Financing for development and the right to development

A Negotiation Brief from the United Nations Special Rapporteur on the right to development, Surya Deva[*≠]

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Key Messages

- ✓ *As the world grapples with multiple crises and a new "world disorder", the FfD4 offers States an opportunity to show collective leadership to reinforce financing for sustainable development, multilateral trading system and international cooperation.*
- ✓ *Various aspects of the right to development provide a transformative pathway to overcome the existing crises of poverty, inequalities, digital divides, public debt burden, tax avoidance/evasion and illicit financial flows, trade barriers, conflicts, climate change and top-down decision making.*
- ✓ *The FfD4 outcome document should reinforce the nexus between the three UN pillars of peace and security, sustainable development and human rights.*
- ✓ *Financing should be geared towards inclusive, participatory and sustainable development.*
- ✓ *States should move away from funding a war economy and use the said resources to achieve the SDG targets and realise all human rights of everyone everywhere.*
- ✓ *In addition to building a more targeted, coordinated and efficient ODA process, States should offer capacity building, training, technical assistance, knowledge sharing, peer learning and technology transfer to developing countries.*
- ✓ *Achieving substantive gender equality should be an overarching goal of the FfD4 outcome document.*
- ✓ *The FfD4 outcome document should contribute to achieving climate justice.*
- ✓ *States and companies should collaborate to facilitate access to affordable, safe and green technologies, including for financial inclusion and a just transition.*
- ✓ *States should leverage additional innovative sources of financing and offer incentives for responsible private sector investment and financing.*
- ✓ *Concrete steps should be taken to reduce the high cost of borrowing faced by developing countries and address their unsustainable debt burden.*
- ✓ *States should work together to tame corporate tax avoidance/evasion and illicit financial flows, including by developing an inclusive, fair and just international tax system.*
- ✓ *Reform of the current international financial architecture should be prioritised.*

I. Background

The Fourth International Conference on Financing for Development (FfD4) is taking place at a time when the world is at crossroads with multiple crises: 84 per cent off-track Sustainable Development Goal (SDG) targets, increasing poverty, growing inequalities, the rising debt burdens of developing countries, continued corporate tax avoidance, tax evasion and illicit financial flows, an unprecedented rise in conflicts, significant cuts in official development aid (ODA) and humanitarian assistance, shrinking civic space, the worsening triple planetary crisis, the rise of disruptive technologies, growing fractures in the multilateral trade system, increased polarization, and rapidly declining international cooperation.

Building on the First Draft issued on 10 March 2025,[1] State delegations will be negotiating and finalising an outcome document of the FfD4 in coming months. They should seize the opportunity to act collectively to overcome multiple challenges to financing for development. Without concerted actions, the outcome document will only have a symbolic value. This Negotiation Brief, issued by the UN Special Rapporteur on the right to development, seeks to provide concrete guidance to State delegations to take bold, decisive and practical actions to fill significant gaps in financing for development.

II. Key challenges

States face multiple challenges to financing for development. These challenges are more acute for Least Developed Countries (LDCs), Land Locked Developing Countries (LLDCs) and Small Island Developing States (SIDS). Moreover, vulnerable or marginalised groups in all countries face additional barriers in realising their development aspirations. These 'twin vulnerabilities' should be kept in mind to leave no country or person behind, in accordance with the Addis Ababa Action Agenda of the Third International Conference on Financing for Development (Addis Ababa Action Agenda).

