Wemos
Make health justice happen

Wemos feedback to the zero draft of the FfD4 outcome document

Health justice, public financing and the global financial architecture are closely intertwined. Only five years from 2030 and amid multiple global crises, the fourth International Financing for Development Conference (FfD4) is a unique opportunity for governments to commit to fair, systemic, and lasting solutions to close financing gaps.

In this feedback paper, we provide specific textual suggestions to augment the impact of the FfD4 outcome document. Our suggestions focus on relevant issues for the right to health from a financial justice lens, being well aware that they are equally relevant for other areas of human rights and sustainable development.

Closing the funding gap: public finance for public systems

The world faces an annual financing gap estimated at 4 trillion USD, threatening the achievement of Sustainable Development Goals (SDGs), including SDG3 for people's health and wellbeing. The lack of resources for sustainable development directly impacts the health of millions of people, especially in low- and middle-income countries. The latest WHO and World Bank data show growing inequality in health: between 2000 and 2019, the number of people pushed into poverty due to out-of-pocket health expenses increased by 42% globally. The figures are even worse for lower income countries, and affect especially women, those living in poverty and/or other (intersecting) vulnerabilities.

This growing health inequality underscores the urgent need for effective and equitable financing strategies. However, the solution *does not* lie in increasing private for-profit finance, whether through direct investments, blended finance or innovative mechanisms. In healthcare, more reliance on private return-seeking finance has proven to deepen access inequalities. **Public finance and investment in public services are the means to close inequality gaps in access to quality health services, including sexual and reproductive health services.** Moreover, public finance is key in protecting all the population from health harms and threats, as they require governments' joint and coordinated actions.

Suggestions for 'Chapeau: Realizing sustainable development'. We are glad to read that closing the financing gaps in the provision of essential public services, including in health, is explicitly reiterated as a joint government commitment in the zero draft's chapeau. We ask you to defend this commitment throughout the negotiations, and to include the need for public resources to this end. We suggest adding the words in red to paragraph 14 and defend the wording in bold:

> 14. Underinvestment of public resources in critical social sectors threatens progress towards meeting the SDGs and exacerbates inequalities, including gender inequality. We commit to eradicate poverty in all its forms, including extreme poverty, reduce inequalities, and **close financing gaps in the provision of essential public services, including health, education, energy, water and sanitation, and building social protection systems**.

Suggestions for 'Chapter II.B: Domestic financial sector development'. Governments should take a cautious stance in the leveraging of private profit-seeking finance, especially in key public sectors such as healthcare and education, as studies link such finance with worsening access for those living in poverty. We suggest text changes (additions in red and omissions in strikethrough) to paragraph 34:

> 34. There is a significant need to delineate any further efforts to leverage the contribution of the private sector to achieve sustainable development. Key sectors, including healthcare and education, should be excluded from privatization. There has been a need to establish regulated, rights-based, transparent, stable, and predictable investment climates at the national level~~, but more needs to be done~~.

Reforms in the global financial architecture are key

The grave lack of government funding for health, including pandemic preparedness, and other essential spending in the interest of people and planet, especially in low- and middle-income countries, cannot be solved without tackling the systemic shortcomings in the global financial architecture. While there is plenty of money in the world, it requires bold international action to redirect it. **We want to draw special attention to international cooperation for structural solutions against losses from tax dodging and unsustainable debts.**

International tax cooperation

International tax dodging has long been a concern and continues to hamper public revenue raising and redistribution in nearly all countries of the world. Financial flows that do not reflect real economic activities undermine the tax revenues of other countries. The latest statistics show that governments together lose the staggering amount of nearly 500 billion USD annually. Through profit shifting practices by multinational corporations, and through wealth hiding practices by wealthy individuals. While higher income countries lose bigger sums in absolute terms, lower income countries' losses are relatively bigger. **Looking at tax loss as a share of the public health budget, lower income countries lose 5 times as much as compared to higher income countries.**

It is problematic that there is no truly global, binding agreement on international tax matters as yet. For decades the selected group of high-income countries represented in the Organisation for Economic Co-operation and Development (OECD) has led processes to develop tax standards and solutions, but failed. Cross-border tax abuse only increased. The current failures in international rules on tax and financial transparency represent a major obstacle to progressive taxation in countries and are responsible for deeper inequalities in taxing rights between countries.

The only viable solution is an internationally binding agreement through a United Nations (UN) Framework Convention on International Tax Cooperation (UNFCITC). The UN holds a unique position to play this role due to its jurisdictional power, universal participation and democratic and inclusive decision-making process. The good news is that a strong Terms of Reference for the negotiations towards this binding agreement was formally adopted in 2024. Sadly, some countries voted against or 'abstain'.

Suggestions for 'Chapter II.A: International tax cooperation'. We urge the Dutch government and other European governments, as we have done before, to fully support the process towards the UNFCITC, endorse its Terms of Reference in the context of FfD4, and engage on the substance of the convention in good faith. In that regard, we want to propose the following text change to paragraph 30c:

> 30.c) We endorse the Terms of Reference for a United Nations Framework Convention on International Tax Cooperation and will continue to engage constructively and in good faith in the negotiations ~~on a United Nations Framework Convention on International Tax Cooperation~~."

Vicious debt circle

Nearly 40% of countries in the global south are in debt crisis. According to a UN Trade & Development (UNCTAD) report from 2024, **3.3 billion people live in countries that spend more on interest payments than on health and education.** In Mozambique, for instance, health spending in 2023 only accounted for 3.63% of the GDP, while the external debt-to-GDP ratio was 35.5%. And in Zambia, 33% of the public budget in 2024 was allocated to domestic and external debt servicing. The health sector received less than 12%.

The problem is that existing debt crisis resolution mechanisms are fragmented and not working, as is also partly acknowledged by the World Bank (2023). Countries remain trapped in a vicious debt circle.

FfD4 provides the intergovernmental space to decide to establish a legally binding instrument on sovereign debt under UN auspices that addresses the challenges comprehensively and inclusively. This would be the logical and urgent next step to the Basic Principles on Sovereign Debt Restructuring Processes, adopted by the UN General Assembly in 2015.

Suggestions for 'Chapter II.E: Sustainable and responsible borrowing and lending, and debt crisis prevention'. We urge you to support the proposal to establish a UN Framework Convention on Sovereign Debt. We suggest this new proposal to be part of paragraph 48.a:

> 48.a) We decide to establish an intergovernmental group under the auspices of the United Nations to agree on a legally binding framework on debt that includes developing ~~request the United Nations Secretary-General to create a working group to develop~~ a set of principles on responsible sovereign lending and borrowing, (...).

If not now, when? Seizing the opportunity for financing reforms at FfD4

These are the main points we wanted to bring to the fore in response to the zero draft of the FfD4 outcome document. More feedback can be found in the joint civil society feedback, to which we contributed. This feedback was coordinated for over 800 CSOs across the world by the Civil Society Financing for Development Mechanism. We urge the Dutch government to adopt the textual suggestions proposed in this document in the upcoming round of negotiations ahead of FfD4.

We call on the Dutch government, and fellow European governments, to seize the opportunity of the intergovernmental negotiations towards FfD4. By supporting structural reforms in the international financial architecture, governments can boost public financing and unlock domestic resources for development at national and international levels.

Ultimately, these reforms will benefit people's health and financial protection, propel inclusive growth and prosperity, advance gender equity and social inclusion, and address root causes of migration, threats to health security and stability.