

Zero Draft: Doha Programme of Action for Least Developed Countries Inputs by Civil Society Financing for Development (FfD) Group

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This document has been collectively developed by the Civil Society Financing for Development (FfD) Group, a broad platform of civil society organizations, networks and federations from around the world, including the Women's Working Group on FfD. The Group followed closely the FfD process since its origins, facilitated civil society's contribution to the Third International Conference on FfD, and continues to provide a facilitation mechanism for the collective expression of civil society in the FfD Follow-up process. For more information, please visit the Civil Society FfD Group's website: <https://csoforffd.org/>

Overview

- The systemic transformation of LDC economies depends on addressing barriers in the international economic system;
- Expecting developing countries, including LDCs, to make substantial progress at the national level without easing external constraints that shrink their fiscal and policy space is like expecting them to run fast with their hands tied;
- Priority should be addressing these external constraints that shrink the fiscal and policy space of LDCs such as illicit financial flows, debt and multiple layers of policy conditionalities that has narrowed the capacity of LDCs to focus on people-centred, rights-based socio-economic transformation strategies;
- The approach to the elimination of gender inequities should focus on addressing the main structural cause, i.e. unpaid domestic and care work as the main macro-economic challenge to gender equality. We reject the approach of instrumentalizing women towards increasing economic growth and profitability which is a departure from recognizing women's human rights;
- Deeply concerned with the volatility and unreliability of financing strategies based on private investors and there is an urgent need to bring global finance back into democratic accountability rather than a system that extracts wealth, exploits labour, amplifies gender inequalities and destabilizes the global economy;
- Global norm setting on these critical issues of global finance continues to take place in forums that suffer from serious democratic deficits. In the process, LDCs are systematically excluded from decision-making and reduced to being 'rule takers' rather than 'rule makers'. The result is a global economic and financial system that is ineffective and unsuitable for LDC contexts;
- **LDC5 outcome document should include concrete commitments to establish global norm-setting processes on issues of global finance in the only forum that LDCs are represented and coordinated i.e the United Nations.**

Suggested Text

Good and effective governance at all levels	Comments
<p>84. We commit to reforming the decision-making and governance structures of international organisations to ensure that the LDCs are well represented. <u>We commit to pursuing global norm-setting and decision-making in the only forum where LDCs are already represented i.e the United Nations.</u> We also commit to providing continued support for strengthened and effective voice and participation of LDCs in international dialogue and action on development, as well as in decision- and rulemaking and standard- and norm setting processes in all areas affecting their development, and in relevant international forums.</p>	<p>Global decision-making and norm-setting on issues of global economy and finance continues to take place in forums that suffer from serious democratic deficits. As a result, LDCs are systematically excluded from decision-making and reduced to being 'rule takers' rather than 'rule makers'. The result is a global economic and financial system that is ineffective and unsuitable for LDC contexts.</p> <p>LDC5 outcome document should include concrete commitments to establish global norm-setting processes on issues of global finance in the only forum that LDCs are already represented and coordinated i.e the United Nations.</p>
<p>II. Leveraging the power of science, technology, and innovation to fight against multidimensional vulnerabilities and to achieve the Sustainable Development Goals</p>	
<p>102 We commit to strengthening the science-policy interface and expanding LDCs knowledge and understanding of and access to new technology trends by building partnerships and interfaces with academies of science, universities, labs, innovation incubators, and private sector entities at the forefront of this technological change including those located in developed countries. <u>We also commit to establishing a global participatory mechanism for evaluation of new and emerging technologies to assess the current and potential impacts of these technologies on the environment, the labour market, livelihoods and society.</u></p>	<p>The evaluation of technologies by society is more urgent than ever because the pace of scientific and technological development is accelerating and the control by transnational oligopolies over technologies and resources is expanding beyond the sovereignty of States and the public interest. More and more areas of nature and culture are being commodified through new technologies, while new speculative financial instruments are promoting their privatization and hoarding.</p> <p>The relationship between corporate-controlled technological development and unemployment, environmental devastation and global crises is increasingly evident. Meanwhile, the capacity of governments and society to monitor and regulate emerging technologies is insufficient.</p> <p>Establishing a global technology assessment mechanism at the UN will enable all countries, particularly LDCs, in developing horizon scanning and foresight capacities to assess impacts of new and emerging technologies.</p>

