

**Africa Network for Environment and Economic Justice position to FfD4 Elements Paper**

ANEEJ recognizes that the African region and indeed, the global south faces numerous systemic and structural issues that inhibit sustainable development and economic transformation. As we engage in the FfD4 process, ANEEJ presents the following key concerns and actionable recommendations to ensure that the development challenges of the region are adequately addressed, and that multilateral decisions generate tangible outcomes for African nations.

It is imperative to recall that the Monterrey Consensus noted in section 13 of the outcome document that “Fighting corruption at all levels is a priority. Corruption is a serious barrier to effective resource mobilization and allocation, and diverts resources away from activities that are vital for poverty eradication and economic and sustainable development.”[[1]](#footnote-1) Yet, poverty that has ravaged Sub-Saharan Africa in thepast decades is largely traceable to grand corruption and capital flight in the form of Illicit Financial Flows to countries of the north with little effort done to address issues of tax heavens and corruption.

Also, the Addis Ababa Action Agenda, adopted in 2015, established a comprehensive framework for financing development. This groundbreaking roadmap emphasized domestic resource mobilization, private sector engagement, and international cooperation.[[2]](#footnote-2)

**I. Global Financing Framework**

**a) Right to Development**

The Right to Development remains central to Africa's developmental trajectory. However, systemic inequalities, rooted in historical injustices like colonialism, slavery, and ecological exploitation, continue to marginalise African nations. Reparative justice, including debt relief and reparation for ecological damage, should be a priority in any global financing framework.

**Key Issues:**

Africa's growth is still dictated by extractive economic models that prioritise GDP over wellbeing and ecological sustainability. The current international financial architecture cannot deliver the needed development finance to address the multifaceted challenges bedeviling the region. There is the need for these institutions to align better with community needs and improve governance.[[3]](#footnote-3)

Women’s unpaid care work underpins both African societies and economies, yet it remains unrecognised and undervalued.

**Recommendations:**

A global financing framework must adopt multidimensional metrics that capture ecological integrity, social equity, and well-being, moving beyond GDP-centric models. Also, a comprehensive overhaul of existing MDBs, as advocated by countries from the Global South is required. These countries have called for governance reforms that go beyond merely increasing the financial capacity of MDBs.

Universal care systems should be established and financed publicly to reduce gender inequality and support sustainable development.

Ensure fiscal space for African governments to invest in decent jobs, quality public services, and infrastructure that align with SDG goals.[[4]](#footnote-4)

**b) Delivering social protection and essential public services for all.**

To end poverty in all its forms everywhere and finish the unfinished business of the Millennium Development Goals, the Addis Ababa Action Agenda outcome document, commited to a new social compact that will provide fiscally sustainable and nationally appropriate social protection systems and measures for all, including floors, with a focus on those furthest below the poverty line and the vulnerable, persons with disabilities, indigenous persons, children, youth and older persons.

The AAAA also encouraged countries to consider setting nationally appropriate spending targets for quality investments in essential public services for all, including health, education, energy, water and sanitation, consistent with national sustain- able development strategies, assuring that every effort to meet the needs of all communities through delivering high-quality services that make effective use of resources would be done, pledged that strong international support for these efforts, and will explore coherent funding modalities to mobilize additional resources, building on country-led experiences. But with barely five years to go, most of the SDGs are reportedly off track. Recent UN statistics indicate that only 16% of the SDGs are on track to be met.[[5]](#footnote-5) We therefore assert that with barely five years left, transparency, accountability and anti-corruption must take center stage in the 2030 Agenda.

**Recommendation:**

States must redouble their efforts to fight corruption and fully implement the UNCAC, building on the Declaration adopted by the UN General Assembly Special Session against Corruption in 2021. Importantly, States must include civil society in their efforts to tackle corruption risks.[[6]](#footnote-6)

**II. Action Areas**

**a. Domestic Public Resources: International Tax Cooperation**

African countries face significant challenges in mobilising domestic resources due to exploitative global tax systems, where corporate tax evasion deprives the region of vital revenues. The AAAA document had noted that countries relying significantly on natural resource exports face particular challenges and encouraged investment in value addition and processing of natural resources and productive diversification, and committed to addressing excessive tax incentives related to these investments, particularly in extractive industries. Leaders reaffirmed that every State has and shall freely exercise full permanent sovereignty over all its wealth, natural resources and economic activity even as they underlined the importance of corporate transparency and accountability of all companies, notably in the extractive industries. They encouraged countries to implement measures to ensure transparency, and take note of voluntary initiatives such as the Extractive Industries Transparency Initiative (EITI).

