

EQUITABLE AND FAIR FINANCING OF SUSTAINABLE DEVELOPMENT

Contribution to the Fourth International Conference on Financing for Development

The Fourth International Conference on Financing for Development (FfD4) will take place from 30 June to 3 July 2025. Given of the multiple crises and growing global inequality, the global Sustainable Development Goals (SDGs) of the 2030 Agenda can only be nearly achieved if states have more funds available to fight hunger and poverty and to invest in health, education and climate protection. The UN member states therefore urgently need to agree on a reform of the international financial system. The conference must send out a signal in favour of inclusive multilateral financing for sustainable development. The goal must be to

- end the debt crisis of the poorest countries,
- establish a fair international tax system,
- mend the global financial safety net, which is full of holes,
- increase funding for official development cooperation and enhance its impact,
- make multilateral financial institutions inclusive,
- link private sector investments to human rights due diligence obligations and environmental and social standards.

The countries of the global South must be given an equal voice in the equitable organisation of the international financial system.

The German government must therefore work toward

- 1. The Creation of a Fair and Transparent Multilateral Debt Relief Mechanism.** The FfD4 conference should agree an inclusive, legally binding process to develop rules for the entire debt cycle (UN Framework Convention on Sovereign Debt). Human rights-based debt sustainability analyses should be reviewed under the auspices of the United Nations. All states, including Germany, should legally oblige private creditors to participate in multilateral debt restructuring programmes.
- 2. The UN Framework Convention on International Tax Cooperation.** To insure UN Framework Convention on International Taxation Cooperation has a redistributive effect, it must include a wealth tax, particularly for the super-rich, and extend the global minimum tax on corporate profits. The extension should aim for an internationally harmonised overall corporate tax for transnational corporations.
- 3. A reform of the Multilateral Financial Architecture.** The United Nations should review and reform the operating methods of the International Monetary Fund (IMF), World Bank and other international financial institutions (IFIs) through a structured process. Their decision-making processes must be transparent and give all member states, especially the countries of

the global South, equal rights in governance. Multilateral financial institutions must ensure that their work is bindingly oriented towards human rights, including fundamental economic and social rights.

4. Strengthening Public Development Financing.

At the FfD4 conference, the OECD-DAC countries should renew their commitment to provide at least 0.7 per cent of gross national income for official development assistance (ODA), including at least 0.2 per cent for the least developed countries. Additionally, the principles such as effectiveness, national ownership, a results-oriented approach, harmonisation and mutual accountability must be reinforced.

5. **Effective Regulation of Lending by Systemically Important (Shadow) Banks.** This requires a reform of the international regulatory framework for banks (known as 'Basel Accords'). Among other things, banks must accept risk premiums as collateral for repayment. This can reduce credit costs for countries in the global South. A credit rating agency should be established at the UN level which – unlike private agencies – must consider not only economic criteria but also those relating to sustainable development, human rights and gender equality when assessing creditworthiness.

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