SDG 17

Means of implementation or means of appropriation?

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SDG 17: "Strengthen the means of implementation and revitalize the global partnership for sustainable development", articulates key actions that are expected to unlock progress in the pursuit of the 2030 Agenda. It is contextualized and complemented by the Addis Ababa Action Agenda (AAAA) and the SDG-specific means of implementation (MoI). While civil society denounced its inadequacy to match the ambition of the 2030 Agenda, the combined MoI/AAAA framework still offers useful entry points to advance progress. Two main challenges undermine implementation: the refusal of developed countries to engage in any meaningful democratization of global economic governance and the pervasive private sector bias.

The apparently-forgotten global dimensions of the 2030 Agenda

The initial process to implement the 2030 Agenda has witnessed a very strong push for national implementation. While such a national focus is necessary and welcome, the term 'national' tends to be used primarily to refer to developing countries and the global dimensions of the agenda are constantly underplayed. Developed countries are therefore successfully deflecting attention from their responsibilities, while placing the spotlight on developing countries' national progress. Meaningful discussion on the 'four big elephants' of the global system, namely trade, finance, climate and human mobility, remains peripheral, if not completely unaddressed, in the implementation and review process of the 2030 Agenda. This, despite the continued evidence that no real and lasting progress can be made without realigning the governance of these four major shapers of today's globalization to the imperatives of human rights and sustainable development. Unfortunately, the 2017 ECOSOC Forum on Financing for Development (FfD) Follow-up confirmed the unwillingness of developed countries to address these global issues within the United Nations context and reaffirmed their intent to continue to ring-fence the institutions they control. Interestingly, the 'champions of democracy' seem to refuse the democratization of global economic governance. At the same time, the discussion on MoI and FfD continues to be dominated by a pervasive private sector bias, which, under the worrying slogan of 'making the business case for sustainable development', identifies in the unlocking of private finance and action the fundamental key to SDG implementation.

Policy incoherence and global economic governance

Rather than resource provision, the first real challenge in the pursuit of the means of implementation can therefore be seen in the resistance to the democratic redesign of global economic governance. Progress on international tax cooperation, debt sustainability, equitable multilateral trade systems and alignment of international financial institutions with sustainable development, either requires new uni-

1 This article draws and further builds on the author's editorial, "Financing for Development: The progress money cannot buy", SID Development Journal on Financing for Development, vol. 59:1.

versal and democratic institutions and frameworks or the democratization of existing ones. Notable examples are developing countries' calls for a global intergovernmental tax body and for an effective international debt workout mechanism. Unfortunately, the call for democratization meets the obstinate rejection of developed countries, that rather continue to build and strengthen their own institutions (e.g., the OECD) or those they unevenly control (e.g., Bretton Woods Institutions).

Not only does this represent an obstacle to progress, but it also continues to fuel significant policy incoherence, despite the fact that policy coherence with human rights and sustainable development is one of the critical pillars to advance implementation of the 2030 Agenda. In this respect, the United States' reservation on the intergovernmental outcome of the 2017 ECOSOC Forum on FfD follow-up[2] is therefore emblematic: " the United States disassociates from the sentence in Paragraph 20 that calls on all regional and global organizations and institutions to consider the SDGs as they develop their strategies, policies, and practices".[3] This statement obviously raises the urgency of the challenges to global economic governance which are posed by the shifting geopolitical context and the resurgence of assertive power politics, as these generate profound consequences on consensus-based processes where 'minus-one' or 'minus-some' arrangements cannot be pursued. Both the follow-up and review of the 2030 Agenda and the FfD follow-up process fall in this category.

The other victim of the incapacity to advance the democratization of global economic governance is the aspiration to address systemic issues, one of the characterizing features of the Monterrey Consensus on FfD. Inadequate financial market reforms, continued inability to address the financial drivers of commodity price volatility, new challenges to debt sustainability also promoted by the financialization of infrastructure, and the resistance to use mechanisms such as Special Drawing Rights to strengthen financial safety nets, all contribute to increasing the systemic risks of the current pattern of globalization, not to mention the continued resistance by some to fully recognise the systemic nature of the climate risk. Unfortunately, the FfD follow-up process has not yet proved to be able to provide the space for both foresight and preventive action to indemnify the quest for sustainable development against the next systemic crisis.

