(NGO Committee on Financing for Development)

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Chapeau

(Add your concise, concrete, and action-oriented language for the Chapeau)

Chapter I. Sustainable development and financing for development

(The NGO Committee on Financing for Development, established in 2004 as a substantive committee of the Conference of NGOs, advocates to "end poverty and hunger and to achieve sustainable development in its three dimensions through promoting inclusive economic growth, protecting the environment, and promoting social inclusion," as outlined in the Addis Ababa Action Agenda and the Monterrey Consensus. As many members of the Committee provide direct services to those in marginalized and poor communities, it tends to look at Financing for Development from a holistic and right-to-development perspective in how effectively macro-economic policy decisions are translating to the ground to improve the lives and livelihood of people and the well-being of the planet. It submits the following insights and recommendations from its on-the-ground experience.

<u>Social protection including social protection floors.</u>

The Addis Ababa Action Agenda while "establishing a strong foundation to support the implementation of the 2030 Agenda for Sustainable Development and providing a new global framework for financing sustainable development by aligning all financing flows and policies with economic, social, and environmental priorities" strongly underlines "a commitment to deliver social protection systems and measures for all, including floors; and a package of essential social services." With 1.46 billion children worldwide receiving no child or family – cash or tax credit and with an age, with the number of people aged 65 and over projected to more than double by the middle of the century amidst rising pension and healthcare costs, and with the ongoing conflicts, fragility and frequent climate disasters, where households everywhere are facing a cost-of-living crisis, countries facing debt challenges should not have to opt for austerity measures that undercut their social protection systems, a critical lifeline for the most vulnerable. Instead, they should be equipped with the capacity for domestic resource mobilization, by addressing corruption and illicit financial flows and adopting progressive tax systems, and governments and international financial institutions taking concrete steps to make universal social protection a reality.

Key recommendations:

1. Implement a minimum social protection for all workers, which should include income protection, healthcare, and disability insurance and concrete mechanisms for claiming unemployment insurance.
2. Ensure adequate social protection cash transfers and public health services reach all corners of every country, which in most developing countries means finding ways to expand the volume and reach of social protection outlays, taking care to stem the leakage of funds through corruption and inefficiency.
3. Develop a combination of non-contributory and contributory schemes to adapt to the unique needs of a diversified workforce.
4. Create trade adjustment assistance programs to help those who leave these industries to move into other sectors and occupations.
5. Create trade-based apprenticeships to attract youth to technical skill-based jobs through better coordination and collaboration between industry and educational institutions.
6. Ensure a safe and decent work environment free from violence and harassment by ratifying and implementing ILO Convention No. 190.
7. Ensure universal access to primary and secondary education by removing barriers to education for women, migrants, and other marginalized groups.
8. As the looming developing country debt crises are in part the result of the shortage of non-debt-creating support during the pandemic, we call on donor governments to boost their official development assistance grants.
9. Address the technicalities that stand in the way of reallocating special drawing rights (SDRs) from prescribed holders of SDRs to benefit less fortunate countries for use in debt relief, grants, or technical assistance.
10. We call for a system for relief that is both realistic and ambitious enough to deliver a path to debt sustainability for countries in crisis, which maintains expanded social protection expenditures for as long as needed, and that will realize SDG target 1.3 on social protection expenditures.
11. Ensure that core macroeconomic decisions are made through inclusive and transparent national dialogues, where different options are presented and discussed, and where there is broad agreement on the appropriate economic and fiscal strategy.

An enabling environment for resilient Micro, Small, and Medium Enterprises (MSMEs)

MSMEs are the engine of growth in many emerging economies and collectively represent more than 70% of global employment and 50% of GDP and make critical contributions to broader socio-economic objectives. Their resilience must be ensured through major regulatory reforms, shifts in business operation models, access to reliable finance and credit, and digital transformation to withstand and survive shocks.

Key recommendations:

1. Reform labour markets, and trade infrastructure, and improve the overall business environment to facilitate vertical Global Value Chain linkages between domestic MSMEs and larger domestic and foreign firms.
2. Implement digital payment systems to assist MSMEs to improve cash flow and reduce their operation cost as well as digitalization to help them expand their online customer base.
3. Scale up investments in Microfinance Institutions (MFIs) which provide a range of financial services to micro and small enterprises and poor and underserved segments of society.
4. Facilitate an enabling environment through reliable, affordable, and timely credit developing financial products tailored to the needs of MSMEs and curtailing exploitative lending practices in the informal sector.
5. The economic downturn following the pandemic has hit SMEs hard, inducing them to turn to fintech lenders. However, fintech companies borrow at higher interest rates, and the excessive costs get translated to MSMEs. By facilitating an enabling environment for fintechs to thrive, public sector banks also could benefit by expanding their reach and enhancing their capability for digital credit assessment which in turn could contribute to the long-term sustainability of MSMEs.
6. Reform women's property rights to expand their access to finance and bank accounts and prioritize women-owned enterprises, offering training, and group lending or joint liability models.

Address Illicit Financial Flows (IFFs) and Corruption

Global IFF-related activities, encompassing trafficking in drugs, weapons, humans, and wildlife, are frequently interlinked, and corruption plays a significant role in fostering these diverse forms of illicit flows. IFFs undermine state institutions and the rule of law, reward corruption, erode the tax base, and hamper structural transformation, economic growth, and sustainable growth. Every country needs to commit to taking steps to prevent, trace, and return stolen assets and use their proceeds for investing in SDGs. In its report, the FACTI Panel recommended a proposal for a "Global Pact for Financial Integrity for Sustainable Development" based on countries' priorities, aiming to improve the well-being of people. More clarity is needed on the steps the UN has taken to follow up on this proposal and the Mbeki Panel report, which called for: “Track it. Stop it. Get it. And use it to finance the SDGs”?

