Means of Implementation for Post-2015 Sustainable Development

IBON International

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"It's a new world out there…"

- Public finance is far from adequate to meet the resource requirements for achieving SDGs.
- North-south dichotomy is passe.
- We need new and diverse forms of partnerships for implementing the agenda and for governance

“Public finance is not enough”

- SDGs in Asia and the Pacific alone could cost well over $1 trillion per year. Infrastructure needs alone may require over $750 billion per year over 2010-2020 (ADB)
- Public finance is simply not enough. In AP:
  - $3 trillion a year in government revenues. (Tax and non-tax revenues in Asia and the Pacific lag global averages)
  - $26 billion in ODA inflows

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"The bulk of potential sources lie in the hands of the "private sector"

- $6.2 trillion in private savings,
- $3.5 trillion in sovereign wealth and pension funds,
- $1.3 trillion in insurance premiums.
- $568 billion in foreign direct investment flows
- $205 billion in remittances,
- region's wealthiest citizens have $20.5 trillion in collective assets, much of which is invested outside of the region.
- In 2012 over $39 billion was spent on charitable giving and is predicted to grow at a rate of 9.8% per year

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Tapping private finance as fuel for development

- Instead of plugging the leaks which rob us of public resources (illicit financial flows, tax evasion and tax avaoidance, tax competition, unfair trade, unjust debt, etc.), MOI/FFD discussions overwhelmingly emphasize the various ways of enticing private sector investments
- **“blended finance”** or the practice of linking grants, provided by official development assistance (ODA), with loans from publicly owned institutions or commercial lenders.
- **Public-private partnerships (PPP)** that take the form of agreements that shift the risks associated with private investments to the public sector.
- Infrastructure, social and environmental projects packaged as **“new asset classes”** for sale to institutions investors

Problems with relying on private finance

- Private finance is **profit-oriented** which results in **inequitable provision** of public goods and social services.
- **Socializing risks** while privatising profits.
- publicly-subsidized private finance and PPPs tend to go to well-performing sectors anyway and thus have **questionable development additionality**.
- The World Bank's Independent Evaluation Group (IEG) points to major problems with PPPs, namely: a) increased costs to the public purse; b) lack of transparency and accountability; and c) high-risks which end up shouldered by the public.

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Shifting burden to developing countries

- the 30 richest countries of the world account for only 17% of the global population, but over 60% of global GDP, more than 50% of global electricity consumption and nearly 40% of global CO2 emissions.
- Excluding China, the Gini coefficient of international inequality was higher in 2010 than as compared to 1980
- ODA has never reached the internationally agreed target for donors of 0.7 percent of gross national income. In 2013, this meant a shortfall of about $43.9 billion for AP countries alone
- south-south cooperation, triangular cooperation now being used to obscure historical responsibility of the advanced capitalist countries and undermine CBDR
- ***Abandonment of global partnership for development****, which is a recognition of the principal partnership between governments of developed and developing countries, with the developed countries taking the lead in providing resources and the means of implementation.*

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Financing for development justice

- international **tax cooperation** to avoid race to the bottom and address tax avoidance and tax evasion; shut down tax havens
- **global taxes**, particularly on harmful activities including speculation, extractive industries, arms trade, carbon emissions.
- **Commit adequate public financing** for public goods and services, and ensure that essential public services, like healthcare, education, housing, and water and sanitation, remain exclusively under public control -- to "ringfence them" as it were.
- Instead of backtracking on unfulfilled commitments, countries should commit to **new and additional, as well as scaled up and predictable, financial commitments** for sustainable development, including CC adaptation and mitigation

Rein in corporate power

- **ex-ante and periodic assessments** of "partnerships" and trade agreements based on human rights principles and standards
- Adopt national-level regulations that prevent the **extraterritorial infringement of human rights** by the business sector.
- Engage constructively in the development of an **international legally binding instrument on Transnational Corporations** as mandated by the Human Rights Council resolution last June 2014.

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