

CPDI Submission for the Element Paper

Introduction:

Our world today faces numerous challenges that lead to slowing down or obstructing progress towards achieving the development agenda. Such challenges include lack of access to finance for development, inefficient use of finance available through domestic and international sources, corruption in development projects and programs, inadequate mechanisms to recover and return proceeds of corruption to victim communities/ countries, lack of decentralized and locally accountable governance mechanisms to deliver development, intra- and inter-state conflicts and disasters that obstruct development or lead to de-development, climate change, structural inequalities in terms of trade between member states, and inadequate cooperation among state parties to address causes of slow progress towards achieving the development agenda. In this context, the Centre for Peace and Development Initiatives (CPDI), which is a not-for-profit organization, recommends the following as the key action points:

- Developed countries must enhance and efficiently meet their commitments to bridge the financing gap that the low- and middle-income countries face in achieving the development goals/ agenda.
- State parties must prioritize sustainable development, allocate sufficient resources, enhance implementation capacities, promote transition from fossil fuels to green energy, and track progress to achieve the Sustainable Development Goals (SDGs).
- Decentralized and locally representative/ accountable governance mechanisms must be established or strengthened to transparently deliver development that is responsive to the local needs and priorities. For this purpose, effective and empowered local governments are imperative.
- Effective measures must be taken address the root causes of intra- and inter-state conflicts to create conditions conducive for sustainable development. It is because such conflicts not only obstruct development but also lead to de-development due to destruction of already developed infrastructure or by limiting peoples' access to various public or private services.
- International financial institutions (IFIs), bilateral donors and public/ private sector banks must adopt a robust approach to synchronize their policies and priorities with the SDGs and the requirements of the United Nations Convention Against Corruption (UNCAC). For this purpose, the IFIs, bilateral donors and banks must enhance their engagement with civil society and obtain their input on all aspects of policies, strategies and programs that are negotiated with governments.
- State parties must recognize corruption as a major obstacle to development and strengthen their coordination to prevent and combat corruption, recover assets made through proceeds of corruption and organized crime and return them to the victim communities or countries.
- State parties must take effective steps to address the problem of shrinking space for civil society through appropriate legislative, executive and financing initiatives, so that

civil society can play its role in articulating needs of vulnerable communities, highlighting human rights violations, promoting inclusion, and overseeing effectiveness of development spending.

I. A Global Financing Framework (including cross-cutting issues)

Member states must strengthen the global financing framework for development by ensuring that adequate financial commitments are made and met in a transparent manner and that effective measures are taken to prevent and investigate corrupt practices and recover and return assets made through proceeds of corruption or organized crime to the victim communities and countries. Specific actions in this regard must include:

- The IFIs and the bilateral donors must enhance funding to the developing countries and align their policies and priorities to the SDGs, urgent needs of addressing climate change related challenges, strengthening development delivery mechanisms, mainstreaming UNCAC related actions, and improving governance.
- The IFIs and bilateral donors must not only mainstream transparency, right to information, whistleblowers' protection and anti-corruption measures in the projects and programs that they partially or fully fund, but also promote such measures in the broader governance systems through their engagement with recipient entities or countries.
- The developed countries must adopt appropriate policies and take proactive/ robust actions to monitor the investment that they receive from individuals and firms in developing countries, investigate complaints regarding proceeds of corruption and organized crime, and establish efficient mechanisms to recover and return assets made through corruption and organized crime to the victim communities and countries.
- The IFIs and developed countries must provide resources and technical support to the developing countries and civil society for strengthening transparency, oversight and tracking mechanisms in relation to the financing for development and implementation of development agenda.

II. Action Areas

a. Domestic Public Resources:

- The member states must mobilize and efficiently utilize domestic resources to promote equity and achieve SDGs. In the process, the impediments like elite capture and inequality must be addressed.
- Domestic systems and capacities that help in preventing and addressing corruption and organized crime must be developed and strengthened. It is because corruption and organized crime lead to inequalities, under-development and cause obstruction in achieving the SDGs.

b. Domestic and International Private Business and Finance:

- Domestic and international private businesses must be required to introduce maximum transparency in the portfolios that they have established under their

corporate social responsibility. There should be mechanisms in place to ensure that commitments under corporate social responsibility are not misused to extract concessions or favours to unfairly advance business objectives and, instead, are fully aligned with the SDGs and requirements of UNCAC.

c. International Development Cooperation:

- International development cooperation must not only focus on bridging the financial gaps in the realization of development agenda but also on addressing factors that result in destruction and de-development. In this regard, specific attention must be paid to preventing the intra- and inter-country conflicts and man-made and natural disasters. It must be recognized that peace and development are inter-connected and none of them can be achieved without the other.

d. International Trade as an Engine for Development:

- The state parties must take steps to safeguard and promote the rule based international trade order, which gradually evolved over the last several decades but has faced challenges in recent years. For this purpose, it is important that state parties commit resources to sensitize opinion leaders and promote awareness about the benefits of reducing restrictions on international trade and providing fair terms of trade to developing countries.
- The developed countries must take steps to address structural inequalities in terms of trade that put developing countries or firms from developing countries at disadvantage. For example, while many developed countries offer extensive subsidies to their farmers, the IFIs put pressure on developing countries to do away with subsidies to their farmers. Similarly, many developing countries face various kinds of technical barriers, which they find hard to overcome, especially when they don't get adequate time, resources or technical support to manage.