- *Funding gap*: Many countries, especially LDCs, LLDCs and SIDS, are experiencing serious gaps in mobilising or accessing the financial resources required to meet their national development priorities, achieve the SDGs and realise human rights. For example, it is estimated that developing countries need USD4.3 trillion annually to achieve the SDGs.[2] The funding gap also relates to achieving a just transition to a zero-carbon economy and mobilising resources to address the triple planetary crisis of climate change, environmental pollution and biodiversity loss.
- *Debt burden*: Developing countries' debt burden is becoming unsustainable: their external debt rose to USD11.4 trillion in 2023, equivalent to 99 per cent of their export earnings.[3] In 2023, 54 developing countries dedicated at least 10 per cent of government funds to debt interest payments and consequently 3.3 billion people live in countries that spend more on debt payments than on health or education.[4] To make the situation worse, developing countries, which are more in need of finance, have to pay 4 to 12 times higher interest rates than developed countries to borrow money.
- *Technology divide*: Access to affordable and cleaner technologies is vital to support development and climate action.[5] However, digital divides remain pervasive, with about 2.6 billion still offline[6] and thus unable to exploit economic opportunities. Moreover, artificial intelligence (AI) and automation are likely to disrupt employment opportunities for hundreds of millions of people in the coming years.[7]
- *Unequal and destructive development*: The prevailing economic development model is widening inequalities and destroying the planetary ecosystem,[8] thus leaving behind not only billions of people but also plants, animals, forests, rivers, lakes and mountains. Social protection gaps further exacerbate vulnerabilities of peoples, especially in low-income countries or part of the informal economy.
- *Climate inequality*: Unequal contributions to, and unequal impacts of, climate change are well documented.[9] Developed countries, fossil fuel companies and rich individuals have contributed unequally to climate change. The impact of climate change is also experienced by people and countries differently and disproportionately. Moreover, climate change is not only exacerbating existing inequalities within and among countries but also worsening the debt stress faced by developing countries.
- *Non-participatory decision making*: Individuals and communities are often unable to participate in top-down decision-making concerning development policies, programmes and projects.[10] Shrinking civic space as well as imbalances related to information, expertise, resources and power undermine people's opportunities to participate.
- *Good governance gaps*: Good governance, several aspects of which are expressly mentioned in targets of SDG16 and SDG17 as well as in the Addis Ababa Action Agenda, is essential to leverage financing for development.[11] However, weak rule of law, corruption, non-availability of reliable data and lack of accountability in many countries undercut the potential of limited resources available to finance development.

- *Ineffective grievance mechanisms*: While most banks – including multilateral development banks – have put in place a non-judicial grievance mechanism to address community concerns,[12] many of these mechanisms lack efficacy in remedying address adverse human rights and environmental impacts of development projects and programmes financed by them.[13]
- *Unfair international financial architecture*: There is a growing recognition that the current international financial system is unfair. This system, which was built in the aftermath of the Second World War, reflects the political and economic power dynamics of that time.[14] It does not offer developing countries a fair representation in decision-making processes and pursues policies that do not prioritise the development needs and interests of such countries.[15]
- *Lack of a just international tax regime*: A fair and inclusive international tax system, which addresses illicit financial flows and corporate tax avoidance as well as tax evasion, is critical to enhancing developing countries' financial capacity and fiscal space to realise the SDGs. For now, the world lacks such a regime, though negotiations for the United Nations Framework Convention on International Tax Cooperation offer some hope.[16]
- *Deteriorating international cooperation*: International cooperation in its varied forms – North-South cooperation, South-South cooperation and triangular cooperation – is essential to support developing countries in realising their development goals.[17] In addition to providing ODA, such cooperation entails technology transfer, trade support, credit guarantee, debt relief, capacity building, technical assistance and knowledge sharing. However, due to increasing polarisation and geo-political divides, the desired level of international cooperation has been lacking.

III. Relevance of the right to development

The right to development, as understood and interpreted in line with the 1986 Declaration on the Right to Development (Declaration) and other relevant instruments, provides a transformative pathway to overcome most of the challenges identified in the previous section.

The Declaration defines the right to development as "an inalienable human right by virtue of which every human person and all peoples are entitled to participate in, contribute to, and enjoy economic, social, cultural and political development, in which all human rights and fundamental freedoms can be fully realized" (Art 1(1)). From this definition, three elements and four facets of the right to development can be discerned: the three *elements* are the ability of human beings to participate in, contribute to and enjoy the right to development, while the four *facets* are economic, social, cultural and political development.[18] The definition also makes it clear that the right to development, like many other human rights,[19] has both individual and collective *dimensions*. The Special Rapporteur has also deduced from the Declaration and other relevant instruments four *overarching principles* of the right to development: (a) self-determination, (b) intersectionality, (c) intergenerational equity, and (d) fair distribution.[20] In addition, the *duty to cooperate* is a common thread running across the Declaration to realise the right to development of everyone everywhere (Preamble and Arts 3, 4 and 6).

