

***“Current trends and future scenarios on the post 2015 and Financing for Development processes”***

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# Once in a ???

2015 brings critical opportunities to change the future, from July's Third International Conference on Financing for Development in Addis Ababa to the UN Summit on the SDGs and the 21st Conference of the Parties to the UN Framework Convention on Climate Change in Paris in December.

This is a challenging agenda, but improving lives and protecting our planet deserve no less. We must work together to generate the needed financial resources and achieve the transformative vision that the SDGs entail. With our member countries in the lead role, we accept this challenge, and stand ready to play our part.

# **From Billions to Trillions-- Transforming Development Finance**

## ***Post-2015 Financing for Development: Multilateral Development Finance***

Press Release, April 16, 2015

*Statement by the Heads of the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank, the World Bank Group and the International Monetary Fund*

# Mobilizing trillions...

Urgent action is needed to mobilize, redirect, and unlock the transformative power of **trillions of dollars of private resources** to deliver on sustainable development objectives. Long-term investments, including foreign direct investment (FDI), are needed in critical sectors, especially in developing countries. These include sustainable energy, **infrastructure** and transport, as well as information and communications technologies.

The sustainable development goals provide a platform for aligning private action and public policies. [...] This means principled and responsible **public-private-people partnerships**.

["The Road to Dignity by 2030", Synthesis Report of the Secretary-General On the Post-2015 Agenda, paragraphs 92 and 81]

# UN-forged partnerships

A UN system that is “fit for purpose” to deliver on the post-2015 agenda is one that [...] forges effective partnerships to leverage external partners’ expertise, capacities and resources.

[“The Road to Dignity by 2030”, Synthesis Report of the Secretary-General On the Post-2015 Agenda, paragraph 152]

# Partnerships in FfD3 0-draft

69. Global partnerships have been particularly effective in the field of health, including the Global Fund to Fight AIDS, Tuberculosis and Malaria, and Gavi, the Vaccine Alliance.

call for the Global Partnership for Education (GPE)...to be strengthened and scaled up

.. Comprehensive Africa Agriculture Development Programme (CAADP), Grow Africa, .. the multi-donor Global Agriculture and Food Security Program (GAFSP) and the Global Alliance for Climate-Smart Agriculture

# FfD3 0-draft

45. We welcome the rapid growth of philanthropic giving and the significant contribution individuals have made toward achieving our common goals. We encourage others to join those who already contribute, and call on all philanthropic providers to partner with us in our pursuit of sustainable development. We also call for increased transparency in philanthropy.



# Proliferation of Multistakeholder Partnerships

- Every Woman Every Child



- The Sustainable Energy for All initiative



- The Zero Hunger Challenge



- The Global Education First Initiative



- Scaling Up Nutrition



The opening to the corporate sector has become a UN system-wide phenomenon, generating hundreds of diverse “partnerships” such as:



[www.BetterThanCash.org](http://www.BetterThanCash.org)

**As a result there is an expansive list of corporations that have established partnerships and/or alliances with or through the United Nations Office for Partnerships, including:**

Accenture Africa Practice Alcatel-Lucent American Electrical Power American Express Aveda Corporation Aviva Bank of America BASF Bayer Bertelsmann Bristol-Myers Squibb British Petroleum BT Global Services Carrefour Cisco Systems Citigroup Clorox The Coca-Cola Company Crescent Petroleum Company Daimler De Beers Dell Deutsche Bank Deutsche Post Domini Investment Fund Dow Chemical Company E-CARE Électricité de France Eli Lilly Ericsson Expedia FedEx Fortis Fujitsu General Electric Geneva Group International GlaxoSmithKline Globalegacy International Goldman Sachs Group Google G-Star Raw Hewlett Packard HSBC Holdings ING Group Intel International Business Machines Johnson & Johnson Kraft Foods Lenovo Group Marvel Entertainment Merck & Co Metro Microsoft Migros Mitsubishi Mitsubishi Electric Mitsubishi UFJ Financial Group Motorola MTV National Basketball Association Nestlé Nike Nokia Oracle PepsiCo Pfizer PKN Orlen Group Procter & Gamble Rio Tinto Group Roche Group Royal DSM Royal Dutch Shell Royal Philips Electronics Ruder Finn Sanofi-Aventis Siemens Skype Société Générale Standard Chartered Bank Statoil Hydro Suez Sumitomo Sumitomo Mitsui Financial Group Swiss Reinsurance Tata Steel Telefónica Tesco Time Warner Toyota Motor Unilever Unisys United Airlines United Parcel Service Verizon Communications VH1 Vodafone Wal-Mart Wyeth Pharmaceuticals

# Is someone counting?

"Education First," announced "commitments" worth USD1.5 billion in 2012. Of these, USD1 billion to be provided by Western Union, a corporation specializing in channeling remittances from migrants, and USD 500 million by MasterCard.

