

THINKING ABOUT THE END FROM THE BEGINNING

Preliminary reflections on the follow-up to the 4th International Conference on Financing for Development

by Wolfgang Obenland

At the end of 2023, with a delay of four years, the members of the United Nations finally agreed to come together for a 4th International Conference on Financing for Development (FfD4). Accordingly, discussions have begun on the possible content and outcomes of such a conference, which will take place in Spain at the end of June/beginning of July 2025. While debates are currently – in spring 2024 - dominating about what needs to be done in terms of – inter alia – taxes, debt, investments and systemic reforms in view of a world that has changed since 2015, governments should already be looking at how they want to deal with the possible follow-up to FfD4. The mixed results of the implementation of the Addis Ababa Action Agenda (AAAA) show that the success of a conference is not only measured by its outcome document, but also by whether its contents are followed up and filled with life.

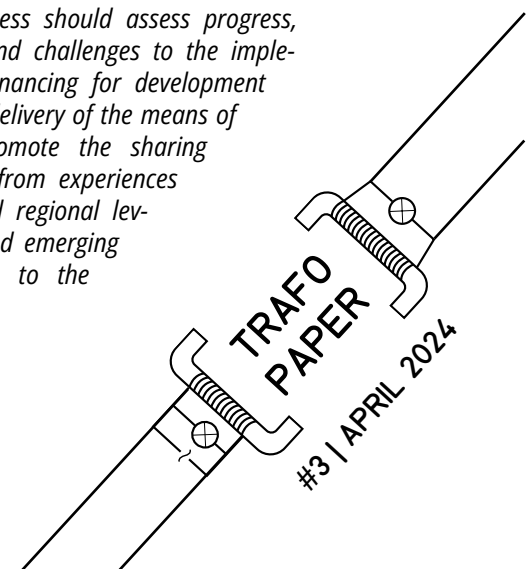
Naturally, the exact design of such a follow-up process depends on the concrete results of the conference. However, a look at the work of the institutional mechanisms set up in Addis Ababa can provide an indication of what should work better after FfD4. There are a number of initial ideas here, which will of course

have to be further discussed, concretized, adapted and, if necessary, discarded during the course of the negotiations.

The FfD follow-up since the Addis Ababa conference

In contrast to the previous conferences in Monterrey 2002 and Doha 2008, the AAAA contains detailed outcomes in its final paragraphs on how the conference results are to be followed up. Overall, the mandate of the process was summarized as follows:

“The follow-up process should assess progress, identify obstacles and challenges to the implementation of the financing for development outcomes, and the delivery of the means of implementation, promote the sharing of lessons learned from experiences at the national and regional levels, address new and emerging topics of relevance to the



implementation of this agenda as the need arises, and provide policy recommendations for action by the international community. We will also enhance coordination, promote the efficiency of United Nations processes and avoid duplication and overlapping of discussions.” (AAAA, Para 131)

In addition to this task description, institutional innovations were agreed to do justice to it. Firstly, the **ECOSOC Forum on Financing for Development follow-up** (FfD Forum),¹ an annual meeting of UN members and other stakeholders in the FfD process, was established to structure the continuation of the process since FfD3. The implementation of the AAAA and the implementation mechanisms for the 2030 Agenda for Sustainable Development are discussed over a period of up to four (in practice three) days each spring in New York. Another day of the forum serves as a high-level meeting between the UN members and the Bretton Woods Institutions (BWI) – International Monetary Fund (IMF) and World Bank – the World Trade Organization (WTO) and UN Trade and Development (UNCTAD).²

The results of the forum are summarized in *inter-governmentally agreed conclusions* and recommendations, i.e. in an outcome document negotiated in advance of the conference. These also serve as input for the meetings of the High-level Political Forum on Sustainable Development (HLPF), which similarly reviews the implementation of the 2030 Agenda and the Sustainable Development Goals (SDGs) every year in July. The results of the FfD Forum are also presented, discussed and integrated into the results during HLPF. The annual meetings at the FfD Forum are supplemented by a high-level dialogue organized every four years under the aegis of the UN General Assembly in September.

