Stalled implementation at national level

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Social Watch member coalitions and civil society organizations around the world were asked to report in 2017 on the national implementation of the 2030 Agenda in its first year. Stalled, or slipping back, is the theme that appears in many of the contributions. Natural and un-natural disasters, some of them of catastrophic proportions, appear again and again not just as an obstacle to faster progress towards the agreed goals, but in fact setting the clock back. Part of the reason for lack of progress has to do with an over-reliance on public-private partnerships, urged by the World Bank as a way to finance implementation of the SDGs.

Struggling with the impact of the earthquake in Nepal

Nepal, still struggling with the impact of the huge earthquake of April 2015 that killed thousands of people, displaced one million and damaged human settlements, infrastructure and archaeological sites, has postponed its projected 'graduation' from one of the 'least developed countries' to 2030.

It is a known paradox that earthquakes and other catastrophes destroy assets but boost the economy and GDP as a result of reconstruction activities. Yet, Rural Reconstruction Nepal (RRN), one of the oldest and most respected NGOs in the country reports that "after the earthquake, the plight of the people living in Kathmandu's camps was further compounded by their low levels of education. Most of them are low-skilled workers who earn a living as housemaids or work in the construction sector, small hotels, sweat shops or carpet factories. Even a month after the earthquake, their earnings had not reached previous levels [...] while those who run their own small business or footpath shops were not getting enough customers to earn a decent income".

It took nine months to set up a body to coordinate the recovery effort between various government and non-government organizations, as well as foreign donors. This inefficiency is obviously related to political instability, as government has changed 25 times since the restoration of democracy in 1990. RRN explains that privatization, which also started in 1990, as a way to increase productivity, improve efficiency, reduce administrative and financial expenses and improve service delivery, resulted instead in "policy inconsistencies of government [...] huge debts of state-owned enterprises, corruption and lack of transparency".

The privatization exercise was suspended in 2008 and only restarted in 2013. Now, the implementation of the 2030 Agenda is giving it a new push, as implementation committees for SDGs include private sector representatives in prominent positions as 'stakeholders'. At the end of 2015, the government introduced its public-private partnership (PPP) policy, based on the perceived need for private investment to finance public services.

But RRN's report observes that "with only a few projects completed and many under way, there are red flags that shouldn't go unnoticed". The Kathmandu Upatyaka Khanepani Limited (KUKL) partnership, which started in 2008, failed to comply with its promise to improve water delivery around Kathmandu Valley. The KUKL team lacks skilled technical staff, with about 70 percent working as accountants or administrators. This imbalance is seen to be due to heavy political influence, high-handed conduct and nepotism. High water tariffs, undersupply of water and large deficits also reveal the inefficiency of the board, chaired by the private sector representative.

1 For the full text of the country reports quoted here as well as the complete identification of their authors and associated institutions, see www.2030spotlight.org and www.socialwatch.org.

Starting in September, 170 million litres of water are expected to flow from the Melamchi River in Sindhupalchok to Kathmandu Valley every day, with KUKL as the sole distributor. As work on the tunnel under the Himalayas bringing long-awaited water to millions of people nears completion (after a 10-year delay), RNN concludes that even when “PPPs have their share of advantages that might benefit a country with an underperforming public sector”, private companies “are too risky to be involved in the delivery of basic amenities for survival, like food, fuel or water” and “should be restricted to the areas where they can make a profit without endangering people’s lives”.

Un-natural disaster in Peru

In early 2017, massive floods in northern Peru destroyed 100 bridges (many poorly built by unscrupulous private contractors), isolating hundreds of towns, affecting one million people and damaging 200,000 homes. “People are told it is a natural disaster and they believe it”, the Social Watch report concludes, “when in fact it is organized crime by the real estate merchants.”

The effects of climate change (snow has disappeared from the Andean mountains) compound with unregulated urban growth that is deviating the rivers in the valleys. The deforestation of the slopes started under Spanish colonial rule, but it boomed in the last decades when the cooperatives farms dating from the agrarian reform of the mid-20th century were fragmented into a multitude of small individual properties. Peasants were encouraged by political agitators and land dealers to occupy land next to rivers and destroy the bamboo and carob trees that channeled the waters naturally.

