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# The FfD Chronicle

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## EXTRA EXTRA

### Rich Countries Write Rules for Their Own Interests

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IN NEWS THAT SHOCKED NOBODY, RICH countries in yesterday's discussions on International Development Cooperation continued to bamboozle CSO onlookers with wild tales of using international public finance for the purpose of leveraging, de-risking, capitalising, crowding in and filling the financing gap through the benevolence of the private sector. There's only one problem: the private sector has repeatedly demonstrated that it has no interest in the sustainable development agenda, even under the most favourable circumstances where precious public money is gifted at below market rates.

SO WHAT GIVES? WELL, TWO THINGS:

(1) It is hard to decouple the push to promote private finance in International Development Cooperation from the failures of rich countries to meet their historical commitments to provide development financing to countries in the global south through development cooperation. There is a cold irony wherein rich country institutions are pushing the idea of turning billions to trillions to meet the "financing gap" while regularly failing to meet the decades-old commitment to provide 0.7% GNI in Official Development Assistance (ODA), amounting to around 6 trillion in undelivered aid! Instead of laying out the red carpet for private finance they should be making good on their "aid debt" to countries in the global south.

(2) it's a golden opportunity to line the pockets of rich countries' own companies, but only if the rules allow for it. When faced with criticism that the use of precious public money to support private finance was skirting the rules on reporting, their logical response was to change the rules, which they have since done. Now, money that would have struggled to meet the relatively low-bar of being "concessional in character" can be counted as ODA, making it a win-win for rich countries and their private finance institutions. So, rich countries can inflate their ODA by paying their own private

sector with money that, until October 2023 would not have been considered real aid!

One might ask, "how did this all happen?" and the answer is, behind closed doors with only a handful of rich countries in the room. If that sounds fishy, get out your tartar sauce, because it is. The global governance of aid isn't really global at all, since it leaves out more than half of the globe, and most importantly all of the countries that are most directly impacted by decisions on the rules.

IS IT TIME TO RETHINK WHO MAKES DECISIONS ON INTERNATIONAL DEVELOPMENT COOPERATION?

The answer is resoundingly YES. The Financing for Development Process is in dire need of a new normative framework on International Development Cooperation, complete with a new more inclusive and representative system of global governance, that can define what development cooperation can and cannot be, how it can and cannot be used, and can ensure that it is effective.



# More Money, More Problems

A conversation between global leaders

## CAST OF CHARACTERS

U.N. Secretary General (UN SG) | President of the General Assembly (PGA) | Chair of the G77 | African Union (AU) | International Monetary Fund (IMF) | World Bank (WB) | CSO FfD Mechanism

**UNSG** Ahh my sisters and brothers, welcome to New York and to this convening. It has been a busy time for me as you can imagine. I am not sure what adjective to use after coining 'poly' last year, when we last spoke, to describe the crises we are facing as an international community!

**PGA** Tell me about it! I recently tried something new under the UN Sustainability Week on Debt, woah! I did not know just how bad things are, my brother! We are in a terrible place!

**UNSG** Preach my friend! I mean the SDGs, my entire legacy hangs in the balance all because of this obsession with financialisation and deep market-based approaches to solve our human development problem.

**PGA** Well just to add to your woes, (i) we've been pushed by the private sector to have this Summit of the Future, which you and I both know is just not going to take us anywhere new; (ii) More than half of African countries are paying more in debt service interest payments than on health and education; (iii) Global Public Debt \$313 trillion in 2023; Global External Debt \$11 trillion.

**both** Damn! Our global system and order is in a bad place...

**G77** My brothers! I see the weight of neo-liberalism and privatisation is wearing you down ... I told you this day would come! Eh! You did not listen your sister from Africa when I told you our people are eating air burgers and drinking failed promises. And now your friends from the global north want to thwart the UN Tax Convention negotiations to leave us on a staple of rhetoric? Come on now!

**both** Eh! My sister! Come slow now! You know we have been trying! We have publicly condemned the global financial architecture especially those peeps in Washington D.C. who are not helping our cause at all!

**IMF** Good people, why all the panic! We got this ... we have been doing this for years and we have always been okay. Don't worry, we got you covered. There is plenty of money out there that \$5.1 trillion annually is peanuts. All we need to do is ensure as many countries as possible have IMF programmes and pursue a comprehensive package of fiscal consolidation, deep austerity, public sector cuts, and capital account liberalisation ... very simple ... most African countries don't want to default to avoid downgrades by Credit Rating Agencies.

**WB** Oh yes! my person from the IMF has hit the nail on the head! To add, once they have the IMF programme, we come in and offer all sorts of "goodies" laced as public private partnerships and link them somehow to the climate emergency and energy transition. These developing countries will be scrambling at the doors on I Street! SG and PGA you guys worry too much, just leave it to the markets!

**AU** Are you guys for real?! You do realise your proposals make no sense because there is no transformation, no tech transfer, just a whole bunch of liberalisation policies for foreign businesses to continue exploiting the continent! We cannot allow this to happen!

**G77** My sister from the AU is right, this cannot be allowed to happen. We need to stand firm on the UN Tax Convention, demand for a Multilateral Legal Framework on Debt Restructuring, and a Comprehensive Trade Package to spur trade and industrialisation for Africa.

**AU** Now you are talking my sister! Africa Rule Maker sounds like a good plan to me!

**both** I agree with you both, the Global Economic and Financial Architecture is not fit for purpose. It is colonial, repressive, and undemocratic that serves only a few rich countries. As a result, governments in the developing world are mortgaging their future generations to serve the creditors based in the global north, today ...! Let that sink in! Where can get some sober analysis and recommendations on getting out of this mess?

**CSO** More money, more problems! How is that even possible!? Come on people! It is not that complicated! Here are some ideas:

**Tax** Respect the tax convention negotiations under the auspices of the UN. There is a resolution allowing for this process, and it has an extremely important job to do!

**Debt** Establish a political process for debt resolution under the auspices of the UN, that will create a multilateral legal debt restructuring mechanism. The Common framework IS NOT Working ... it doesn't matter whether we are at the Executive Board or not, Mr IMF!!! Oh! On that note, perhaps give us seat on the Executive Board so that we can be as enlightened as you? Just asking

**IFA** We need an architecture where policy discussions and processes are democratic and fair. This will not happen in the BWIs period not until some members are ready to give up majority and by extension veto power, let's not be under any illusions!

There is a lot of money out there that can be utilised to restore the dignity of human lives in developing countries. Let the money NOT come with PROBLEMS such as conditions, liberalisation, privatisation, defunding of public services ... because then as Notorious B.I.G said, it only becomes more money, more problems!

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