

## **DECLARATION FROM THE ADDIS ABABA CIVIL SOCIETY FORUM ON FINANCING FOR DEVELOPMENT**

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*July 12, 2015*

We, members of more than 600 civil society organizations and networks from around the world that have been engaged in the process leading up to and including the Third International Conference on Financing for Development (Addis Ababa, July 13-16 2015), convened a CSO Forum in advance of the conference. We have the following reflections and recommendations to convey to the Member States of the United Nations and the international community. We want to express appreciation for the participation and access civil society was accorded in the preparatory process so far.

As the first in three important UN Summits on sustainable development this year, the Addis Ababa Action Agenda (“Addis Agenda”) has the opportunity to set the tone for an ambitious and transformative agenda that will tackle the structural injustices in the current global economic system, as well as ensuring that all development finance is people-centred and protects the environment. The world faces challenges in the form of historic levels of inequality within and among countries, the confluence of financial, food and environmental crises, the under-provision of essential services and pronounced employment deficits. However, the draft outcome document does not yet rise to the challenges that the world currently faces, nor does it contain the leadership, ambition and practical actions that are necessary.

In what follows, we highlight our overarching concerns about the Addis Ababa Action Agenda (“Addis Agenda”), followed by our reflections and suggestions on its different aspects.

The Addis Agenda as it stands undermines agreements in the Monterrey Consensus of 2002 and the Doha Declaration of 2008. It is also hardly suited to function as the operational Means of Implementation (MoI) for the post-2015 development agenda, which is one of the goals of this conference, and to inspire the hope of reaching a successful agreement towards COP 21 in Paris.

The Third Financing for Development (FFD) 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. The principles of democratic ownership and leadership have been affirmed in many global forums since Monterrey and it is now time to place it at the heart of the whole financing framework as a fundamental qualification of countries’ policy space, which the draft Addis Agenda itself recalls. An enabling environment for civil society agency is essential.

Likewise, if the Third FFD conference is to contribute to the means of implementation for the Sustainable Development Goals (SDGs), the Rio principle of Common but Differentiated Responsibilities (CBDR) should be taken into account. This principle is, above all other Rio Principles, indispensable for the political legitimacy and real world impact of the FFD agenda. If appropriately applied CBDR can also serve to reinforce all countries’ abilities to fulfill commitments in areas of human rights, labor and environment.

We regret that the negotiations, rather than gearing towards a meaningful outcome, have been bogged down by political disputes which have diminished the FFD mandate to progressively 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, enjoys the participation of its universal membership and, therefore, a legitimacy to address those issues that no other forum can boast.

It is hard to look upon the next decade and a half with great optimism based upon the Addis Agenda. Rather we fear adverse consequences across the sustainable development agenda. The FFD text has incrementally shed any ambition over the course of negotiations and international solidarity seems to have become a distant concept. Those countries that historically, and with good reason, have taken on a large part of the responsibility to lead in delivering MoI, have gone to great lengths to shed this responsibility. At the same time, the text neglects normative and systemic reforms that would enable developing countries to mobilize their own available resources. This combination makes it impossible for countries to generate the requisite resources to deliver a sustainable agenda.

We express disappointment that the Addis Agenda is almost entirely devoid of actionable deliverables. While not a pledging conference it is deplorable that a conference on *financing* has so far failed to scale up existing sources and commit new financial resources. This calls into question governments' commitment to realize a development agenda as expansive and multi-dimensional as the Sustainable Development Goals (SDGs). We note in particular the opposition seen so far to a global tax body under the auspices of the UN, which would create significant sustainable financing for development through, for example, combating corporate tax dodging in developing countries.

We note with deep preoccupation the lack of ambition in undertaking responsibilities and firm commitments to foster sustainable industrialization paths based on decent work and employment opportunities. We strongly regret that the role of social dialogue is neglected when it is actually a key element to address inequalities and to contribute to overall developmental processes. Special measures are needed to address caste and analogous systems of inherited status that perpetuate exclusion and inequalities in the access to economic resources and the benefits of growth.

Concrete commitments to integrated social protection systems, including floors, which would establish universal access to public services, granting redistribution, are completely missing when addressing domestic resource mobilization. We strongly reaffirm the need for the implementation of national social protection schemes and decent work, as enshrined in the provisions of the ILO Convention 102 and Recommendation 202.

