Civil Society FfD Group's Statement to the 2019 ECOSOC FfD Follow-up Forum

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, including the Women's Working Group on FfD. The Group followed closely the FfD process since its origins, facilitated civil society's contribution to the Third International Conference on FfD, 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, please visit the ***Civil Society FfD Group's website***

As the fourth edition of the FfD Forum comes to a close, we, participating organizations, networks and movements of the Civil Society FfD Group (including the Women's Working Group on FfD), are deeply concerned that the world remains completely off track to reach the 2030 Agenda, implement the Paris Agreement and respond to the ambition of all past FfD outcomes. We continue to believe that the FfD process can and must play a pivotal role in removing many of the structural barriers to socio-economic transformation and advancing systemic reforms of global economic frameworks to realign them with the imperatives of human rights, gender justice, decent work, people-centeredness and sustainable development. We also believe that the FfD process is critical to unlock the necessary means of implementation to realize the aspirations of the 2030 Agenda for Sustainable Development.

But the FfD follow-up continues to miss proper analysis and contextualization: the systemic issues we are confronted with today are the result of an ossified global distribution of labour, undemocratic power structures of economic governance and unchecked financialization, which have all allowed an unprecedented concentration of power and wealth in the hands of a few. At the bottom, women bear the burdens of unpaid domestic and care work where unequal gender roles continue to refrain the enjoyment of women and girls' human rights. We therefore reject the approach of instrumentalizing women towards increasing economic growth and profitability, a dangerous departure from recognizing women's human rights. Similarly, there is a lack of adequate recognition of the human rights and agency of young people as well as of the barriers encountered by persons with disabilities, which continue to remain unaddressed by policy interventions.

We are deeply concerned that the main focus of the FfD process is on using public funds to leverage and de-risk private investments without recognizing that the wave of debt crises is the other side of the same coin. The narrative continues to be about incentivising major corporations to invest instead of addressing large scale tax dodging by these corporations and stop the bleeding of public resources from all countries that this induces. We reiterate that tax avoidance is the cornerstone of illicit financial flows, rather than being a separate issue as some powerful Governments claim. We therefore object to the ongoing shifting of the implementation focus to the national level, without making progress on an enabling global environment which allows developing countries to preserve and strengthen their national fiscal and policy space. This is all unfolding in a context where Official Development Assistance (ODA) continues to decline and commitment to new and additional climate finance by developed countries has not been delivered.

Far from making progress, the FfD process is turning into an empty exercise in rhetoric**.** We agree that 'business as usual' will not work. But that needs to be followed with political leadership, ambition and action to actually make progress. Against this challenging background, we want to highlight what the roadmap needs to be on the critical FfD issue areas:

1. We reiterate our call for the establishment of an inclusive intergovernmental UN tax commission, with the mandate and resources to ensure effective and fully inclusive international tax cooperation and domestic resource mobilization, as well as address all issues related to illicit financial flows, including tax avoidance and evasion. Such an intergovernmental tax commission, where all countries participate on a truly equal footing, should deliver a convention with legally binding rules to ensure effective international tax cooperation, including by ensuring transparency, tackling harmful tax policies and practices, tax havens and secrecy jurisdictions, and other elements facilitating illicit financial flows. We further urge all governments to immediately move towards progressive, effective and gender-just tax systems which contribute to equitable redistribution and ensure appropriate public funding for gender responsive public services (GRPS). We also stress the importance of ensuring adequate fiscal space to support the extension of social protection systems to ensure universal coverage through a combination of contributory social security and social protection floors, in line with ILO standards. We note with regret that many states have retrenched benefits and services under the pressure of biased austerity programmes;
2. We urge both governments and private enterprises to effectively implement the ILO Labour Conventions, the UN guiding principles on Business and Human Rights, and the OECD guidelines for Multi National Enterprises, and to set up effective mechanisms for resolving abuses and provide adequate remedy, especially for indigenous peoples, peasants and rural communities. Furthermore, governments must ensure the contributions from business to national fiscal systems and address tax evasion and avoidance. Recognizing that voluntary principles are insufficient, we call on 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. We further urge governments to prioritize policies and development funds supporting decent work and sustainable economic models, such as those of the social and solidarity economy and agroecology, that enhances local economic development and livelihoods strategies, domestic financing, democratic ownership and supports domestic micro, small and medium-sized enterprises that have a greater sustainable development impact. We strongly call on multilateral development banks to apply the labour safeguards, which require alignment of projects and investments to ILO's fundamental rights conventions and occupational health and safety standards;
3. We reject the World Bank Group's Maximising Finance for Development (MFD) approach that implies a problematic 'private finance first' attitude to development finance and reaffirm the centrality of public policies and investments. We have exposed the profound shortcomings of the PPP model. The refusal of the Bank to reassess its preferential leanings towards PPPs, is a self-perpetuated institutional blind spot that, we believe, amounts to wilful negligence. We there invite governments to declare a moratorium on funding, promoting or providing technical assessment for PPPs until an independent review into their development outcomes, and particularly of the World Bank's PPP portfolio, is completed. This should include accumulated off-balance sheet debts, and human rights and environmental impacts;

