

Written Contributions to the Special Rapporteur on the Right to Development’s Annual Report on “Financing for Inclusive, Sustainable and Participatory Development”

The Global Initiative for Economic, Social, and Cultural Rights (GI-ESCR) is thankful for the opportunity to provide a written contribution to inform the development of the Annual Report of the Special Rapporteur on financing for inclusive, sustainable and participatory development.

The present submission is divided into five sections, including an introduction addressing the urgency of the issue of financing for development and the ongoing discussions around it at the international level. Additionally, the following sections aim to respond to questions 2, 3, 4 and 5 of the guiding questions posed by the Rapporteur on his call for submissions.

Some of the issues addressed in this submission are developed more in depth in our position paper for the Zero Draft that you can find [here](#).

Introduction: Challenges to the financing for development and ongoing global discussions

The issue of financing for development is a central and essential issue that needs to be urgently addressed. In effect, most Sustainable Development Goals (SDGs) will not be achieved by 2030. Debt levels in low- and middle-income countries continue to rise, while progress in reducing extreme poverty has stalled. Meanwhile, COP29 ended on a disappointing note, with the New Collective Quantified Goal (NCQG) falling far short of what is needed to effectively fund the adaptation and mitigation policies that the climate emergency demands, particularly in the Global South. At the same time, foreign assistance is being slashed across much of the world, and multilateral spaces are facing a fierce backlash.

In this challenging context, the Fourth International Conference on Financing for Development (FfD4) presents a critical opportunity to reverse these trends and secure adequate and timely funding for development—one that upholds human rights for all. The First Draft of the FfD4 outcome document introduces some positive elements that push the development financing agenda in a human rights-compliant direction. However, GI-ESCR believes that, given the multiple, overlapping crises affecting the global community, the draft still lacks the ambition needed to fundamentally reshape the systems that perpetuate inequality. It falls short of establishing a financing structure that not only fosters development but also respects planetary boundaries.

We find worrisome that most of the solutions proposed on the First Draft are based on channelling private resources to fill the financing gaps. We recognize that the resources necessary to finance

development in a sustainable way that corrects present inequalities is greater than what countries can mobilize on their own and that the inclusion of the private sector is going to be a necessary part of this process. However, the First Draft offers insufficient regulation in this area. We consider it important to emphasize that the maximization of profit by private actors cannot supersede Human Rights. This process should recognize that businesses are bound by human rights violations under international and regional instruments.

This tendency is particularly worrisome when it leads to the privatization of essential public services. Over the past several decades, many governments worldwide have outsourced public services to the private sector without strengthening oversight mechanisms. Instead of reinvesting in necessary infrastructure and service improvements, profits have been siphoned off for corporate gain. The encroachment of the private sector follows decades of financialization, where capital shifts toward financial investments have led to chronic underinvestment in essential services.

Against this backdrop, it is key that those championing financing for inclusive, sustainable and participatory development take an active role in those global discussions at the FFD to ascertain that States establish an effective and progressive financing for development agenda capable of tackling the multiple overlapping crises the world is facing.

Measures necessary to enlarge the fiscal space and capacity of countries, especially SIDS and LDCs, which struggle to access long-term and predictable funding to finance climate action, implement the SDGs and realise human rights

The urgency of addressing the climate crisis grows with each failed attempt to mobilise adequate climate financing at the multilateral level. The disappointing outcome of COP29 in Azerbaijan — where the New Collective Quantified Goal (NCQG) on Climate Finance fell far short of meeting the needs of developing countries¹— underscores the necessity of a paradigm shift. This shift must be grounded in the principles of common but differentiated responsibilities, the polluter pays principle, and the legal obligations of international assistance and cooperation to ensure a fair reallocation of adaptation and mitigation burdens globally.

Regarding financing modalities, it is necessary to advance the idea that Official Development Assistance (ODA) should be provided as concessional grants rather than profit-driven loans. The current approach exacerbates the financial strain on developing countries, forcing them to repay capitalised debts for climate action—debts from which developed countries, responsible for historical and current excess emissions, ultimately profit. This form of neo-colonial financial extraction violates economic, social, and cultural rights in climate-vulnerable, heavily indebted

¹ See GI-ESCR's analysis on the results of COP 29 in the following link: <https://gi-escr.org/en/our-work/on-the-ground/29th-session-of-the-conference-of-the-parties-to-the-united-nations-framework-convention-on-climate-change-cop29-wrap-up>

states. FfD4 must explicitly address this injustice and emphasise the urgent need to move away from loan-based climate financing. In effect, the transition to sustainable societies must not be treated as a commodified, profit-driven opportunity for the Global North but rather be guided by the binding international legal obligations incumbent upon those same States, such as the common but differentiated responsibilities.