The additional steps we see in terms of addressing gender equality and women's empowerment seem to speak more to "Gender Equality as Smart Economics" than to women and girls' entitlement to social and economic rights. The Addis Agenda "reiterates the need for gender mainstreaming, including targeted actions and investments in the formulation and implementation of all financial, economic, environmental and social policies." Yet, the document shows a strong tendency towards the instrumentalization of women when it states that women's empowerment, and women and girls' full and equal participation and leadership in the economy are vital to significantly enhance economic growth and productivity.

Controversial initiatives in micro-fields such as 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 that are not present in the Addis Agenda: i.e. the unequal distribution of unpaid care work, the lack of access to care services, the persistent gender discrimination in the labor market (through vertical and horizontal segregation, over-representation of women in precarious and low-paid jobs, and inadequate and insufficient social protection).

We caution that the optimism towards private finance to deliver a broad sustainable development agenda, which is about the social and environmental dimensions as much as it is about the economic, is misplaced. Civil society along with a number of Member States have consistently raised serious concern on the unconditional support for Public Private Partnerships and blended financing instruments. Without a parallel recognition of the developmental role of the state and commitments which safeguard the ability of the state 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 (workers and employers organizations) as players on an equal stand. The right of social partners to freely negotiate and conclude collective agreements is essential to strengthen democracy, as well as, to enhance transparency and realize sustainable development. States have an obligation to enforce universal standards in the areas of human rights, gender equality, labor and environment, including the Convention on the Elimination of All Forms of Discrimination Against Women and the Convention on the Rights of the Child. Yet the Addis Agenda fails to demand compliance by the private sector with these standards. Financial, social and environmental accountability of the private sector is non-negotiable.

Inclusive development requires access for persons with disabilities to social and disability support services and micro finance. Investments should have safeguards to prevent the creation or perpetuation of legal, institutional, attitudinal, physical and ICT barriers to the inclusion and participation of persons with disabilities and other marginalized groups.

The following are our reflections and suggestions on the different aspects of the Addis Agenda.

### **Mobilization of domestic resources**

Domestic resource mobilization (DRM) is not a development panacea. But it is a development priority in the post-2015 era and it represents the foundation of financing for states. We regret that the Addis Agenda reduced DRM to only public finance, deciding to address the domestic business sector alongside international financial flows. This unjustifiable retrogression from the Monterrey and Doha agreements unduly conflates national and international business to the detriment of strategies to harness the former.

Tax is the most reliable source of financing for public services and strengthens the social contract between the government and the people. However, one of its key functions is redistribution. We therefore welcome the commitment to progressive tax systems, while reminding that the stronger Doha FFD Review commitment to make tax systems “pro-poor” remains valid. Decent work, including job creation, and fair taxation of multinational corporations are key elements of providing a stable tax base. The Third FFD Conference takes place at a point in time when it has become clear to everyone that the international tax system is painfully outdated and broken. From Amazon in UK to SAB Miller in Ghana; from “Luxembourg Leaks” to the Mbeki Panel report and the work of the Independent Commission on the Reform of Corporate Taxation, there is enough evidence that profit-shifting for tax dodging purposes by corporations and rich individuals harms developing and developed countries alike. However, costs are not symmetrical, as the majority of resources are transferred out of developing countries, depriving them of their fair share of revenue. This imposes significant costs on their development opportunities and erodes the dignity of the common person. And, yet, while OECD members are working to protect their own tax bases through OECD processes, it is the developing countries that are left out of exclusive agenda-setting and decision-making so crucial to their sovereignty and development.

In order to tackle the global tax haven economy, a significant increase in transparency is needed. Unfortunately, the Addis Agenda proposal to introduce public country by country reporting for multinational enterprises and *public* beneficial ownership registries were rejected. Therefore, citizens will remain unable to know how much multinational corporations pay in taxes or where they make their profits.

A key reason why the global tax system has failed is that more than half of the world's countries are currently excluded from the decision making processes on global tax standards. To begin to address these problems 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 to make sure they work for everyone is not only undemocratic but also unfair. Developing countries have underlined that the establishment of an intergovernmental UN tax body is a red line issue for them. We strongly support this call.

