To the kind attention of:
H.E. Ms Mona Juul, President of the Economic and Social Council
H.E. Mr. Tijjani Muhammad-Bande, President of the General Assembly of the United Nations
Cc:
H.E. Ms. Elizabeth Thompson, Permanent Representative of Barbados to the UN
H.E. Mr. Andrejs Pildegovičs, Permanent Representative of Latvia to the UN
Co-Facilitators for the preparation of draft conclusions and recommendations of the 2020 FfD Forum
Mr. Navid Hanif, Director, Financing for Sustainable Development Office, UN DESA Members of the ECOSOC Bureau
Permanent Representatives and Observers to the United Nations in New York

23 April 2020

RE: 2020 ECOSOC Forum on FfD – Civil Society FfD Group’s response to Final Outcome

Your Excellencies,

We, the Civil Society Financing for Development (FfD) Group, representing a wide range of organizations, federations and networks from diverse regions and constituencies around the world (including the Women’s Working Group on FfD), respectfully submit the following reaction to the Final 2020 FfD Outcome Document.

The complete lack of ambition in the outcome document is disconcerting in the context of this crisis. The financing needs are high. UNCTAD has calculated that a financing package of USD 2.5tillion is needed to help developing countries cope with the crisis. The FfD negotiations should have been used to proceed with operationalisation and implementation of such a package.

The substantive proposals and inputs that we are calling for as the Civil Society FfD Group as a response to the crisis are highlighted in the annex to this letter. We are also deeply disappointed that the negotiations have been closed to civil society and do not support virtual negotiations to be an excuse for lack of transparency and accountability.

While we appreciate some elements of the analysis, we are concerned that the final outcome document further regresses on many fronts from the first draft such as:

1. Centrality of WHO being deleted which is a further attack to multilateralism at a time when this is critical (para 6);
2. Deletion of the reference to capital account management which is a regression in policy toolbox crucial at this stage and is being recommended by IMF and UNCTAD (para 10);
3. Over-reliance on private finance in strengthening health systems when current crisis makes evident the importance of investing in publicly funded health systems (para 16);
4. Weak reference on further steps on addressing debt vulnerabilities only through ‘existing channels’ (para 9). Civil society organisations are calling for a debt jubilee with the permanent cancellation of all external debt payments due in 2020 by developing countries, with no accrual of interest/charges and no penalties, and the provision of additional, fresh emergency finance that does not create more debt. Crucially, action should be linked to a longer-term approach to addressing unsustainable debt, including progress towards a systematic, comprehensive and enforceable process for sovereign debt restructurings, under UN auspices.
5. While there is recognition of the challenges of social protection coverage in many countries (para 5), the lack of a clear commitment on financing the extension of social protection systems as agreed in the Addis Ababa Action Agenda is deeply disappointing.
Most notably, the lack of clear and actionable responses to the global crisis is unacceptable and equals to an abdication of the UN’s responsibilities during such a critical phase in history.

We would like to reaffirm that the FfD process cannot be locked into agreed calendar dates when the world is faced with an unprecedented and unpredictable crisis. **There is an urgent need to find another opportunity for the United Nations to assess the situation and step-up its response to the evolving circumstances independently of calendarized meetings.**

We reiterate our call for an **International Economic Reconstruction and Systemic Reform Summit under the aegis of the United Nations/FfD** and call on the President of General Assembly and President of ECOSOC to move in this direction by:

1. Calling for a dedicated meeting in September or October 2020 to review the evolution of the situation and decide on next steps;
2. Calling for an **International Economic Reconstruction and Systemic Reform Summit** under the aegis of the United Nations/FfD in 2021 to ensure a comprehensive multilateral response to the crisis.

The Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development (‘G24’) in its recent [communique](https://csoforffd.org/) also highlighted “the need for an inclusive forum to examine the adequacy of the existing international financial and economic architecture and its ability to respond equitably and rapidly to global crises”. We believe the United Nations should lead on the response to the current crisis as it is the only institution that can do so in an inclusive manner. The economic disruptions induced by the COVID-19 crisis will hit developing countries and marginalised sections of society hardest. The response to such a global crisis, therefore, cannot be left to forums and groups that suffer from serious democratic deficits.

We remain at your disposal for any necessary clarifications on these proposals and count on your leadership to move steps in this direction.