4. Official Development Assistance dropped from USD 153 billion in 2017 to USD 149.3 billion in 2018, a decline of 2.7%. ODA to Africa dropped by 4%. This is unacceptable, especially as donors speak of Maximising Development Finance and Leaving No One Behind. As a portion of GNI, ODA across all DAC donors sits at 0.31% well below the UN target of 0.7%. The ambition enshrined in the SDGs is not being matched by the actions of Governments, in particular from the Global North. Even the commitment to double aid for Domestic Resource Mobilisation is far off track, having declined since the commitment was made. This glaring lack of ambition on the part of donors to contribute to financing the SDGs coincides with an overly optimistic, and rather unrealistic assumption that private finance will appear to fill the financing shortfalls. So, while donors and institutions promote a 'Billions to Trillions' narrative and blended finance, whose development impact is yet to be proven, the reality is they are not living up to their own commitments and are instead regressing. At the same time, we are seeing a decrease in the quality of ODA and progress on meeting the commitments associated to the development effectiveness agenda, like providing an enabling environment for civil society, untying aid, transparency or using country systems, amongst others has been slow and, in some instances, regressed. The "unfinished business" since the Paris Declaration is long overdue in its achievement. Governments must redouble efforts and establish time bound targets to deliver on these long-standing commitments. The upcoming Senior Level Meeting of the Global Partnership for Effective Development Cooperation is an important moment to reinvigorate efforts around meeting effectiveness commitments through a time bound Global Action Plan;

5. Debt crises risks have been increasing rapidly, debt service costs have risen too and increasingly crowd out spending for sustainable development and essential services. For too long, the international community has turned a blind eye to debt problems and procrastinated over institution building. It is now promising to see the commitment to work towards a global consensus on responsible lending and borrowing in this year's FfD Forum's outcome document. We urge the United Nations to proceed quickly with building such a consensus, and eventually to ensure compliance with it. However, for many countries debt crisis prevention comes too late as these are already stuck in a debt trap. These countries need debt crisis resolution: a debt workout. If we still want to achieve the SDGs, it is matter of high priority to create a debt resolution framework that makes speedy, fair and sustainable debt workouts possible. The Agenda 2030 cannot afford another round of lost decades for development;

6. The global trading system is facing an unprecedented crisis, a reflection of the failed policy of globalisation, which civil society have critiqued for a long time arguing it must work for sustainable development objectives of the people at large. However, the current approach of the *WTO reform process* seems to be headed in the opposite direction; away from working to benefit small players and marginalized groups in the South to ensuring more power to rich countries and more profits for corporations in the North. It is pushing for inclusion of new issues such as binding e-commerce rules and multilateral investment facilitation, which will impose major constraints on future policy choices of governments across a range of areas such as control of critical data; ensuring future economic policy space; protection of jobs, natural resources, essential services; and their ability to uphold human rights. The current push to dismantle *special and differential treatment* will significantly undermine the development objectives of developing countries and derail the SDG and the FFD processes. We therefore reiterate that any reform of current trade rules must keep sustainable development and the generation of decent work at its heart and allow developing

countries, LDCs, SIDS, countries with special needs and their people to realise their full development potential and not constrain them;

