



Grupo de trabajo
de Sociedad Civil
CELAC-UE

TRANSFORMING GLOBAL ECONOMIC GOVERNANCE FOR DEVELOPMENT IN TRANSITION¹

¹ Document prepared by CELAC-EU for the IV International Conference on Financing for Sustainable Development (FfD4). Established in 2023, CELAC-EU is composed of more than eighty networks, platforms, and civil society organizations from LAC and the European Union (EU), who share the common goal of ensuring meaningful and effective participation of civil society from both regions in the preparation, implementation, and follow-up of the EU-CELAC Summits.

In Latin America and the Caribbean (LAC), only 23% of the Sustainable Development Goals (SDGs) are expected to be achieved.² One of the key factors behind this delay is the development financing gap, estimated at approximately US\$650 billion annually. This figure not only highlights a financial shortfall but also underscores the consequences of a profoundly unequal global economic governance system for the region's countries.

The region is currently experiencing ongoing social, economic, political, and environmental crises. Its abundant natural wealth, shaped by its geography and the diversity of its peoples and cultures, given its history, ultimately becomes an impediment to development due to the persistent contest over control of resources, coupled with continuous repression and the concentration of power in the hands of elite groups.

These permanent crises are manifested in structural inequality, making the region the most polarized globally between the wealth concentrated in the wealthiest 1% of the population and the limited economic resources available to the poorest 50%. The small group of the richest individuals in LAC holds 55 times more wealth than the poorest half of the region's population.³ Likewise, more than half of the population lives in conditions of vulnerability. LAC is also among the areas most affected by the impacts of climate change, despite being one of the lowest emitters of CO₂ globally, and it registers some of the highest rates of femicide in the world.

On the other hand, LAC is classified mainly as an upper-middle-income region, a designation that tends to obscure its profound inequalities. Its income is derived primarily from the extraction of minerals with minimal processing and from agricultural production with no added value. As a result, the region is a central hub for foreign direct investment, with considerable emerging powers and a young population. LAC holds nearly forty votes in the United Nations General Assembly and has a long-standing history in global and regional multilateral diplomacy. This is demonstrated by the leadership of countries such as Colombia, Brazil, and Costa Rica in the Rio agendas; Uruguay and Mexico in the gender agenda; and Colombia, Chile, and Brazil in the fiscal agenda to combat tax havens and promote wealth taxation. The latter is of significant importance given the substantial growth of international criminal organizations and drug trafficking cartels, which undermine the integrity of the rule of law and weaken democracy.

Lastly, the countries of the region find themselves in an international context marked by high uncertainty and growing challenges to multilateralism and to the global system for the promotion and protection of human rights. However, LAC, collaborating in regional political coordination spaces such as CELAC, or within the United Nations through bodies such as ECLAC, can choose a path of non-alignment and assert its autonomy by seeking agreements with different actors based on its interests.

² <https://news.un.org/es/story/2025/04/1537721>

³ <https://lac.oxfam.org/wp-content/uploads/2025/02/Informe-Econonuestra-ES.pdf>

The Fourth International Conference on Financing for Development, held in Seville (Spain) from 30 June to 3 July 2025, represented a unique opportunity for the region to highlight its international role within multilateral forums in the formation of alliances (espacio iberoamericano, BRICS, G20, G77, LMICS, etc.), to present regional achievements across various thematic areas, and to play a unique bridging role among different groups of countries to advance agendas aligned with its interests. In this regard, the region, although classified as upper-middle-income, faces challenges similar to those of lower-income countries—challenges that are central to the FFD discussions.

In Seville, the LAC region sought an agreement that, as a whole and taking into account its specific characteristics, would allow it to expand fiscal space for the financing of public policies aimed at greater redistribution and social inclusion, and to advance an agenda for reforming the international financial architecture in a way that reflects its weight and interests. In a region where more than 380 million people live in situations of vulnerability — one in ten in extreme poverty,⁴ and where 98 billionaires hold nearly \$500 billion in wealth — the fight against inequality should be the central focus of the countries in the region. This fight must especially consider the most vulnerable groups, who face multiple barriers to accessing rights, services, and opportunities on equal terms.