We reiterate the need and strongly recommend the establishment of an intergovernmental, transparent, accountable, adequately resourced tax body with universal membership, that leads global deliberations on international tax cooperation. Such a body will strengthen the ability of developing countries to generate significant sustainable financing for development through, for example, combating corporate tax dodging in developing countries and balancing the allocation of taxing rights between source and residence countries. It should also support the efforts of peoples in developing countries to develop their own progressive, rights based, equitable tax systems and laws, free of such pressures imposed by lenders and developed country governments.

In addition, it is key that Member States up their action by committing to “promote equity, including gender equality as an objective in all tax and revenue policies”, as stated in previous drafts of the Addis Agenda. 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. Women living in poverty are increasingly affected because of their socially constructed roles as primary care givers. Thus, domestic resource mobilization policies need to be reviewed to take into account their impact on women's income and work, including unpaid labor and unpaid care, and property and assets ownership. The disproportionate burden of taxation on women and people living in poverty must instead be reversed, as part of a broader shift in fiscal policy at the national level to address inequalities. Taxation reform should mobilize additional and sufficient resources to comply with States' obligations to commit the maximum available resources to fulfilling human rights, including women's rights, and ensure that tax systems are pro-civil society and pro-environment. We also call on governments to end harmful tax incentives nationally, regionally and globally. Multinational corporations are receiving unduly extensive tax exemptions and are able to misuse them.

Member states should also agree to conduct independent, participatory and periodic impact assessments to monitor the spillover effects of their tax policies and agreements on the achievement of sustainable development and human rights in other countries.

### **Private finance**

We are deeply concerned over the central role that private finance has taken over the course of FFD negotiations. Evidence on its sustainable development impact remains weak and, in some sectors –for instance, the privatization and commercialization of education, health and other essential services, substantial available

evidence shows their negative impacts on inequality and marginalization. Instead, inclusive and sustainable industrial development is of critical importance for developing countries in order to support economic diversification, add value to raw materials, improve economic productivity and develop and use modern and appropriate technologies. Indeed, being here in Addis Ababa we should remind ourselves of the African Union's Agenda 2063 based on shared prosperity through social and economic transformation.

Equally concerning is the unquestioned confidence on the private sector to achieve women's empowerment. The need to provide an enabling environment for business is repeatedly emphasized, which evidence shows primarily serves big businesses rather than micro, small and medium enterprises. Evidence also shows that this deregulation and privatization agenda in the private sector often contradicts and undermines the possibility to respect, protect and fulfil all human rights. There should be ex-ante and periodic human rights impact assessments of private sector investments and activities. Only this will safeguard public interest.

While private finance and business activities have increased in scope and volume, foreign investments often leave behind the poorest people and poorest countries. The few investments that do reach low-income countries tend to be concentrated in extractive industries or are agricultural investments that lead to adverse activities such as landgrabbing. To ensure large private sector enterprises' compliance with internationally agreed social and environmental standards, ILO Conventions, and all human rights we call for mandatory rules and an accountability mechanism that can help ensure delivering positive development outcomes. Unfortunately, the Addis Agenda does not agree on having them. There should be a clear move towards promoting mandatory standards rather than voluntary standards, such as the UN Global Compact principles that, in the particular case of gender equality, have proven to be wholly inadequate and inappropriate to respond to women's human right abuses, especially from transnational corporations. We demand the adoption of financial, environmental, social and governance reporting guidelines on a country by country basis for all large companies.

Private sector companies are also increasingly benefiting from development cooperation funds without adequate impact analysis. Indeed, a whole new category of development finance instruments has emerged such as blended and leveraged finance, including a robust promotion of Public-Private Partnerships (PPPs). However, there is a lack of proof that PPPs are actually delivering positive economic, social and environmental outcomes. We encourage holding inclusive, open and transparent discussion on principles and criteria for publicly-backed private finance at the United Nations. National regulatory bodies need to protect public interest concerning PPPs. To be coherent with other forms of international public finance, these regulations should be based on internationally agreed commitments and principles, such as the labor standards enshrined in ILO Conventions and the ILO Declaration on Multinational Enterprises, Rio Principles on Environment and Development, OECD Guidelines and UN Guiding Principles on Business and Human Rights and Development Effectiveness Principles. Essential public services that implicate States' duties to guarantee the human rights to water and sanitation, education, and health should be excluded from private sector partnerships. Traditional public procurement, that meets administrative efficiency and public accountability criteria, should remain the preferred route for involving the private sector in infrastructure financing. Where promoted, Public-Private Partnerships should be conditional on feasibility and auditing criteria and should include safeguards to ensure transparency; the affordability, accessibility and quality of the services and sustainable infrastructure that they are expected to deliver and prevention of unsustainable debt burdens.

