public child and elderly care and other related public services”; • Suggested additions (bold): “We encourage institutions, both domestic and international, including development banks, which influence infrastructure investment choices, to <u>mainstream women’s human rights and a gender perspective in their institutional frameworks and actions, including by</u> considering the impact of their investments on gender equality and the empowerment of women, in particular by closing the gender gap with <u>a just transition of the work force bearing in mind the need to reduce and redistribute unpaid domestic and care work, and by promoting an</u> increased participation of women in the labor force”; • Suggested addition: “We recognise the negative impact of illicit financial flows, including tax avoidance and evasion, on women’s equality, as these sustain patriarchal power structures based on financial secrecy and hiding assets, as well as the revenue impact of illicit financial flows impacts on the capacity of the State to provide gender responsive public services”; • Suggested addition: “We encourage the IATF within its mandate to prepare a comprehensive inventory of guidelines, principles and other policy interventions on how to mainstream women’s human rights into the implementation of the Financing for Development Agenda to be discussed in the 2018 session of the ECOSOC FfD Forum”; |
| 5. | <ul style="list-style-type: none"> • In the first sentence, it is important to qualify infrastructure as “accessible” • The revised text (“We recognize the potential of modalities such as appropriately designed risk sharing instruments, including co-investments, public-private partnerships, and guarantees, as well as innovative mechanisms”) is extremely problematic as it does not recognize the widely-accepted risks associated to these modalities and does not call for adequate analysis and safeguards to protect the public interest. This is not coherent with the AAAA; |

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| | <ul style="list-style-type: none"> • The AAAA committed to developing principles and standards for PPPs in an inclusive and transparent manner. This commitment and plans on how to progress it, should be included in this paragraph. Suggested addition: “In Addis Ababa we noted that careful consideration should be given to the appropriate structure and use of blended finance, including PPPs, and that projects should share risks and reward fairly, include clear accountability mechanisms and meet social and environmental standards. To advance commitments made in Addis Ababa, we invite the IATF, in consultation with all relevant stakeholders, to present a comprehensive inventory of guidelines and principles for the effective use of PPPs, to be discussed in the 2018 session of the ECOSOC FfD Forum”; • Given the significant fiscal risks associated with PPPs, all its debt obligations and contingent liabilities should be clearly and transparently accounted on relevant government balance sheets so not to incentivise the use of PPPs for accounting reasons; • The reference to “capacity building to develop bankable and implementable infrastructure projects” is unnecessary narrow as it conditions capacity building to infrastructure financing rather than to infrastructural development. Developing countries should have the policy space to decide how to best realize and finance their infrastructural plans; • The Global Infrastructure Forum (GIF) should focus on other financing modalities than blended finance and PPPs that tend to have low development impact, and high fiscal cost to developing countries. Governments should be encouraged to select the best financing mechanisms to fund their development needs, including examining the public borrowing option, on the basis of an analysis of the true costs and benefits of PPPs over the lifetime of the project, taking into account the full fiscal implications over the longterm and the risk comparison of each option; • Suggested addition: “We further emphasize that careful consideration should be given to the overarching principles of development effectiveness, in particular strong country ownership, aligning programmes and projects with country priorities, and transparency, as well as compliance with human rights standards”; |
| 6. | <ul style="list-style-type: none"> • In the first sentence, “assist the poor and the marginalized” is a very weak and paternalistic formulation. The spirit of the 2030 Agenda is that of transforming the lives of those left behind. Furthermore, essential public services should also be added here. A further sentence could be added to: “Particular attention should be paid to making these services accessible to the most marginalized people, in line with the SDG commitment to ‘reach the furthest behind first’”; • Suggested addition: “We highlight that the design of those systems should recognize and value unpaid care and domestic work, and can help reduce and redistribute some of this work”; |