The National Act for the Environment and Natural Resources of 1990 was rendered ineffective in 1991 by the Framework Law on the Growth of Private Investment that split environmental authority into several ministries. Since then Peru has lacked an independent agency or planning system able to define environmental policies, because those are seen as an obstacle to economic growth and corporate profits.

What will happen now? According to the Peru Social Watch report, “The reconstruction that will follow the big disaster of 2017 will give space to new big partnerships to rebuild highways, railroads and bridges that will fall again due to bad planning or bad quality of their materials, because no one controls the usual practice of private contractors that increase profits by lowering costs.”

The Thai agriculture initiative

As in Nepal, the SDGs have served as a pretext to include private sector representatives on high-level governmental bodies in Thailand. A Sustainable Development Committee, chaired by the Prime Minister, includes the Federation of Thai Industries, the Thai Chamber of Commerce, and three research institutes. Civil society participates in three working groups, but a representative of the Ministry of Social Development and Human Security commented that both the public sector and civil society played a minor role when compared with businesses.

A government-initiated Civil-State (Pracha-Rath) policy aims to promote the role of the private sector in investment, establish cooperation between private sector and community enterprises and develop new agricultural schemes. The Civil-State policy on agriculture stirred protests when an MOU was signed between the Ministry of Agriculture and Cooperatives and some private pesticide, seed and chemical fertilizer companies. Although this claims to help farmers by lowering the prices of these inputs, the Social Watch report notes that “the real intention is to boost the sales of these chemical agricultural materials”. The policy is “irrelevant to sustainable agricultural development” it claims, “because excessive usage of pesticides has always been a major problem for Thai farmers”.

Instead, the decline of agricultural produce prices, especially for maize, tapioca and rice is a result of government’s support for animal food industries and big agribusiness companies. More than one million farmer families are hard hit by this policy. Maize prices sharply dropped due to imports from neighbouring countries, with no restrictions on quantities or expiration dates. Moreover, millions of tonnes of wheat are imported for animal food industries, without tax.

The promotion of maize and sugar cane for animal food products further benefits the conglomerates that are part of Civil State, who make their profit from sugar production, maize and sugar cane monocultural farming, animal food, chemical fertilizers and pesticides. Most recently the government proposed to reduce interest rates for large-scale farming to 0.01 percent while organic and other small farmers still have to pay 5 to 7 percent.

On the positive side, the Thai report registers that public opposition to genetically modified organisms (GMOs) led to the cancellation of an attempt to amend the 1999 law on plant variety protection to include provisions favourable to seed companies.

CSO participation in Jordan

While the SDGs provided an opportunity for business to sit in on government decision-making in Nepal and Thailand, CSOs in Jordan are hoping that the 2030 Agenda will open space to discuss with the new government and parliament ways to incorporate the SDGs into national policies as well as CSO participation in a monitoring mechanism.

The report contributed by the Phenix Center for Economic and Informatics Studies observes that "in addition to the business-friendly policies recommended by the lending IFIs, large businesses and corporations themselves, represented in the Chambers of Commerce and Industry, regularly exert their economic and political influence on policy-makers, to their benefit". Conversely, micro, small and medium enterprises (MSMEs) are largely excluded from policy-making. The independent labour movement is also excluded from consultation and social dialogue processes, leaving big businesses almost the only representatives in these processes.

To illustrate the sway big businesses hold over the decision-making processes, the Phenix Center describes how in 2016, after continuous pressure from workers' organizations, the government finally agreed to introduce a measure to increase the minimum wage, which has stood at a meagre US$ 268 a month since 2012. Following pressure from the Chambers of Commerce and Industry, the government dropped the measure.

The submission by Jordan of a Voluntary National Review to the High Level Political Forum of ECOSOC in July 2017 might provide the losers in the battle for an increased minimum wage another opportunity to be heard.

The right to water in Mexico

Water is also a key concern in Mexico, where 100 civil society organizations submitted a joint report to the UN documenting how "privatization policies benefit extractive industries and mega-projects instead of reducing inequalities in access to essential services".[2] Users with difficulties in paying the increased tariffs are being denied their human right to water and the quality of the water distributed has deteriorated so much in many places that in Aguascalientes 95 percent of the water people drink is bottled. The report points out that water issues affect women disproportionately. "When there is a shortage, irregular delivery or bad quality water, women spend more time to bring water to their homes, boil it, filter it and deal with the authorities, frequently adding up to 30 hours a week to their domestic work."

