**Financing for Development**

The Civil Society Financing for Development Group’s Strategic Planning Session was organized in cooperation with Civil Society Partnership for Development Effectiveness and held in Rome, Italy

December 11-13, 2017

1. **Brief summary of the meeting**

The objective of the meeting was to define a joint strategy and map the steps leading up to the Financing for Development Forum that will take place from 23-26 April, 2018 at the UN in New York.

Overarching discussions

During the initial discussions, participants agreed on and expressed concern about the following subjects: the impact of the Trump administration on the global financial landscape, the lack of private sector accountability, the worsening debt crisis, the weakening of multilateralism, the lack of financial support to deal with climate change, the increase in global inequality, instability in the world financial system, and concern about the ability of pension funds to meet their obligations.

Overall participants did not have a high opinion of the UN. While participants considered the UN a more democratic forum for decisions on development finance than other groups that lack universal membership, its ways of working were viewed as ineffective and as hampering accountability.

According to participants, development finance is showing worrying trends; there is more tax avoidance, human rights are largely disregarded, and principles of sound financial governance are not upheld. As such, democratization of economic governance is needed.

Climate change, climate justice and the need to transform the world’s energy sources away from fossil fuels to renewable fuels are critical issues that frame current financial approaches to economic development. Worker migration continues to be important to the world economy, but anti-migrant xenophobia in the West, driven by fear, is likely to deliver a serious economic blow.

The group took time to reflect on new trends in “financialization,” such as the digitalization of the economy, new financial technologies such as smartphone-based payments, and less reliance on physical currency or physical assets such as gold, e.g. crypto finance. New financial instruments are also playing a role, such as the SDG Bonds (newly issued by released by HSBC and the World Bank).

Public resources

Tax

Tax revenue is essential to financing the SDGs – yet the revenue raising capacity of states in the global south is constrained by tax policies made by states in the global north. Such policies include loopholes and harmful practices that allow multinational corporations to avoid paying taxes in the countries where they operate; as well as a lack of transparency that makes it difficult for citizens to hold tax avoiders to account.

Participants in the meeting argued that recent developments in international tax governance have done little to improve matters – they are like “trying to stop leakage with a sieve”. The civil society financing for development group has long been calling for a global tax body under the auspices of the UN, which would allow countries in the global south more of a say on international tax rules; but so far this has been thwarted.

Participants also discussed the important links between global tax rules and national realities in the global south. This includes considering the links between tax and budgeting, which must be transparent and accountable. It also includes considering the progressive or regressive nature of taxation.

Many participants noted the importance of applying a gender and human rights lens to work on taxation.

Debt

Debt relief has been important to the Financing for Development (FfD) process since Monterrey. As background, servicing of existing debts are an obstacle to financing additional development, and as such represent opportunity costs. In Addis, debt did not have a high profile, but this is changing now, because debt levels in developing countries are increasing. This is due to slumps in commodity prices, leading to fiscal and balance-of-payments deficits, higher interest payments due to the issuance of bonds with lower concessionality on the part of lenders, and unfavorable changes in exchange rates leading to a higher cost of debt service for debts held in foreign currencies. As a result of all these factors, debt service is an increasing burden which absorbs domestic resources that could otherwise be directed to other purposes and can preclude the taking on of additional debt for development purposes.

Recent debt-creating development finance initiatives and approaches have made things worse (examples of this are the EU External Investment Plan, the Compact with Africa, and climate funds).

Development cooperation

Official Development Assistance (ODA) is a small resource relative to other sources such as domestic taxation. Nonetheless, it has a unique mandate (all ODA must have as its main objective the promotion of the economic development and welfare of developing countries), and this means it has a valuable role to play in financing implementation of the SDGs. However, there is currently a risk that ODA will be used in ways that actually put donors’ own objectives ahead of poverty eradication, reduction of inequality, and realization of human rights. For example, high levels of ODA are currently used to cover the costs of hosting refugees in donor countries [a vital activity, but one that many CSOs should not count as ODA]. In addition, the use of ODA to support private sector actors through Private Sector Instruments (PSI), raises alarm, not least because of challenges in holding private sector actors accountable for their compliance with development effectiveness standards and human rights obligations.