**Recommendations:**

Endorse a UN Framework Convention on International Tax Cooperation (FCITC) to reform the global tax architecture and ensure equitable taxing rights, especially for resource-rich African nations.

Commit to addressing tax avoidance by high-net-worth individuals and large corporations, which drain much-needed domestic resources for development.

**b) Ending Illicit Financial Flows (IFFs).**

Illicit financial flow has remained a huge development challenge in the global south. They pose significant threat, especially to developing economies. Such flows lead to revenue losses, particularly in Africa, weakening democratic institutions, decreasing private investments, and escalating inequalities.[[7]](#footnote-7)

In the AAAA outcome document, Leaders committed to redouble efforts to substantially reduce illicit financial flows by 2030, with a view to eventually eliminating them, including by combating tax evasion and corruption through strengthened national regulation and increased international cooperation. They also committed to reduce opportunities for tax avoidance, and consider inserting anti-abuse clauses in all tax treaties just as they pledged to enhance disclosure practices and transparency in both source and destination countries, including by seeking to ensure transparency in all financial transactions between Governments and companies to relevant tax authorities and that they will make sure that all companies, including multinationals, pay taxes to the Governments of countries where economic activity occurs and value is created, in accordance with national and international laws and policies. This has been more of a pipe dream as not much progress has been made.

**Recommendation**

We recommend a comprehensive framework to address issues of tax havens and corruption. There is need to establish up to date policies, including whistle blowers’ promotion mechanisms, promote effective due diligence, and collaboration across industries and sectors.

**c) International Development Cooperation**

Development cooperation must prioritize African sovereignty and decision-making capacity.

**Recommendations:**

Establish a UN Convention on International Development Cooperation (IDC) that emphasises the Right to Development and democratic participation of African states in global financial governance.

Recognize public financing as central to development, with a framework that prioritizes equity, gender, and social justice.

**d. International Trade as an Engine for Development**

Current trade agreements and Investor-State-Dispute-Settlement (ISDS) clauses undermine policy space for African nations, imposing punitive conditions that obstruct sustainable development.

**Recommendations:**

Commit to a permanent cessation of ISDS provisions that allow foreign corporations to challenge African governments in secret arbitration, impeding policy decisions critical to development.

Strengthen the principle of Special and Differential Treatment (S&D), reaffirming its necessity in trade agreements to ensure that Africa can pursue structural transformation.

**d. Debt and Debt Sustainability**

The current global debt architecture perpetuates unsustainable and illegitimate debt burdens on African nations, compromising development prospects.

**Recommendations:**

Establish a UN Framework Convention on Sovereign Debt to address structural reforms in the global debt system, ensuring debt resolution mechanisms prioritize human rights and development goals.

Immediate cancellation of all unsustainable and illegitimate debts is critical, along with eliminating harmful loan conditionalities that redirect resources away from essential services and climate action.

**III. Addressing Systemic Issues**

a) **Tackling Corruption**

Corruption is a systemic, cross-cutting issue that severely hinders the realisation of the Sustainable Development Goals (SDGs). The 2030 Agenda for Sustainable Development represented a paradigm shift towards progress that is inclusive and fair for all, protects the planet, and can be sustained over time. It recognized that “combating corruption at all levels and in all its forms” and establishing “effective, accountable and inclusive democratic institutions” were central to mobilizing the resources needed. SDG 16 embodied these aspirations.[[8]](#footnote-8)

Africa remains vulnerable to capital flight, currency volatility, and speculative financial activities that undermine economic stability and development.

**Recommendation**

States need to strengthen and refine their legal and institutional frameworks for the recovery of proceeds of corruption, in line with UNCAC Chapter V. In many jurisdictions, asset recovery bodies and teams – where they exist – lack resources to successfully pursue cases. Countries where stolen assets are hidden should be proactive in investigating and enhance efforts to return the proceeds of corruption in a transparent and accountable manner, involving civil society in the relevant jurisdictions.[[9]](#footnote-9) Returns should be conducted in line with international standards and best practice, including the Principles of the Global Forum on Asset Recovery.[[10]](#footnote-10)

**Recommendations:**

Create a universal intergovernmental commission under ECOSOC to regulate Credit Rating Agencies (CRAs), ensuring fair and transparent ratings for African countries.