e. Debt and Debt Sustainability

- There is a need to alleviate debt burden of developing countries to free up resources for development. Currently, there are many countries, which are spending a large percentage of their GDP or annual budget on debt servicing. This situation is unsustainable and poses a serious obstacle to achieving the SDGs.
- IFIs and bilateral donors must improve terms and conditions of loans and development assistance that is offered to the developing countries. In particular, the recipient countries must not be discouraged or disincentivized, not even indirectly, to reduce subsidies for the poor and disadvantaged sections of society.
- Members states must ensure maximum transparency in relation to their existing debt and debt servicing obligations and the plans about more borrowing or debt servicing in the future. All the relevant information must be available and publicly accessible through websites.
- Civil society must be enabled to track the debts accumulated by the governments and whether the amount thus raised is efficiently used for development.

f. Addressing Systemic Issues

- Members states must establish decentralized and locally responsive/ accountable mechanisms for the assessment of development needs/ priorities and delivery of development. It is because many countries lack sufficiently empowered local governments and, as a result, it is hard to ensure that the development and delivery of development agenda is responsive and accountable to local people and communities.
- Members states must revisit their planning, implementation and monitoring mechanisms to ensure gender and social inclusion in the delivery of development. Extraordinary and affirmative measures must be taken to bring the disadvantaged communities to the mainstream and gradually build their ability to equally benefit from the opportunities offered by the public and private sectors.
- Members states must follow the best practice policy options to enact laws and policies to provide transparency, whistleblowers protection and neutral/ credible mechanisms to prevent, investigate and prosecutive incidence of corruption.
- Members states must reform their anti-corruption institutions in such a manner that it is hard for one or the other government to weaponize anti-corruption narratives with partisan motives to curb dissent or suppress civil society and political opposition.

g. Science, Technology, Innovation and Capacity Building:

- Many developing countries need technical assistance to develop an enabling environment for promoting scientific research, technology adoption, innovation and capacity building. Such technical assistance must be leveraged and extended through bilateral and business to business collaboration.
- Member states must establish collaborative research, policy reform and capacity building programs for addressing common challenges faced by the humanity including climate change, natural disasters, corruption, organized crime and under-development. Through such initiatives, the research and capacities must be developed, especially in developing countries, to adopt innovative solutions to the country-specific and global problems.

III. Emerging Issues

- Climate change has begun to significantly impede development, harm infrastructure and disrupt existing mechanisms of trade, service delivery, production and business. There is a need to thoroughly assess and track the unfolding/ emerging and future impacts, and arrange financing for adaptation, especially in developing countries. The existing mechanisms are inadequate or inefficient and must be streamlined for coherent and robust climate action.
- Higher frequency or intensity of pandemics can massively disrupt supply chains, strain the existing production capacities of required medications and, hence, can impede progress towards the achievement of SDGs. Therefore, there is a need of collaborative actions to arrange finances to develop resilient infrastructure and decentralized production capacities across regions to mitigate risks of supply chain disruptions.

- Intra- and inter-state conflicts may get intensify or spread in view of the changing dynamics of demographics and geo-politics; and may affect implementation of development agenda --- either due to obstruction or destruction caused by such conflicts or reduced availability of finance for development. There is a need to adopt an integrated approach to address both conflicts and under-development and adopt conflict sensitive approaches to development.
- The artificial intelligence (AI) offers opportunities as well as risks, which must be thoroughly assessed and factored in in the future planning for development.

IV. Data, Monitoring and Follow-up:

- The state parties must prioritize establishment of robust/ digitized data collection/, data maintenance, monitoring and follow up mechanisms to track and assess progress towards achievement of SDGs.
- The official data sets and progress reviews must be accessible to civil society for scrutiny, independent assessments and reporting. Transparency in this regard will enable civil society to play an effective oversight role, which would pave the way for accountability and efficiency in the use of financing for development.

V. Overarching Reflections:

The overarching reflections are summed up as below:

- There is an urgent need to enhance development financing, especially by developed countries, to bridge the financing gap faced by developing countries. The commitments made by members states must be tracked, regularly reviewed and efficiently met.
- IFIs, bilateral donors, private banking institutions and member states must enhance transparency in the finance related policies, strategies and then in the disbursement and management of financing for development.
- IFIs, bilateral donors and member states must take tangible actions to reduce debt burden of developing countries and improve terms of loans in future to free up resources for development.
- IFIs, bilateral donors, public/ private banks and member states must mainstream anti-corruption measures, especially UNCAC requirements, in their policies, strategies and programs, so that development finance is efficiently used for development agenda.
- Developed countries must proactively scrutinize the investment that they receive from individuals and firms in developing countries to ascertain the legitimacy of sources; and ensure that proceeds of corruption and organized crime are efficiently recovered and returned to the victim communities and countries.