Business enterprises should also align their business models with the aim of achieving progressive economic, social, environmental impacts to ensure sustainable development. In this context, we stress that corporate

accountability begins with private companies contributing their fair share in taxes to public resource mobilization, providing decent work and living wages. We urge both governments and private enterprises to effectively implement the UN Guiding Principles on Business and Human Rights, and to set up effective mechanisms for resolving disputes between corporations and communities or individuals that can provide genuine remedy for parties that have been negatively impacted by business activities, especially indigenous peoples. However, recognizing that voluntary principles are insufficient, we call on governments to engage constructively in the ongoing development in the Human Rights Council in Geneva of an international legally binding instrument on Transnational Corporations and other Business Enterprises.<sup>1</sup>

We should prioritize policies and development funds supporting a social and solidarity economy and finance that enhances democratic ownership and supports domestic micro, small and medium-sized enterprises that have a greater sustainable development impact. Migrants and the diaspora are active partners in development through their transboundary entrepreneurship, skills transfer, and innovative finance. We note that for some corridors the cost of remittances is already less than 3%. We urge Member states to reflect the ambition expected of FFD by committing to facilitate the reduction of remittance transaction costs to a target of 1% by 2025, and to fund transboundary and diaspora investment schemes.

### **International Development Cooperation**

We note with great concern the tendency of traditional donors to elude their responsibilities on cooperation and putting the emphasis on South–South cooperation, Domestic Resource Mobilization or the Private Sector. International Development Cooperation and Official Development Assistance (ODA) in particular, remain critical for development financing and fulfilling the commitments made more than four decades ago to reach the 0.7% ODA/Gross National Income (GNI) target remains the cornerstone of success... We call on governments to meet existing commitments and provide additional resources to close the gap toward poverty reduction and meet new development challenges, in a framework in where human rights should be at the center. The outcomes on international public finance and development cooperation should maintain and build upon the gains made in both Monterrey and Doha conferences respectively.

The Third FFD deliberations so far have not offered leadership on how the 0.7% target will be reached by the economically advanced countries. We urge all development partners to commit to the timeline of 2020 to provide timetables and accountability frameworks, including enacting legislation at national level. We also urge development partners to redirect aid to where it is most needed with clear actions and timelines, by backing the target to provide 50 % of ODA to Least Developed Countries (LDCs). We welcome specific mentions to the needs of Middle Income Countries, but without a clear commitment on an Action plan to MICs, these remain rhetoric. We must note that the current World Bank or UN classifications of countries are incomplete and do not reflect other structural gaps that are increasing poverty and inequality among countries.

The Addis Agenda's outcome on development effectiveness is not encouraging. The references to the effectiveness agenda should be placed in the opening of the section on international development cooperation. Governments now need to implement stronger steps at both the global and local level, on both quantity and quality targets. International public finance must embrace the principles of effective development cooperation

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<sup>1</sup> Human Rights Council resolution A/HRC/26/L.22, adopted in June 2014.

where democratic ownership, inclusive partnership, transparency and accountability and outcomes towards eradicating poverty and reducing inequality form the core of all cooperation.

Commitments on untying aid have lost momentum through the negotiations as now there is just a perfunctory call for accelerating current efforts. ODA must catalyze people's empowerment, ownership of their development strategies and promote their participation and inclusion in the development agenda, while at the same being environmentally sound and climate-proof. It must not be used to exercise power over recipient countries, for example through the imposition of policy conditionality or links to trade negotiations, or contribute to leaving countries indebted. Instead, ODA must be used to develop the capacity of the recipient country's economy to generate and mobilize its own resources while reducing structural inequalities, including gender inequality. It should also prioritize social sectors and agriculture over infrastructure and other non-social sectors. Furthermore, ODA should be provided in a way that effectively supports longer-term structural change for example through sustained support to civil society organizations. The major increase in ODA should be felt in the grant component of assistance rather than in the loan component.