As articulated in the next section, all these aspects of the right to development should shape negotiations of the outcome document of the FfD4. Moreover, States should build on already agreed policy documents aimed at operationalising the right to development such as the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda. For example, the first five targets of SDG 17 concerning financing for sustainable development are directly relevant for the FfD4. Similarly, the Addis Ababa Action Agenda, which builds on the Monterrey Consensus and the Doha Declaration, provides a strong foundation for creating an enabling environment for financing for sustainable development. More recently, States in the Pact for the Future committed to taking several actions to close the SDG financing gap in developing countries.

IV. Recommendations: Key negotiation considerations

The Special Rapporteur in this section outlines key considerations that should underpin negotiations of the outcome document of the FfD4. Instead of proposing specific textual revisions, selected macro considerations are highlighted below to deliver an ambitious and effective outcome document.[21]

1. Adopt a rainbow approach to financing

Financing should be conceived in terms of a broad spectrum of approaches capturing not only the mobilisation of monetary resources but also in-kind support for capacity building, training, technical assistance, knowledge sharing, peer learning and technology transfer. In addition to reversing the decline in ODA of 0.7 per cent of gross national income (GNI) to developing countries and 0.15-0.20 per cent of GNI to LDCs, States should work together for a more targeted, coordinated and efficient ODA process. States should also reaffirm their commitment in the FfD4 outcome document to restore a rule-based multilateral trading system that creates fair opportunities for developing countries.

2. Mobilise financing for inclusive, participatory and sustainable development

Financing for development should not be for any kind of development. Rather, it should be geared to contribute to a holistic development: economic, social, political and cultural development. The development process should address worsening inequalities and focus first on those who have been left behind in a systemic way. All decision-making concerning development policies, programmes and projects must ensure "active, free and meaningful" participation of all individuals, especially those from vulnerable or marginalised groups. Moreover, development – in order to be sustainable – should be pursed within planetary boundaries and in line with the right to a clean, healthy and sustainable environment. In other words, financing should be geared towards, what the Special Rapporteur has termed as, "planet-centred participatory development".[22]

3. Embrace the trinity of peace, human rights and sustainable development

Considering that the three UN pillars – sustainable development, peace and security, and human rights – are interlinked and mutually reinforcing, the FfD4 outcome document should underscore the nexus, because development cannot be inclusive and sustainable without peace and respect for human rights. In fact, resolving conflicts and reducing military expenses will free up substantial resources for development. As additional military expenses need not result in enhanced peace and security, States should take concrete steps towards disarmament as called for by the Declaration. Doing so will not only bring long-lasting peace but also create conditions conducive for achieving development and realising human rights.

4. Address debt burden

The FfD4 outcome document should address the unsustainable debt burden of developing countries by invoking a range of measures such as debt swaps for climate action, the SDGs and social protection, long-term concessional loans, grants and automatic debt service suspension during disasters/crises. Steps should also be taken to reduce the high cost of borrowing faced by developing countries and develop a fair and effective multilateral legal framework on sovereign debt restructuring rooted in international human rights norms and standards.[23]

5. *Tame tax avoidance/evasion and illicit financial flows*

States should act collectively in a decisive way to control corporate tax avoidance and tax evasion, including those linked to the digital economy. They should also combat illicit financial flows and effectively regulate enablers of corporate tax avoidance and tax evasion. Transparency, participation and accountability should be strengthened about how taxes are collected and spent. Progressive taxation should be introduced. In addition, international tax rules should be responsive to the diverse needs and circumstances of developing countries. The proposed UN Framework Convention on International Tax Cooperation provides an opportunity to achieve these goals.

6. *Facilitate access to affordable, safe and green technologies*

The FfD4 outcome document should harness the potential of technologies to support sustainable development, financial inclusion and a just transition to a green and circular economy. States should ensure that intellectual property rights do not inhibit developing countries' access to technologies vital to realising human rights, achieving the SDGs and taking effective climate action. States and companies should also collaborate to promote open-access and gender-responsive technologies and manage the adverse impacts of AI and automation on employment.