<p>Science, Technology, and Innovation for development and recovery from the COVID-19 pandemic and building resilience against emerging challenges</p>	
<p>109 We commit to bridging the STI divide and provide financial and technical support and technology transfer to LDCs including through south-south and triangular cooperation to ensure that all LDCs can engage effectively in low emission and climate resilient development that will also protect the lives of our populations, economies and systems. <u>We also commit to establishing an intergovernmental process at the UN to address the structural issues around governance of digital technologies as investments alone cannot address the digital divide.</u></p>	<p>The global pandemic has exposed the extent and further exacerbated the Digital Divide. Financing for STI in the pandemic era is not just urgent but crucial in addressing the Digital Divide, but investments alone cannot address these widening gaps.</p> <p>Structural issues around governance of digital technologies are equally crucial and need to be tackled head on. As the digital gap widens and worsens during the pandemic, the world in both sides of the Divide have to deal with the consequences and issues around digitalization - ranging from violation of basic rights especially of women, girls and young people, racial and gender discrimination, and breach of privacy, to political repression and manipulation and disproportional power and influence of technology platforms and companies.</p> <p>While a few countries in the North are attempting to address some of these issues and have started to put in place regulations, governments in the South are generally grappling with how to deal with issues that are virtual and transboundary in nature. The huge vacuum in governance of digital technologies needs to be addressed with a sense of urgency to protect human rights and assert the mandate of democratic institutions over corporate interests. Digital governance is key in curbing the widening Digital Divide and contribute towards the vision of the 2030 Agenda for Sustainable Development to Leave No One Behind.</p>
<p>Infrastructure Development</p>	
<p>134 We call on development partners, international organizations, regional development banks and the private sector through public-private partnerships, to increase financial and technical support to the efforts of LDCs in transport infrastructure development and maintenance. In this regard, we stress the importance of developing necessary policies and regulatory frameworks to promote <u>regulate</u> private sector involvement in infrastructure development including enhancing technical assistance and capacity building. We will also leverage new and innovative financing sources and new funding mechanisms, including</p>	<p>Public investment will continue to dominate infrastructure spending in many areas and it calls for a coherent approach to infrastructure finance that focuses on scaling up publicly financed infrastructure and ensuring LDCs have the fiscal space at the national level.</p> <p>A development agenda focused on incentivising private investment at scale implies a strong emphasis on ‘de-risking’ private finance, with instruments like Public Private Partnerships and blended finance. However, in many cases these instruments have proved to be problematic on many grounds, in both developed and developing countries. Experience shows that PPP projects tend to be more expensive than publicly financed projects and they do not lower the fiscal impact</p>

<p>blended finance, green bonds through public-private partnerships.</p>	<p>of projects, as they effectively delay budget expenditures. Moreover, PPPs are usually a risky business for citizens where the private sector may seek to transfer more risk to governments.</p> <p>Further, an agenda focused on de-risking private finance can leave LDCs even more vulnerable to debt crises.</p>
<p>Enhancing international trade of least developed countries and regional integration</p>	
<p>164 We commit to rejecting vaccine nationalism and protectionism, fully meeting our transparency obligations on trade measures and meaningfully improving access for all countries, especially LDCs, to COVID-19 vaccines, <u>diagnostics, therapeutic medicines and other needed medical products. We commit to implementing a temporary global moratorium on all provisions in all current trade and investment agreements that impede governments' policy space, especially LDCs', to implement necessary COVID-19 measures, including, but not limited to the international investment agreements (IIAs) and the dispute settlement mechanism thereof.</u> including through facilitating technology transfer within the framework of multilateral rules, so as to encourage research and innovation while at the same time allowing licensing agreements and any other arrangements that help scale up manufacturing.</p>	<p>Developing countries need to have access to the technology, raw material and finance to be able to manufacture and trade medical and other essential products, especially during and after the pandemic. Many governments are also faced with the threat of ISDS cases for taking Covid measures or are paying huge amounts as damages on various other cases, resources that could have been used for fighting the pandemic and buying vaccines, for example. There needs to be an immediate moratorium on such provisions in all trade and investment agreements that compromise LDCs' policy space to address the pandemic.</p>
<p>Support for domestic resource mobilization and fight of illicit financial flows</p>	
<p>244 We commit to enhanced international tax cooperation and efforts to close international tax loopholes <u>by establishing an intergovernmental tax body at the UN so all countries, particularly LDCs., can participate on truly equal footing.</u> all of which aiming at avoiding base erosion and profit shifting, and welcome support through initiatives including Tax inspectors without borders. We commit to supporting LDCs to take advantage of increases in tax</p>	<p>LDCs should not be expected to implement tax standards they were not part of negotiating and ill-suited to their contexts. Instead, all countries should commit to establishing a universal, intergovernmental tax body at the UN, so all countries, particularly LDCs, can participate on equal footing to decide global tax standards.</p> <p>On the issue of international taxation, there are some fundamental flaws in the global system, which mean that even in the world's wealthiest countries, tax administrations are not able to use the existing rules to ensure that multinational corporations pay their share of tax. These problems</p>