The **Inter-Agency Task Force on Financing for Development** (IATF) was established as the second main component in the follow-up process within the United Nations system.³ This working group, which

also includes international organizations that are not formally part of the UN system such as the WTO or the Organization for Economic Cooperation and Development (OECD), has the central task of preparing an annual report on the implementation of the AAAA, the Financing Sustainable Development Report (FSDR). In addition to the analysis, the report does also contain recommendations for further work or the elimination of problems in the implementation of the AAAA. The IATF, which now includes over 60 organizations and programmes, is coordinated by the Financing for Sustainable Development Office (FSDO),⁴ a unit of the UN Secretariat’s Department of Economic and Social Affairs (DESA).

In addition to these institutions for the follow-up of the AAAA in the narrower sense, there is or was a whole series of processes in which implicit and explicit work is being done to implement the outcomes. First and foremost is the Multi-stakeholder Forum on Science, Technology and Innovation,⁵ which was initiated to implement the corresponding chapter of the AAAA. One of the most interesting in terms of content was the Financing for Development in the Era of COVID-19 and Beyond I (FFDI) launched in 2020,⁶ which presented a wide-ranging menu of options for combating the economic and financial consequences of the COVID-19 pandemic. Very practical financing issues are discussed at the annual SDG Investment Fairs, among other things.⁷ Further outcomes from Addis Ababa – for example on debt and international cooperation in tax matters – were followed up in the context of the G20, at the OECD, in the UN Committee of Experts on International Cooperation in Tax Matters,⁸ at the IMF and World Bank, in the 2nd Committee of the UN General Assembly and various other bodies, organizations and programmes. This also includes formats that have emerged in the context of the FfD process, such as the Addis Tax Initiative,⁹ the International Tax Compact,¹⁰ or the Leading Group on Innovative Financing for Development.¹¹ In addition, the governments of Mexico, Switzerland and Germany have organized annual informal meetings of the Group of Friends of

1 <https://financing.desa.un.org/what-we-do/ECOSOC/financing-development-forum/FFD-forum-home>

2 Until the “rebranding” in April 2024 under the name UN Conference on Trade and Development (UNCTAD), see <https://unctad.org/news/unctad-rebrands-un-trade-and-development>.

3 <https://financing.desa.un.org/iatf/home/>

4 <https://financing.desa.un.org/>

5 <https://sdgs.un.org/tfm/sti-forum>

6 <https://www.un.org/en/coronavirus/financing-development>

7 <https://financing.desa.un.org/SDGIFair>

8 <https://financing.desa.un.org/what-we-do/ECOSOC/tax-committee/tax-committee-home>

9 <https://www.addistaxinitiative.net/>

10 <https://www.taxcompact.net/>

11 <https://leadinggroup.org/>

Monterrey since 2016, at which substantive points on the FfD agenda can be discussed free from a tight diplomatic corset.

At national level, the AAAA is being systematically implemented as part of the development of **Integrated National Financing Frameworks** (INFF), among other things. With the support of international programs such as the United Nations Development Programme (UNDP) or under their guidance, developing countries review their public and private financial systems for possible reform requirements that are necessary to implement national strategies for sustainable development.¹²

Gaps and flaws in the system

The at best patchy and in any case unsuccessful implementation of the Addis Ababa resolutions – as outlined in the current FSDR of 2024¹³ – naturally has several causes. These include, for example, the COVID-19 pandemic and its consequences, the recent conflicts and wars in the Middle East and Ukraine, the resulting inflationary environment, new and old geopolitical tensions, a lack of political will and many more. However, it should be noted that the various institutional approaches in the FfD follow-up also have room for improvement. This is partly due to evolutions in the FfD process itself, which is now over 20 years old, and partly due to the political economies of the actors involved, above all the international financial institutions, and of course the sometimes conflicting interests of governments.

It is not possible here to provide a comprehensive analysis of the many years of work carried out by the above-mentioned institutions, some of which is extremely extensive. However, there are some obvious problems and weaknesses that need to be taken into account in a follow-up to FfD4. These concern both the review process at government level – nationally and at the FfD forums – and in the context of international organizations and programmes:

»» Firstly, it should be noted that in the eight years since Addis Ababa, the FfD forums have been practically incapable of adopting outcomes that can actually be implemented. There are a number of reasons

for this. One reason is the nature of the meeting as a forum. In the UN system, forums are primarily understood as discussion arenas. Political decisions are taken in commissions and committees. However, this procedural issue cannot suffice to explain why governments were not in a position to better make use of the outcomes of the AAAA. Examples of this are the projects set out in the AAAA for the development of guidelines for public-private partnerships or for dealing with non-cooperative private creditors. Instead, the substantive follow-up work was outsourced to committees and contexts that have legitimacy deficits compared to the FfD process, such as the G20 or OECD. The outcome documents of the FfD forums are all too similar to a remix of findings formulated elsewhere (so-called *agreed language*).

