



Asia Pacific Regional CSO Engagement Mechanism

The Third International Conference on Financing for Development

Statement from the Asia Pacific Regional Civil Society Engagement Mechanism (AP-RCEM)

Introduction

As the Third International Conference on Financing for Development (FFD3) gets underway in Addis, this message comes from the Asia Pacific Regional Civil Society Engagement Mechanism (AP-RCEM), a network of over 370 civil society organisations representing 17 different constituencies and 5 sub regions in the Asia Pacific.

We take note of the proposals in the draft outcome document released ahead of the FFD3 conference. We support fully the advances on the Technology Facilitation Mechanism (TFM) and welcome the specific language around the TFM form and function in the FFD draft. This has been a long awaited breakthrough in terms of attempts at global cooperation on making technologies accessible to poorer countries and LDCs. We hope the finally agreed Addis Ababa Agenda will provide further clarity on this mechanism. We also hope that the technology available through the TFM will address all three pillars of sustainable development and address critical issues such as Intellectual Property Rights (IPR) without which it will be meaningless

However, the expected positive outcomes of the Financing for Development Conference almost end there. We feel that calls for financing for development justice have been largely ignored in the draft outcome document.

Low Ambitions Amidst Need for Change

Since its inception in Monterrey 2002, the Financing for Development process had represented for us a key opportunity to try to resolve major structural issues and challenges in the global policy framework together as a global community, in order to ensure the delivery of a meaningful development agenda to the people of the world.

We note with concern that the optimism that started in Monterrey is almost at its end. We have seen a continuous whittling down of ambition during the hard negotiations that produced the current draft outcome of the Addis Ababa Action Agenda. In the light of the continuing poverty, rising inequalities, and persistent and multiple crises, it is crucial for this Conference not only to reaffirm the Monterrey commitments but also to go beyond and address the current threats to development threats. From the current draft, that seems an impossibility. Any meaningful language that could have represented actual and specific action has been gradually removed through the iterations of the draft text. Language, without actual commitments and concrete timelines for achievements, will not move the FFD agenda forward.

The Addis Action Agenda must recognise people as equal beings, irrespective of the regions, race, class, gender, age, disability, ethnicity, migration and citizenship status, HIV and health status, pregnancy and marital status, sexual orientation and gender identity and expression, and other categories they represent. It must roll out measures that are equitable, thus recognising their differential needs, concerns, marginalisations and vulnerabilities.

On Domestic Resource Mobilization

In spite of the mention of progressive tax systems, the stronger language carried in the Doha Declaration on “more pro-poor” tax system has been now removed. It is extremely concerning that the reference to “promote equity, including gender equality as an objective in all tax and revenue policies” was removed from the document. Instead, the draft action agenda proposes “broadening the tax base and continuing efforts to integrate the informal sector into the formal economy in line



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with country circumstances”. This can result into forcing self-employed small scale market vendors, farmers and fisherpeople and those in micro and small-scale enterprises – in which the majority are women – to bear a disproportionate high tax burden.

Moreover the lack of transparency in the global tax system, the continued operation of tax havens, the lack of tax cooperation on illicit financial flows, and the challenges to accountability and transparency of tax payments of Multinational Corporations (MNCs) are clearly not going to be addressed by the non-specific language and absence of concrete action plans in the current draft document. This reinforces the current economic set up wherein capital is socially produced but individually owned. In order to prevent this, mechanisms of taxation must be based on just and fair principles to ensure that the larger burden of taxation is not on the poor and the marginalised. Governments must ensure progressive taxation, broadening the tax base to include the rich, less indirect taxes, efficient tax collection systems. Subsidies and incentives for the corporates must be reduced so as to ensure fair taxation for all and lessen the inequalities between the rich and the poor. Further, the issue of double taxation of migrant labour who are required to pay at their source country as well as the country of destination must be looked into.

