

European leaders at FfD4: Commit to fair and viable solutions to close the financing gap for health and development

The [Fourth International Financing for Development Conference \(FfD4\)](#) convenes government leaders from all over the world to tackle financing challenges and decide on the global financing agenda and framework for the coming decade. In a world where sovereign debt is severely hampering development and eroding public services, where the gap between rich and poor has grown to extremes, and where aid cuts and diversions have become the new norm, we urge European leaders to show undivided support for fair and viable solutions in the interest of health for all. As an [NGO fighting for health justice](#) through systemic change, we call for rigorous reforms in the international financial architecture, to be shaped on equal footing at the United Nations (UN). We hope FfD4 will mark the point in history where all countries embrace three key commitments: (1) a UN process to escape and steer clear of the sovereign debt trap, (2) the UN framework convention on international tax cooperation, and (3) a redesign of development cooperation under the auspices of the UN.



Only five years before the final year of the 2030 Agenda for Sustainable Development, we are far from achieving the sustainable development goals (SDGs), including for [SDG3](#) on health and well-being. [4.5 billion people](#) lack access to essential health services, and [2 billion people](#) face financial hardship due to health expenses, especially in low- and lower-middle-income countries ('lower-income countries'). People living in poverty and in rural areas, and women in particular, are too often [excluded from essential health services](#). Wide [health inequities persist](#) due to social, economic and environmental determinants.

As in many areas of development, public financing is key to closing inequality gaps in health, because of its redistributive capacity, accountability and sustainability. However, lower-income countries struggle with an overall lack of fiscal space for social spending, including for health. The [public health spending](#) in these countries is on average 30 US dollars (USD) per person – only a third of what the most [minimal benchmarks](#) suggest is needed to reach Universal Health Coverage (UHC), and a fourth of what is needed to reach SDG3. External financial assistance, or 'aid', has been and [remains critical](#) for many lower-income countries.

The following sections point to three critical problems and inequalities that impact health: debt, tax and development assistance. We then suggest the direction that international cooperation should take to ensure it is fair, effective and sustainable in the long run. Our asks are based on those of the [FfD Civil Society Mechanism](#), of which Wemos is a member.

Debt

Government borrowing is a vital tool for long-term investments and funding essential services in times of crisis. However, debt has become unsustainable for a great number of countries, as debt servicing levels are unbearably high. Deep inequalities in the debt system keep many countries in a [debt-austerity trap that undermines democracy and human rights](#).



- A total of 130 lower-income countries are [critically indebted](#). Many countries are locked in a permanent cycle of critical indebtedness: a debt trap.
- Half of the countries in debt crisis spend [more than double](#) on debt servicing than on health. Half of the countries in debt crisis spend [more than double](#) on debt servicing than on health.
- The austerity measures that followed debt relief measures have had [serious impacts on public health systems](#), health workers and people.
- The high debt burden for lower-income countries is unfair, as they borrow at [rates far higher](#) than higher income countries do – e.g. 6 to 12 times higher than those of Germany.

The programmes, voluntary frameworks and dialogues that make up the current debt resolution architecture, [do not and will not deal adequately](#) with the sovereign debt crisis and its root causes. In the words of António Guterres: *“No example of the international financial architecture’s failure is more glaring than its handling of debt”*. A thorough reform of the debt architecture is needed. UN member states should agree to open an intergovernmental process to set up a [UN Framework Convention on Sovereign Debt](#) to address responsible financing, and prevention and resolution of unsustainable and illegitimate debts. Without such a legal instrument to free countries from the debt trap, there is no hope of sufficient public spending to reach the health SDG or any other SDGs.

Tax

Progressive taxation at fair rates is crucial to fulfill state obligations and commitments, including those related to human rights, gender equality, public services, and the promotion of health and well-being. However, staggering amounts of tax are currently *not* paid by multinational enterprises and wealthy individuals, due to cross-border tax avoidance practices.



- An estimated [annual 492 billion USD is lost to the public purse](#) globally. In Africa, the resulting government tax losses equal 13% of their average spending on health.
- Member countries of the Organisation for Economic Co-operation and Development (OECD), are [responsible for over two-thirds of the total tax loss](#) as their financial systems and policies are used for tax avoidance practices.
- Globally, the [effective tax rates of multinational companies have steadily decreased](#) since the 1980s from an average of 40% to 23%.

The current design of the international tax architecture, including the OECD solutions to international tax cooperation, [have failed](#) to curb tax abuse. In fact, it [fosters](#) tax abuse by multinationals and the super-rich. Tax avoidance [undermines](#) the fiscal capacity of public institutions to deliver equitable and sustainable health services.