»» A second weakness of the FfD forums is – to put it mildly – its lack of systematic engagement with implementation efforts of individual countries. In contrast to the HLPF, for example, there are no country reports in the FfD context, not even voluntary ones, which could provide indications of common problems and how to resolve them. As a result, discussions often remain too abstract. Above all, however, there is no real analysis of how global framework conditions at national level lead to financial problems and how decisions in the major financial centers in particular have an impact on economies elsewhere, such as interest rate decisions by the most important central banks.

»» Thirdly, it can be observed that the entire FfD process is still very much characterized by a North-South dichotomy. This is reflected, for example, in who travels to the forums from respective capitals. From the richer industrialized countries, these are primarily representatives of development cooperation institutions. Conversely, financial experts or representatives from planning and finance ministries travel from developing countries. There is also a South-North slope in the level of representation. One can welcome the fact that the FfD process, unlike many others, deals decidedly with issues of economic and social development. As a result, however, this can lead to a narrow perspective – problems are being located in the global South, solutions and support in the global North – which does not do justice to the actual causes of the problems.

»» Fourthly, it is astonishing to note that the FfD process as a whole is hardly in a position to track the concrete results of the three previous conferences beyond the general objectives of development cooperation. This can be seen, among other things, in the annual FSDRs. These comprehensive reports, which

¹² <https://inff.org/>

¹³ <https://financing.desa.un.org/jatf/report/financing-sustainable-development-report-2024>

are compiled with enormous effort, are very similar to the various 'world economic reports' published by other organizations such as the BWI or UNTAD. The recommendations made are often formulated in a relatively non-binding manner and the analysis sometimes seems contradictory. There are several reasons for this. First and foremost, this is due to the fact that very different organizations – more than 60 in number – with their own political economies, very differently structured memberships and decision-making procedures are supposed to come to common conclusions. Negotiated analyses may not show the full complexity, possible options for action may fall victim to compromises and thus not be available to governments. Furthermore, the analysis of the FSDR suffers from the fact that the AAAA – contrary to its title – has an enormous degree of abstraction. For example, it lacks a clearly defined monitoring framework for the outcomes that can be implemented beyond the general objectives. It is also clear that the FSDO, which coordinates the work of IATF, is suffering from major capacity bottlenecks. This is particularly worrying because the FSDR has become the central input in the FfD process. It predetermines the discussions in the FfD forum, its outcome document and, subsequently, the results of the HLPF.

»» Finally, it should be noted that the FfD process after Addis Ababa was hardly in a position to respond appropriately to emerging developments. With the exception of the FfDI in the context of the COVID-19 pandemic, there were no special efforts or solutions to the crisis on the world's agricultural markets following the Russian invasion of Ukraine, nor to the consequences of the turnaround in the interest rate policies of the most important central banks. Neither the currently worsening global debt crisis nor the banking crisis at the beginning of 2023 were taken as an opportunity to become active within the FfD process beyond discourse, to set up work processes where necessary or to reach decisions within the FfD forums. Even the 'classic' within – international cooperation on tax issues – was taken to the General Assembly by the group of African countries at the UN because progress in the consensus-oriented FfD process did not seem possible.

Features for a strengthened follow-up mechanism

Even this quick and admittedly incomplete analysis of the follow-up to date shows that there is room for improvement in Spain 2025. Without considering this to be an exhaustive list, there are a number of features that would strengthen a follow-up to FfD4:

»» The **FfD forums** – or whatever one should call an implementation mechanism within the framework of the UN – **should be made much more solution-oriented and normative**. In addition to possibly greater capacities for their preparation, this means above all that they should be put in a position to take real decisions. The *intergovernmentally agreed conclusions and recommendations* are not enough in their current form. This presupposes that discussions and negotiations are made more comprehensive. The preparation time for the FfD forums, which currently covers the few weeks between the publication of the first draft of the FSDR and the forum, is too short for this. The establishment of topic-specific working groups, which also meet between the forums or on a multi-year basis, could provide a remedy here. Such working groups, in which non-governmental stakeholders could also be involved in an appropriate manner, could also be the place where emerging issues are dealt with.