The Addis Agenda urges countries "to track and report resource allocations for gender equality and women's empowerment." However, tracking and reporting is not enough. It is unacceptable that developed countries do not commit to scaling up the share of ODA for achieving gender equality, women's empowerment and women and girls' human rights and to fulfill longtime agreed financing commitments to accelerate full and effective implementation of internationally agreed development agendas, including the Beijing Platform for Action, the Cairo Programme of Action, among others without resorting to impositions and conditionalities within the narrow framework of aid giving.

Importantly, the Addis Agenda does not address the additionality of the commitments related to implement development, climate change mitigation and adaptation and biodiversity agendas. We call for better integration and mainstreaming of climate change in overall aid. But this is not enough. New and additional climate finance is equally necessary to meet the commitments made in the UNFCCC process. ODA is already spread too thin, endangering the efforts to eradicate poverty and tackle climate change. Governments need to provide clear, separate and transparent measures of both ODA and climate finance in order to ensure commitments in both areas are fully kept.

We call for caution on endorsing multi-stakeholder partnerships that do not establish open, accessible, inclusive, and transparent space for oversight, monitoring and review, with full and meaningful participation of civil society organizations. Global Partnerships with the private sector should be discussed and approved by governments in an intergovernmental space at the UN. Partnerships that rely on vertical approaches, with unpredictable and volatile funding and lack of a clear link to human rights obligations such as the "Every Women, Every Child" initiative, will adversely affect implementation of the broader development agenda for the next decade. Conversely, we encourage multi-stakeholder platforms and partnerships such as the United Nations World Committee on Food Security (CFS) and the public sector window of the Global Agriculture and Food Security Programme.

To mobilize and deliver predictable, reliable and efficient resources to diversify the financial tools dedicated to development we call for an international Financial Transactions Tax (FTT). The international community should continue to explore the use of innovative sources to supplement ODA generating additional finance, through

levies and taxes derived from globalization gains such as in finance, air transportation and maritime, for poverty eradication and sustainable development, including climate action.

### **International trade**

The lack of meaningful progress in the World Trade Organization's (WTO) Doha Development Round, together with the continuing proliferation of "WTO-plus" preferential trade and investment agreements, calls for a renewed and critical examination of the contribution of the multilateral trading system to sustainable, equitable development. We 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 call for economic modeling that can credibly assess the impact of trade opening and regulatory harmonization. Furthermore, we call on governments to strengthen the role of UNCTAD in ensuring a human rights-based and integrated treatment of trade and interrelated issues in finance, technology, investment and sustainable development

We regret that the Addis Agenda was a missed opportunity. It endorses international trade without qualification as "an engine of inclusive economic growth and poverty reduction". This is despite profound imbalances in the global trading system, exemplified by the dispute over public stockholding for food security in developing countries and the unfair and inequitable WTO rules on agricultural subsidies; evidence of de-industrialization in some regions; and the exploitation of women's labour and precarious employment as a source of competitive advantage to attract foreign investment. The confinement of developing countries to low value-added niches within global value chains constrains skills transfers and technology spill-overs, and power imbalances in supply chains between corporations and SMEs condemn small producers and workers to poverty. Recent increases in exports from developing countries have been driven by rising commodity prices, which are now in decline and subject to continued volatility largely as a result of financial deregulation. Further, trade liberalization leads to the consolidation of market shares of corporations through the workings of competition, and mergers and acquisitions.

We also note the broader gendered impacts of the current model of trade liberalization, including privatization that makes public services such as water and healthcare less accessible, thereby increasing women's burden of unpaid care work.

The Action Agenda misses an opportunity to strengthen implementation of international standards in trade agreements, including ILO Conventions on Discrimination and Equal Remuneration and OECD Guidelines on Multinational Enterprises so as to ensure that global supply chains contribute to decent work.

While international trade may have the potential to support decent work, equitable and sustainable development and the realization of human rights and gender equality, this has not been evident in practice. Such potential cannot be realized without adequate national policy space to implement development-oriented industrial, social and environmental policies, including intellectual property rights regimes that guarantee affordable medicines. These policies are necessary to support sustainable economic diversification, boost productive capacity, protect indigenous and traditional knowledge, ensure the rights of women as workers, producers, and traders as well as ensure environmental sustainability. As the Doha FFD Review recognized, "the optimum pace and sequence of trade liberalization depends on the specific circumstances of each country."