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| 7. | <ul style="list-style-type: none"> • The current text does not explicitly refer to the additionality of climate finance; |
| <i>Domestic public resources</i> | |
| 8. | <ul style="list-style-type: none"> • The opening sentences should be complemented to acknowledge that the capacity of developing countries to generate revenue is impeded by lack of international tax co-operation, illicit financial flows and tax competition; • In relation to the low tax/GDP ratio in some developing countries, it should be noted that tax avoidance by multinational corporations is a key factor; • Suggested addition: “In many cases the increases in tax collection have been regressive in terms of tackling inequality due to an emphasis on indirect taxation, rather than focusing on direct taxation of income, wealth and corporate income. Progressive and fair taxation should be explored further, including in particular taxation of capital gains, property taxation, and ensuring corporations pay their fair share of tax in every country where they operate”; • Suggested addition: “We commit to undertaking assessments of the impact of our tax policies on gender equality and the realization of women’s rights”; • Disaggregation of data: “gender” instead of “sex” and add disability and age; • Concerns about lack of developing country ownership and donor-driven processes have been raised in relation to both the ‘Addis Tax Initiative’ and ‘Tax Inspectors Without Borders’. The focus of the FfD process should be to uphold the aid effectiveness principles and underline the importance of receiver country ownership, as well as underline the need for universal tax cooperation in line with the AAAA. Therefore, these processes should not simply be welcomed uncritically. Furthermore, it seems inappropriate to single out the Tax Platform, while there is no recognition of the specific outcomes of the regional UN institutions that are tackling illicit financial flows, including ECLAC’s country studies and regional work on tackling illicit financial flows; the work led by UNECA and the High-Level Panel’s report on Illicit Financial Flows from Africa; as well as the ESCAP’s efforts towards regional cooperation on tax. Suggested deletion: [we also welcome the Addis Tax Initiative, the joint OECD-UNDP Initiative, “Tax Inspectors Without Borders”, and the OECD Forum on Tax Administration Capacity Building Network]; • Suggested addition: “As noted in the AAAA, improving tobacco tax administration and increasing tobacco tax has the dual benefit of reducing tobacco consumption and health-care costs and presenting a sustainable financing stream for domestic revenue, and also provide a good first step to building more robust tax administration systems”; |

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| 9. | <ul style="list-style-type: none"> • The revised text is much weaker than the earlier formulation as well as much weaker than the Addis call to strengthen international cooperation in tax matters through universal and inclusive mechanisms; • The OECD’s ‘Inclusive Framework’ and ‘Global Forum’ are both examples of processes that aim to implement standards which have been adopted in exclusive forums from which more than 100 developing countries have been excluded (the BEPS process and the processes to agree on standards for information exchange). This approach is not in line with the AAAA’s call for international tax cooperation to be ‘universal in approach’ (AAAA, para 28), and countries which have not been involved in the formulation of the standards must be free to choose whether or not to sign up to following the standards. Therefore, it is inappropriate for the FfD process to welcome these processes as well as take a position on whether or not countries should join the implementation. Suggested deletion: [We welcome in this respect the progress made in the inclusive framework on BEPS implementation and in the Global Forum on Transparency and Exchange of Information for Tax Purposes in addressing tax avoidance and evasion and encourage countries to join these initiatives]; • The AAAA did not take a position for or against the establishment of new (universal) institutions to ensure international tax cooperation. In line with this, the FfD outcome should not include the encouragement for countries to invest in strengthening existing institutions as opposed to establishing institutions that are better fit for purpose, including the establishment of an intergovernmental UN tax body with universal membership. Suggested deletion: [We encourage countries to work on the strengthening of existing institutions]; • We suggest recognising measures to improve international tax co-operation including whistle-blower protection legislation, establish public registries of beneficial owners, extractive industry transparency of payments and contracts with government as well as public project-by-project reporting of all extractive industry sites, establish public country-by-country reporting for all multinational corporations, enable automatic tax information exchange for all countries, including developing countries who cannot yet due to capacity constraints reciprocate information exchange, and other measures; • Suggested addition: “We recognize the potential of the Illicit Trade Protocol to the FCTC as a tool to improve international co-operation, fight organized crime, and bring generate additional domestic revenue”; |
| <i>Domestic and international private business and finance</i> | |
| 10. | <ul style="list-style-type: none"> • This para is extremely problematic for several reasons. First, it focuses on “enabling environment for private sector business and investment” without emphasising the need for strong policy measure to regulate private sector activities. Second, the sentence “We encourage multilateral development banks and development finance institutions to link their enabling environment work with public sector investment to ensure reforms addressed |