<u>Addressing loss and damage from climate change</u>

Climate change risks stemming from loss and damage are associated with extreme weather events like hurricanes, floods, and wildfires and with slow-onset events, such as sea level rise, increasing temperatures, ocean acidification, glacial retreat, salinization, land and forest degradation, loss of biodiversity, and desertification. Some of the losses incurred are measurable in economic terms such as destruction of property and loss of livelihood. However, non-economic losses and damage (NELD) extend to many other areas such as the loss of culture, identity, ecosystem services, and biodiversity, which cannot easily be quantified in monetary terms.

Key recommendations:

1. Avert further future loss and damage from climate change through intensified mitigation efforts and scaling up of finance, technology, development transfer, and capacity building are essential.
2. The operationalization of the Loss and Damage Fund (L&D Fund) must ensure that funds reach countries most severely impacted by climate disasters, with special attention to the 58 member countries of the Climate Vulnerable Forum and the Least Developed Countries (LDCs) which represent 1.4 billion people while together being responsible for only 5% of global GHG emissions.
3. Ensure that the L&D Fund is administered in a transparent, accountable, and equitable manner ensuring the funds reach the indigenous peoples and most impacted local communities by developing National Loss and Damage Mechanisms.
4. To Ensure equitable and sustainable climate finance, countries that have benefited financially from fossil fuel investments should commit to providing funding toward the L&D Fund. Clear guidelines need to be established that consider the “polluter pays” principle. Practical mechanisms for collecting the funds such as taxing insurance (as introduced by the UK) with revenues directed to the L&D Fund or taxing fossil fuels must be adopted.
5. The L&D Fund must address economic and non-economic loss and damage, including providing financing as a core means of implementation.
6. Show true commitment to SDG goals by ensuring gender-just climate finance to address the needs of women facing displacement.

Add your organization’s concise, concrete, and action-oriented recommendations for Chapter 1)

Chapter II. International peace and security

(Add your organization's concise, concrete, and action-oriented recommendations for Chapter 2)

Chapter III. Science, technology and innovation and digital cooperation

(**Access to the Internet, Technology, and Innovation,**

Investing in affordable and accessible Internet and digital technologies is necessary for the implementation of Sustainable Development Goals and better management of all resources for a green transition.

Key recommendations:

1. Incentivize access to affordable fibre optic cables, both on land and submarine cables, and increase the availability of technical subject matter expertise to international organizations, the public, and LDC, LIC, and LLDC countries in the submarine cable network, terminal databases, telecommunication companies, and other key participants in the infrastructure of the internet.
2. Ensure that all people can tap into the benefits of Internet connectivity and digital technologies, through digital literacy, low-cost connectivity, designing inclusive and relevant technology and devices, and privacy protection, for their effective participation in social, economic, and political spheres.
3. Transform the education, training, and skills development systems for building lifelong learning to create new competencies to use digital technology as a tool for just transition.
4. Sign peace treaties prohibiting country conflict from impacting access to the internet, which has become a fundamental need in society. Such treaties should be enforced with fines and sanctions for countries intentionally preventing land-locked countries from accessing the internet due to existing country conflicts.

Advancing digital financial inclusion

While a great deal of attention has been paid to digital financial technologies to redress gaps in access to finance, they are in the end only tools that will lower the cost of financial transactions. They will not solve structural barriers that prevent marginalized groups from acquiring the competencies needed to reduce risk, ensure their financial success, and successfully function in modern financial environments.

Key recommendations:

1. As different marginalized groups face different challenges and suffer from different forms of discrimination, training to enhance financial competencies and financial products need to be designed and customized to best serve the needs of different groups.
2. Encourage and support civil society organizations to develop a range of innovative practices that can provide financial literacy, numeracy, and digital literacy skills across a variety of populations.

3. Address the structural barriers that prevent women and minorities from accessing financial services such as property rights, the right to form businesses, the right to enter contracts, and the ability to fully participate in the formal economy.
4. Implement the commitment to reduce the transaction costs of migrant remittances to less than 3% and eliminate remittance corridors with costs higher than 5%, as committed to in the Global Compact for Migration. Promote faster, safer, and cheaper remittances by removing the roadblocks to digital remittance services.
5. Hold banks and money transfer providers accountable by making transparency the norm and not hiding fees in terrible exchange rates.
6. Fintech companies must work closely with governments, NGOs, and telecom providers to expand digital infrastructure to enhance the reach and impact of fintech services through initiatives such as building networks of community-based digital hubs, providing affordable smartphones, and implementing digital literacy programs.
7. With 130 countries, representing 98 percent of global GDP, exploring Central Bank Digital Currency development (CBDC), governments need to ask what they are trying to solve with CBDCs- is it total financial inclusion to improve the situation of the excluded or rather total visibility on the whereabouts of the money? There is also a clear need to raise awareness about CBDCs, educate consumers, use proper security practices, and provide equipment such as smartphones to consumers if they do not have it, especially if the expectation is for decreased use of cash.

Add your organization's concise, concrete, and action-oriented recommendations for Chapter 3)

Chapter IV. Youth and future generations

(Add your organization's concise, concrete, and action-oriented recommendations for Chapter 4)

Chapter V. Transforming global governance

(Add your organization's concise, concrete, and action-oriented recommendations for Chapter 5)