

Outcomes from the 3rd FfD deliberations held on 13th-16th July, 2015 in Addis Ababa, Ethiopia

Following the release of the outcome document on FfD, it was noted that real policy space for CSOs to truly influence this process was not included; local government perspective was missing; and the document had no real actionable deliverables. However, CSOs still used this meeting as an opportunity to try and change the course of this process, by bringing to light these four main issues:-

- 1) The structural barriers to socio-economic transformation
- 2) The lack of democratic participation for all
- 3) Lack of the outcome to address the centrality of rights
- 4) The weakened role of the state

This was done with the main objective of pushing for an agenda that speaks to human rights and allows for the kind of structural transformation that addresses the causes of inequality all over the world. CSOs have been deeply involved in the UN FfD process and they came in hoping for nothing less than a multilateral consensus. The Secretary General of the UN, Mr. Ban Ki-Moon, for showing their commitment to the people they work for and exhibiting determination to build a better future. Successful outcomes to support SGDs and climate change, and a comprehensive framework for Financing for Development are what he shared as the main priorities for UN and humanity.

Unfortunately, from the CSO perspective, the Addis Ababa Action Agenda (AAAA) lost the opportunity to tackle the structural injustices in the current global economic system and ensure that development finance is people-centred and protects the environment. It does not rise to world's current multiple challenges, nor does it contain the necessary leadership, ambition and practical actions. It undermines agreements in the Monterrey Consensus and the Doha Declaration and it is almost entirely devoid of actionable deliverables. We regret that the negotiations have diminished the FfD mandate to address international systemic issues in macroeconomic, financial, trade, tax, and monetary policies, while also failing to scale up existing resources and commit new financial ones. The AAAA is also deeply inadequate to support the operational Means of Implementation (MoI) for the Post-2015 Development Agenda, exposing an unbridged gap between the rhetoric of the aspirations and reality of the actions.

The key messages/ observations emerging from the forum are as follows:-

- **Gender Equality as Smart Economics:** The additional steps to address gender equality and women's empowerment seem to speak more to "Gender Equality as Smart Economics" than to women and girls' entitlement to human rights and show a strong

tendency towards the instrumentalization of women by stating that women's empowerment is vital to enhance economic growth and productivity.

- **Misplaced optimism towards private finance:** We caution that the AAAA's optimism towards private finance to deliver a broad sustainable development agenda is misplaced. The AAAA fails to endorse binding commitments to ensure business accountability based on internationally recognized human and labor rights as well as environmental standards. There is a growing body of evidence that substantiates civil society's serious concern for the unconditional support for PPPs and blended financing instruments. Without a parallel recognition of the developmental role of the State and clear safeguards to its ability to regulate in the public interest, there is a great risk that the private sector undermines rather than supports sustainable development.
- **International tax policy remains the domain of the powerful:** The Action Agenda fails to establish an intergovernmental, transparent, accountable, adequately resourced tax body with universal membership that could lead global deliberations on international tax cooperation stop illicit financial flows and tackle corporate tax dodging, reasserting the current undemocratic and profoundly unfair status quo.
- **No concrete commitments to ensure tax justice and equity:** Regressive tax policies such as indirect taxes disproportionately harm people living in poverty, women, minorities, persons with disabilities, children, and other marginalized groups. Concrete commitments to implement integrated social protection systems, including floors, remain vague and the AAAA fails to reaffirm the need for the implementation of the relevant ILO Conventions and Recommendations.
- **Tendency by traditional donors to elude responsibilities and effectiveness commitments:** We note with great concern the tendency of traditional donors to elude their responsibilities by putting emphasis on South–South cooperation, Domestic Resource Mobilization or the Private Sector. International Development Cooperation remain critical for development financing and fulfilling the 0.7% commitment made more than four decades ago remains pivotal. Furthermore, the Addis Agenda does not unambiguously address the necessary additionality of climate and biodiversity finance.
- **No critical assessment of trade regimes:** Instead of safeguarding policy space, the Addis Agenda fails to critically assess international trade policy in order to provide alternative paths to commodity-dependence, eliminate investor-state dispute settlement clauses, and undertake human rights impact and sustainability assessments of all trade agreements to ensure their alignment with the national and extraterritorial obligations of governments.
- **Recent UN normative developments on debt ignored:** The AAAA ignores the important normative developments in the direction of improving sovereign debt restructuring and establishing guidelines for responsible borrowing and lending that have taken place in

the UN over the last few years. It also fails to stop debt sustainability calculations as being the “purely technical” exercise that the Bretton Woods Institutions claim it to be, and embed the moral and legal dimensions that their impacts on human rights call for.

- **Limited progress on technology:** We welcome the establishment of a Technology Facilitation Mechanism (TFM) under the UN. We recognize its potentials to address systemic issues in technology transfer, to enable developing countries to harness their innovation capacities, and to assess the potential impacts of technologies with direct participation of communities and civil society. Technology is not a panacea to development challenges, nor is it gender-neutral. Indigenous and traditional knowledge must be strongly recognized and promoted, and community innovations must be supported on par with those in the formal sector.
- **Weakening of UN mandate to address systemic issues:** The Addis Agenda fails to provide sufficient political leadership to strengthen the role of the United Nations to lead the necessary human rights-based, pro-development reforms of global economic and financial systems and to institutionalize greater coherence. Instead of the profound reflection on the IMF’s failures pre and post-crisis and its unwarranted austerity advice as a response, the Addis Agenda calls for strengthening it and validates the insufficient governance reform process going on. There is no call for reform of the Special Drawing Rights regime towards its full potential to serve as a development finance tool and as the center of the international monetary system. Capital controls are barely acknowledged. Furthermore, the framework does not recognize the need of systemic change that prevents us from remaining within planetary boundaries and lacks specific reference to the need to take into account the environmental dimensions while allocating risk.
- **No strong commitment in terms of transparency and accountability:** We believe that the positive and consistent references to the importance of transparency and accountability in the follow-up of the Addis Agenda are not adequately matched by concrete commitments from governments and all actors to publish timely, comprehensive, accessible and forward-looking information about all development activities and resource flows.

Nonetheless, against this background, CSOs pledged to continue to be as engaged as ever to uphold the aspirations for economic, monetary and financial frameworks that respond to the imperatives of human rights and the values of humanity and solidarity; to continue to promote the vision of an economy at the service of the people and the planet, and advocate for the democratization of economic governance and the reaffirmation of the centrality of the United Nations against the governance clubs of the powerful, and with an expectation that the Addis

Agenda's establishment of an intergovernmental and universal Forum on FfD will provide the political space to advance the global normative agenda in this direction.