

Statement by Civil Society to the Third International Conference on Financing for Development

Addis Ababa, 13 July 2015

We, members of hundreds of civil society organizations and networks from around the world engaged in the process of the Third FfD Conference convened a CSO Forum and have the following concerns and recommendations.

The Addis Ababa Action Agenda has the opportunity to tackle the structural injustices in the current global economic system and ensure that development finance is people-centred and protects the environment. However, the draft outcome document does not yet rise to world's current multiple challenges, nor does it contain the necessary leadership, ambition and practical actions. It undermines agreements in the Monterrey Consensus and the Doha Declaration. We regret that the negotiations have diminished the FFD mandate to address international systemic issues in macroeconomic, financial, trade, tax, and monetary policies. We strongly believe that the FFD process, underpinned by the normative function and ethos of the United Nations, best enjoys the legitimacy to address these issues.

This conference must unequivocally assert that development processes should be led by countries under the ultimate responsibility of the States through participatory processes to include all right-holders. Likewise, if this conference is to contribute to the means of implementation for the SDGs, the Rio principle of Common but Differentiated Responsibilities should be taken into full account.

It is hard to be optimistic with the current draft Addis outcome, as it is almost entirely devoid of actionable deliverables. It is deplorable that a conference on *financing* has so far failed to scale up existing resources and commit new financial ones.

The additional steps to address gender equality and women's empowerment seem to speak more to "Gender Equality as Smart Economics" than to women and girls' entitlement to human rights and show a strong tendency towards the instrumentalization of women by stating that women's empowerment is vital to enhance economic growth and productivity. Financial inclusion or women's entrepreneurship should not displace attention from structural barriers for women's economic rights and full and equal access to and control over economic resources, such as the unequal distribution of unpaid care work, the lack of access to care services, and the persistent gender discrimination in the labor market.

We caution that the optimism towards private finance to deliver a broad sustainable development agenda is misplaced. Civil society and a number of Member States have consistently raised serious concern on the unconditional support for PPPs and blended financing instruments. Without a parallel

recognition of the developmental role of the State and clear safeguards to its ability to regulate in the public interest, there is a great risk that the private sector undermines rather than supports sustainable development. The very same risk persists, without the recognition of social partners as players on an equal stand. Furthermore, financial, social and environmental accountability of the private sector is non-negotiable and we encourage holding inclusive, open and transparent discussion on principles for publicly-backed private finance at the UN.

We strongly and unambiguously call for the establishment of an intergovernmental, transparent, accountable, adequately resourced tax body with universal membership that could lead global deliberations on international tax cooperation, stop illicit financial flows and tackle corporate tax dodging. We need a forum where every country has the right to participate, not just the richest. We need to fundamentally change the tax rules, and not having every country represented in writing those rules is not only undemocratic but also profoundly unfair.

It is equally key that Member States step-up their action in promoting equity, including gender equality, as an objective in all tax and revenue policies. Tax policy is not gender or class neutral. Regressive tax policies such as indirect taxes disproportionately harm people living in poverty, women, minorities, people with disabilities, children, and other marginalized groups. Concrete commitments to integrated social protection systems, including floors, are completely missing and we strongly reaffirm the need for the implementation of the relevant ILO Conventions and Recommendations.

We note with great concern the tendency of traditional donors to elude their responsibilities by putting emphasis on South–South cooperation, Domestic Resource Mobilization or the Private Sector. International Development Cooperation remain critical for development financing and fulfilling the 0.7% commitment made more than four decades ago remains pivotal. Furthermore, the Addis Agenda does not address unambiguously the necessary additionality of climate and biodiversity finance commitments. We further call for caution on endorsing multi-stakeholder partnerships and rather we strongly endorse an international Financial Transactions Tax (FTT).

Instead of safeguarding policy space, the Addis Agenda fails to critically assess international trade policy. The lack of meaningful progress in the Doha Development Round and the continuing proliferation of “WTO-plus” preferential trade and investment agreements, calls for a critical examination of the contribution of the multilateral trading system to sustainable and equitable development. We therefore call on governments to critically evaluate these agreements and the multilateral trading system, to eliminate investor-state dispute settlement clauses and to undertake human rights impact and sustainability assessments of all trade agreements to ensure that they are aligned with the national and extraterritorial obligations of governments.

We also call on governments to uphold the important normative developments in the direction of improving sovereign debt restructuring that have taken place in the UN over the last few years. We demand a constructive engagement by all governments on attempts to create a new debt restructuring institution and a multilateral legal framework on sovereign debt at the UN initiated by the General Assembly. It is also time that debt sustainability calculations stop being the “purely technical” exercise that the Bretton Woods Institutions claim it to be, and embed the moral and legal dimensions that their impacts on human rights call for.

We welcome the establishment of a Technology Facilitation Mechanism (TFM) under the UN and we recognize its potentials to address the obstacles to technology transfer and to enable developing countries to harness their innovation capacities to respond to development challenges. We welcome the specific reference to “accessible technology for persons with disabilities” and we also expect facilitation of access to technology for other marginalized sectors. It is however crucial to emphasize that technology development is not a monopoly of the formal sector, nor is technology only transferred and diffused by the private sector and industrialized countries. The invaluable role of indigenous and traditional knowledge in enabling communities to address development challenges for generations must be strongly recognized and promoted, and community innovations must be supported on par with those in the formal sector.

The Addis Agenda fails to provide sufficient political leadership to strengthen the role of the United Nations to lead the necessary human rights-based, pro-development reforms of global economic and financial systems and institutionalize greater coherence. Instead of the profound reflection on the IMF’s failures pre- and post-crisis and its unwarranted austerity advice as a response, the Addis Agenda calls for strengthening it and validates the insufficient governance reform process going on. There is no call for reform of the Special Drawing Rights regime towards its full potential to serve as a development finance tool and as the center of the international monetary system. Capital controls are barely acknowledged in the draft outcome document.

Finally, we believe that references to the importance of transparency and accountability in the follow-up of the Addis Agenda are not matched by strong commitments from governments to publish timely, comprehensive, accessible and forward-looking information about all development activities and resource flows, and we call upon member states to commit to the implementation of existing open data standards.

The lack of commitment to establish a strong FFD follow up mechanism has had dire consequences in the ability of countries, especially developing countries, to implement not only the MDGs but all the international agreed development agendas. We recognize the Addis Agenda’s establishment of an intergovernmental and universal Forum on FfD with agreed outcomes is indeed a step in the right direction. However, because the same space is tasked to follow-up on the Post 2015 Means of Implementation, there is a risk it will lead to a loss of focus on systemic issues. This is why we demand

a strong commitment to strengthen an institutionalized process to guarantee a robust implementation of all FFD agreements. The mandate of the FfD platform represents the potential of a tectonic shift towards the structural transformation urgently needed in this unequal world, and thus it is an imperative to preserve its integrity and strength. We therefore call on Member States to live up to these expectations and reaffirm the centrality of this United Nations space.

The statement was delivered by Rama Salla Dieng and Stefano Prato on behalf of the CSO FfD Group and featured excerpts from the CSO FfD Forum Declaration (both documents are available for download on the CSO FfD Group website at <https://csoforffd.wordpress.com/>)