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| | <p>investor needs,” refers to questionable practices of MDBs and DFIs as their policy advice privileges investor needs but compromises the right of the state to regulate in the public interest and to realise human rights;</p> <ul style="list-style-type: none"> • Suggestion: The sentence “We encourage multilateral development banks and development finance institutions....” should be deleted as countries should have the right to enact national laws that address, first and foremost, the public interest; • The para should call for strong policy measures to regulate private sector activities. Also, the para should highlight business responsibilities: it shouldn’t be weighted all as government supporting and providing an enabling environment, without being balanced against business’ responsibilities; • Suggested addition: “UN Guiding Principles (UNGPs) on Business and Human Rights, ILO labour standards and wider sustainable development principles”; • Suggested addition: “We welcome the reports by the UN Human Rights Council special rapporteurs in analysing the human rights impact assessment of corporate activities on the realisation of human rights and indeed the process towards mandatory disclosure of financial and non-financial reporting to support greater information on the impact of corporate activities”; • Suggested addition: “We encourage the IATF within its mandate to further explore the methodology of an ex-ante evaluation of the social and environmental impacts of actors of the private sector interested in investment in sustainable development, as well as the monitoring of these investments”; |
| 11. | <ul style="list-style-type: none"> • Alignment of incentives should be with human rights and all its normative instruments. Also, the encouragement of corporate social responsibility is problematic as it manifests an abdication of regulatory responsibility. Re-alignment of the business model should be sought through regulatory interventions and mandatory policies (as mentioned in the comments on para 10); • The concern expressed within the second para should also extend on “how the concentration of wealth has exacerbated social and environmental impacts”. In line with such concern, suggested addition: “We encourage the IATF within its mandate to explore possible methodologies for the evaluation of the social and environmental impacts of the concentration of wealth”; • Suggested addition: “However, where policy instruments include a public concession, subsidy or benefit (including regulatory benefits) in incentivise investment, there should be a reciprocal demand from the private sector to be accountable to both the public sector and wider society in return for receiving a public benefit”; |

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| | <ul style="list-style-type: none"> • Suggested addition: “in seeking to find out the purpose of FDI flows to better understand what proportion of FDI is tax avoidance or regulatory arbitrage by better tracking of Special Purpose Entities (SPEs) as already analysed by UNCTAD and FATF and greater availability of company-based and firm-level disaggregated data to understand the purpose of FDI flows in order for greater alignment with the SDGs and long-term”; |
| <i>International development cooperation</i> | |
| 12. | <ul style="list-style-type: none"> • This paragraph should explicitly mention the 0.7% ODA/GNI target, agreed in the UN decades ago and recommitted to by many donor countries in the AAAA; • Furthermore, the para needs a more balanced analysis to assess how much of the ODA increase can be attributed to in-donor refugee costs; • Suggested addition: “If we exclude in donor refugee costs, ODA has flat lined in real terms since 2010. More action is urgently needed to scale up ODA to meet the 0.7% commitment, as only 6 countries have met the target and ODA from 28 DAC members averaged 0.30% of GNI – the same level as 2014 and far of the 0.7% target. Only 7 countries met the target in 2015 down from 8 in 2014 – of which only 5 exceeded the 0.2% upper target”; • Suggested addition: “We will strive to provide adequate ODA to address both complex emergencies and the need for long-term investments in sustainable development. We remain committed to promoting coherence of humanitarian and development finance in protracted, disaster and complex crisis contexts; investing in the capacities of local and national actors to respond to disasters; and supporting innovative finance mechanisms to support countries manage risk, as called for by the Addis Ababa Action Agenda and the World Humanitarian Summit”; |
| 13. | <ul style="list-style-type: none"> • It would be appropriate to mention inequalities of income/wealth in this para and refer to SDG 10. Also, relative poverty measures (as in SDG 1.2) could come in here; • Suggested addition: “In the case of Middle-Income Countries as they accommodate a great number of the world’s poorest people, we affirm the need in keeping with the Leave No One Behind principle of the Agenda 2030, to ensure MICs have affordable and concessional finance available to continue strengthening their social sectors and development”; • Suggested addition: “Emphasize the importance of adherence to principles of development effectiveness and human rights standards”; |