The decision of the UN General Assembly in 2023 to work on a [UN Framework Convention on International Tax Cooperation](#) marks the hopeful start of the development of an inclusive, fair, transparent, efficient, equitable and effective international tax system, as defined in its aim. The framework convention would include a comprehensive measure for automatic exchange of information about all financial assets, a standard for public registers of beneficial ownership for all companies, a fair minimum tax rate, and more. It would also put a floor under the harmful competition that, over the past four decades, has created a relentless downward spiral in statutory corporate tax rates worldwide. It will enable lower-income countries to raise significant amounts of additional public revenue. The negotiations on substance, from August 2025 onwards, will be guided by solid [Terms of Reference](#) which were adopted by majority vote in 2024.

Development cooperation

Official development assistance (ODA) from countries of the OECD's Development Assistance Committee (OECD-DAC) to lower-income countries, has had a defined role and purpose in combating poverty and closing inequality gaps. It has led to laudable results in health and other critical areas of development. Yet, it has also long been characterized by [problems in quantity and quality](#).



- [ODA declined](#) in 2024, falling by 7.1% in real terms compared to 2023. Only 4 out of 24 countries exceeded the agreed on 0.7% target of ODA as a percentage of national wealth.
- The anticipated cuts in health-directed foreign aid could result in nearly 400,000 [additional child deaths](#) over the next few years. Over 60% of WHO country offices reported [disruptions](#) in public health and health service provision due to the sudden withdrawal of US funds. It most severely hits maternal and child health, vaccination, surveillance, and outbreak detection.
- Donor countries have increasingly taken a more self-interested approach in aid. We see a 7% increase (13 billion USD) in [tied aid](#) since 2020, contrary to the untying of aid agenda. Donor support for private, profit-seeking companies even occurs in areas where this type of finance [undermines](#) progress in development goals, such as [equal access to healthcare](#).

The international development cooperation system is [faltering](#) precisely when needs are greatest and priorities most urgent: nearly 600 million people face extreme poverty by 2030 and countries grapple with [annual SDG financing gap of up to 4 trillion USD](#). Next to systemic solutions to debt and tax to increase domestic resource mobilization, there is and will be a need for international public finance to fund the globally agreed on goals in an effective, accountable and equitable way. International development cooperation urgently needs to be redefined. Not by the exclusive group of OECD-DAC countries, but by all countries. This should be done in a transparent, [inclusive and democratic process](#), and [shaped by the voices and needs](#) of those it is meant to serve. In that vein, we emphatically echo civil society's call for a [Convention on International Development Cooperation](#), or '[IDC Convention](#)' under UN auspices. We also flag the forward-looking principles of [global public investment](#) – all contribute, all decide, and all benefit.

This is the time for a transformative agenda!

FfD4 and its resulting outcome, a 'global financing framework', present a unique opportunity to set the course for a fairer and more sustainable global financing system in the coming decade. We join the global civil society call for systemic reforms under the UN, urging all governments, especially European leaders, to commit to a [transformative and ambitious agenda](#) that addresses the chronic lack of public finance for the SDGs and universal public services like health. The UN offers a legitimate platform for structural reform processes, with universal membership, transparent decision-making, and the authority to develop binding international frameworks. It is the only forum where countries – rich or poor – work on equal footing and it has the mandate to protect and promote the well-being of all people on this planet. We ask you to:

Break the vicious circle of debt crisis

We urge UN member states, and European leaders in particular, to support proposals such as the development of a multilateral sovereign debt workout mechanism and a fair credit rating system. We ask you to commit to a UN Framework Convention on Sovereign Debt – one that resolves current debt crises in a fair, fast and meaningful way through debt restructuring or cancellation, and prevents future debt crises by setting fair terms for responsible lending and borrowing.

Support international tax cooperation under the UN

We also urge you to publicly support the intergovernmental process to develop binding agreements in a UN Framework Convention on International Tax Cooperation, by endorsing its Terms of Reference in the FfD4 outcome document. This convention is uniquely positioned to establish an inclusive, fair, transparent, efficient, equitable and effective international tax system for sustainable development, and address existing and future challenges to strengthen domestic resource mobilization.

Champion international development cooperation on equal footing

Lastly, we ask you to support proposals to redefine the principles and governance of international development cooperation in a multilateral process, as called for by lower-income countries. A reform via a UN Convention on International Development Cooperation would consolidate all relevant development commitments – new and existing – into one binding, universally recognized framework with shared definitions and norms. Moreover, it would establish monitoring systems, enforce commitments, and ensure equal participation and accountability among all providers, including non-traditional actors.

What you feed, grows. If governments truly support these UN-led processes, they can succeed. Let's seize this unique momentum to advance economic and health justice!