⁴ <https://repositorio.cepal.org/server/api/core/bitstreams/7bd0dd87-875f-48b8-a803-1d5ce-fe23426/content>

Section I: The State of Financing for International Development Cooperation

LAC received approximately USD 11 billion in 2023 in Official Development Assistance (ODA).⁵ These figures are significantly lower than those in other regions, mainly because many countries in the region are classified as upper-middle-income, as we have already mentioned. However, countries in the region exhibit deep internal inequalities and various vulnerabilities that particularly affect specific groups. Hence, the importance of the graduation agenda — transitioning from one income level to another — and of rethinking development metrics beyond GDP to access concessional funding.

Taxation

Countries in the region collect, on average, 21.5% of their GDP through their tax systems. This percentage varies significantly between countries, with Brazil at 33.3% and Guyana at 10.6%. However, the fiscal structure in the region is predominantly regressive: indirect taxes account for half of total tax revenue, and VAT accounts for 28.3% of total collections. In comparison, corporate income taxes account for 18.8%, and personal income taxes for only 9.2%.⁶ At the same time, ECLAC estimates that the region loses more than 6% of its annual GDP due to tax evasion and avoidance.

Given that fiscal policy is one of the main tools to reduce inequality, Latin America and the Caribbean must increase revenue progressively and stop the outflow of resources that ultimately end up in tax havens. This underscores the importance for the region of advancing negotiations towards a United Nations Convention on International Tax Cooperation and Tax Structures that Tax Wealth.

Debt

LAC does not stand out in terms of debt compared to Africa. However, the total public debt amounts to 117% of the region's GDP.⁷ UNCTAD estimates that in 2022, 19 countries in the area had high levels of debt, and that non-resident creditors hold almost four out of every ten dollars of the region's debt. Governments are allocating increasing amounts of resources to debt repayment, with countries such as Brazil, Costa Rica, and Panama, where the central government's debt interest payments were around 30% of fiscal revenues in 2021. As a consequence, it is estimated that more than 350 million people live in countries whose governments pay more in interest on debt than they invest in health.

⁵ <https://data-explorer.oecd.org/>

⁶ https://www.oecd.org/en/publications/2024/05/revenue-statistics-in-latin-america-and-the-caribbean-2024_2574bf2d.html

⁷ <https://publications.iadb.org/es/lidiar-con-la-deuda-menos-riesgo-para-mas-crecimiento-en-america-latina-y-el-caribe-resumen>

⁸ Ibid

For all these reasons,⁸ the question of debt remains an area where countries of LAC should seek in-depth reforms to global debt governance, bringing these issues to the United Nations.

Care⁹

Advancing towards transformative societies requires adopting a broad vision of care grounded in the sustainability of life, policy coherence, and social, environmental, gender, class, age, disability, sexual diversity, and country-of-origin justice. This requires articulating public policies such as health, education, employment, migration, sexual and reproductive rights, and the fight against gender-based violence within a common framework.

It is essential to ensure sufficient, stable, and progressive public financing for care policies, and to incorporate a feminist perspective into investment in the care economy, avoiding approaches that reinforce a return to the domestic sphere.

Promoting gender equality in labor markets requires structural changes in our societies and in policies to reconcile family and work responsibilities, reduce the disproportionate responsibility of women in unpaid (or poorly paid) domestic and care work – including that of those who provide care in informal settings – and protect the rights of people formally employed in the care sector.

In contexts with limited fiscal space, high levels of debt, and slow economic growth, this implies rethinking the role of public financial management and its link with gender equality and the empowerment of women. This entails promoting sustained investment in affordable and high-quality care services that meet the needs of families, to alleviate the care responsibilities that disproportionately fall on women (investing in public infrastructure that reduces women's unpaid care work, including energy, water, and infrastructure for the care of children, older persons and dependents), thereby promoting female employment while at the same time generating quality jobs in the care sector.

⁹ Within the framework of EU-LAC bi-regional relations, since 2023 a proposal has been promoted for the adoption of a bi-regional care pact that would establish a common political framework (based on the Compromiso de Buenos Aires (Buenos Aires Commitment) and the European Care Strategy), a bi-regional technical and financial cooperation mechanism, and a monitoring and accountability mechanism — all from a multi-stakeholder perspective with participation from civil society in both regions.

New Scenarios in South-South Cooperation

In response to global changes, one necessary action is to promote the evolution of South-South cooperation, adapting it to new challenges and offering innovative solutions. Artificial intelligence, social, economic, and technological innovation, climate change, health, culture, biodiversity conservation, sustainable urbanization, and youth-focused projects are just some of the key areas that offer opportunities for collaboration among developing countries. It is crucial to strengthen platforms and tools that enable knowledge exchange and best practices, and to build strategic alliances that reinforce the third sector and ensure effective, relevant work.