But, the MasterCard Foundation has a total grant making capacity for all its programmes of USD 100 million a year and the Western Union Foundation website reports grants of only USD 71 million since 2001.

The small print of the "Education First" website says that MasterCard will provide scholarships for 15,000 African university students over 10 years, while Western Union will "provide up to \$10,000 per day in non-governmental organization grant funding." At that pace, it will take 274 years to reach USD 1 billion!

# **Guidelines on Co-operation between the United Nations and the Business Sector**

The United Nations Global Compact provides an overall value framework for cooperation with the Business Sector. The principles of the Global Compact on human rights, labour, the environment and anti-corruption are based on intergovernmental agreements and are specifically relevant for business.

UN entities should use them as a point of reference when developing their own guidelines, including guidelines for choosing a Business Sector partner.

# **2012 Annual Statistical Report on United Nations Procurement**

For 6th consecutive year, the 2012 ASR features an analysis of the participation of suppliers to the UN system in the world's largest global corporate citizenship initiative, the United Nations Global Compact. The United Nations strongly encourages its suppliers to support the Global Compact and its principles.

The GC is a framework for businesses committed to aligning their operations and strategies. As the world's largest global corporate citizenship initiative, the Global Compact is a voluntary initiative, a learning dialogue and a platform for action.

# FfD3 0-draft

39. We support the many initiatives to formulate and adopt principles for socially and environmentally responsible investment and business activities and invite businesses to sign on to and apply these principles... We welcome the work by the United Nations Conference on Trade and Development (UNCTAD), the United Nations Environment Programme (UNEP), CFS, the Global Compact, amongst others in this regard.

# Commission Communication to European Parliament, etc

February, 2015

Multi-stakeholder partnerships are needed to scale up business initiatives. Small and medium-sized enterprises are major drivers of job creation but they often lack the economies of scale and capacity to invest in innovative technology or participate fully in sustainability programmes. Partnerships with large multinationals, for instance through the UN Global Compact, can help small and medium-sized enterprises to realise their sustainable development and innovation potential.



# FfD3 0-draft

40. These initiatives should be complemented by appropriate national regulations, in line with national strategies. We agree to create strong regulatory frameworks on ESG practices, including mandatory integrated reporting for large companies to be adopted by 20xx.

# Global Compact+15: Business as a Force for Good

23 - 25 June 2015, New York

Global Compact +15 will bring business and civil society to the UN to show how the private sector is taking action and partnering to advance societal priorities, with an emphasis on the UN global agenda for sustainable development to be released later this year (the Sustainable Development Goals – SDGs).

**Who:** 500 participants from Global Compact Local Networks, companies, investors, academia, civil society, labour and UN private sector representatives.

# World Bank evaluation

“PPPs are not a panacea. The literature points to the negative effects on public budgets because of contingent liabilities not being adequately assessed, insufficiently reported, or accounted for off-balance sheet. Furthermore, PPPs are generally considered to be more expensive than purely public financing due to higher private sector borrowing costs and high transaction costs in general.

## WB cont.

Moreover, PPPs are likely to produce inadequate risk allocation due to lack of competition during bidding and be subject to renegotiations which may put the public sector in a weak position and subsequently lead it to accept undue risks.”

# OECD opinion on PPPs

**Unclassified**

**DCD/WKP(2014)2/PROV**



Organisation de Coopération et de Développement Économiques  
Organisation for Economic Co-operation and Development

**10-Mar-2014**

**DEVELOPMENT CO-OPERATION DIRECTORATE**

**English - Or. English**

**DCD/WKP(2014)2/PROV**  
**Unclassified**

**OFFICIAL SUPPORT FOR PRIVATE INVESTMENT IN DEVELOPING COUNTRY  
INFRASTRUCTURE**

**Advisory Group on Investment and Development**

**21 March 2014**

# “unlikely to succeed”

51. Donor countries that have domestic experience in private participation in infrastructure should take them into account—success and failures—when promoting private participation in developing country infrastructure. This applies to countries including Spain and Portugal where **the extensive use of PPPs led to overinvestment in domestic infrastructure, contributing to the countries' financial crises.** However, it is not clear whether most DAC members link their domestic experience in private participation in infrastructure with their views and approaches towards supporting private investment for developing country infrastructure. [...] Private participation in infrastructure can be complex, time consuming and subject to frequent renegotiation and restructuring. **If certain modalities are hugely unsuccessful in OECD countries, they are unlikely to succeed in less developed** countries where cost recovery is more difficult.