As developing countries are pressured to advance national implementation of the 2030 Agenda, systemic structural obstacles continue to limit the policy and fiscal space to advance their development actions and shift the centre of gravity of their economies in favour of the domestic market. This situation continues to relegate many countries – particularly many African countries – to conditions of commodity-dependence and unacceptably low levels of economic diversification, given their inequitable positioning in the global organization of production. Another inacceptable example of policy incoherence is represented by the ongoing attempts to establish normative hierarchies between investors' rights and human rights through trade and investment agreements, further limiting the development policy space of developing countries.

Private sector bias versus the necessary realignment of the business model

The second challenge to the meaningful implementation of SDG 17 is provided by the pervasive narrative related to the private sector. Here, the main drivers are sometimes unclear. Many are quick to point the finger towards attempts by private, often large corporate actors to capture the public space. While this might be the case, the private sector bias of many governmental representatives is often disheartening and exposes a mindset of abdication of the State's responsibilities in the face of challenges the State seems to feel inadequate or powerless to confront. At times, the State's desire to cede the public sphere to the private sector seems larger than the desire of the private sector to seize it. And this creates a very weak negotiation context where the attempts to seduce the private sector tend to result in the actual seduction of the State.

2 United Nations (2017).

3 United States Mission to the United Nations (2017).

In this context, the private sector question is often wrongly posed. It is probably true that the engagement of the private sector holds many of the keys to the success in the implementation of the 2030 Agenda. But the premise for such engagement needs to be the recognition that the current economic frameworks are responsible for unacceptable levels of exploitation of people, communities and natural resources, are damaging our ecosystems and continue to reproduce a global neocolonial division of labour that relegates many developing countries to the lower end of the global organization of production. Furthermore, these frameworks thrive on patriarchal structures and continue to exploit women's social reproduction roles. This has led to an understanding of production and productivity that defines as external most of the social, environmental and political imperatives of sustainable development. The fundamental role of the State is that of redrawing the lines the generate today's gap between what is legal and what is sustainable. Expecting that this gap would be filled by voluntary initiatives of the private sector is an abdication of State's responsibility to regulate in the public interest. It is also a fairy tale.

However, regulatory initiatives are no easy tasks in today's globalized economy and require high degrees of concerted global action to prevent harmful 'races to the bottom'. In this context, the governance question resurfaces, considering that rankings and implicit policy prescriptions of the World Bank's *Doing Business* and *Enabling the Business of Agriculture* (EBA) reports are driving pro-private sector deregulations across the world. Against this background, the first immediate step in reclaiming the regulatory role of the State remains the process initiated by the Human Rights Council though the establishment of the open-ended intergovernmental working group on transnational corporations and other business enterprises with respect to human rights. The mandate of this working group is to elaborate an international legally binding instrument to regulate, in international human rights law, the activities of transnational corporations and other business enterprises (see Chapter 12).

But regulation is not the only available instrument. The use of fiscal instruments to redress the relative pricing of the factors of production, for instance by decreasing or removing taxes on labour while increasing taxation on the use natural resources, may lead innovation in different directions than today's constant search to minimize the labour cost factor. Unfortunately, very limited policy discussions are held to explore these options. On the contrary, normative and fiscal incentives are often targeted precisely at the wrong-doers, for instance by removing taxes on productive transitions to more sustainable production patterns, therefore socializing the cost of adjustment rather than obliging it to be borne within the private sector itself. Interestingly, limited incentive schemes exist to support alternative economic models that fully internalize social, environmental and political dimensions, such as agroecology, circular economies and social solidarity economies, among others.

The public-private conundrum

Beyond the realignment of the business model with sustainable development, a second critical dimension of the private sector bias is related to the call, sometimes plea, to the private sector to partner with the public sector in the delivery of public goods and services. The term public-private partnership (PPP) is therefore used to both describe this general phenomenon and indicate particular contractual arrangements, which is what the PPP acronym tends to more specifically refer to.

