UNCTAD IGE on FfD
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Intervention by Pooja Rangaprasad, Policy Director (FfD), Society for International Development on behalf of Civil Society FfD Group

- FfD not just about 'financing gaps' for SDG implementation. It is rooted in Right to Development, need for international enabling economic environment, the long history of developing countries trying to establish a New International Economic Order
- FfD was historically pushed for by developing countries, with the recognition that addressing these global systemic barriers to their development needs recovering the role of the UN on normative decision making on global finance, sidelined over the decades by undemocratic forums such as IFIs, OECD to ensure developing countries have equal voice and vote.
- The democratisation of global economic governance remains the core issue in the context of multilateralism on issues of global finance.
- The structural transformation of developing country economies is not possible as long as the normative decision making on global finance & economy is dominated by undemocratic forums such as WB, IMF, OECD, Paris Club, G7, FATF, FSB and G20
- In addition to these being unfair with most developing countries excluded, but as we have seen over the years, outcomes are biased and ineffective. Crisis after crisis, we have seen the same approach of bandaids being applied to systemic issues and patchwork of false solutions being pursued which to no one's surprise has led to no meaningful transformation.
- This moment of multiple crises should be an opportunity to work towards a global consensus on a new global economic governance architecture that could foster systemic reforms to ensure the world meets SDGS, climate commitments, human rights & gender equality.
- Here are some of the key proposals from civil society:

1. UN binding and multilateral legal framework for debt crisis prevention and resolution

- A fair and timely resolution will not result from lender dominated forums. United Nations, which is not a creditor itself, is the only forum that provides an inclusive and democratic space to provide a lasting multilateral solution to the debt crisis that ensures participation of all creditors: bilateral, multilateral and private.
- Such a binding, multilateral framework should ensure:
    - Extensive debt cancellation: In view of the historical and ecological debt owed to the Global South, this is an issue of justice – NOT forgiveness or relief. From a narrow perspective of just looking at unmet ODA commitments over the last decade, UNCTAD estimates 2trillion USD owed. Oxfam estimates over the last 50 years of unmet ODA commitments is over 5 trillion.
    - agreeing on common and binding principles on responsible borrowing and lending, and ensuring compliance with it.
    - Using human rights and development impact assessments in debt sustainability analyses to widen their focus solely from economic considerations to consider also the impact of a country's debt burden on its ability to meet development goals (including SDGs, climate goals, human rights and gender equality commitments)

- Assessing systemic risks posed by unregulated or inadequately regulated financial sector instruments and actors

2. **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**.

3. **Moratorium on Investor-State Dispute Settlement (ISDS) mechanisms:** ISDS has empowered transnational corporations to sue governments in secret tribunals on a range of issues: From being sued for debt restructuring (Argentina) to being sued for a tax legislation introduced by the parliament (India) to being sued for COVID related measures (Chile) to fossil fuel companies suing countries for climate action. This year's IPCC report also flagged that ISDS risks blocking the phase out of fossil fuels. Governments should **elaborate a multilateral agreement for a coordinated and permanent suspension of Investor-State Dispute Settlement (ISDS) mechanisms** in addition to terminating existing agreements with ISDS.

4. **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 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.

5. **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. While we agree that the private sector should contribute to financing development, we differ on the modalities. We think governments should effectively tax private and corporate wealth to ensure the fiscal space for meeting development challenges. Which brings me to the final point I'll close my remarks with:

6. The need to agree a UN tax convention: to comprehensively address tax havens, tax abuse by multinational corporations and other illicit financial flows through a universal, intergovernmental process at the UN. The broken international tax system from the 1920s is unfit for purpose and bleeding hundreds of billions of dollars of public revenue annually.

   Wanted to end on this issue as there was an important point raised in the opening panel yesterday that these are not just technical issues, but it is a political economy challenge. The issue of a UN intergovernmental tax process has been seen as impossible – G77 have been fighting for it for

decades. The issue almost crashed the 3rd FfD conference in Addis Ababa. Just last week, Africa Group did the impossible – they tabled a UNGA resolution on beginning discussions towards a tax convention adopted by consensus. OECD countries complained of course but it was eventually agreed.

G20 developing countries need to stop rubber stamping these bad OECD tax deals that is not in the interest of developing countries. In fact OECD countries themselves are not implementing their own Pillar 1 & Pillar 2 decisions.

Important now for developing countries to NOT implement the OECD BEPS decisions and instead work together to ensure a strong intergovernmental process in the UN towards a UN tax convention that is in the interest of developing countries.

Yes, these are political economy challenges but Africa Group has shown that they are not insurmountable. Highlights the importance of G77 in Geneva and NY to be ambitious in the fights they pick and stay together to see these long-standing governance fights over the finish line.

You can count on our support to continue engaging constructively in the UN.

Thank you.

For more information: https://csoforffd.org