Goal 17

Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

Beyond the current means of implementation

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The means of implementation (MoI) are the decisive test – one could even say the acid test – of the 2030 Agenda for Sustainable Development, as they reveal the true extent of the commitment by all signatories, and particularly the so-called developed countries, to the aspirations set forward by the Sustainable Development Goals (SDGs). Tracking progress on MoI requires a combined assessment of the SDG-specific means of the implementation, the elements explicitly targeted within SDG 17 and the status of implementation of the Financing for Development (FfD) Conferences, including, though not exclusively, the Addis Ababa Action Agenda (AAAA).[1]

It is however necessary to advance three important qualifications with respect to the adequacy of the currently formulated MoI, the political context within which implementation takes place, and the overall focus of any civil society-led monitoring process.

First, civil society organizations and networks engaging with the FfD process have strongly denounced the inadequacy of the AAAA to meet the challenges it was set against and have reclaimed the FfD acronym to mean Failing to Finance Development. Indeed, the combined MoI/AAAA framework falls short of the ambition of the 2030 Agenda. Instead, the discussion is increasingly dominated by the narrative of scaling-up resources (moving "From Billions to Trillions"), which is aimed largely at catalysing and leveraging private investments. This narrative is problematic on several grounds. For one thing, it places excessive emphasis on financial resources instead of on the removal of the structural barriers that relegate many countries – particularly many African countries – to conditions of commodity-dependence and unacceptably low levels of economic diversification, because of their inequitable positioning in the global organization of production. Moreover, it ignores the unacceptable level of financialization of the global economy and the need for profound systemic reform; a good example is the fact that commodity prices are primarily driven by financial markets (derivatives in particular) rather than by the reality of production. Additionally, and probably most importantly, this narrative subjects the implementation of a global public agenda to the mechanisms and conditions of private investments and their speculative markets.

The second qualification regarding MoI concerns the political context in which implementation and monitoring take place, specifically the emerging bias in favour of the direct participation of the private (mostly corporate) sector, increasingly blurred lines between public and private interest, and lack of consideration of often blatant conflicts of interests. The continued efforts by many Member States, across the global North-South divide, to 'seduce' the private sector into

1 The Addis Ababa Action Agenda is the outcome of the Third International Conference on Financing for Development, which took place in Addis Ababa, Ethiopia, in July 2015. Cf. United Nations (2015).

engaging in sustainable development reveal challenging political economies and expose the covert desire to maintain current power structures, rather than try to seriously change the current socially and environmentally unsustainable business model.

It is therefore essential to locate any progressive civil society effort to monitor the implementation of the SDGs and the MoI/AAAA in this evolving, and often regressive, political context. This highlights a third important qualification, which is that progressive civil society should avoid being trapped in the implementation of elements that contradict human rights and other fundamental values. On the contrary, it should only be tracking those commitments that advance its transformative agenda, one that is far more ambitious than what exposed within the SDGs. However, the 2030 Agenda is already generating significant co-optation mechanisms that aim to domesticate civil society's engagement by fully aligning its agenda to that of the SDGs and undermining any structures that promote dissent. This calls for a more sophisticated strategy of resistance and proactiveness, one that engages with the process without accepting its limitations and pushes for a level of ambition that is far beyond the currently framed objectives and targets.

Conceptual framework

Such a strategy highlights the need to establish a clear conceptual framework to explore progress, or lack of it, with respect to the means of implementation. This initial report proposes the following categories to track the MoI/AAAA implementation:

- Provision of financial (and technical) resources;
- Removal of the structural barriers to socio-economic transformation of developing countries;
- Democratization of economic governance;
- Reform of economic, monetary and financial systems to increase their responsiveness and coherence with sustainable development;
- Rethinking of the business model and the role of the private and corporate sectors.

These categories provide a better sense of the different areas within which progress could unlock the implementation of the SDG agenda and open new areas that requires active exploration beyond the limitations of the current MoI/AAAA agendas.

Provision of financial resources. While the 'trillions' narrative is problematic, financial resources remain critical, including international public finance, domestic resource mobilization and private finance, all of which are inadequately addressed within the current MoI/AAAA agenda.