<p>transparency and exchange of information, such as by implementing the new international standard of automatic exchange of information.</p>	<p>cannot be resolved through capacity building, and in some cases, capacity building can present the risk that tax administrations in LDCs are being trained in applying complex and burdensome rules that have proven not to work.</p>
<p>248 We commit to substantially reducing illicit financial flows by 2030 in order to help LDCs to mobilize resources, including through increased international cooperation to address tax-related IFFs by negotiating a UN Tax Convention, stem corruption and identify, freeze and recover stolen assets and return them to their countries of origin, in a manner consistent with the United Nations Convention against Corruption and to developing their capacities to track financial transactions, administer taxation, facilitate customs services and investigate and prosecute offences to contribute to the success of efforts to deal with illicit financial flows.</p>	<p>We now have a high number of recommendations for global action to address illicit financial flows, which have been put forward through the High-level Panel on Illicit Financial Flows from Africa, the recent FACTI Panel report, Intergovernmental Group of Experts on Financing for Development of UNCTAD, the UNCTAD report Tackling Illicit Financial Flows for Sustainable Development in Africa, the official summary of the 2019 High-level Dialogue on FfD and the discussion group on illicit financial flows part of the initiative on ‘FfD in the Era of COVID-19 and beyond’ convened by Jamaica, Canada and the UN Secretary General.</p> <p>The issue that has been repeatedly highlighted is that while policy areas such as corruption are addressed through a global inclusive intergovernmental forum, this is not the case for international tax cooperation. As called for by Africa Group, governments should negotiate a UN Tax Convention to address tax-related IFFs which are currently not covered under the UN Convention Against Corruption (UNCAC), and the UN convention against Transnational Organised Crime (UNTOC).</p>
<p>Traditional and innovative sources of finance to meet the funding gaps in least developed countries</p>	
<p>257 We stress that the innovative sources of financing, including blended finance, should be additional, substantial, predictable, with preferential rates especially tailored to LDCs and disbursed in a manner that respects the priorities and special needs of LDCs and does not unduly burden them. This should include expanding ODA allocations to include flexible financing that can be used as first loss, concessional, or de-risking capital to attract additional resources from the private sector to SDG-aligned investments that can scale to address the needs of LDCs. We decide to establish a dedicated financing mechanism that delivers catalytic investment capital for MSMEs and small investment projects in LDCs and graduated countries to mobilize sustainable private investments that advance the SDGs and act as a crisis facility.</p>	<p>Development partners have admitted that measuring, tracking and assessing development results from blended finance projects remain a huge challenge. Likewise developing countries’ capacities to regulate, manage and monitor blended finance projects are lacking. Risks such as worsening the decline in country programmable aid and increasing the debt burden of developing countries are also acknowledged. Using international public finance to catalyze, leverage, de-risk private investments – which is essentially about ensuring and securing profits – should not be promoted.</p>

<p>259 We call on official creditors to make long-term sustainable finance available to LDCs <u>through grants and not in the form of loans or debt creating instruments.</u> and offer more fixed interest lending at low interest rates.</p>	<p>International finance support for addressing the multiple crises, should not be in the form of loans or debt creating instrument, especially for LDCs, which just leads to worsening of the debt burden. The bulk of international fiscal responses to the COVID pandemic has actually been through loans.</p>
<p>Debt relief, debt cancellation initiative through improved international debt architecture</p>	
<p>266 We commit to assisting LDCs in attaining long-term debt sustainability, through coordinated policies aimed at fostering adequate debt financing and resolution tools, such as debt relief and debt restructuring supporting sound debt management [based on A/C.2/75/205, 11 and ensuring that debt relief does not detract from ODA resources intended to be available for LDCs. <u>We also commit to agreeing a multilateral legal framework at the UN for debt crisis prevention and resolution.</u></p>	<p>Already in 2019, prior to the pandemic, the LDC Group in the Second Committee of the UN General Assembly <u>called</u> for the UN to agree on an international framework for sovereign debt restructuring. Prioritising the structural reform of the global debt architecture is critical given the evolution of the creditor landscape and the proliferation of debt instruments. A fair, timely and lasting debt resolution will never 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.</p> <p>Such a UN multilateral framework should urgently address:</p> <ul style="list-style-type: none"> - Supporting and providing immediate Covid-19 debt cancellation: Debt cancellation must be granted to all countries in need, including to both low- and middle-income countries, assessed with respect to their development financing requirements, and provided by all creditors (bilateral, multilateral and private). - Building global consensus on Principles on Responsible Borrowing and Lending: Long-pending issue of agreeing on common and binding principles on responsible borrowing and lending, and ensuring compliance with it. This should address the gaps in transparency and advance towards the creation of a publicly accessible registry of loan and debt data as well as facilitate the organisation of debt audits. - 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 and create the conditions for the realisation of all universal human rights. - Assessing systemic risks posed by unregulated or inadequately regulated financial sector instruments and actors: including regulation and supervision of Credit Rating Agencies and global agreement on the importance of capital account management.