Civil Society FfD Group's input to HLE Discussion Group I:
External Finance and Remittances, Jobs and Inclusive Growth

This input is submitted in the name of the Civil Society FfD Group, including the Women's Working Group on FfD, and has been facilitated by Reality of Aid Africa Network and Society for International Development.

ODA

- We 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;
- Donors should 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;
- Strongly recommend removing debt relief from ODA eligibility. It is time to correct this historical mistake that has led to aid inflation and damaged the credibility of the ODA reporting system. The risk of default is already included in the discount rates used to determine what is reported as ODA under the grant equivalent methodology for loans after 2018. Thus, debt relief should not be counted as ODA for past and future ODA loans.

Blended Finance and PPPs

- We are deeply concerned with the focus 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 intensification of privatisation, liberalisation, and deregulation of public services, through blended finance and public-private partnerships runs counter to the essence of the SDGs. We are thus seriously concerned about blended finance, whose development impacts are still to be demonstrated and do not support the recommendation to 'capitalise on blended finance'.
- Development partners have admitted that measuring, tracking and assessing development results from blended finance projects remain a huge challenge. Likewise developing countries' capacities to regulate, manage and monitor blended finance projects are lacking. Risks such as worsening the decline in country programmable aid and increasing the debt burden of developing countries are also acknowledged. And yet using international public finance to catalyze, leverage, de-risk private investments – which is essentially about ensuring and securing profits – continues to be strongly promoted.
- 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 and blended finance until an independent review into their development outcomes is completed. This should include accumulated off-balance sheet debts, and human rights and environmental impacts.

International Private Business and Finance

Realigning business models to the imperatives of sustainable development requires a new set of bold public norms, policies and investments. It requires the reaffirmation, rather than the abdication, of the role of the State in defining a new set of global rules for people's peaceful and sustainable cohabitation on this planet. It requires the courage to stop unsustainable investments and predatory practices. It calls for upholding the centrality of human rights – the foundations of the United Nations - as the overarching frame and guiding track of our common action.

We agree that the private sector should contribute much more to development finance but we differ on the modalities of catalysing finance from the private sector. The dominant discourse is that finance from the private sector come in the form of investments, subjecting the pursuit of public goals to the expectation of profitability and, increasingly, public guarantees for private risks. On the contrary, we call for more effective taxation of private and corporate wealth, assets and income, so that the State could have the adequate fiscal space to pursue its duty-bearer responsibilities.

- 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;
- 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 prioritise 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;
- We call on international private business and finance to entrench the principles of development effectiveness and particularly the Kampala principles for private sector effectiveness and become increasingly transparent and responsive to all sections of society within their countries of operation in accordance with International Labour Organisation labour standards, United Nations Principles on Business and Human Rights and the OECD guidelines for multinational enterprises.