With respect to **international public finance**, the MoI/AAAA negotiations exposed the continued attempt by developed countries to elude and downscale their historical responsibilities and previous commitment by emphasizing primarily domestic resource mobilization, South-South and triangular cooperation, migrant remittances and private flows. Not only did developing countries fail to secure new commitments regarding official development assistance (ODA), no timetable to advance progress was agreed, references to development effectiveness and untying aid commitments are unsatisfactory and the additionality of climate finance vaguely expressed. Furthermore, the initial implementation period has shown that ODA contributions are under increasing attack by conservative governments in many developed countries. The very definition of aid is evolving with the introduction of the Total Official Support for Sustainable Development (TOSSD) being developed by the Organization for Economic Cooperation and Development (OECD) to capture flows that are currently not included into the ODA definition. While this may sound good at superficial analysis, it involves significant risks in terms of undermining aid commitments by including flows that are claimed to be developmental but that in fact are not, and by providing perverse incentives to promote private investments through redirecting ODA to leverage private finance. Indeed, the concepts of blending public-private finances and redirecting development cooperation funds from poverty interventions to leverage private sector engagement and investment open the way to a renewed emphasis on new and more sophisticated forms of tied aid. Finally, the migration crises not only has again exposed the dramatic human consequences of persisting structural inequalities and development disparities, but has also resulted in the diversion of ODA by key donors to address the cost of the refugee crisis in their own countries.

With regard to **mobilizing domestic resources**, the fundamental challenge is to significantly reduce the increasing levels of outflows from Southern countries due to illicit financial flows (IFFs), debt service payments and the maintenance of foreign reserves in developed countries (see the box by Dereje Alemayehu in this chapter). However, while increased capacity to mobilize domestic resources is critical, it is not a panacea. Many developing countries, particularly Least Development Countries (LDCs), still require international public finance in the short/medium term in order to confront many of their development challenges.

Domestic Resource Mobilization and Illicit Financial Flows

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In terms of financing, one of the major differences between the MDGs and the SDGs is that, while the achievement of the MDGs was implicitly and explicitly made dependent on external financing, in particular on Official Development Assistance (ODA), the SDGs are mainly expected to rely on domestic resource mobilization for their implementation.

While recognizing ODA as an important *complementary* source of development finance, in particular in Least Developed Countries (LDCs), African governments welcomed this shift of emphasis and committed themselves to enhance domestic resource mobilization to finance their own sustainable development. Over-dependence on resources supplied by external development partners is being increasingly considered as compromising African country's commitment to pursue the development priorities they have set themselves.

However, domestic resource mobilization cannot succeed without tackling illicit financial flows (IFFs) and other forms of resource leakages through tax evasion and aggressive tax avoidance. Even the OECD admits that for every US dollar which comes to developing countries as ODA, three US dollars leave these countries as illicit financial flows. The arithmetic is simple: +1 -3 = -2. It won't be possible to raise domestic resources adequately as long as outflows exceed inflows.

In their submission to the SDG consultation, called Common Africa Position,[1] African governments reiterated the need for "global commitment to address issues of illicit financial flows" and for this to happen they demanded "an expeditious transition to a development-friendly international financial architecture."[2]

African countries consider tackling illicit financial flows as a key measure to enhance domestic tax revenues. It was because of this that the African Union Commission and the UN Economic Commission for Africa were mandated to establish in 2011 a High Level Panel on Illicit Financial Flows from Africa, headed by Thabo Mbeki, former president of South Africa.

After three years of case studies and continent-wide consultations the High Level Panel issued a report with findings and rec-

1 Cf. African Union (2014): Common African Position (CAP) on the Post-2015 Development Agenda. Addis Ababa (www.africa-platform.org/resources/common-african-position-cap-post-2015-development-agenda).

2 Ibid. p. 19.

ommendations.[3] Four of the key findings are:

a) IFFs from Africa are large and increasing (US$ 50-60 billion a year and increasing by over 20 percent annually along with the emergence of new and innovative means of generating them);

b) the commercial sector is the major driver of IFFs from Africa (over 60%);

c) eliminating IFFs is a political issue; and

d) the global architecture for tackling IFFs is incomplete and inadequate.

Emphasizing this political nature of IFFs and its solution, the report states:

"The range of issues related to IFFs makes this a technically complex subject. However, we are convinced that success in addressing IFFs is ultimately a political issue. Issues involving abusive transfer pricing, trade misinvoicing, tax evasion, aggressive tax avoidance, double taxation, tax incentives, unfair contracts, financial secrecy, money laundering, smuggling, trafficking and abuse of entrusted power and their interrelationships confer a very technical character to the study of IFFs. However, the nature of actors, the cross-border character of the phenomenon, and the effect of IFFs on state and society attest to the political importance of the topic. Similarly, the solutions to IFFs that are the subject of ongoing work in various forums at the global level attest to this political significance."[4]

The Third International Conference on Financing for Development (FfD) held in Addis Ababa in July 2015 was expected to deliver on development finance by challenging rich countries to fulfil their ODA obligations, by proposing global policy changes, regulatory measures and institutional arrangements to curb resource leakages which drain on development finance. It failed to deliver on all fronts. Many developing countries hoped that the conference would deal with IFFs as a political problem to be tackled in an intergovernmental process in which all UN Member States participate on an equal footing. However, the paragraphs referring to IFFs in the FfD outcome document are written more in a "we take note of" style. They don't address IFFs as a central problem to be urgently resolved to enhance domestic tax mobilization. In the end, rich countries managed to "kill" the proposal put forward by the G77 plus China for the establishment of an intergovernmental tax body based at the UN. In fact they virtually 'boycotted' the negotiations, until and unless the paragraph was deleted.

