CONCORD
Swedish and European CSOs for global development
Sweden

The Danish 92 Group
Forum for Sustainable Development

GLOBAL FOCUS
- Danish CSOs for Development Cooperation

kepa

The Norwegian Forum
for Development
and Environment

Nordic CSO call for urgent action in the FfD negotiations

We are concerned about the growing contradictions between G77, LDCs, and the African Group on one side, and EU, USA, and rich countries on the other, that we saw in every chapter during the FfD negotiations last week. Our concern is that the negotiations become a struggle for international influence, power and control of each block, instead of focusing on the necessary common and global solutions for financing sustainable development.

In this regard, we believe Nordic countries have a specific role and responsibility to break the blockages, and put forward constructive and fair ways forward. Mainly because Nordic countries have a history of taking the lead in matters concerning global solidarity and the environment, and because Denmark, Sweden and Finland have the potential to push EU positions, and Norway has a unique influence as co-chair. Below are the most pressing points that we ask Nordic countries to take urgent action for within each chapter:

<u>International public finance</u>

- The text in paragraph 56 must go further than urging donors to increase their ODA. It should include a *reaffirmation* of the commitments that many donors have already made to allocate 0.7% of GNI to ODA, and to 0.15-0.20 % of GNI to LDCs, and include *concrete, transparent* and *binding* timetables for implementation. If not, the resolution secures no action, and risks not helping the current status quo. **Reaffirmation and binding timetables for ODA were important parts of the elements paper, and is necessary to create trust in the negotiations between donors and partners that have previously been let down.**
- The same serious concern applies to paragraph 60 on climate finance, which has lost all assurance of *additionality* of climate finance to ODA from the elements paper, *reaffirmation* of previous commitments, and lacks reference to timetables. Timetables could be set in the UNFCCC negotiations. But **if FfD is to include texts on ODA and climate finance, without reaffirming the additionality of climate finance that is already agreed in UNFCCC, this risks undermining and weakening previous ODA and climate commitments**. The purpose of including climate finance in FfD was to pave the way for a positive outcome in Paris, and additionality is crucial to secure that FfD brings us forward instead of backwards, in relation to both ODA and climate finance.

Private business and finance

The discussions on private business and finance during the negotiations last week were characterized by rich countries underlining the importance of the private sector and business to bring sustainable development, and increasing PPPs as a catalyst. At the same time developing countries were expressing their suspicion of this as an exit from ODA commitments, highlighting experiences of PPPs doing more harm than good for HR and the environment, and leaving business with profits and governments with risks and costs. They were also concerned about national and local ownership, and PPPs directing public resources away from other ODA investments that could contribute more effectively to sustainable development and poverty eradication.

- **Paragraph 53** "*agree to develop and adopt* ***principles, guidelines and standardized documentation for the use of PPPs****"*. In order to address the concerns of developing countries, it is of great importance that the text also defines the principles/guidelines by adding that **these should; *take the sustainable development impact, additionality, national and local ownership, risks, transparency, cost benefit analysis, and strong monitoring and evaluation into account.***
- **EU must pull back their proposal to delete paragraph 40,** and its crucial agreement to*; "create strong regulatory frameworks on ESG practices, including* ***mandatory integrated reporting for large companies****, to be adopted by 20xx"*. To ensure that the information which is most relevant for sustainable development is covered, and to create a level playing field for companies, the reporting should be *standardized* through UN processes. It is also important that integrated reporting, which includes financial reporting, is done on a *country-by-country* basis.
- **Paragraph 40** should also *commit to* ***effective implementation of the UN guiding principles on business and human rights****,* as proposed in the elements paper, and to *set up effective mechanisms for resolving disputes between corporations and communities or individuals, and compensate parties that have been negatively affected by corporate activities.* The proposed additions in paragraph 40 will provide business with the potential to contribute to all three dimensions of sustainable development, and hold them accountable for their actions.