Participants agreed on the central importance of ensuring that all development cooperation complies with internationally agreed standards on development effectiveness. In order for development to work, developing countries must have ownership of development priorities. There must be a focus on the results, based on their impact on the eradication of poverty and the reduction of inequality, and on increasing the capabilities of developing countries themselves. Inclusive development partnerships are also a core development effectiveness principle, but some participants cautioned that this idea could be subverted to increase the power of private sector actors relative to states, so caution is needed.

The group reacted to Public Private Partnerships (PPP). PPPs can be problematic in that the private partners are not accountable, and therefore the projects they lead are not accountable, yet they benefit from public financing and public credit. PPPs need regulation. They have not delivered to date, so new proposals should be treated with great caution, and in particular it may be desirable to exclude PPPs from critical projects in sectors such as education and health.

Accountability for commitments on FFD

While the FfD process is mandated by the Addis Ababa Action Agenda (AAAA), it is not well monitored. Effective monitoring relies on the collection of reliable data. Synergies should be sought wherever possible. For example, the Global Partnership for Effective Development Cooperation provides valuable data on compliance with AAAA commitments on international public finance. Countries that participate in the AAAA monitoring process will not have to initiate separate processes for SDG Goals 16 and 17.

1. **Mapping of disability and finances**

The following is an explanation of the flows of financing for development and how they link to persons with disabilities with entry points for advocacy for persons with disabilities. The focus is on micro- and macro-economics and finance.

**Finance regulations** is the overarching theme with the main principles for persons with disabilities being: inequalities, human rights, leave no one behind, accessibility, and inclusion. *An example entry point* for advocacy is ensuring that discourses on rights-based finance include disability rights wherever relevant.

Stemming from finance regulations are **public** and **private finance.** The aspects of **private finance** particularly relevant for persons with disabilitiesinclude public-private partnerships (PPPs), safeguards by States for public services, and regulation of the private sector*. Example entry points* for advocacy include highlighting how persons with disabilities are likely to be hit hardest if essential public services and infrastructure are handed over to PPPs and ensuring that the proposed new binding standard on business and human rights gives due prominence to CRPD obligations.

**Public finance** has both **internal** and **external financial processes** relevant for persons with disabilities.

The **external financial process** is linked to the **Sustainable Development Goals (SDGs)**. Particularly relevant in the **SDGs** is Goal 17 on Means of Implementation and the meaningful inclusion for persons with disabilities.

Another **external financial process** linked to the **SDGs** is **international** **cooperation**, which includes 0.7% ODA spending (as part or all spent on SDGs). An *example entry* point for advocacy here is to ensure donors allocate funds for the inclusion of persons with disabilities (linked to disability DAC marker).

The **internal financial process** has two categories: **funding (income)** and **expenditure** (**Expenditure** is also linked to **external financial processes**.)

**Funding (income)** is linked to **Tax redistribution**. The areas of **tax redistribution** particularlyrelevant for persons with disabilities include tax exemption – on assistive devices and tax avoidance, illicit flows. An *example entry* point for advocacy is calling for progressive taxation (e.g., more of the burden borne by the rich, less by the poor) and for exemptions on assistive devices, which is very closely linked to disability budgeting.

**Expenditure** is linked to both **international cooperation** (above) and **budget**. **Budget** is particularly relevant for persons with disabilities in the areas of inclusive national budgets and debt in which the increase means a drop in social protection floor and other essential services and investments. An *example entry* point for advocacy is disability budgeting, which also indirectly links to campaigns on debt and on tax justice (as these issues affect the size of the total pot that is available).