The chances for addressing IFFs in follow-up negotiations in the FfD process, and to give a prominent place to IFFs in the means of implementation section of the 2030 Agenda and the SDG process appear to be very limited. Rich countries insist on considering domestic resource mobilization and IFFs as 'technical' issues that can be resolved through enhanced 'capacity building' of developing country revenue authorities, by multilateral and bilateral development agencies. This is merely a pretext to prevent the participation of African countries in norm setting and reforming international tax rules on an equal footing.

As the African High Level Panel Report on IFFs emphasizes, "the critical ingredient in the struggle to end illicit financial flows is the political will of governments, not only technical capacity." But "political will of governments" does not come by itself; it needs international support and citizen mobilization to put pressure on decision- and policy-makers.
The major reason for global civil society to support G77 countries in their call for the establishment of an intergovernmental UN tax body to tackle IFFs and tax dodging is because this creates an open process in which citizens can exert influence to generate this political will for measures and decisions which curb IFFs and enhance domestic resource mobilization to finance sustainable development.

3 Cf. Report of the High Level Panel on Illicit Financial Flows from Africa 2015 (www.uneca.org/sites/default/files/PublicationFiles/iff_main_report_26feb_en.pdf).

4 Ibid. p. 65.

Lastly, the overreliance on **private finance and public-private partnerships** despite little, if any, evidence of their effectiveness in public service delivery and the provision of public goods, risks compromising the state's ability to protect, respect and fulfil human rights. Not only does this strategy involve higher costs than direct public procurement, privatizes gains while socializing risks, it changes the nature of public services and profoundly alters governance relations.

Removal of structural barriers to socio-economic transformation of developing countries. Financial resources, while important, are only a limited part of the means of implementation. The most critical dimension is related to the removal of the structural barriers that continue to trap many developing economies, especially many African countries, into heavy commodity dependence, as their role within the international organization of production is focused on providing primary agricultural produce and minerals. Many commodity-trapped economies expose small and unsophisticated local economies, with often significant disconnect between primary, secondary and tertiary sectors, and very significant import/export flows, as they export primary commodities and import virtually everything else. The openness of these economies also generates limited possibilities for industrialization and local value addition. The primary drivers of these conditions are extractive growth models that benefit rent-economies by local elites connected with international investors and the unfair trade and investment agreements (see the next chapter 2.17). It is therefore necessary to challenge the far-too-benign characterization of global value chains and expose their frequent focus on grabbing rather than adding value.

The MoI/AAAA lost an important opportunity to reaffirm the development terms that should direct *trade and investment agreements*. In particular, they failed to expose the increasing normative hierarchy between human rights and investors' and other commercially framed rights that these agreements, and their Investor-State Dispute Settlements mechanisms, are fostering (see chapter 2.17).

The emerging emphasis on the *global infrastructure agenda* is another concern in this context. Rather than focusing on the much-needed infrastructural investments to strengthen local economies and promote (commodity-driven) industrialization, emphasis tends to be on large, often mega-projects driven by the 'connecting mine-to-port' logic that risks further ossifying the current extractive development models. Furthermore, the increased reference to infrastructure as an asset class could intensify the financialization of already weak economies and the revival of high debt stocks, with potentially grave levels of macroeconomic instability.

Another key dimension of the structural barriers to socio-economic transformation concerns *technology*. Despite agreement on the new Technology Facilitation Mechanism (TFM), it is important to assess the actual impact of these initiatives in addressing the technology gap (see the box by Neth Daño in this chapter).

It is also important to emphasize that technology development is not a monopoly of the formal sector, nor is it transferred and diffused only by the private sector and industrialized countries, as the TFM architecture implies. Progress cannot be measured by the uncritical acceptance of the promises of new technologies and the blind faith that these would bridge current development divides, and should rather recognize the inherent risks in establishing new, or ossifying existing, levels of inequalities.

