



Civil Society FfD Group's Inputs to UNCTAD's Intergovernmental Group of Experts on Financing for Development

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This document has been collectively developed by the Civil Society Financing for Development (FfD) Group (including the Women's Working on FfD), a broad platform of several hundreds 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 Civil Society FfD Group's website: <https://csoforffd.org>.

In the midst of this unprecedented global crisis, it is unconscionable that the world's governments have continued to agree FfD outcome documents filled with rhetoric and no action, sticking to business as usual. This status quo threatens the wellbeing of billions of people and makes the possibility of realizing the Sustainable Development Goals and to respond to the expanding climate emergency more remote than ever.

The scope and gravity of the current crisis requires an ambitious multilateral response under the auspices, leadership, and coordination of the United Nations. Inequalities within and between countries have been magnified, while unpaid domestic and care work have once again augmented their already significant subsidy to the global economy, acting as a primary shock absorber. The crisis has further exposed the lack of quality public services, social protection, and access to decent work.

While the Global North continues to deploy large stimulus packages and vaccines, the Global South remains confronted with vaccine apartheid, unbearable restrictions on policy and fiscal space, suffocated by illicit financial flows, unfair trade and investment regimes, unsustainable and illegitimate debt, and constrained by policy conditionalities that narrow its capacity to focus on people-centred, rights-based socio-economic transformation strategies. These challenges expose the dynamics at the very core of the current international economic system and its policy regimes, highlighting the fundamental constraints to equitable and sustainable development across the world.

UNCTAD's Intergovernmental Group of Experts on FfD has a critical role to play in advancing an ambitious vision for the FfD process that is consistent with UNCTAD's unique expertise given its systemic and developmental approach to the intersections between trade, investment, finance and technology. This role of the IGE on FfD should be understood in the context of the desired mandate for UNCTAD that was articulated in the [Civil Society Declaration to UNCTAD XV](#).

We call on your leadership to give due consideration to the following inputs:

1. Organising the next **UN Summit on Financing for Development/Monterrey + 20**: 2022 marks twenty years since the first International Conference on FfD was held in Monterrey, Mexico in March 2002. It was the first United Nations summit-level meeting and a landmark international consensus to address key financial and related issues pertaining to global development which took place just as the world was reeling from economic recession. Such a summit has never been more urgent again given the financing needs in the context of the COVID-19 pandemic, and future summits including the proposed UN Social Summit in 2025 that will only succeed if reforms of the global financial system are advanced. There is an urgent necessity to democratically establish a New Global Economic Architecture that works for Peoples and Planet through such a new UN FfD Conference.

2. **Establish a Sovereign Debt Workout Mechanism under the auspices of the UN** that would comprehensively address unsustainable and illegitimate debt, including through extensive **debt cancellation**: The COVID-19 pandemic has increased the risk of a new wave of debt crises. The risk of debt crisis is being faced by middle income countries too, aside from low-income countries. As such, mechanisms, processes and commitments towards debt reduction must also include solutions for middle income countries taking into account peculiarities in their debt situation. Vital public financial resources are being allocated today to external debt repayments at the expense of domestic health, social, economic financing and climate resilient needs. It is evident that current ad-hoc international initiatives to address the debt resolution are insufficient and existing debt sustainability assessments inadequate, as they disregard human rights, gender equality or climate investment needs. **The United Nations, with the core mandate to address critical global issues, and the fact that it is neither debtor nor creditor itself, is the only inclusive multilateral and democratic space that has the legitimacy and competence to discuss and agree a multilateral legal framework to prevent and address sovereign debt crises;**

3. **Establish a universal, UN intergovernmental tax body and negotiate a UN Tax Convention** to comprehensively address tax havens, tax abuse by multinational corporations and other illicit financial flows through a truly universal, intergovernmental process at the UN, with broad rights holders' participation. This becomes even more urgent considering the nature and size of the digital economy and the increasing importance of e-commerce. [UN DESA's 2022 World Economic Situation and Prospects](#) (WESP) report noted that the 2021 tax deal of the OECD Inclusive Framework will only benefit a small number of developed countries and that developing countries stand to lose out. Both the Africa Group of the United Nations and the FACTI High-level Panel have called for the negotiation of a United Nations Tax Convention, and the Group of 77 have consistently called for an intergovernmental tax body to be established under the United Nations.

4. **Agree on a moratorium on Investor-State-Dispute-Settlement (ISDS) cases**, removal of all ISDS provisions in all bilateral investment treaties and trade and investment agreements and call upon WTO Members to adopt without delay a waiver that is adequate and effective in scope, from the obligations under the TRIPS agreement for health technologies and products related to COVID-19 countermeasures.