7. *Mainstream gender equality*

As women and girls comprise about half of the world's population, the FfD4 outcome document should mainstream achieving substantive gender equality as an overarching goal. Doing so would require collecting disaggregated data and adopting an intersectional approach as women and girls experience multi-faceted and multi-layered discrimination. To leave no one behind, States and other actors should overcome patriarchal values, ensure access to sexual and reproductive health and reproductive rights, eliminate gender-based violence, ensure financial inclusion and promote women entrepreneurship. Women should receive equal opportunities for leadership at all levels of decision-making in political, economic and public life. International financial institutions, multilateral and national development banks and corporations should also achieve gender parity in their executive boards.

8. *Contribute to climate justice*

The FfD4 outcome document should contribute to achieving climate justice by reiterating the responsibility of historical polluters, including developed countries and large corporations, to finance ambitious climate actions as well as pay for climate change-related loss and damage. States and other actors should embrace a climate justice framework comprising four pillars (mitigation, adaptation, remediation and transformation) and 12 overarching human rights principles proposed by the Special Rapporteur.[24]

9. *Leverage additional innovative sources of financing*

Public financing should remain central to development. However, additional innovative sources of financing should be utilised to fill significant gaps in financing for development (including for climate action), especially for LDCs and SIDS. States should, for example, tax the super-rich individuals, adopt the 'polluter pays principle' in taxing fossil fuel companies, charge a 'health tax' on tobacco and junk food products, and impose an 'equity levy' on luxurious activities to raise additional dedicated resources for

sustainable development. States should also establish equal partnerships to enable a socially and environmentally sustainable exploitation of critical minerals and a fair sharing of economic benefits thereof for developing countries. Moreover, the FfD4 outcome document should establish a Global Solidarity Fund – with voluntary contributions from States, businesses, foundations and other actors – to support the realisation of the SDGs in LDCs, LLDCs and SIDS.

10. Offer incentives for responsible private sector investment and financing

Businesses have a key role to play in realising the right to development and the SDGs, including by making investment, financing projects, building infrastructure and developing technologies.[25] States should provide incentives to businesses (e.g., subsidies, concessional land, energy rebates, priority in public procurement and preferential loans) to leverage their multi-faceted role in development. However, such incentives should be *only* for businesses that operate responsibly, that is, respect human rights and the environment, create decent jobs, take climate actions, pay legitimate tax, and meaningfully consult workers and local communities before taking decisions.

11. Strengthen good governance

To ensure that the mobilised resources are used in an optimum manner, access to information, transparency, publication participation, the rule of law and accountability mechanisms should be strengthened. Good governance will also create an enabling environment for the private sector's contributions to development. Moreover, the reform of asymmetrical international investment agreements as well as the investor-state dispute settlement mechanism – which constrain States' ability to safeguard human rights, protect the environment and achieve sustainable development – is urgently needed. Similarly, States should prioritise reforms of international financial institutions, including in relation to voting rights, allocation of special drawing rights and higher borrowing cost for developing countries. In addition, multilateral as well as public development banks should integrate sustainability considerations into their financing models and establish effective grievance mechanisms to address negative human rights and environmental impacts linked to the projects that they fund.

12. Reinforce cooperation

Cooperation is key to achieve development of all persons and countries. States should use the FfD4 outcome document as an opportunity to reinforce bilateral, regional and international as well as North-South, South-South and triangular cooperation, including by ringfencing multilateralism. States and other donors should also strengthen internal coordination to address fragmentation in development aid.

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Endnotes

[*] Mr Surya Deva took up the role of the UN Special Rapporteur on the right to development on 1 May 2023. Deva is a Professor at the Macquarie Law School and Director of the Centre for Environmental Law at Macquarie University, Australia. He conducts research in the areas of business and human rights, comparative constitutional law, international human rights law, sustainable development, climate change, and gender equality. Deva served as a member of the UN Working Group on Business and Human Rights (2016-22). He has advised UN agencies, governments, national human rights institutions, multinational corporations, trade unions and civil society organisations on issues related to business and human rights. For more information about his mandate and work, visit: https://www.ohchr.org/en/special-procedures/sr-development.

