

FEBRUARY 2025

# ORIENTATING FINANCE FOR OUR COMMON FUTURE

## PROFILING THE WORK OF THE INSTITUTE FOR ECONOMIC JUSTICE

Developing countries are faced with the prospect of navigating a global terrain characterised by growing multipolarity and geopolitical tensions, debt distress, and the high cost of capital which makes financing for development difficult. This is compounded by the imminent climate crisis whose resolution not only requires substantial investment but political will from policymakers. Unfortunately, these pressures happen amid long-standing strain on government finances, which, in developing countries, mainly stems from governments' efforts to keep their populations afloat despite limited revenue. The potential of greater financing from public development banks, under these circumstances, is all the more urgent.

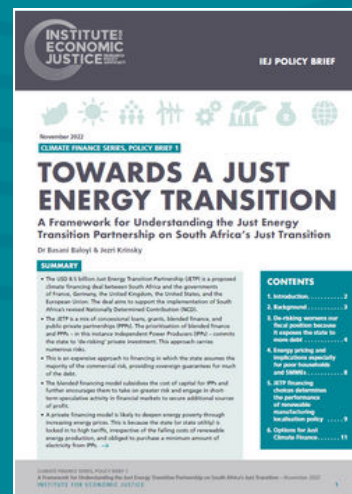
The IEJ has joined partners worldwide to call on international financial institutions (IFIs), multilateral development banks, and the G20 to increase finance for a green, inclusive, sustainable, and just transition, as well as for economic development in general. Notwithstanding fiscal constraints, the IEJ argues that countries should aim for a nationally-determined and nationally-owned development strategy. This will require, in addition to support from external financiers, countries to make maximum use of central bank and development finance institutions' (DFI) lending to strategic sectors. In essence, the state must play a leading role, which, as we have seen historically, is also likely to encourage the private sector to release much-needed capital.

Over the past few years, the IEJ's work, with a focus on South Africa, has explored key issues critical to scaling up development finance. This work falls into three buckets, which we invite partners to explore.

- IEJ has argued that there must be democratic oversight, greater transparency, and accountability over developmental lending. In particular, the IEJ has advocated for a parliamentary process of scrutiny and oversight of loan agreements from IFIs. Following heightened borrowing from IFIs by the South African state, the IEJ took to investigate the potential economic and social effects of this lending (*International Financial Institutions' Covid-19 Lending in South Africa*). Among the key findings of the investigation was that the borrowing process is characterised by a lack of transparency and accountability, which risks undermining human rights and national sovereignty. These findings were presented to Parliament (*Joint Parliamentary Submission | International Financial Institutions' (IFI) Lending in South Africa*) and culminated thus far in a parliamentary recommendation that a law be put in place, within three years, to allow for parliamentary scrutiny and approval of all sovereign loan agreements.



- The IEJ has undertaken detailed assessments of South Africa’s climate financing Just Energy Transition Partnership (JET-P), within which it has argued that private financing mechanisms, such as public-private partnerships (PPPs), should come with a fair, risk-sharing arrangement between the state and private financiers. Moreover, they should not privilege the accrual of private profits and compromise access to public goods for the disadvantaged. Read our policy brief [\*Towards a Just Energy Transition: A Framework for Understanding the Just Energy Transition Partnership on South Africa’s Just Transition\*](#) and [\*our submission to the Presidential Climate Commission\*](#). Look out for our upcoming climate finance paper series in which we demonstrate that in addition to private finance, fiscal and monetary policy, as well as development finance institutions, can be leveraged to rapidly scale up investments in clean energy technology and infrastructure.



- Finally, we have drawn attention to the intersection between development financing and the looming debt distress faced by countries in the Global South. The root causes of this, as well as the proposed solutions, are discussed in-depth in our upcoming paper titled *A Coherent Framework for Sovereign Debt and Economic Transformation: Towards a Global South Debtors Club*. Loans must be on concessional terms, featuring below-market-rate interest rates and significant shares of local currency, and must have long grace periods. The IEJ further urges IFIs and states to support the resolution of the ongoing debt crisis in the Global South by endorsing the adoption of and embracing a human-rights-based approach to debt restructuring. This is explored in further detail in our soon-to-be-released working paper *Designing human rights-aligned reforms for debt restructurings* undertaken with our partners at the CESR.

This body of work helps us understand the modalities needed for the simultaneous scaling up of financing for infrastructure, the green transition, and other developmental objectives, in a manner that advances development and protects human rights.

For media enquiries or any other information, please contact:

- Dalli Weyers | Advocacy and Communications Manager | [dalli.weyers@iej.org.za](mailto:dalli.weyers@iej.org.za) | [082 460 2093](tel:0824602093)
- Liso Mduyana | Junior Researcher | [liso.mduyana@iej.org.za](mailto:liso.mduyana@iej.org.za) | [079 593 8611](tel:0795938611)



The Institute for Economic Justice (IEJ) is a progressive economic policy think tank committed to advancing economic justice, systemic change, and the equitable distribution of resources to ensure rights realisation and planetary wellbeing.

[www.iej.org.za](http://www.iej.org.za)