We also regret that continuous divide between the Member States and resistance from developed countries over upgrading the current UN expert tax body to an intergovernmental tax committee, which would have better ability to effectively address global tax issues, to truly combat illicit financial flows and tax evasion, and to address inequalities between countries and between rich and poor. We do hope the Addis Ababa Agenda will conclusively and constructively address this issue.

On International Development Cooperation

Official Development Assistance (ODA) is still limited to 0.7% of GNI but even this low level has not been met by most of the donor countries. This was a promise made in a different world and it is shocking to see the advanced countries attempting to walk out of even this low level of commitment. It is really alarming that the inclusion of “We strongly encourage all donor countries to establish, by the end of 2015, indicative timetables to illustrate how they will increase their assistance and reach their goals” from the Zero draft is now gone. The outcome of Addis needs to ensure the commitment to 0.7% at the most minimum with a clear and binding timetable. Likewise, increase in ODA should not in any way lead to cycle of debt for recipient countries, including LDCs.

Development effectiveness should be properly addressed and measured, creating and strengthening of enabling environment for CSOs, untying aid, removing conditionalities, strengthening of country democratic ownership of development aid, and mutual accountability.

We also feel that while South-South Cooperation is crucial and must also be founded on transparency, human rights, gender equality, non-discrimination, it must not be door to allow the developed countries to walk off from their responsibility. South-South Cooperation is complimentary with North-South Cooperation’s contribution to key deliverables.

We regret the differences between Member States on key principles such as Common but Differentiated Responsibility (CBDR) to be applied to the entire Post-2015 and FFD Agenda. Governments must prioritise its people above economic progress and wealth and as such we believe CBDR, with developed countries taking the lead, must underpin the current framework. Given the recognition of the three pillars of sustainable development, CBDR must also apply to all goals and targets including on FFD. Likewise, the principles of equity, polluters pay principle must also be acknowledged.

The Green Climate Fund is increasingly being captured by multilateral development banks and international private entities with poor track records, as is evident by the ongoing accreditation process. The lack of transparency and preponderance of big banks and international entities over



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national and sub-national entities blatantly defies the GCF mandate of being more responsive to the needs of vulnerable developing countries and communities. We renew our call for new and additional finance and argue for keeping climate finance, a key need in the current conjuncture, as separate and distinct from development finance in general. Given the large number of Least Developed Countries (LDCs) in the Asia Pacific, we call upon the donors to better recognize the specific needs of LDCs in this regard and expedite the process of accessing climate funding for LDCs. The major part of the USD 100 billion annually by 2020 committed by developed countries for climate finance comes from public source. To contribute to the multilateral climate finance institutions, a multi-lateral initiative to create a global price on carbon must be established as part of a package to phase-out fossil fuels. Clean energy and access to environment-friendly technology must be increased by addressing barriers in technology transfer. Free Prior Informed Consent principles and upholding the Indigenous Peoples' and Local Communities Rights must be ensured in the planning and implementation of development and climate projects

It is also important to pay attention to the needs and concerns of Middle Income Countries (MICs) who may suffer from premature withdrawal of aid. Although MICs show certain economic indicators of progress and development, it is important to measure and compare their social indicators to truly assess whether the fruits of development are being equally shared by all especially the most marginalized.

We also call for an increase in the share of aid dedicated towards gender equality, adolescents, young people and women's health and education, including for their sexual and reproductive health and rights. Additionally, aid commitments must be made to support the essential work done by women's organizations to improve the status of women and young people.

We are concerned that transitions from ODA to domestic financing, e.g. in the area of health financing, could lead to de-funding of civil society organizations, threatening their sustainability and delivery of programmes and services.

The document reiterates commitments to building peaceful and inclusive societies, and creating funding and investment mechanisms for conflict affected countries and peace-building processes. However, sources are vague, but with clear reference once again to private sector funding, including FDI. There is completely no mention of rechanneling military spending which comprise a significant portion of national budgets worldwide, diverts resources away from critical people's needs such as education and health services, and negatively impacts human rights and the environment. It is disappointing to find out that a lot of developed countries are allocating excessive amount of their national budgets to military spending while at the same time, continuously fall short of their ODA and climate finance commitments.