Financing Models, Including Public-Private Partnerships (PPPs)

Historically, the public sector in LAC has played a key role in defining development priorities and creating a favorable legal framework for social and environmental action. This framework has enabled civil society organizations (CSOs) to demand the fulfillment of human and ecological rights, relying on their deep understanding of local realities. However, in recent years, the private sector has begun to compete with CSOs for development funding, with significant impact in a context where democratic space in the Global South has been shrinking. Moreover, private sector resources are increasingly presented as the silver bullet to close the financing gap that countries in the region face in meeting infrastructure and public service demands. Public-private partnerships (PPPs), modalities such as blending (combining public and private financing), and initiatives like the Global Gateway, while aimed at mobilizing investment, raise concerns about equity, transparency, and long-term impact. Furthermore, they leave open questions about how citizen and civil society participation will be ensured in development financing models that rely on attracting private-sector resources.

Public Development Banks

Given the alarming financing gap to achieve the SDGs and combat climate change, public development banks — national, regional, and global — can play a crucial role in financing sustainable development, provided certain conditions are met. These include channeling more concessional resources through them and ensuring complete alignment with national development priorities, human rights, and environmental standards, thereby guaranteeing that social and environmental safeguards are upheld in all operations, transparently and responsibly.

To achieve this, we believe it is essential today to promote significant changes in the development paradigm and in the working methods of multilateral and regional development banks — including their internal incentives — which are currently mainly geared toward leveraging private financing rather than ensuring its quality. This is especially important given that the governance structures of central multilateral development banks remain dominated by the Global North. Without these changes, allo-

cating more funds to these institutions will not solve the current challenges.

Section II: Priorities and Proposals for Financing for Development from Latin America and the Caribbean

- 1.** To position the UN as the leading global forum where all governments and stakeholders debate and agree on commitments related to sustainable development and its financing, ensuring the agenda is inclusive and responds to the needs of particularly vulnerable groups, such as persons with disabilities.
- 2.** To commit donor governments to increase ODA beyond current quantitative targets, taking 0.7% of GNI as a minimum spending level for ODA, not as a ceiling, and to increase ODA allocations to finance public services, care systems, social protection, and the progressive mobilization of domestic resources.
- 3.** To promote a binding convention on development cooperation under the auspices of the UN. This would help democratize the governance of development cooperation through an inclusive normative space that brings together all relevant actors beyond the OECD Development Assistance Committee.
- 4.** To commit developed countries to significantly increase climate finance for adaptation and for addressing loss and damage, based on grants. Climate finance must be decoupled from ODA.
- 5.** To replace the use of GDP growth with new multidimensional and intersectional measures of progress.
- 6.** To support the negotiations of the UN Tax Convention and a global agreement on how to effectively tax the ultra-rich by implementing progressive national taxes on their income and wealth, at rates high enough to raise the trillions needed to tackle inequality and the climate crisis.
- 7.** To promote the initiation of negotiations by governments for a UN Convention on Sovereign Debt. This would help ensure that human rights take precedence over debt servicing and enable a rule-based approach to the orderly, fair, transparent, and lasting resolution of debt crises that involves all creditors.

- 8.** To establish an intergovernmental process at the UN to conduct a comprehensive review of sustainable development outcomes and the fiscal and human rights impacts of PPPs, blended finance, and other financial instruments designed to leverage private finance.
- 9.** To urge governments to commit to annual Special Drawing Rights (SDR) allocations of around USD 200 billion, doubling the share allocated to low- and middle-income countries, aimed at achieving the SDGs.
- 10.** To increase public investment to close the gender gap, particularly in care systems and infrastructure, by agreeing on a sufficient, stable, and progressively allocated minimum level of public investment in care — one that can be measured, audited, and held accountable.
- 11.** To establish an intergovernmental process at the UN to review the governance and mandates of multilateral development banks and international financial institutions, with a focus on improving their efforts to eradicate poverty, reduce inequalities, and promote climate change adaptation or mitigation — transparently and with accountability — ensuring that private finance and the private sector are not prioritized. We urge UN Member States to reaffirm the UN's role as a normative entity in global economic governance.





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