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
“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
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 avoidance, 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** whileprivatising 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.
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.
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.