Instead of safeguarding policy space, the Addis Agenda fails to critically evaluate international trade policy; harmful domestic agricultural subsidies given by Western countries; and, the investor-state dispute settlement clauses that empower foreign investors to sue governments for implementing domestic regulation relating to wage policy, environmental protection, public health, affirmative action and macro-prudential policy. Moreover, it fails to challenge the closed and secretive nature of the negotiation of these agreements, which undermine the right of all citizens to participate in public affairs.

## **Debt**

In the Millennium Declaration governments committed to a “lasting solution to the debt problem.” However, the persistent failures in avoiding or at least quickly resolving debt crises with minimal cost to human rights since then show that solution is still elusive. Despite the HIPC and some other isolated initiatives, too many countries throughout the South are still suffering from huge debt burdens. The expected interest rate increases in the U.S. threatens to further exacerbate such trends. Sadly, no clear commitment to any further debt cancellation is promised in the Addis Agenda.

We 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 also 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 as have been initiated by UN General Assembly Resolution 68/304. These should be used to deliver a comprehensive international mechanism, independent from creditors and debtors, available to any indebted country to have their debts reviewed for legitimacy and debt sustainability parameters with full participation of the population of the country concerned.

We regret such efforts are only implicitly recognized in the Addis Agenda. Governments also missed the chance to reduce the risk of future debt crises by adopting the UNCTAD Principles on Responsible Sovereign Lending and Borrowing. Such principles, launched by UNCTAD in 2012 after broad-based consultations, are a mere restatement of already existing best practices and international law on the matter. Adhering to them costs no money but could save billions in unwarranted debt contracts and payments.

It is 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. The Monterrey Consensus offered a good start with its commitment to link debt sustainability to the financing needs of countries to achieve the Millennium Development Goals. We regret to not see the Addis Agenda renewing such commitment or a commitment to implement the Guiding Principles on Foreign Debt and Human Rights. Indeed, if the Addis Ababa outcome is to play a role as a significant part of the means of implementation for the SDGs, it must concretely address both the impact of debt servicing on a state’s realization of the SDGs and the incorporation of public financial resources needed to implement the SDGs into national debt sustainability analyses.

Inextricably linked to the debt problem are illegitimate and odious debts and decisive actions to address them toward the objective of putting an end to their re-accumulation, including through independent debt audits. Such an action-oriented step is urgently needed.

## **Technology**

The Addis Ababa Accord has put Technology in a distinct place in the financing for development discourse, and this is a deviation from previous declarations.

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 must be explicitly recognized that technology is not gender-neutral and that the specific needs and circumstances of women must be integrated in technology design and development. Human rights, including the right to privacy, must be protected in ICT.

It is 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. Adoption of technological solutions to attain development goals must not be based on an uncritical acceptance of the promises of new technologies and their potentials to bridge development divides, but in recognizing their risks to deepen inequalities and in understanding available technology options to suit specific needs, conditions and capacities of countries and communities.

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. Innovation funds must be established to support local technology development and diffusion, promote traditional knowledge and harness community innovation capacities. Traditional knowledge must be protected from misappropriation.

The role of public finance to support local innovations and traditional knowledge systems is crucial. Technologies developed with the use of public finance must remain in the public domain and must be made available to developing countries. Governance of research, science, technology and innovations must be inclusive and transparent.

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 expect that the open, transparent and inclusive processes that comprise the TFM will foster critical consideration of technology issues and options instead of just a mere platform to market technologies. To be responsive and anticipatory, the TFM must enable countries to monitor and assess the potential impacts of technologies on the economy, jobs and livelihoods, society and the environment with direct participation of communities and civil society. Systemic issues in technology development and transfer such as restrictive intellectual property rights, trade issues and financing must be addressed head-on by the TFM as it provides guidance on science, technology and innovations for the attainment of the SDGs.