Democratization of economic governance. The progressive effort to shift the epicentre of global economic governance from the current Bretton Woods Institution-centred system in favour of a greater role of the United Nations was seriously undermined by developed countries during the MoI/AAAA negotiations. All attempts to promote this movement that did not succeed is the proposal for a Global Tax Body to strengthen international tax cooperation, including but not limited to eliminating IFFs and tax havens. Along the same lines, the Global Infrastructure Forum (GIF) exposes another revealing anecdote. Although provided for through the AAAA, any attempt to propose even a mild reporting mechanism to the FfD Forum was stalled and so de-facto opposed by

Multi-stakeholder STI Mechanisms at the UN: Fad or Trap?

BY NETH DAÑO, ETC GROUP

A string of new mechanisms dealing with science, technology and innovation (STI) and the science-policy interface have sprouted at the UN in recent years. Under the UN Framework Convention on Climate Change (UNFCCC) governments established a Technology Mechanism in 2010. The UN Environmental Programme (UNEP) spun off the Intergovernmental Platform for Biodiversity and Ecosystems Services (IPBES) in 2012 (www.ipbes.net). The UN Secretary-General created a Scientific Advisory Board (SAB) in 2013 (http://en.unesco.org/un-sab/content/scientific-advisory-board). Then, in 2015 the 2030 Agenda for Sustainable Development gave birth to the Technology Facilitation Mechanism (TFM) (https://sustainabledevelopment.un.org/TFM).

These mechanisms all share one thing in common: inclusion of stakeholders beyond Member-States and government-endorsed experts.

In contrast to well-established expert bodies like the Commission on Science and Technology for Development (CSTD) housed at UNCTAD and the Intergovernmental Panel on Climate Change (IPCC), the new STI mechanisms have a far less rigid attitude towards informal and non-conventional sources of knowledge and expertise. IPBES principles explicitly value the contribution of indigenous and traditional knowledge systems. The SAB and the TFM have indigenous and civil society expertise in their composition alongside eminent names in the scientific community.

An inclusive approach and the recognition of diverse sources of knowledge is key to ensuring that STI contributes to achieving the 2030 Agenda for Sustainable Development. The recognition of indigenous knowledge and local innovations are already enshrined in UN treaties and it is only logical that indigenous peoples are represented in mechanisms that provide scientific and technological support to the implementation of multilateral agreements. Civil society representation in STI bodies helps ensure that the views and interests of communities shape the direction of UN priorities and programmes in STI.

The inclusion of rights holders and civil society are hard-fought gains from decades of advocating to participate in decision-making on STI in global development. Since the 1990s, civil society initiatives have proactively set the pace of intergovernmental discourses in governance of new technologies at the UN. On the ground, civil society and social movements have worked with communities in the development, transfer and dissemination of environmentally sound, socially acceptable and inclusive technologies and innovations long before these became fashionable.

The concept of *stakeholders*, however, needs to be challenged. It is based on the flawed premise that business interests have an equal *stake* as the holders of rights such as those held by indigenous peoples and local communities in relation to traditional knowledge systems and biological resources. This justifies that giving a seat to civil society in a multi-stakeholder mechanism entitles business and industry to a seat at the same table. The World Business Council for Sustainable Development sits alongside an indigenous peoples' representative in the 10-Member Group that supports the TFM. The transnational oil company Shell as the representative of business NGOs in the Advisory Board of the Climate Technology Centre and Network (CTCN-AB) of the UNFCCC is entitled to an equal voice with environmental NGOs. Which stakeholders should be represented is controversial. Parties to the UNFCCC agreed to have non-governmental constituencies represented in the CTCN-AB, but only environmental, research and business NGOs – a political compromise that left out the rights holders in climate technologies – women, youth and children, farmers and indigenous peoples.

Danger looms large in using stakeholder inclusion in global STI mechanisms to institutionalize a corporate sector role in the development, transfer and deployment of technologies to achieve the 2030 Agenda with no clear accountability. As civil society representatives lock horns with this sector in STI discourses around the table, UN agencies engage corporate-sector representatives in programme initiatives in between meetings. Members of the CTCN, for instance, tried to push for an engagement policy exclusively for the private sector but was blocked by the Advisory Board that transformed the policy so as to apply to civil society as a whole. While Advisory Board deliberations on the policy were underway, the CTCN went on with corporate-sector engagement funded by a bilateral donor. These non-transparent 'back-room' dealings indicate the creation of a stakeholder hierarchy in decision-making that casts shadows on the sincerity of the goal to "leave no one behind" in STI for the SDGs.

developed countries in the course of the inaugural FfD Forum (New York, April 2016).