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| | <ul style="list-style-type: none"> • Suggested addition: “The concessional nature of ODA makes it a vital resource, as a supplement to domestic finance, in meeting the SDGs’ commitment to leave no one behind: we call on donors to enhance the monitoring of ODA allocations to marginalized groups such as persons with disabilities, including through the OECD DAC Creditor Reporting System”; • Suggested addition: “We welcome that discussions on blended financing have started at the UN DCF, which is an inclusive forum with universal membership and thus serves as the most suitable forum for these discussions and for developing joint guidelines, as developing countries have a stronger voice that enables them to align all types of financing with the SDGs and their national development financing strategies”; |
| <i>International trade as an engine for development</i> | |
| 14. | <ul style="list-style-type: none"> • Add (after first sentence): “Unfair rules however can also act as a barrier to the attainment of sustainable development”; • Add (after SDGs) “and targets 17.14 and 17.15 on policy space and policy coherence and para 9 and 91 of the Addis Agenda on policy space for development and the freedom to pursue public policy objectives” |
| 15. | <ul style="list-style-type: none"> • Add after WTO Trade Facilitation Agreement: “while recognising its limitations”; • Add after SDGs: “(...) including the conclusion and delivery of the Doha Development Agenda as mentioned under SDG 17.10 and Para 83 of the Addis Agenda”; |
| <i>Debt and debt sustainability</i> | |
| 16. | <ul style="list-style-type: none"> • Suggested addition: “Effective public debt sustainability assessments including human rights impact assessments”; |
| 17. | <ul style="list-style-type: none"> • The reference to “consider the role of state-contingent debt instruments” is extremely weak. The document should rather call on public development finance institutions to consider options for using these instruments and report on this for the next Forum”; • Suggested addition: “We welcome further steps to increased debt transparency, including debt audits along responsible lending and borrowing principles”; • Suggested addition: “We welcome recent proposals for regional debt relief initiatives and encourage swift implementation”; • Suggested addition: “We call on more nations to pass legislation against vulture funds”; |

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| | <ul style="list-style-type: none"> • Suggested addition: “We decide to continue negotiations on multilateral frameworks for sovereign debt restructurings during the 72nd session of the General Assembly” |
| <i>Addressing systemic issues</i> | |
| 18. | <ul style="list-style-type: none"> • The call on countries following the reference to capital flow volatility seems to suggest that these flows derive from inadequate investment climate rather than being symptomatic of the inadequate regulation of financial markets, particularly within source countries. Same can be said on the volatility of commodity prices. Furthermore, the language is regressive with respect to AAAA as it does not include “capital flow management measures as appropriate”. Migration and climate change continue to be ignored as systemic challenges; |
| 19. | <ul style="list-style-type: none"> • Despite the references to the 2008 Crisis Conference and the seriousness of the systemic challenges (para 18), there is no call whatsoever to advancing the speed of financial regulatory reforms. Noting progress (assuming there is some) is completely inadequate; • The reference to “adequate voice of developing countries” is a regressive expression if compared to the AAAA commitment “to increasing the voice of developing countries”; • Regarding policy coherence, the welcome call by the IATF for international organizations’ self-assessments of coherence with the sustainable development agenda is completely ignored and there is no reference to the possible role of Special Drawing Rights; |
| <i>Science, technology, innovation and capacity-building</i> | |
| 20. | <ul style="list-style-type: none"> • On substantial divides: The technology divide is not limited to ICT at all, but even in the most basic technologies such as primary medicine and health; • Suggested addition: “We also acknowledge the potential adverse impacts of new and emerging technologies, thus stress the need for developing capacities of governments and communities in technology assessment”; |
| 21. | <ul style="list-style-type: none"> • Suggested addition: “Promote and support diverse forms and sources of knowledge”; • Suggested addition: “Recognize the contribution of traditional and local knowledge systems”; |
| <i>Data, monitoring and follow-up</i> | |
| 22. | <ul style="list-style-type: none"> • Suggested addition: “We reiterate our commitments to transparency and accountability in all forms of financing for development, whether international, domestic, public or private. We reaffirm the importance of high quality disaggregated data and take note of the adoption of the Cape Town Global Action Plan for Sustainable Development |

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| | Data by the UN Statistical Commission in 2017. We urge member states to implement its proposed actions for improving the quality and availability of data relevant to financing for development and for delivering on the 2030 Agenda"; |
| 23. | |
| 24. | <ul style="list-style-type: none"> • The 2018 ECOSOC FfD Forum should last 5 full-days. The actual dates should allow sufficient space between its conclusion and the HLPF 2018 (possibly 2-3 months). At the same time, the final version of the IATF should be made available at least 2 months prior to the Forum; • The document should call for a fifth additional day to this year's 4-day Forum in the last quarter of 2017 to explore the opportunities and feasibility of a multiyear planning horizon with respect to themes and key areas of focus for future editions of the ECOSOC FfD Forum, for deliberation at the 2018 ECOSOC FfD Forum. |