On Gender Equality and Women's Human Rights,

While we acknowledge that the Action Agenda draft includes some language on gender equality and gender mainstreaming, it still falls short in ensuring the commitment of realising the rights of women and girls. We are concerned that the meaning of gender equality was reduced to merely "give women equal rights with men" in the overall framework of the action plan. The language on women and gender equality leaned to a strong tendency towards the instrumentalisation and commodification of women, where women empowerment and women's full and equal participation in the economy are regarded vital to enhance economic growth and productivity or to promote market access for financial services. We reject any notion of commoditization of women merely for market interest, and instead pushing for women and girls' entitlement to social and economic rights.

We are very disappointed that the gender aspect of domestic tax and public finance goes almost unrecognised in the document. In the final stages of the negotiations, the reference to promote the empowerment of all women and girls at all levels was removed from the Domestic Resource



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Mobilization section towards the preamble, weakening actual government's obligations to adopt and strengthen policies and laws that are essential for women's human rights and gender equality. The current language in the draft is weakening the scope of policies to the ones who are able to promote at the same time sustainable development and enable women's participation in the economy.

Moreover, after strong debate, paragraph 240 of the Future We Want that states to "resolve to undertake legislation and administrative reforms to give women equal rights with men to economic resources, including access to ownership and control over land and other forms of property, credit, inheritance, natural resources and appropriate new technology" was incorporated in the Action Agenda. We proposed that "Full" should be included along with "equal rights", while an explicit reference needed to be made to guaranteeing women and girls economic rights" in order to recognise inherent entitlements of women as full and equal citizens that are subjects of human rights. Instead of "access to ownership", governments should guarantee women's and girl's rights to full and equal access to, ownership and control over resources, including the right to inheritance and land titling.

While we acknowledge that the Action Agenda draft includes a commitment to "increase transparency and equal participation in the budgeting process, and promote gender responsive budgeting and tracking" (Para 30, Draft AAA), "promote" is not strong enough to guarantee that women's needs are prioritized, nor that specific actions are taken to remove structural obstacles for gender equity.

We note the specific mention to "urge countries to track and report resource allocations for gender equality and women's empowerment", however, tracking and reporting is not enough. The Action Agenda should call upon donors to adequately fund gender equality, and women's human rights and empowerment

On International Trade and the Disappearance of the ISDS Clause

International trade had represented a key opportunity to correct imbalances in global trading system and to allow developing countries to make use of an enabling trade framework for meeting their development objectives. However the disappearance of meaningful language over the course of the negotiations has been a matter of concern. The loss of specific language on addressing the Investor-State-Dispute-Settlement (ISDS) clauses and retaining policy space in trade and investment agreements remains a prime example.

We also are alarmed that the more critical aspects of global trade, for example, harmful domestic agricultural subsidies given by the western countries still go untouched. Ongoing international and multilateral trade negotiations fueled by harsh intellectual property provisions threaten access of people to essential medicines for chronic conditions such as HIV/AIDS, Hepatitis C, cancer, and NCDs, among others.

Overall the need to establish fair and equitable trade rules based on human rights that gives benefit to the people and not to corporations still goes unaddressed in the document. Promoting Foreign Direct Investment must also not be done at the cost of people. Systems must be in place to ensure fair wages, fair taxation, and decent work conditions according to international standards such as the ILO. Tax breaks for the private sector must be removed as the people's welfare cannot be compromised for profits. Laws including labour laws and anti-pollutant laws must also be effectively practised to ensure labour protection and prevent environmental damage. Commitments must be made to adhere to international conventions on climate change issues. Workers' rights in formal, non-formal, paid and unpaid care work must also be recognised and upheld.