1. **Next steps for the CSO FfD Group**

* 15 December 2017, deadline for submission of position paper on the 2018 report of the IAFT Inter-agency Task Force on Financing for Development:
* The CSO FfD Group submission (with two references to disability) can be found here: <http://www.internationaldisabilityalliance.org/sites/default/files/cs_ffd_group_submission_on_iatf_report_-_18_december_20171.docx>
* The IDA and IDDC submission can be found here: <http://www.internationaldisabilityalliance.org/sites/default/files/ida_and_iddc_position_paper_2018_report_of_iatf.docx>
* February (TBD), a consultation will take place on the 2018 IATF report prior to finalization
* March (TBD), negotiations on FfD outcome document will begin
* 12-13 March, Meeting of the Friends of Monterey in Mexico; joint meeting under organization between the CSO FfD Group and governments (possibly 11 March)
* 12 to 23 March, Commission on the Status of Women from; side event will be organized by the Women’s Major Group on FfD
* 23-26 April, Forum on FfD follow-up; Pre-meeting of the CSO FfD Group on 22April; draft program of the Forum: <http://www.un.org/esa/ffd/ffdforum/wp-content/uploads/sites/3/2017/10/2018-FfD-Forum-programme.pdf>
* 5-6 June, STI Forum at the UN in New York; CSO FfD Group intends to engage, details to be defined at a later stage; Additional information: <https://sustainabledevelopment.un.org/TFM/STIForum2018>
* 12-14 June, COSP at the UN in New York; CSO FfD Group invited to organize side event – in collaboration with IDA and IDDC - on the role of persons with disabilities in the Financing for Development discussions (TBC depending on capacity); Additional information: <https://www.un.org/development/desa/disabilities/conference-of-states-parties-to-the-convention-on-the-rights-of-persons-with-disabilities-2/cosp11.html>
* CSO FfD Group engagement at HLPF - details will be defined at a later stage
* September 2018 (TBD), The UN Secretary-General will host a Finance Summit in New York to review progress on financing for the 2030 Agenda across key international platforms, and progress domestically by Member States.

**4. Glossary**

**The Addis Ababa Action Agenda (AAAA)** is the global framework on the financing for development follow-up process on the implementation of the SDGs. It was adopted in July 2015 and has six explicit references to persons with disabilities.

**The Inter-Agency Task Force on Financing for Development** **(IATF)** was convened by the UN Secretary-General to follow up on the Addis Ababa Action Agenda and is comprised of over 50 United Nations agencies, programs and offices, regional economic commissions and other relevant international institutions, including the World Bank and the International Monetary Fund. The IATF reports annually on progress in implementing the Addis Agenda and other FfD outcomes and the means of implementation of the 2030 Agenda for Sustainable Development.

**Monterey Consensus:** The International Conference on Financing for Development took place in Monterrey, Mexico in March 2002 and was the first UN-sponsored summit-level meeting to address key financial and related issues pertaining to global development. The outcome of the Conference – the Monterrey Consensus - placed financing for development firmly on the global agenda and is a landmark global agreement between developed and developing countries, in which both recognized their responsibilities in key areas such as trade, aid, debt relief and institution building.

**The CSO Financing for Development (FfD) Group** is an open group with the single criterion for membership being representation of a public-benefit civil society organization. The Group has a fundamentally thematic focus, bringing together civil society organizations, networks and federations that are interested and active in the Financing for Development process and its interrelated domains.

**CSO Development Effectiveness Principles** (2010): Civil society organizations, partners, governments, donors, South-South co-operators, emerging national economies, and private donors agreed on eight principles for development effectiveness. These Principles form the foundation for the International Framework for CSO Development Effectiveness and the Busan Global Partnership for Effective Development Cooperation. The Principles set a standard on how we carry out our work and provide guidelines on how to improve our development results.

**CSO Partnership for Development Effectiveness (CPDE)** is an open platform that unites CSOs from around the world on the issue of development effectiveness. It strives to make development more effective by reshaping the global aid architecture and empowering CSOs working on the ground. It is guided by a human rights-based approach and works with a strong focus to support country, regional, and sectoral civil society.

**Busan Partnership for Development Effectiveness** (2011): The Busan Partnership agreement is a consensus that which a wide range of governments and organizations have expressed their support. The Busan Partnership agreement sets out principles, commitments and actions that offer a foundation for effective cooperation in support of international development.

**Nairobi Declaration for Development Effectiveness** (2012) is the document that guides the work and to represents the foundations of the CSO Partnership for Development Effectiveness (CPDE).