An open-ended intergovernmental working group should be established to elaborate a multilateral agreement for a coordinated and permanent suspension of Investor-State Dispute Settlement (ISDS) mechanisms in respect of claims that Member States consider concerning COVID-19 related measures. Such a working group should also advance the temporary suspension of all ISDS cases related to any sector or investment, against any Member State during the COVID-19 pandemic and during the recovery period in order to ensure that public resources are utilized for financing efforts towards addressing the many challenges raised during the pandemic;

5. Regulation of Credit Rating Agencies (CRAs): United Nations should lead on further supervision and regulation of Credit Rating Agencies (CRAs) by convening a universal, intergovernmental Commission under the ECOSOC with a timeline to examine needed international institutional innovations, including in the UN, required to correct and avert the adverse impacts of CRAs on international finance. In addition to looking at the adequacy of CRAs rating methodologies and possible bias in its implementation that undermine developing countries' access to capital markets, CRA regulation would also need to focus on issues such as addressing conflicts of interest, promoting alternative structures to avoid quasi-monopolistic market dynamics, and tackling excessive reliance of investors on ratings. Such a commission should also further study recommendations such as establishing an international public credit rating agency at the UN. CS FfD Group's submission on CRAs can be accessed here: <https://csoforffd.org/2020/12/03/submission-on-credit-rating-agencies/>

6. Review development outcomes of public-private-partnerships, blended finance and other financing mechanisms established to promote a 'private finance first' approach to infrastructure and public services. The COVID-19 pandemic has provided a stark reminder of the importance of universal, timely, affordable, gender-responsive, high quality and accessible public services, as well as sustainable infrastructure. The inadequacy of development models that prioritize private profit that fails to fulfil public needs and enables excessive profiteering out of humanitarian emergencies and disasters has been greatly exposed. The FfD Forum should be the place to downgrade private finance as a source of financing for development and reaffirm the centrality of public policies and investments.

7. Accelerate the implementation of the official development assistance (ODA) commitments to fulfil and exceed the 0.7% target for ODA in the form of unconditional grants. As the ambitions of the Agenda 2030 are further away, it is vital that the long-standing commitments to delivering international development assistance, including ensuring quality and effectiveness, are realised and secure commitment to make up for the shortfall in unfulfilled targets in the past years in addition to future targets for ODA flows. Concessional finance plays a key in role in supporting Partner Countries on their way back from the COVID-19 pandemic induced crises without incurring in additional debt burden. Urgent action is needed by the global community to fund multilateral initiatives to support global vaccine campaigns. Donors should not report the COVID- 19 excess vaccine doses donations as ODA so as not to reward unfair practices that led to massive vaccine appropriation by rich countries in the first place.

8. Assess systemic risks posed by unregulated or inadequately regulated financial sector instruments and actors: This includes regulation and supervision of Credit Rating Agencies (see above), a global regulatory framework for the asset management industry and a global agreement on the importance of capital account management. There is also a need to scale-up fiscal reserves possibly available to developing countries to a level commensurate to their needs for equitable and adequate COVID-19 recovery, either by proceeding to a new allocation of Special Drawing Rights (SDRs) and/or by establishing mechanisms of rechanneling of unused SDRs from developed to developing countries that would preserve their unconditional nature. The distribution of SDRs reproduces the inequalities of the global financial system, as they are allocated in proportion to IMF members' quotas, and therefore they are heavily skewed towards rich countries.

9. Global technology assessment mechanism at the UN: 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, tax policy, livelihoods and society. The global COVID-19 pandemic has exposed the extent and further exacerbated the digital divide – the ever-widening gap in access to digital technology and infrastructures between the North and South, between men and women across the world, and between urban and rural communities within countries. There remains a huge vacuum in member state-led governance of digital technologies that needs to be addressed with a sense of urgency to assert the mandate of inclusive multilateral institutions over corporate interests and to protect human rights. Governance of digitalisation is key in curbing the widening digital divide and contribute towards the vision of the 2030 Agenda for Sustainable Development to Leave No One Behind.

10. Ensure fiscal space and scale up international cooperation for decent jobs creation and universal social protection in line with SDGs and ILO standards: National and international support for investments in sectors with the greatest potential for creating more and better jobs (such as climate transition in energy, infrastructure, transport, heavy industry, agriculture and construction, along with care and digital services) are essential to fix the broken labour market. Investments in care, creating millions of new decent jobs, also offer the opportunity to formalise current informal care jobs and to support women to participate in other areas of the economy. Moreover, the global pandemic illustrates more drastically than ever before the importance of ensuring adequate fiscal space to support the extension of social protection systems to ensure universal coverage through social protection floors, in line with ILO standards. We stress the need for access to essential health care for all and income security and to maintain these services even in times of crisis.

We remain at your disposal for any necessary clarifications on these proposals and look forward to constructively engaging in the upcoming UNCTAD IGE on FfD meeting.

Sincerely yours,

Civil Society Financing for Development Group (www.csoforffd.org)
(including the Women's Working Group on Financing for Development)