The Mexico Social Watch report emphasizes that "insufficient and ineffective regulations on environmental and social impact, have led to numerous cases of violation of fundamental rights due to business activities". The government "has not accomplished its constitutional obligation to protect human rights, affected by the proliferation of large-scale projects by private or public-private investment without prior, free, informed and culturally adequate consultation". Frequent protests have resulted in suppression, including imprisonment and physical assault. Lack of due diligence, access to justice and compliance with

2 "Informe sobre violaciones a los derechos humanos al agua potable y al saneamiento en México" (Informe DHAyS) (www.comda.org.mx/wp-content/uploads/2017/05/INFORMEDHAyS-para-paginas.pdf).

judicial decisions in cases of human rights violations involving companies are the norm in Mexico, the report concludes.

Fired for productivity in Morocco

In Morocco, the Social Watch team reports, the kingdom's supreme auditing body has reported a systematic lack of compliance with their contractual obligations by private providers of public services in water, electricity and sanitation: in the city of Tangier, the "Amandis" Group, affiliated to the French group "Veolia", carried out only 3,030 out of 10,000 such obligations during the first five years of its operations. In Casablanca, only 45,806 'social connections' (benefiting people in poverty) were carried out in 10 years (1997-2006) out of 90,000 promised by the French company Lédique of the Suez group.[3]

Labour productivity did improve under PPPs (locally known as 'authorized concessions') in the water and power distribution as well as the wastewater management sectors. However, the increase in productivity was mainly due to significant worker layoffs of about 20 percent of the workforce, reducing to half the number of employees per 1,000 connections. In contrast, independent agencies have been able to achieve greater improvement in labour productivity compared with companies under authorized concessions without resorting to layoffs, thus undermining the claim of the concessions greater effectiveness and efficiency.

Health for profit in Egypt

In Egypt the World Bank argues that the gains in mortality rates and life expectancy levels achieved since the beginning of the last century will not continue if the private sector is not involved, due to the government's failure to devote more resources to the health sector and a lower possibility of improving unhealthy daily habits of poor people.

The Social Watch report notes that while the government has announced the creation of PPPs in the Smouha Maternity University Hospital and Blood Bank and Al Mowasat Hospital, the PPP central unit has not made public the details of the projects, nor the nature of the investors' responsibilities. Nor has it announced the main investors in the projects or the improvements that they are expected to achieve. All that is known by civil society is that the PPPs will be implemented and partially managed by Bareeq Capital, DETAC Construction & Trading, Siemens Healthineers and G4S Company.

These projects are supervised by the International Finance Corporation (IFC) as financial advisor, Mott Macdonald as technical advisor, and Trowers & Hamlins as legal advisor. The three-year contract was signed in 2012, but the projects have not yet been completed. One reason could be the fact that the bank loan offered to the corporate alliance has been reduced to half of the previously agreed budget.

The Egyptian report explains that previous case studies have shown that the failure of the partnership is due in most cases to financial problems, related either to the ability of the service recipients to pay back the fees or to the government's inability to cover the costs of the project. With the private sector as provider, the role of the government will be transformed to one of protection of service recipients (especially the poor), to ensure equality and to offer an accountability mechanism that provides citizens with the right to complain and report cases whenever there is any medical neglect.

In the Egyptian case, the declaration of officials on privatizations and investment show that the proposed system is based on lack of insurance, poor health coverage and low wages for doctors, an approach that does not take into account notions of justice or social protection. Health experts around the world warn that privatization of the health sector will create disparities in the delivery of health care and will ultimately harm the poor.

3 The Redeployment of State Power in the Southern Mediterranean: Implications of Neoliberal Reforms for Local Governance, edited by Sylvia I. Bergh, 2016.

PPPs in India – gap between theory and practice

In India, PPPs are expected to mobilize about half of the US$ 1 trillion target for infrastructure investment by the end of the 2012-2017 Five Year Plan. The government has been actively promoting PPPs in many sectors of the economy and the report by Social Watch India presents a mixed picture. Many of the highway/road construction projects like Golden Quadrilateral and seaports like the Jawaharlal Nehru Port Trust (JNPT) have been deemed a success.