Sincerely yours,

Civil Society Financing for Development Group ([https://csoforffd.org/](https://csoforffd.org/))
(including the Women’s Working Group on Financing for Development)
ANNEX - The kind of analysis and solutions needed

The Civil Society FfD Group is calling for meaningful action and solutions rooted in a deep understanding and analysis of the crisis:

- **The crisis is primarily a human/social (health, food, education, care, social protection) and real economy (jobs, domestic productive fabric, infrastructure) crisis**, in a global economy already trapped by widening inequalities (stagnation of global demand and declining share of wages over GDP, excessive liquidity, limited access to credit for productive activities);

- **The depth of gender inequalities**, as the crisis generates, once again, a multi-layered, intensified burden on women, considering all social roles where women are over-represented and un/under-paid, from social reproduction to care, from daily wage earners to small business owners, from food workers to food distribution. Women make up 70 per cent of frontline workers in the health and social sectors, like nurses, midwives, cleaners and laundry workers. This exposes how unpaid domestic and care work remains the greatest obstacle for women to access their human rights and the primary origin of economic and productive inequalities stemming from the sexual division of labour;

- **The centrality of domestic “real” economies** and the need for many developing countries to shift the centre of gravity of their economic strategies towards greater economic sovereignty, self-reliance, strengthened domestic productive capacity, and reinforcing domestic supply-demand circles driven by decent work and wage growth;

- **The imperative to redirect resources to strengthen public systems**, primarily but not exclusively related to health, education and social protection, and stop the decades-long undermining of these systems through fiscal austerity, privatization and public-private partnerships;

- **The unbearable restrictions on the policy and fiscal space of developing countries**, suffocated by illicit financial flows and unsustainable debt burdens as well as limited by multiple layers of policy conditionalities that narrowed the capacity to focus on people-centred, rights-based socio-economic transformation strategies;

- **The volatility and unreliability of financing strategies based on private investors** and the urgent need to bring global finance back into democratic accountability and service to the real economy, rather than being a siphoning mechanism that extracts wealth, exploits labour, amplifies inequalities and destabilizes the global economy in a pro-cyclical manner.

The FfD process should provide space for these deeper analyses and ensure that substantive and action-oriented solutions are generated to impact the short-, medium- and long-term.

In the short-term, for instance, we appreciated that UNCTAD has called for a $2.5 trillion crisis package for developing countries that includes:

1. A $1 trillion liquidity injection i.e. ‘helicopter money drop’ through reallocating existing special drawing rights at the International Monetary Fund and adding a new allocation;

2. A $1 trillion debt cancellation for distressed economies;

3. A $500 billion ‘Marshall Plan’ for health recovery and disbursed as grants funded from some of the missing ODA long promised but not delivered by development partners; and,

4. Ensuring capital controls are given their legitimate place in any policy regime to curtail the surge in capital outflows, reduce illiquidity driven by sell-offs in developing country markets and to arrest declines in currency and asset prices.
We believe these proposals deserve due attention and careful consideration. As the Civil Society FfD Group, we are also calling for measures such as (among others):

- A **debt jubilee** with the permanent cancellation of all external debt payments due in 2020 by developing countries, with no accrual of interest/charges and no penalties, and the provision of additional, fresh emergency finance that does not create more debt. Debt cancellation and new financing should be provided free of demands for market-friendly and austerity-focused policy reforms in developing countries, while adequate measures should be put in place to protect developing countries from lawsuits when ceasing 2020 debt payments;

- A process under UN auspices to be agreed in the longer term, to support systematic, timely, and fair restructuring of sovereign debt;

- Governments to put in place urgent economic stimulus plans and workplace measures to protect the health and the income of workers and communities through coordinated multilateral responses to COVID-19, and to expand access to healthcare and social protection. Everybody’s life, job and income should be protected, regardless of the employment status (self-employed, gig-economy workers, workers in the informal economy);

- A Global Fund for Universal Social Protection to support the most vulnerable countries in responding to the pandemic;

- A global ban on short selling among all markets and increase regulation/surveillance of high-frequency trading, along with a global agreement on the importance of capital account management to prevent capital flight, limit speculative trading and arrest declines in currency and asset prices;

- Governments to stop negotiating all trade and investment agreements as their resources are better engaged in fighting the current COVID19 crisis. Any ongoing negotiations, whether at multilateral, regional, or bilateral levels, faces the grave risk of producing outcomes that may be irrelevant and detrimental as the global economy emerges from this crisis. Instead, an alternative trade & investment framework is needed that works for the governments and their people in the medium-to long-term;

- Governments to suspend current OECD BEPS negotiations on taxing of digital economy as that process also risks producing outcomes that would be irrelevant to developing country contexts;

- Call on DAC members to immediately reverse the decline in ODA as a share of GNI, fulfil and where possible exceed the 0.7% target for ODA in the form of unconditional grants and technical support. We call on donors to ensure that development aid is not diverted, but reinforces humanitarian response to the crisis, to ensure that aid is used where it is most needed and clearly demonstrates sustainable development impact in emergency responses going forward, and to ensure that emergency responses are aligned with developing country priorities without conditionalities. We also call on donors to uphold the integrity of ODA and their development effectiveness commitments;

- Governments to refrain from authoritarian and surveillance measures that undermine human rights and inhibit the capacities of CSO to respond effectively to the crisis.