Indeed, a bizarre 'Out of UN implementation' narrative characterized the initial phase of the FfD Follow-up process: the UN can propose new initiatives, but their implementation should not necessarily take place within the UN itself. Accordingly, the OECD can advance its 'inclusive framework' with respect to tax cooperation claiming it responds to the UN call for scaling-up action in this field, and the GIF can be operationalized with no accountability with the process that has actually established it.

However, the greatest attack against (still timid) attempts to democratize global economic governance concerns the unproblematized promotion of multi-stakeholder partnerships at all levels. These shift governance mechanisms away from legitimate rights-based and people-centred accountability, by consolidating the primacy of stakeholders against/over rights-holders with no consideration of the profoundly different nature of public and private interests.

Reform of economic, monetary and financial systems to increase their responsiveness and coherence with sustainable development. Another key dimension of MoI concerns the pressing need to reform the economic, monetary and financial systems in order to increase their responsiveness and coherence with sustainable and equitable development. The challenge is greater than simply that of alignment. The reality is that many of the drivers of economic globalization and the marginalization that it generates are deeply rooted in the current monetary and financial systems. Furthermore, these systems have created the impression, and the reality, of a distinct space where state sovereignty – and therefore peoples' sovereignty – does not apply. An example is Argentina's final surrender to the predatory business models of the vulture funds in April 2016, which opened a new cycle of indebtedness (for Argentina) and a new phase of uncertainty on how to handle the next generation of debt crises (for many countries). Once again, attempts to find orderly mechanisms for sovereign debt restructuring processes in the context of the United Nations met the obstinate opposition of developed countries, and with them the legitimate affirmation of the principles for responsible lending and borrowing, which have been subject to lengthy negotiations in the context of the United National Conference on Trade and Development (UNCTAD).

Beyond debt, the broader agenda of systemic reforms include the development of regulations to prevent financial crises and to limit their devastating effects, the reform of the monetary system (in terms of capital controls, financial safety nets, Special Drawing Rights, etc.), the governance reform of the International Financial Institutions (IFIs) and the increased alignment of their activities with development goals, the intractable issue of derivatives and their consequences in terms of commodity price volatility, and the management of climate risk as systemic risk with potentially devastating impact, among others. These issues are only mildly and inadequately addressed by the AAAA. Many of the SDG ambitions will therefore meet the harsh counter-realities generated by the powerful drivers of economic marginalization, unless many of these issues are seriously tackled.

Rethink the business model and the role of the private sector. Rethinking the business model to better align to the imperatives of human rights and sustainable development is a fundamental but completely overlooked dimension of the MoI. It requires, first and foremost, unpacking the often monolithic concept of the private sector into its various components in order to expose the current dynamics of corporate concentration and allow the tensions between global corporate players and local and smaller scale actors to unfold and become manifest. For example, such disaggregation will immediately highlight the conflicting objectives between the global hegemonic, homogenizing and often predatory global food system and the large array of local economic actors, including smallholders and small producers that compose local food systems. The concentration of economic power is a critical indicator to monitor, alongside with the progress (or lack of) with respect to the establishment of binding instruments to regulate the activities of transnational corporations.

To do this, it is essential to advance the development of needed regulatory frameworks to ensure business operations are fully consistent with human rights, including workers' rights, incorporate externalities, ensure appropriate taxation of natural resources, re-establish proper relations between the real and financial economies, and promote responsible advertising and marketing, among others. Here significant tension remains between binding regulatory frameworks and voluntary guidelines, with the continued double standard of legally framing investors and other commercially framed rights without equally binding frameworks related to business conduct and responsibilities.

A separate discourse is related to the need to further regulate the increasing private delivery of public services to respect human rights, ensure that the fundamental nature of public services is not compromised, and contrast social stratifications that promote the intergenerational transmissions of inequalities. The public policy space needs to be protected from encroaching corporate capture at multiple levels, often through the continued promotion of multi-stakeholder partnerships that redirect governance away from rights-holders towards the pretence of a politically neutral understanding of stakeholders. This requires robust safeguards against conflicts of interest to ensure adequate protection of the integrity of public policy making processes and the trustworthiness of the scientific/knowledge process that generates evidence to support public policies.

Conclusions

The current MoI/AAAA will not provide the necessary instruments and resources to advance the aspirations and the extent of transformation that progressive civil society would like to foster. This fundamentally means that civil society cannot limit itself to the monitoring of the currently framed MoI targets and AAAA commitments, as these are largely inadequate, even if achieved, to support the extent of economic, social and political changes that we collectively aspire to. Hence the need to establish a far more ambitious progressive agenda that raises the bar with respect to the existing level of commitment. This report aims to provide an initial but potentially useful framework for future engagement.

References

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