

Financing for development negotiations at the United Nations: History, drivers and perspectives for Brazil's engagement¹

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The adoption of the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda (AAAA), in 2015, marked a pivotal moment in multilateralism and reflected the ability of developing and developed countries to unite around common positions in the arena of financing for development (FfD). Since then, FfD discussions at the United Nations (UN) have been marked by growing trends of fragmentation and negotiation challenges for developing countries

Beyond the growing obstacles to achieving consensus, international cooperation is facing what could be called a paradigm shift, in which aid is seen more and more as a means to achieving foreign policy objectives and no longer driven by solidarity and systemic long-term benefits. Overall, notwithstanding the crucial role of the UN on institutionalising the field of financing for development, the multilateral process has not been able to deliver on the aspirations of its founders, with only modest results and an uncertain future.

The main force of the AAAA was its follow-up mechanism, with the establishment of the ECOSOC Forum on Financing for Development Follow-up (FfD Forum), which has long been an aspiration of developing countries. The creation of the Inter-Agency Task Force on FfD (IATF), in charge of an annual report on the matter, also contributed to gathering and disseminating reliable information on the state of discussions. At the same time, the consensus-based and polarised discussions at the FfD Forum, resulting in usually lengthy and intricate outcome documents, are facing limitations on upholding previously established commitments.

By its universal nature, the 2030 Agenda has itself posed challenges to the FfD negotiations, which have been structured around the concept of official development assistance (ODA) since the 1960s. Despite being the tacit ground for the ODA discussions, the concept of 'common but differentiated responsibilities' (CBDR) has never been given full citizenship in the present FfD discussions, initiated with the Monterrey Consensus in 2002. Controversies around the dilution of responsibilities between developed and developing countries are obstacles to further advancements, especially in areas such as aid effectiveness and measurement.

Among the recent trends in the field of FfD, the 'ODA crisis' simultaneously reflects the lack of implementation of previous commitments—ODA never surpassed 0.54 per cent of OECD-DAC members' gross national income (GNI), below the 0.7 per cent target; the phenomenon of 'tied aid'; and the use of official development assistance as foreign policy instruments. Divisions are also important on international cooperation regarding tax matters, in which normative changes have enormous impacts on the

tax bases of developing countries. The elevation of the Committee of Experts on International Cooperation in Tax Matters into an intergovernmental body, which was probably the main focus of disagreement during the negotiations of the AAAA, never took place. Dissent also remains around the Total Official Support for Sustainable Development (TOSSD) methodology,³ which was never granted real open debate at the UN, in part due to concerns by developing countries that it could blur the lines between different modalities of development cooperation and account for influges not directly related to the development of recipient countries.

As a member of the G77 + China, and a country with a long-established cooperation with the OECD, Brazil has an important role to play both as a promoter of developing countries' aspirations and a bridge-maker in the FfD discussions. Despite the traditionally polarised context, some convergence is already taking place in areas such as private sector involvement and development cooperation practices. In the latter, dynamics of competition and emulation are already taking place, with countries of the Global South endogenously developing instruments initially crafted by developed countries, namely in the areas of accountability and transparency and developed countries progressively integrating principles of mutual benefits.

Regarding the role of the private sector in financing for development, the terms of the debate have considerably changed since the 1960s, when private actors were not considered as stakeholders in the process. After the AAAA, the private sector has been promoted to an essential partner in the process, despite the persistence of a "great finance divide" between groups of countries, as defined by the IATF. Differences among developing and developed countries remain, with approaches varying on the ways to monitor and measure private flows. At the same time, there is plenty of room for convergence and greater private sector involvement in financing for sustainable development. To foster private investments in sustainable development and to work towards aligning practices and standards, in 2019 Brazil facilitated the first UN General Assembly resolution on promoting investments for sustainable development, on the initiative of the G-77 + China.

Reference:

Lopes, L. (2022). "As negociações sobre financiamento para o desenvolvimento nas Nações Unidas: histórico, interesses e perspectivas para a atuação brasileira". *Revista Tempo do Mundo*, No. 29, 29-55. Brasília: Institute for Applied Economic Research. <<https://www.ipea.gov.br/revistas/index.php/rtm/article/view/383/338>> in Portuguese. Accessed 17 January 2023.

Notes:

1. This IPCid One Pager is an abridged version of Lopes (2022).
2. A career diplomat, Lucas was a representative at the Second Commission of the United Nations General Assembly from 2017 to 2021.
3. See <<https://bit.ly/3ISUGB5>>.