Regarding the NCQG, reaching USD 1.3 trillion per year by 2035 should not only be considered as a ‘desirable outcome’ (in comparison to the agreed goal of USD 300 billion per year), but rather as the principal and concrete target which would allow for a timely and effective climate transition. In this sense, the upcoming COP 30 in Brazil is a critical forum to define a concrete roadmap toward meeting this objective.

Ensuring that resource mobilisation for development does not exacerbate the existing debt burden of developing countries

The current global debt infrastructure results in a massive transfer of resources from the Global South to developed countries, with profound implications for development, human rights, and the environment. This dynamic diverts critical resources away from essential services and climate action, undermining the rights of people in indebted nations.

Moreover, this framework ignores the reality of illegitimate debts—those rooted in historical structural inequalities, including colonial-era obligations, as well as debts incurred to mitigate climate change impacts. Any effort aimed at producing the necessary resources to finance inclusive development (including FfD4) must explicitly recognise the extraterritorial obligations of developed countries regarding the progressive fulfilment of economic, social and cultural rights and the legal responsibilities of international financial institutions (IFIs) under international law.

Sustainable development requires substantial financial resources, but reliance on debt-financed solutions must be minimised. Even when debt is used as a fiscal tool, it should not be dictated by profit-oriented, market-based mechanisms. Unlike private lending, sovereign debt carries systemic consequences, including reduced public services, currency devaluations, inflation, and austerity-driven fiscal adjustments—all of which negatively impact human rights.

A more explicit framework is needed to clarify the human rights obligations of IFIs. In a recent statement the Committee on Economic, Social and Cultural Rights clarified that, as specialised UN agencies, both the IMF and the World Bank, must “respect human rights and fulfil all obligations imposed by general rules of international law” and “conduct human rights impact assessments of any proposed tax reforms to ensure that their recommendations do not undermine, but instead

facilitate, the capacity of States to realize economic, social and cultural rights, in particular in countries that are highly dependent on external financing”²

Currently, IFIs’ policies prioritise so-called ‘economic stability’ and creditor interests over human rights, further exacerbating preexisting social and economic inequalities without effective accountability and oversight mechanisms. While the IMF has acknowledged the “macro-criticality” of social and political issues affecting macroeconomic stability, this recognition has yet to translate into substantive accountability for human rights violations.³

Furthermore, the concept of *debt sustainability* must be redefined. No debt can be considered sustainable if its repayment constrains a country’s ability to protect core economic, social, cultural, and environmental rights or to achieve the SDGs. Debt sustainability assessments should, therefore, incorporate human rights impact evaluations as a core component of due diligence.

Establishing a UN framework convention on sovereign debt could help advance some of these issues. However, for it to be effective, it should:

- € Explicitly define States' obligations regarding debt and human rights.
- € Clarify the binding human rights obligations of IFIs.
- € Establish an effective and actionable oversight mechanism capable of holding States, IFIs, and private actors accountable.
- € Ensure transparency and meaningful and inclusive participation of civil society.
- € Bolster effective mechanisms to counter unequal negotiating leverage between lender countries and highly indebted States throughout the process of negotiation, ensuring that all positions are substantively considered with no risk of potential retaliation.

Ensuring the process leading to the FfD4 conference is inclusive and participatory and that the positions of LDCs and SIDS as well as civil society actors and marginalised communities are reflected in the outcome document

The rise of “multi-stakeholder processes”, particularly in multilateral spaces, has, in most cases, meant the corporate capture of these platforms. While the rationale behind these types of instances is to “bring everyone to the table”, in reality, they lack basic principles of democratic accountability,

² Committee on Economic, Social and Cultural Rights. Tax Policy and the International Covenant on Economic Social and Cultural Rights. E/c.12/2025/1

³ Salomon, M. E. (2024). The Trojan Horse of sovereign debt. *Transnational Legal Theory*, 15(1), 1–33. <https://doi.org/10.1080/20414005.2024.2337524>

allowing those with the most resources to dominate decision-making and producing false solutions that rarely benefit those most affected by current crises.⁴

While there has been some civil society participation in the lead-up to FfD4, it has been highly limited and remains under constant threat of further restrictions. Decisions on the modalities of participation are often made at the last minute, with minimal consultation with CSOs, undermining their ability to engage meaningfully in the process.