On Debt and Debt Sustainability

The world continues to be dogged by debt crises of large proportions but a feasible global mechanism to address this is not in sight. Several countries in the Asia Pacific continue to reel under



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a heavy debt burden. We are yet to see a serious attempt at sovereign debt restructuring mechanisms under the UN, and a failure to adopt the UNCTAD Principles of Responsible Sovereign Borrowing and Lending. The policy of imposing stringent conditions that forces indebted countries to reduce or remove social sector support in violation of basic human rights needs to be seriously challenged and this is not visible in the Addis Ababa Document. Further, in the light of the recent earthquake in Nepal, we call upon debt cancellation and not just extension of loan repayment period, for countries struck by massive natural disasters.

The demands on the Addis Ababa Conference was perhaps greatest in the area of systemic issues; the need to ensure a coordinated global financial, trade, debt, technology architecture which has policy coherence at its core. But this area does not see any significant promises either. We note with concern that the draft document does not address systemic issues in the international financial and monetary system that underpin poverty, inequalities, asymmetries and mal-distribution of power and resources in the global political economy – between countries, between rich and poor, between men and women and other social groups.

At the heart of this will be better regulation of international institutions, in particular the WTO, IMF and the World Bank as well as stronger participation of developing countries in global institutions. In spite of such language on this, clear action points are not yet evident in the document.

On the Primacy of the Private Sector

There are many issues that the Third Conference on Financing for Development has not touched upon. But a major concern is the one area it has been very forthcoming on, that of private finance and the gigantic role of the private big business as drivers of global development agenda. Both in the Post-2015 Agenda process and the FFD process, we have seen a retrogression and abdication of states' responsibilities and the push towards the private sector. We believe the operation of the large private sector can only be for profits and not for subsidizing development objectives. We do not support the drive for public-private partnerships (PPP) as it is not the ideal model for people-friendly development. It involves public expenditure essentially for private profits and the people at large are not benefitted, as user fees for services developed are most often quite high.

The larger than life role of global corporations has created major conflicts within both the FFD and the Post-2015 Agenda as some of the core development objectives being advanced will be impossible to achieve with an unregulated and unbridled operation of MNCs. And yet, the draft Action Agenda fails to agree on mandatory rules and accountability mechanisms to ensure private sector compliance with human rights, including women's and indigenous people's rights. Instead, it promotes voluntary Global Compact principles on gender equality that have proven to be wholly inadequate and inappropriate to respond to women's human right abuses, especially from transnational corporations. Although the UN Guiding Principles on Business and Human Rights were acknowledged, voluntary mechanisms, which do not guarantee accountability, are more encouraged. Examples such as the Committee on World Food Security's voluntary Principles for Responsible Investment in Agriculture and Food Systems, and the Voluntary Guidelines on Responsible Land Tenure, allow the increased corporate investment in agriculture, without providing smallholder farmers protection and redress against landgrabbing and other resource grabs related to corporate agricultural investments.

Finally we see the FFD process as long term and a process in its own right with its core mandate distinct, though overlapping, from that of the Post-2015 2015 Agenda. While it must cater to the delivery of the Post-2015 2015 Development Agenda, it has something to give us that is additional to the Post-2015-2015 Agenda. In this regard, we support the call for a separate review mechanism for the agreed Financing for Development Document that will be embodied in the Addis Ababa Agenda.

We stand with our governments in the Asia Pacific to help implement a development agenda that can address root causes of poverty and inequality in the region, and in bringing in true sustainable development where people are drivers and beneficiaries, a framework based on development justice.



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As representatives of Asia Pacific civil society, we call on our governments to engage CSOs in their planning, implementation, monitoring and review of the Post-2015-2015 Development Agenda and the Addis Ababa Agenda on Financing for Development. We look forward to working with our governments globally, regionally and nationally as experienced partners in bringing about sustainable development and change in our region.

¹ Women's Working Group on Financing for Development reaction to the 7th of July draft Addis Action Agenda and key message July