The report observes, however, that "many times PPPs are good in theory, but in practice … they have transmogrified into avenues for the realtors to become rich at the cost of the tax payers". Some promoters who excelled at gold-plating projects 'persuaded' public sector banks to lend on questionable assumptions and collateral. These promoters took out their equity money in the construction phase and exited the project under various conditions. Given India's rank in 'enforcing contracts' of 178 out of 189 countries, this should cause little surprise, since PPPs are essentially contracts. The biggest losers have been Indian citizens. Public sector banks now have a pile of stressed loans, which can now be remedied only by recapitalization from the tax payer.[4]

Inspirational goals for Armenia

In Armenia, a landlocked least developed country, an Inter-Agency Committee on Sustainable Development Goals (SDGs) was established in February 2017, which will function under the National Council on Sustainable Development chaired by the Prime Minister. The Committee will coordinate and implement the 'nationalization' process of SDGs, translating the international goals into national plans and objectives, with civil society participation.

The Armenian report informs that, contrary to the prevailing trend, the new government elected in 2016 decided to avoid direct involvement in joint projects with the private sector, limiting itself to the use of tax incentives to promote priority areas.

Blockaded by its neighbours Turkey and Azerbaijan, Armenia relies economically on Russia, where a majority of Armenian migrants live. Thus, it suffered both from the global financial crisis in 2008, as well as the economic sanctions against Russia and the consequent economic downturn in Russia – a major economic and trade partner. Having transitioned from authoritarian rule as part of the Soviet Union to democracy and a market economy and more recently to regional integration in the Eurasian Economic Union under the leadership of Russia, the new Armenia government regards the SDGs as a way to simultaneously liberalize socioeconomic and political activities, respect human rights and promote gender equality.

PPP scandals in Colombia

In Colombia, before Agenda 2030 was officially adopted, an "Inter-institutional High Level Commission for the Implementation of the Post-2015 Development Agenda," was created in February 2015. It includes the ministries of Foreign Affairs, Finances and Environment, the office of the Presidency and the statistical and planning departments. One of its mandates is to "design schemes of public-private partnerships".[5] Accordingly, PPPs mushroomed and up to the last quarter of 2016, the national registry counted over 5,000.

The first PPP, signed in 2014, was designed to recover the Magdalena River for navigation. However, civil society opposed it because local communities were not consulted and it lacked sufficient environmental and social impact studies. Further, Sociedad de Objeto Único Navelena S.A.S., the private partner in the PPP, is 87 percent owned by Odebrecht, the Brazilian construction firm at the core of a huge corruption scandal. Senior executives of Odebrecht confessed

4 http://economictimes.indiatimes.com/news/politics-and-nation/ppps-are-good-in-theory-but-in-india-they-are-a-failure-in-practice-shailesh-pathak-ed-bhartiya-group/articleshow/47940584.cms.

5 https://colaboracion.dnp.gov.co/CDT/Prensa/Publicaciones/05%20Objetivos%20de%20Desarrollo%20Sostenible%20para%20la%20web.pdf.

having paid bribes in the negotiation of this partnership.

Similarly, the construction of a third lane on the Bogotá-Girardot highway is leading to accusations of corruption against the CEOs of Conalvías and Conconcreto, in this case for illegally fixing prices in the public bidding. Perimetral de Oriente, another infrastructure PPP, in charge of an alliance of the Israeli corporation Shikun & Binui and the Grodco holding is being challenged by people in the affected areas, which include the natural reserve of Páramo de Chingaza.

All of these projects were backed with millions of dollars by the World Bank, the InterAmerican Development Bank or both. The results, the Colombia Social Watch report concludes, “show enormous costs for public finances and privilege corporate interests over any social benefit” (see Box, Chapter 17).

A Brazilian governance disaster

In Brazil meanwhile, shortly after replacing impeached president Dilma Rousseff on budgetary management charges (completely unrelated to corruption or the *‘lava jato’* or ‘carwash’ operation), vice-president Michel Temer’s second decision as acting president was to create a Programme of Investment Partnerships (PPI) to promote massive privatizations and new PPPs.