# **Margaret Chan, WHO**

**The influence of stakeholders, especially the private sector, in multiple sectors is growing very rapidly at a time when the institutional and regulatory capacity of many countries remains weak.**

**In the absence of adequate legislation, human and regulatory capacity, the private sector takes on an enlarged role, with little control by the government over the quality and costs of the services being provided. The vital role of government in protecting the public interest is diminished.**

# Chan, cont.

**In one especially alarming trend, provisions for the settlement of investor-state disputes are being used to handcuff governments and restrict their policy space. For example, tobacco companies are suing governments for lost profits when national legislation, aimed at protecting health, interferes with their business interests.**

**When private economic operators have more say over domestic affairs than the policies of a sovereign government, we need to be concerned.**



# Chan, cont.

**If multisectoral collaboration and multi-stakeholder engagement are the reality for sustainable development in the post-2015 era, we need to debate what type of mechanisms are required to allow all stakeholders to make contributions and to protect against the influence of vested interest.**

# FfD3 0-draft

81. We will carry out negotiation and implementation of trade and investment agreements in a transparent manner to ensure that trade and investment treaties do not constrain domestic policies to reduce inequality, protect the environment or ensure adequate tax revenues. We will strengthen safeguards **in investment treaties, especially by proper review of investor-state-dispute-settlement (ISDS) clauses**, to ensure the right to regulate is retained in areas critical for sustainable development, including health, the environment, employment, infrastructure (including electricity and transport), public safety, macro prudential regulations and financial stability.

# **SDG 3 Ensure healthy lives and promote well-being for all at all ages**

Support the research and development of vaccines and medicines for the communicable and non-communicable diseases that primarily affect developing countries, provide access to affordable essential medicines and vaccines, in accordance with the Doha Declaration on the TRIPS Agreement and Public Health, which affirms the right of developing countries to use to the full the provisions in the Agreement on Trade-Related Aspects of Intellectual Property Rights regarding flexibilities to protect public health, and, in particular, provide access to medicines for all.

# Consistency with International Agreements

The 2001 Doha Declaration does not limit the use of available TRIPS Agreement flexibilities to just essential medicines (a defined term under national laws). A revised target should delete the word “essential”.

# Ex-ante criteria

- human rights record of the corporate actor
- corruption record of the corporate actor
- whether the corporate actor is fully transparent in its financial reporting and fully respecting existing tax responsibilities in all countries it operates
- potential conflicts of interest

# UN resolution on global partnerships (A/RES/68/234)

*[Requests]* the Secretary-General, ....:

- (a) To improve the Guidelines on Cooperation between the United Nations and the Business Sector, including from a gender perspective;
- (b) To disclose the partners, contributions and matching funds for all relevant partnerships, including at the country level;**
- (c) To strengthen due diligence measures that can safeguard the reputation of the Organization and ensure confidence-building;**
- (d) To ensure that these elements are coherently reflected in relevant system-wide reports:

# USA, Post-2015 informals

24 March 2015

This is a non-binding document – replace “agree” and “will” with words “aim” and “resolve to”.

Also have concerns about word “ensure” – since governments cannot generally ensure anything.

# UK, Post-2015 informals,

24 March 2015

There is work for us across the agenda – child poverty, sustainable CP, gender equality, non-communicable diseases – just a few examples.

Being honest with room – degree of sensitivity on fiscal and regulatory – and our own statistical capacity.



# Denmark, Post-2015 informals

24 March 2015

...some targets are a significant challenge – one example – requirement for food waste – difficult challenge – but an opportunity to seriously reduce food waste and accelerate sustainable consumption. Another target, halve youth unemployment – we have a low level – even more difficult to halve it.

# Switzerland, Post-2015 informals

24 March 2015

Preparing for global reporting will be a challenge for a country like mine that never had to report on such a broad framework.

...as UK made clear that translating to national context very challenging – requires a whole of government approach.

# Goals for the Rich



## CIVIL SOCIETY REFLECTION GROUP ON GLOBAL DEVELOPMENT PERSPECTIVES March 2015

- *The Post-2015 Agenda with the Sustainable Development Goals (SDGs) as one of its key components is intended to be truly universal and global. This requires a fair sharing of costs, responsibilities and opportunities among and within countries. The principle of «common but differentiated responsibilities» (CBDR) must be applied. Coupled with the human rights principle of equal rights for all and the need to respect the planetary boundaries, this necessarily translates into different obligations for different categories of countries – as well as individuals within these countries.*
- *The rich and powerful have special responsibilities. For them we can broadly distinguish three types of goals and targets: those that are of particular relevance to the internal affairs of all industrial rich countries; reducing emissions in their domestic*