7. We renew our call to reformulate the very foundations of an international financial and monetary system that fails to serve sustainable development and rights. While banks have been more strictly regulated, more and more complex and risky financial products are again being issued on the financial market which increases uncertainty and could become a systemic risk for the global financial system. Too many financial sector organisations have captured regulators to create a race to the bottom in terms of financial regulation and transparency. Therefore, we urge Member States to take coordinated measures to impose stricter regulations of the so-called market-based finance sector (shadow banking). Banks and other finance institutions that are "too big to fail" need to be made smaller and engage in less risky activities. Further expansion of securitization and derivatives have to be monitored for systemic risk, controlled and limited. We also urge them to agree on measures, rules and actions like capital controls that encourage countries to limit short-term capital inflows and outflows in order to prevent excessive financial and exchange rate volatility. Capital control measures should be considered standard policy measures in the context of a comprehensive set of policy options. We further call for reform of the Special Drawing Rights regime towards its full potential to serve as a development finance tool and as the centre of the international monetary system. Failing to do so validates the insufficiencies of the IMF governance reform process. The IMF should also be encouraged to define a method to ensure that its interventions support sustainable development, such as through the guiding principles on human rights impact assessment of economic reform policies. The extension of the use of double majority voting at the IMF – requiring relevant majorities of both votes and countries for all decisions – would be a simple but effective way of giving developing countries a fair voice.

8. There is a misguided assumption that digital technologies will bring inclusiveness and will lead us to the path of Leaving No One Behind. The history of technological disruptions tells us otherwise. The only way that we can change narrative of technological disruptions and marginalisation is to change the power relations that brought us to this world of dehumanising inequality. Member States should also consider the issue of market concentration and monopoly practices among technology and other companies, which can result in market distortions and poor working conditions that undermine SDGs 8 and 10. International coordinated action should be taken to address market concentration. In this context, we urge the UN to provide mechanisms for people and communities to be part of the conversation and decision-making on the role of digital technologies in addressing global challenges. As the UN, governments and institutions grapple with the governance of digital technologies, there is an urgent need for broad, transparent, inclusive, accessible and participatory deliberations on the current and potential impacts of these technologies on the environment, the labour market, livelihoods and society. Horizon scanning and foresight capacities need to be developed and should involve identifying options beyond technological solutions. Governance measures on technologies is not just about regulation but ensuring that the common good remains as the ultimate goal and takes precedence over profits.

We reject the cynical actions by countries professing to continue to believe in multilateralism, then blocking progress on multilateral solutions such as a global debt workout mechanism or UN intergovernmental tax commission. It is time for Member States who claim to still support multilateralism to start moving forward.

We therefore call for the establishment of "workstreams" co-chaired by Member States, or other similar mechanisms to generate policy momentum on key issues. We also call for a new heads of state FfD summit to be held to mark the 20-year anniversary of the Monterrey Consensus, with the aim of reviewing implementation of all major outcomes of the Financing for Development process and identifying any needs for further action.

In this spirit, we expect the upcoming High-Level Dialogue (HLD) on FfD in September 2019 to generate the necessary political will to move beyond the current stalemates and address the urgent issues in front of us. We are deeply concerned that the HLD on FfD will end up being a pledging space for donor driven initiatives instead of strengthening the normative policy process. We expect to see clear commitment to the FfD follow-up process and transform it to focus on addressing the global governance deficits.

Without meaningful progress on FfD, the world will stay off track in achieving sustainable development. It is time to move with urgency and intent.