As we approach the final step of the FfD4 process in Seville, it is crucial that the rules for the engagement of civil society are defined in advance, with adequate consultation with civil society and are as inclusive as possible. Additionally, in terms of facilitating substantive participation from underrepresented sectors currently facing financing cutbacks, States in a position to provide financial support to facilitate higher in-person participation in Seville should take ambitious measures in that regard.

⁴ *Time for a Democratic Reset – Global Crises Need Global Governance in the Public Interest*
<https://www.cognitofirms.com/MultistakeholderismActionGroup/TimeForADemocraticResetGlobalCrisesNeedGlobalGovernanceInThePublicInterest>

Measures necessary to strengthen existing sources of financing for development (e.g., raising tax-to-GDP ratios, South-South and triangular development cooperation) or to advance new potential financing tools (e.g., taxing the super-rich or debt swaps for social protection and climate action)

The international tax system is failing. Every year, countries lose around \$480 billion due to global tax abuse by multinational corporations and wealthy individuals. This staggering loss deprives nations of the vital resources needed to finance public services and uphold human rights.

To strengthen the global capacities to raise resources for development, advancing progressive fiscal reforms, such as those being promoted at the current negotiations of the UN Framework Convention on International Tax Cooperation and at the local level in many parts of the globe, becomes an essential prerequisite. While raising public revenue from taxes to enlarge the fiscal space needed to finance public policy conducive to the realisation of the SDGs is certainly a critical part of the equation, the specific way in which these resources are collected and later allocated is not immune to its own equity and sustainability considerations.

Even though tax revenue has certainly increased in developing countries, it is important to note that many of the tax systems in the Global South are highly regressive. For example, in Latin America and the Caribbean, for every US Dollar collected as taxing revenue by States, individuals belonging to the poorest 50% of the population contribute around 0.45 cents due to their high degree of consumption of goods and services subject to direct taxes (such as Value Added Tax) with regards to their overall spending. On the contrary, individuals belonging to the top 1% contribute less than 0.20 cents as taxes for every dollar of their overall income.⁵ Additionally, tax exemptions (many times even promoted by IFIs and the conditionalities attached to the repayment of their loans)⁶ have persisted throughout time with limited to no effective oversight.⁷ Progressive fiscal reforms, therefore, should be urgently implemented to effectively amend and counter this existing injustice.

At the international level, it is imperative that countries engage constructively in the negotiations for a UN Tax Convention. This process represents a historic shift towards a more inclusive and equitable global tax system. However, while a strong consensus on the ToR was finally achieved, significant differences in perspectives remain, particularly between OECD and Global South countries. As such, we can anticipate some key points of conflict, particularly surrounding the strength of human rights commitments, taxation of high-net-worth individuals, domestic resource mobilisation, and

⁵ OXFAM, 'Econonuestra: Es tiempo de una Economía para Todas y Todos' (July 2024), p. 27 (available in Spanish).

⁶ The cases of Argentina and Pakistan may serve as examples to illustrate this point. See [Recourse, Fundeps, Alternative Law Collective, Policy Research Institute for Equitable Development Private Limited, 'Mixed messages: IMF loans and the green transition in Argentina and Pakistan' \(September 2022\), p. 9, 31.](#)

⁷ For a wider analysis with a concrete example, see [ACIJ, 'Adding Fuel to the Fire: Debt and Climate Change in Argentina - Executive Summary \(August 2023\)](#)



beneficial ownership registries. Evidently, if the ToR negotiations can serve as any indication, continued pushback from OECD countries against ambitious and binding provisions is likely. A human rights lens to these discussions is therefore useful as it includes the extraterritorial obligations of these same powerful countries to ensure that their actions are not contributing to generating the conditions of possibility to greater tax avoidance and evasion at the global level.

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