[≠] This Negotiation Brief is endorsed by the UN Expert Mechanism on the right to development comprising Ms. Isabelle DURANT (Chair), Mr. Bonny IBHAWOH (Vice-Chair), Ms. Klentiana MAHMUTAJ, Ms. Liliana VALIÑA and Mr. Mihir KANADE. The Expert Mechanism on the Right to Development was established in 2019 under resolution 42/23 as a subsidiary body of the Human Rights Council; it is comprised by five independent experts with thematic expertise in searching for, identifying and sharing best practices with Member States and to promote the implementation of the right to development worldwide.

[1] See https://financing.desa.un.org/sites/default/files/2025-03/FFD4%20Outcome%20First%20Draft.pdf.

[2] See https://unctad.org/news/financing-development-reforming-global-systems-drive-progress. See also United Nations, Inter-agency Task Force on Financing for Development, *Financing for Sustainable Development Report 2024: Financing for Development at a Crossroads* (New York, 2024).

[3] See https://unctad.org/news/debt-crisis-developing-countries-external-debt-hits-record-114-trillion.

[4] Ibid. See also UNCTAD, *A world of debt: A growing burden to global prosperity* (UNCTAD, 2024).

[5] Report of the Secretary-General, 'Science, technology and innovation for sustainable development', A/78/232 (25 July 2023).

[6] See https://www.itu.int/en/mediacentre/Pages/PR-2023-09-12-universal-and-meaningful-connectivity-by-2030.aspx.

[7] See https://www.ilo.org/resource/article/minimizing-negative-effects-ai-induced-technological-unemployment.

[8] A/HRC/54/27, para 63-65; A/78/160, para 90.

[9] Lucas Chancel, Phillipp Bothe and Tancrède Voituriez, *Climate Inequality Report 2023* (World Inequality Lab, 2023); Oxfam International, *Climate Equality: A Planet for the 99%* (Oxfam International, 2023).

[10] A/HRC/54/27, para 44-45; A/78/160, paras 62-63.

[11] Peride K Blind, 'How relevant is governance to financing for development and partnerships? Interlinking SDG16 and SDG17 at the target level', *DESA Working Paper No. 162* (October 2019).

[12] See https://accountability.worldbank.org/en/iamnet.

[13] See Aleena Mufti Anand, 'Development Banks Must Prevent Forced Displacement' (4 June 2024), https://www.accountabilityconsole.com/newsletter/articles/development-banks-must-prevent-forced-displacement/; BankTrack, 'The BankTrack Global Human Rights Benchmark 2024', https://www.banktrack.org/download/the_banktrack_global_human_rights_benchmark_2024/banktrack_human_rights_benchmark_2024_1.pdf.

[14] See https://press.un.org/en/2023/sgsm21855.doc.htm.

[15] David Passarelli and Patricia Justino, 'The Demand for a Fair International Financial Architecture', *Working Paper: United Nations University Centre for Policy Research* (April 2024).

[16] Elisângela Rita and Kudzai Mataba, 'UN Convention on Tax: What happened at recent negotiations, and what's next?' (14 February 2025), https://www.iisd.org/articles/explainer/United-Nations-International-Tax-Convention-Negotiations.

[17] See Expert Mechanism on the Right to Development, 'Operationalizing the Right to Development in International Development Cooperation', A/HRC/EMRTD/10/CRP.1 (14 October 2024).

[18] A/HRC54/27, para 8.

[19] See, for example, the right to freedom of thought, conscience and religion; the right of peaceful assembly; the right to freedom of association with others; the right to enjoy one's culture and use own language; the right to form trade unions; and the right to a clean, healthy and sustainable environment. The rights of Indigenous Peoples are another example of collective human rights.

[20] A/HRC54/27, paras 10-14.

[21] See also OHCHR, 'OHCHR Key Messages for the Fourth International Conference on Financing for Development', https://www.ohchr.org/sites/default/files/documents/issues/development/ohchr-key-messages-ffd4.pdf.

[22] A/HRC/54/27, paras 63-68.

[23] See OHCHR, 'The Human Rights Case for a Reform of the International Sovereign Debt Architecture'.

[24] A/79/168.

[25] A/78/160.