The Brazilian economic recession, aggravated by the political uncertainty generated by the corruption scandal rooted in PPPs is used as an excuse for further privatizations (“we need to attract investors”) and a simultaneous dramatic cut in social security, cuts in government spending (to compensate for the increase in external debts payments) and a reform of the pension system that has no immediate economic effect but is supposed to please the money markets. According to the Brazilian Social Watch report “to create a ‘healthy business environment’ the government is dismantling any regulatory obstacle (social, environmental, cultural or labor-related) that could affect corporate profits.” The report explains further:

“Universal public policies on education and social security, guaranteed by the 1988 Constitution that restored democracy are dismantled not only to reduce public expenses but also to allow for corporations to capture the sizable markets of health and education. […] In the name of fiscal discipline, the few public policies aimed at breaking historic inequalities in Brazil and to fight poverty are being cut, eliminated and downsized. Processes aimed at implementing rights are broken and the few institutions aimed at recognizing the rights of historically rejected groups are dismantled”.

The logical conclusion is that “In this context it is highly unlikely for Brazil to achieve proper implementation of the SDGs”.

Socializing risks and damages in Argentina

Since 2015, with the election of a new government, Argentina has seen a radical change of policies, from a development model based on strengthening local markets, trade protectionism, expansion of social rights and an active role of the State in redistributing the income from agricultural exports, to a model inspired by neoliberalism, free trade, competitiveness in global markets and tax exemptions.

According to the Argentinian Social Watch report, “this has led to a substantial redefinition of the role of the private sector in development policies”, of which the privatization of State-owned land is a striking example. Since 2015, the government has authorized the sale to private investors of 93 State-owned extensions, half of them in the city of Buenos Aires, where one-tenth of the population lives in overcrowded conditions and some 200,000 people live in slums. Publicly-owned properties that could have been used to address unsatisfied habitational demand passed to private hands, encouraging the speculation that feeds the habitational deficit, in direct contradiction with SDG 11 that call on governments to “Make cities inclusive, safe, resilient and sustainable”.

Moreover, a new law on PPP contracts sanctioned in November 2016, tries to encourage private agents to invest in public infrastructure by offering a variety of benefits. Investors are granted the right to sue the State at the International Centre for Settlement of Investment Disputes (hosted by the World Bank in Washington) instead of using local courts, and in order to reduce investor risks, the State agreed to guarantee profits for several decades. Finally the State covers any contingency, completely exonerating corporate investors from responsibility in case of eventual environmental damages.

On top of this, in order to promote private investment in the production of natural gas through fracking, the government signed an agreement with the provincial government of Neuquén, the chamber of commerce and the trade unions of the oil sector that implies a reduction of workers benefits, salaries and future pensions to reduce labour-related costs.

Private plundering the public in Guatemala

In Guatemala, the asymmetry between private interest and the public are so big that "no proper partnership is possible", reports the cooperative alliance Congocoop to Social Watch. The Palín-Escuintla highway in the South of the country, for example, was built by the State at a cost of US$ 42 million and then turned over to a Mexican corporation. Between 2000 and 2014, according to official figures, this 'partner' has cashed in US$ 114 million in tolls, paying back to the State a mere US$ 1.1 million.

"Precedents like this lead the public to see PPPs as a tool for private capital to drain public finances," concludes the report.

Future debt disasters

The Kenya Social Watch report registers "heavy and unprecedented investment in mega-infrastructure projects." Instead of spurring equitable economic growth these initiatives are placing on the national economy an unbearable debt burden of some US$ 50 billion.

The report states: "The growth-leading sectors have not only been broadly based but also have performed poorly, particularly in respect to poverty-reduction and equity-inducing policy dispensations and accompanying strategic instruments. Decreased activity in the agricultural and manufacturing sectors have induced a jobless growth that has had the effect of a flood in the wake of which not all the boats could be lifted. Instead it has rendered Kenya one of the most unequal societies in the world."

Meanwhile in Benin, the local Social Watch addressed in April 2017 an "open letter to the international community" to publicize how the new law on PPPs "makes it very difficult to distinguish the wealth of president [Patrice] Talon from the public assets", as the businessman-president "in violation of the norms about public markets and PPPs is rebuilding his empire and generating enormous public debts."

So far, the experience of implementation of the 2030 Agenda documented in national reports looks more like a path to new set-backs, and potentially new disasters, rather than an innovative formula to make the ambitious commitments of the 2030 Agenda a reality.

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