Introduce global agreements on capital account management to prevent capital flight and speculative trading, providing African governments the autonomy to stabilize their economies.

**IV. Emerging Issues: Environmental and Climate Crises**

Africa, while contributing the least to global environmental degradation, is one of the most vulnerable regions to climate change. The economic model that prioritizes resource extraction from the Global South for the benefit of the North is unsustainable.

Key Issues:

The current capitalist system, focused on resource plundering and wealth concentration, has transgressed multiple planetary boundaries, severely impacting African ecosystems and biodiversity.

Climate finance, though critical, often takes the form of loans, increasing debt burdens for African nations.

**Recommendations:**

Scale up public, grants-based climate finance for African countries, avoiding further debt entrapment. The Global North must honour its financial commitments based on the principles of Common but Differentiated Responsibilities (CBDR).

Reject debt-for-nature swaps, which do not provide real financial relief and fail to offer the necessary resources for comprehensive climate action.

Support the creation of local, sustainable economies in Africa, focusing on ecological balance and people’s well-being rather than on extraction-driven growth.

**V. Other recommendations and Next Steps**

Based on the outcome of Monterrey Consensus and the Addis Ababa Agenda Action, we make the following recommendation to strengthen the global financial system that will create meaningful development in Africa and other developing Countries:

1. We call for the establishment of a 5th FfD Conference in 2030, aligned with the SDG agenda, to ensure continued progress and follow-up on commitments made. This would provide African countries and in deed, the global south with the necessary policy space and fiscal autonomy to build resilient, inclusive, and sustainable economies.

2.FfD4 should support a framework to end tax haven and eliminate capital flight from African Countries.

3. It should encourage reform of the implementation of UNCAC IRM, Financial Action Task Force (FATF) Standard compliance particularly with regards to Poor African Countries.

4. Support global framework to warehouse recovered stolen assets from fines from foreign bribery settlements, Politically Exposed Persons (PEPs), Climate Change Litigation and other innovative sources to create an endowment to support global public goods (GPGs).

5. Effective implementation of Open Government Partnership (OGP) and Extractive Industry Transparency Initiative (EITI) to address natural resources governance challenges and national budget implementation.

**Conclusion**

African civil society urges that the FfD4 process delivers concrete actions that address the systemic inequalities faced by the region. We seek a reformed global financial and economic system that empowers African nations, promotes equitable development, and ensures ecological integrity for future generations.

1. https://sustainabledevelopment.un.org/content/documents/2051AAAA\_Outcome.pdf [↑](#footnote-ref-1)
2. While not directly mentioned in the prompt, referencing the Addis Ababa Action Agenda as a key document on Financing for Development is relevant. You can find more information here: <https://www.un.org/esa/ffd/ffddialogue2023/> [↑](#footnote-ref-2)
3. Report of a Global Consultative Meeting on International Development Co-operation (IDC) for the IDC Workstream on Financing for Development, Addis Ababa, 18th – 20th July, 2024. [↑](#footnote-ref-3)
4. You can find more information on the Sustainable Development Goals (SDGs) here: <https://sdgs.un.org/goals> [↑](#footnote-ref-4)
5. https://www.democracywithoutborders.org/32440/sustainable-development-report-calls-for-a-un-parliament-goals-off track/#:~:text=Progress%20of%20SDGs%20off%20track,Strong%20Institutions”%20are%20off%20track. [↑](#footnote-ref-5)
6. https://www.unodc.org/corruption/en/uncac/learn-about-uncac.html [↑](#footnote-ref-6)
7. Analysis of a report, FOSTERING CHANGE: Tax Motivated Illicit Financial Flows by the Directorate of for International Partnerships of EuropeAid https://www.eeas.europa.eu/sites/default/files/documents/2024/Study%20on%20Tax.pdf [↑](#footnote-ref-7)
8. see UNCAC Coalition submission to FfD4 [↑](#footnote-ref-8)
9. Africa Network for Environment and Economic Justice (ANEEJ) (2023), *Monitoring of Recovered Assets in Nigeria Through Transparency and Accountability (MANTRA) Project Final Report*, <https://www.aneej.org/mantra-final-report/>. [↑](#footnote-ref-9)
10. CiFAR – Civil Forum for Asset Recovery e.V. (Oct. 2024), “Maximizing the Value and Impact of Recovered Assets Through Streamlined End-Use”, <https://cifar.eu/maximizing-the-value-and-impact-of-recovered-assets-through-streamlined-end-use/>. [↑](#footnote-ref-10)