»» Accordingly, an **extension of the Forum's mandate** would also be worth considering. In order to avoid discussing global issues in the abstract, a format should be found that allows member states to report on their successes in implementing the FfD4 outcomes on the one hand, but also on the problems they face due to unfavorable global conditions or the behavior of other governments on the other. Such a format should also be used to break the dichotomy between donor and recipient countries. Based on **peer review procedures** in the human rights system, processes could be established that scrutinize the international consequences of national financial policy decisions, especially in the powerful countries of the Global North. One item on the agenda could be reports on the implementation of the principle of maximum available resources, as formulated in Article 2 of the International Covenant on Economic, Social and Cultural Rights. In procedural terms, a human rights-based approach also entails the systematic participation of those affected and the **integration of independent analyses** from academia and civil society into official processes. Among other things, reformed INFFs could be used for preparation

– whereby justified criticism of these analyses should be taken into account.¹⁴ In this sense, INFFs or similar analyses in industrialized countries and their presentation at a global level are also urgently needed.

»»The **role of the IATF and the FSDR should also be redesigned** with this in mind. Instead of a report on the global economy in general, the focus here should clearly be on the systematic review of FfD4 outcomes that can be implemented in practice. However, this requires an appropriate formulation of these outcomes. At the very least, they should be clearly more action-oriented and normative. In addition, the results should be cast in a verifiable form – possibly in the aftermath to the conference. The enormous effort that was put into this in the context of the SDG review may seem daunting at first. However, an **FfD monitoring framework** could certainly be developed with reasonable effort. The agenda is smaller (so far there are seven action areas compared to 17 SDGs), on the other hand there are enormous amounts of data and indices available, especially for financial policy issues, which can be used quickly – as can existing statistical instruments from the context of SDG monitoring. However, it should be noted that although there are major similarities between the 2030 Agenda and the AAAA, the latter also covers areas that are not addressed by the SDGs. In any case, it would be important that the measurement of success focuses on the impact of the agreed measures and does not stop at the collection of resources and instruments used. Especially in the area of private sector instruments, a false impression could otherwise quickly arise. Appropriate procedures should be used that **go beyond purely quantitative measurements**. Instruments from the field of human

rights, such as the OPERA Framework developed by the Center for Economic and Social Rights, are also suitable for this purpose.¹⁵

The mandate for the IATF and FSDR could then be defined more clearly. On the one hand, the analytical task within such a monitoring framework would be more narrowly delineated. On the other hand, instead of the options for action negotiated between the authors – analogous to the FfD1 – one could focus on a presentation of various options and leave political decisions to political decision-makers. Regardless of how the work continues here, it remains clear that the coordinating FSDO in particular must be equipped with **significantly greater, reliably and continuously funded capacities** for this purpose.

In view of the above, it seems appropriate that the follow-up for FfD4 should be taken into account as early as possible in the upcoming negotiations. This is all the more important as these are merely initial considerations, the gaps in which should quickly become clear to those involved in the process and which are primarily intended as an impetus for discussion.

The top priority for the design of any kind of follow-up process must be that it fulfills the functions spelled out in the mandate cited above. In addition, there is the often implicit demand placed on the process that it should bring together the decisions, measures and policies of the actors involved – above all the so-called *major institutional stakeholders* – in a coherent manner. This requires a strong follow-up process based on political will. Under the current political and economic conditions, the FfD process is simply too important to be neglected. ●

14 See <https://csoforffd.org/2022/04/28/undue-influence-the-risk-of-the-united-nations-growing-emphasis-on-integrated-national-financing-frameworks/>.

15 <https://www.cesr.org/opera-framework/>.

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Published by



German NGO Forum on
Environment and Development

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Berlin, April 2024

This publication is part of the project “Transformative Finanzpolitik in Krisenzeiten” of the German NGO Forum on Environment & Development, funded by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ).

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