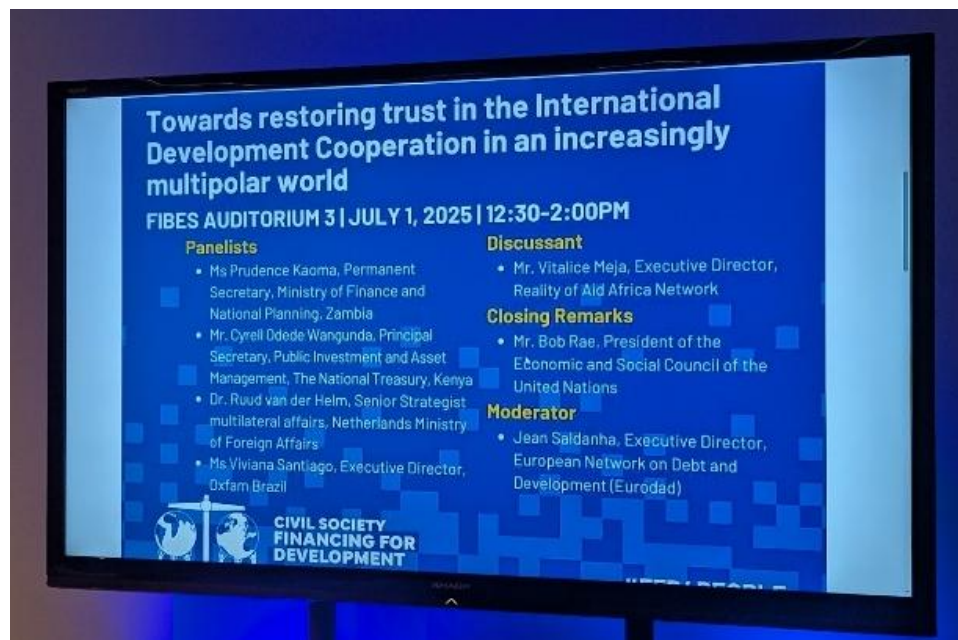


@FFD4 UPDATE: Restore Trust in International Development Cooperation



“Structural inequalities in the global financial system deepen Africa’s debt crisis and limit fiscal space for investment.”

Seville, Spain — On the third day of the Fourth International Conference on Financing for Development (FFD4), the Civil Society Budget Advocacy Group (CSBAG) joined a high-level session focused on restoring trust in international development cooperation. The session brought together policymakers, civil society leaders, and global development experts to confront the erosion of credibility in development aid and advocate for systemic reforms.

The discussion centred on the declining integrity of Official Development Assistance (ODA), with participants warning that aid is increasingly perceived as serving private or geopolitical interests rather than the public good.

“We are witnessing a crisis of credibility,” When donor countries inflate aid figures by including in-donor refugee costs or loans, it undermines the very purpose of development cooperation.” Participants echoed

Participants criticized the shrinking aid budgets of major donors, despite rising global poverty, and highlighted manipulative accounting practices such as the “double counting” of climate and humanitarian finance.

Structural Inequities and the Global South

The session also spotlighted structural barriers that disproportionately affect countries in the Global South. These include exclusion from key tax negotiations—particularly within the OECD/G20 frameworks—and limited access to offshore tax data. Only four out of 54 African countries, for instance, can access tax information from jurisdictions like Switzerland.

“This lack of transparency enables corporate tax avoidance and shields elites from accountability,” noted a tax justice advocate.

Illicit financial flows (IFFs) were another major concern, with Africa reportedly losing \$88 billion annually due to tax evasion and profit shifting by multinational corporations. The reliance on regressive taxation, such as consumption taxes, was also criticized for placing undue burdens on low-income populations.

CSBAG used the platform to push for more predictable, transparent, and accountable international support. Their recommendations included advocating for a binding UN Tax Convention to promote global tax justice, increasing ODA commitments with a focus on grant-based rather than loan-based assistance, and strengthening domestic resource mobilization through progressive taxation and reducing excessive tax exemptions.

“Uganda cannot continue to lose critical revenue through unchecked tax holidays and exemptions,” said Julius Mukunda CSBAG Executive Director. “We need a fairer global system that supports our development goals.”

As the conference continues, CSBAG emphasized that restoring trust in international development is not just a diplomatic issue, it is a matter of survival for many nations. “This is about equity, accountability, and the future of our people,” Julius Mukunda. “We must build a development system that puts the public interest first.”

FFD4 continues through the week, with further sessions expected to address climate finance, debt sustainability, and inclusive economic recovery.

Key Issues Raised During the Session

1. The Crisis of Credibility in Development Cooperation	<ul style="list-style-type: none"> Development aid is increasingly seen as serving private profits rather than public good. Only \$0.37 is mobilized in private finance for every \$1 of public funding in low-income countries. Aid is often counted in misleading ways, such as in-donor refugee costs or loans disguised as development assistance. Major donors (e.g., G7 nations) are slashing aid budgets despite escalating poverty (730M hungry, 333M children in extreme poverty). Manipulation of ODA: "Double counting" of climate finance/humanitarian aid as ODA and replacing grants with loans exacerbate debt crises.
2. Shrinking Global Solidarity	<ul style="list-style-type: none"> Only 6 donors met the 0.7% GNI/ODA target; cuts are worsening the \$4.2T SDG financing gap. Meanwhile, defence budgets are growing rapidly, raising concerns about global priorities. Global crises like climate change and pandemics require more not less cooperation.
3. Structural Barriers to Development	<ul style="list-style-type: none"> Power imbalances persist: The OECD/G20 tax framework excludes Global South voices. Example: U.S. blocked UN tax negotiations; G7 later secured exemptions for itself. The international tax system enables wealthy elites and corporations to avoid paying their fair share Tax Transparency Failures: Only 4/54 African countries can access tax information from havens like Switzerland due to prohibitive standards. Watered-Down Protections Proposals for "Special & Differential Treatment" for low-income countries in the UN Tax Convention were diluted in the FFD4 outcome document. There is an urgent need for a UN Tax Convention to create fair global tax rules.
4. Illicit Financial Flows (IFFs) & Corporate Exploitation:	<ul style="list-style-type: none"> Africa loses \$88B/year to IFFs. Tax evasion by multinationals and wealthy elites drains resources (e.g., Zambia’s copper wealth extraction). Regressive Taxation: Poor citizens (especially women) bear the burden via consumption taxes, while billionaires/companies evade fair shares