

## CPDE Statement on the May 2017 ECOSOC on Financing for Development (FfD) Follow-up

CPDE commends the outcome document for acknowledging the importance of development co-operation and development effectiveness<sup>1</sup>, however, substantial part of the Document works counter to the interest of the people. It remains void of references to women's rights, human rights standards and principles while it echoes the rhetoric to shift the priority of the 2030 Agenda process away from poverty alleviation methods and into promoting private finance and profit-generating schemes without clear frames for accountability and regulatory environment. Further, the pledge of Official Development Assistance (ODA) providers to commit 0.7 per cent of gross national income (GNI) is diluted in strength by bringing out a mix of a number of economic factors and natural disasters, which warrants a *"win-win co-operation which can bring huge gains to all countries and all parts of the world"*<sup>2</sup>.

The following are areas of concern:

**Stagnating Aid Volume.** Real ODA performance has already been stagnating since 2005 with only six donors living up to the 0.7% commitment as of 2016.<sup>3</sup> While CPDE recognises the need to allocate resources to refugee hosting costs, we assert that this should not be classified as ODA and at the expense of real ODA performance for the poor in least developed countries.

**Possible Reinforcement of Tied Aid.** The prominence of infrastructure investment as a solution to achieve most of the SDGs can weaken commitments of donor-countries to untie aid<sup>4</sup> with their financial and economic interests. Recipient countries might be compelled to procure goods such as steel, cement, IT, and services such as consultants from donor-countries in the face of economic crises. The encouragement to develop "bankable infrastructure projects" including capacity-building without indicating the need to align such projects to national development strategies participated by CSOs, increases the risk for tied aid<sup>5</sup>.

**Overreliance on an Unaccountable and Unregulated Private Sector.** The Document is a step-back from other development financing agreements in many

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<sup>1</sup> Paragraph 14. Intergovernmentally agreed conclusions and recommendations.

Economic and Social Council forum on financing for development follow-up. 22-15 May 2017. Retrieved from [http://www.un.org/esa/ffd/ffdforum/wp-content/uploads/sites/3/2017/05/E-FFDF-2017-L.1\\_Draft-Outcome.pdf](http://www.un.org/esa/ffd/ffdforum/wp-content/uploads/sites/3/2017/05/E-FFDF-2017-L.1_Draft-Outcome.pdf)

<sup>2</sup> Paragraph 2. Intergovernmentally agreed conclusions and recommendations.

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<sup>3</sup> The Reality of Aid 2016: An Independent Review of Poverty Reduction and Development Assistance (pg. 144)

<http://www.realityofaid.org/wp-content/uploads/2016/10/RoA-Full-Report-2016-ecopy.pdf>

<sup>4</sup> <http://www.oecd.org/dac/untied-aid/untyingaidtherighttochoose.htm>

<sup>5</sup> Paragraph 6. Intergovernmentally agreed conclusions and recommendations.

Economic and Social Council forum on financing for development follow-up. 22-15 May 2017. Retrieved from [http://www.un.org/esa/ffd/ffdforum/wp-content/uploads/sites/3/2017/05/E-FFDF-2017-L.1\\_Draft-Outcome.pdf](http://www.un.org/esa/ffd/ffdforum/wp-content/uploads/sites/3/2017/05/E-FFDF-2017-L.1_Draft-Outcome.pdf)

aspects.<sup>6</sup> Instead of committing to ensure that businesses comply with accountability frameworks, including ILO and UN protocols, environmental and human rights standards, the Document instead considers the implementation of the SDGs as an opportunity to open new business and market opportunities and increase the volume and quality of Foreign-Direct Investments<sup>7</sup>. The Document also fails to mention human rights standards vis-à-vis the involvement of private sector in development and the use of national standards regardless if they are below international human rights obligations.

The increasing use of public money such as ODA to catalyze additional finance from the private sector and cover the risks from private sector- led initiatives has also proven to be disastrous for developing countries, yet the document still promotes such modalities. It also takes into account the use of '*Total Official Support for Sustainable Development as an indicator able to capture all official flows of sustainable development [TOSSD]*'<sup>8</sup>. This is a cause for concern as TOSSD includes other kinds of finance such as blended and private finance.

CPDE cautions against any partnership with the private sector that does not require accountability and transparency from private sector actors. The private sector's main goal is to maximise their profits, which is not in line with, and is even counter to, the goals of development.<sup>9</sup>

**Weak Democratic Ownership of Development Strategies.** CPDE believes that aligning development cooperation with national development strategies is not enough for poor and marginalised peoples to own the partnership. Whether it is North-South, South-South or triangular cooperation, it should be ensured that such national development strategies is rooted in the participation of, and accountability to, stakeholders and citizens are the intended beneficiaries of development to ensure that growth is pro-poor. The Document, however, fails to articulate Paragraph 22 for the Busan Partnership acknowledging the civil society organisations (CSOs) as essential development actors in their own right and representatives of the poor and marginalised. It is also silent on the Busan Partnership pledge to create favourable policy environments for CSOs.

**Regression in human rights commitments.** Assistance to the poor and vulnerable sectors by establishing social protection systems and measures should not only be consistent with national development strategies but also to human rights standards.

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<sup>6</sup>Agreements such as the 2030 Agenda and the GPEDC Nairobi Outcome Document

<sup>7</sup> Paragraph 11. Intergovernmentally agreed conclusions and recommendations.

Economic and Social Council forum on financing for development follow-up. 22-15 May 2017. Retrieved from [http://www.un.org/esa/ffd/ffdforum/wp-content/uploads/sites/3/2017/05/E-FFDF-2017-L.1\\_Draft-Outcome.pdf](http://www.un.org/esa/ffd/ffdforum/wp-content/uploads/sites/3/2017/05/E-FFDF-2017-L.1_Draft-Outcome.pdf)

<sup>8</sup> Paragraph 13. Intergovernmentally agreed conclusions and recommendations. Economic and Social Council forum on financing for development follow-up. 22-15 May 2017. Retrieved from [http://www.un.org/esa/ffd/ffdforum/wp-content/uploads/sites/3/2017/05/E-FFDF-2017-L.1\\_Draft-Outcome.pdf](http://www.un.org/esa/ffd/ffdforum/wp-content/uploads/sites/3/2017/05/E-FFDF-2017-L.1_Draft-Outcome.pdf)

<sup>9</sup>CPDE. CPDE Statement on the Revision of the European Consensus on Development. May 2017. Retrieved from <http://csopartnership.org/cpde-statement-on-the-revision-of-the-european-consensus-on-development/>

There is a tendency for governments to give social protection that do not meet human rights standards. Any intervention to migrants should go beyond managing the remittance they bring and reintegration but should be centered around their rights and vulnerabilities. Private sector must also be held accountable international norms and laws such as UN Business and Human rights and International Labor Organisation.

CPDE stresses that discussions on financing, especially financing for sustainable development should safeguard country leadership and policy space, align all kinds of cooperation with effectiveness principles, boost the implementation of the effectiveness agenda, keep ODA focused on poverty reduction, and enjoin the private sector to effectiveness, human rights and safeguard mechanisms. The follow-up on Financing for Development must endeavour to achieve what the AAAA failed to do: to work towards reforming the current global governance system, overcome power imbalances, and address systemic issues.