## **Systemic issues**

Governments that met for the Doha FFD Review seven years ago faced the greatest financial crisis since the Great Depression. This should have been a wake-up call to reformulate the very foundations of an international financial and monetary system that fails to serve sustainable development and rights. Seven years later, the impacts and repercussions of the financial crisis are still being felt in unrecovered employment and social services, inequality and continuing environmental degradation. People facing structural inequalities, including women and youth,

were disproportionately affected. Yet, we see the financial sector settling comfortably back into its pre-crisis ways and in some cases accruing even greater profits than before while we continue to transgress planetary boundaries. The process of financialization of the economies marches onward and is creating greater global inequality, instability and diverting finance from sustainable and equitable development sectors. Calls for restructuring the very foundations of the international financial and monetary system, including those made in the World Conference on the Financial and Economic Crisis, have gone unheeded. If another crisis were to strike today, the world would be just as unprepared as it was in 2008 to reduce its costs and ensure that these costs are borne by those that with their reckless and greedy behavior caused it.

The Third FFD Conference offered an opportunity to provide a solid institutional foundation needed all the more with the new paradigm of sustainable development the international community plans to adopt for 30 years starting in September 2015. Reaffirming the primacy of human rights and environmental protection over finance, trade and monetary rules and policies, and coherence, is greatly needed. But governments are as yet failing 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. It validates the insufficient governance reform process that is already going on. The extension of the use of double majority voting at the IMF – requiring relevant majorities of both votes and countries for all decisions – would be a simple but effective way of giving developing countries a fair voice. At the same time, we reiterate our support for the emergence of new development finance institutions that can represent a better alternative to the paradigm of finance the Bretton Woods Institutions currently represent.

The need for coordinating policies of leading industrialized countries for their impacts beyond borders and on developing countries, acknowledged in Monterrey, is replaced by text giving the impression that any policy by any country has the same impact at the global level.

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. The IMF should issue \$250 billion in new SDRs annually, with the allocation based on economic need and the majority going to developing countries. Capital controls, a tool that served many countries well in response to the crisis, are barely acknowledged in the draft outcome document as a last resort after adjustment measures are applied.

Credit Rating Agencies should improve the quality of their risk assessment criteria so they support sustainable development, including by incorporating an environmental sustainability dimension. We call on Member States to initiate a UN process to develop guidelines towards this purpose.

### **Follow up**

We believe that references to the importance of transparency and accountability in the follow-up of the Addis Ababa Action 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, public and private, domestic and international, including about revenues, allocations, spending, contracting and results. We call upon Member States to commit to the implementation of existing open data standards on the

above such as the International Aid Transparency Initiative. New information technologies, capacity strengthening and the availability of open data from state and non-state actors are vital. Governments should create an enabling environment, including through adopting and implementing right to information legislation and policies, and allocate resources, that facilitates the public to contribute and participate in decision making and monitoring of sustainable development activities at all levels.

It is critical to guarantee that time-bound and actionable commitments made in the FFD agreements so far have continuity in a dedicated Commission for follow-up and review. 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 SDG but the international agreed development agendas including Copenhagen, Beijing and Cairo.

We recognize the Addis Agenda's establishment of an intergovernmental and universal Forum on Financing for Development with agreed outcomes is indeed a step in the right direction. However, because the same space is tasked to follow-up on the Means of Implementation of the post-2015 development agenda, there is a risk it will lead to fragmented consideration of development financing in terms of each specific goal and target of SDGs, and to a loss of focus on systemic issues. This would not be in line with the holistic focus of FFD, which used to facilitate bridges and inter-connections among development, trade, finance, debt, systemic issues and human rights commitments, including women's rights. Additionally, the FFD framework goes well beyond the SDG specific financing and its fifteen-year time-frame, it has an autonomous role, and a unique focus on international systemic issues, without a set duration. This is why we demand a strong commitment to strengthen an institutionalized process to guarantee a robust implementation of the FFD Monterrey, Doha and Addis agreements in the years to come. The mandate of the Financing for Development 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.

Among CSOs and social movements there is a strong commitment to financing for a development approach that meets the basic needs of all people while preserving the planet for future generations. This is not the way that present financing or development are going, and we are strongly dissatisfied with that.

We reaffirm our intent to continue working with all countries, groups of countries, institutions, and sub-national authorities, towards aligning financing with the model of development we support, rather than the needs of a non-accountable transnational corporate sector, including its financial companies. For this purpose, we will work in strengthening the CSO community involved in FFD, at the global regional and country level.