Trade

- The elements paper proposed to ***"commit to human rights impact assessments of all trade and investment agreements"*** **and to *"elaborate and implement binding environmental, social and human rights standards".*** Unfortunately this is omitted in the zero draft. Since trade and investment agreements normally overrule HR and environmental agreements, this **would be one of the most transformative trade measures in FfD to achieve coherence and sustainable development**. Nordics should promote that the resolution *commit to undertake sustainable and human rights impact assessments of all multilateral, plurilateral, and bilateral trade and investments agreements, and to elaborate and implement international binding environmental, social and human rights standards in all trade and investment agreements.*

Debt

There is a great division between developing countries who find it crucial to call for an independent debt resolution mechanism under the UN, and rich countries which refer to the IMF where they have most influence. G77, LDCs and the African group firmly calls for supporting the ongoing work on a multilateral framework for sovereign debt restructuring following UNGA resolution (A/68/L.57/Rev.1). While most rich countries find this difficult or impossible due to diplomatic conflicts.

Paragraph 60 in the **Doha resolution** from 2008 declares that; *"The existing international debt resolution mechanisms are creditor-driven, while taking into account debtor country situations. More efforts are needed through international debt resolution mechanisms to guarantee equivalent treatment of all creditors, just treatment of creditors and debtors, and legal predictability."* Paragraph 67 from Doha; "***acknowledge the need to continue to***

address all relevant issues regarding external debt problems, including through the United Nations, and we will consider ways to explore enhanced approaches of sovereign debt restructuring mechanisms *based on existing frameworks and principles,* ***with broad creditors' and debtors' participation*** *and ensuring comparable burden-sharing among creditors".* **In Addis, there must be progress on this.**

- We urge Nordic countries not to let diplomatic conflicts in other arenas block progress on the crucial issue of an independent debt resolution framework under the UN in FfD. If impossible to refer to UNGA resolution (A/68/L.57/Rev.1), **at least Addis should commit to future cooperation to set up a fair, independent, transparent, and comprehensive debt resolution mechanism under UN auspice.**

Domestic Resource Mobilization

Correspondingly, G77, LDCs, and the African Group keep referring to and highlighting their need and desire of a global intergovernmental body under the UN to develop and negotiate agreements to hinder illicit financial flows (IFFs) and increase domestic resource mobilization (DMR). Repeatedly, they refer to the upgrading of the UN tax committee to an intergovernmental body which is included in the zero draft. EU and the USA block this, referring to tax cooperation in the OECD as sufficient, or could be expanded to be sufficient for developing countries. Besides, EU and the USA refer to the IMF. It seems like many other important measures to combat IFFs and increase DMRs also will be blocked until this crucial issue is solved.

- We urge Nordic countries to listen to developing countries and take their experiences seriously, when they clearly state that the OECD or IMF does not address their needs to combat illicit financial flows and increase DMR. Expanding the initiatives in OECD and IMF will not set developing countries on an equal footing with OECD-countries or the majority shareholders of IMF in tax work. Nor will it provide a democratic and global institution for cooperation on sufficient and inclusive measures. **If impossible to support the upgrading of the UN tax committee, at least there should be clear support to establish an intergovernmental tax body. The UN tax committee could constitute an assisting expert committee to this body**. If not, there will be no global body to develop and implement the many good initiatives on DMR in the zero draft, or global DMR measures that go beyond these.
  In addition to agreeing on an intergovernmental tax body in the Addis Ababa Accord, one of the official Roundtables in the Addis Conference should be dedicated to the discussion of international cooperation on tax matters. A suggested title is '*Improving International Tax Cooperation: The need for fair and inclusive international tax reform to finance sustainable development.'*

At the same time we would like to take the opportunity to thank all Nordic countries for the Nordic meeting in New York last week, the close dialogue with CSOs, and actions to include CSOs in the negotiations and to keep the process transparent. You provide important democratic examples. We look forward to our future cooperation.

The CONCORD Sweden FfD Task force[1]

The Global Focus and 92-Group FfD working group in Denmark[2]

The Norwegian ForUM for Development and Environment

Kepa – The Finnish NGO Platform

[1] Members: ActionAid, Diakonia, Forum Syd, The LO-TCO Secretariat of International Trade Union Development Co-operation, Plan Sweden, Church of Sweden, WWF Sweden

[2] Currently, Global Focus and the 92-Group only have agreed positions on part of the FfD issues, and thus we can only endorse the views presented in this letter in the sections on international public finance, private business and finance, and domestic resource mobilization. This does not imply that we are disagreeing with views represented in the remaining sections.