Over the past years, several research initiatives led by civil society organizations and even international organizations have analysed PPPs, raising concrete evidence of their shortcomings.[4] Several reports highlighted how PPPs tend to change the nature of public services with very limited evidence of greater efficiency, significantly increase the public cost if compared to public procurement, offer higher risks than public investments that are almost entirely socialized and undermine democratic accountability. When applied to large infrastructural projects, they

4 See e.g., Eurodad (2015).

Leveraging corruption: how World Bank funds ended up destabilizing young democracies in Latin America

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In October 2011, a World Bank press release proudly announced that "IFC, a member of the World Bank Group, is providing an innovative US$ 50 million partial credit guarantee to a longstanding IFC client, Construtora Norberto Odebrecht S.A., to support the development of infrastructure in Brazil and other Latin American countries".[1] Those US$ 50 million almost magically multiplied by a factor of 40 in the title of the communiqué: "IFC Guarantee to Brazil's Construtora Norberto Odebrecht will Support up to US$2 Billion in Infrastructure." The financial trick was explained as follows: "IFC has designed an innovative partial-credit-guarantee facility under which the US$ 50 million guarantee will allow Construtora Norberto Odebrecht S.A. to obtain up to US$ 250 million in surety bonds, directly supporting up to US$ 2 billion in construction contracts in such sectors as power, water, roads, ports, airports, and irrigation."

Both parties were very aware that this was a new model intended to be tested and copied. Marcos Lima, who headed Odebrecht's captive risk management, insurance, and surety bonds unit, said, "We expect to replicate this novel financial structure with IFC and other institutions in the future so as to further leverage capacity."

On the World Bank side, Atul Mehta, director of manufacturing, agribusiness and services at IFC, said, "Infrastructure development is one of the most important challenges for sustained growth. It creates major employment and training opportunities for the base of the pyramid and for small and medium enterprises. IFC is pleased to pilot this new financial product which addresses a key constraint and hopes to offer it in other markets."

The alliance between the World Bank and Odebrecht was so successful that a few months after this announcement, in July 2012 the IFC tested with the same construction firm a new model of public-private partnerships (PPPs), now aimed at education.

Instead of the traditional procurement process, whereby the school system pays a construction firm to build the facilities, the contractor would now get "a 20-year concession to finance, build, equip and operate non-pedagogical services of 32 new preschools and five primary schools".[2] Under the terms of the concession, the private sector partner is not only responsible for the construction, but also for the "cleaning, surveillance, laundry, maintenance, and utilities management" during two decades, which would "enable the directors of the schools to focus on teaching rather than managing multiple vendors."

The bidding process was facilitated by IFC. There were two bidders – Brazilian multinational Andrade Gutierrez S.A. and Odebrecht – and Odebrecht got the contract.

Soon the World Bank was expanding the model through all of Latin America. The first PPP in Colombia was signed in 2014 to recover the Magdalena River

1 See for this and the following quotes http://ifcext.ifc.org/IFCExt/pressroom/IFCPressRoom.nsf/0/0F649A1A15FC4B0885257936005218E0.

2 World Bank Group (2012): Public-Private Partnerships Briefs: Brazil: Belo Horizonte Schools (http://documents.worldbank.org/curated/en/180971468188941367/pdf/96871-P3Briefs-BrazilBeloHorizonteSchools-Box391454B-PULBIC-Colltitle-PPP-BRIEF.pdf).

for navigation. It did not get off to a smooth start. Civil society opposed the project because local communities were not consulted and it lacked sufficient studies on environmental and social impact. Sociedad de Objeto Único Navelena S.A.S. which is the private partner in the Colombian PPP, is 87 percent owned by Odebrecht.

The World Bank database of PPPs currently registers projects with Odebrecht participation in Brazil, Peru, Colombia and Mexico, for a total of over US$ 30 billion.[3] Additionally, Odebrecht and four other Brazilian construction companies (Camargo Correa, Andrade Gutiérrez, Queiroz Galvao and OAS Construction) received billions of dollars from the Brazilian development bank BNDES to expand their operations in Latin America to Africa.

While the model expanded fast, in 2014, a small department of the Brazilian federal police was starting the codenamed 'lava jato' (carwash) operation to investigate these five companies. They were accused of forming a 'cartel' to decide among themselves the price and the winner of all the public bids of the Brazilian state-owned oil corporation Petrobras. As the investigation grew the whole political system of Brazil was shaken. To bargain a reduction of his 20-year prison term, CEO Marcelo Odebrecht accused every political party, the current and three or four previous presidents of Brazil and several of their Latin American and African colleagues of receiving bribes from the company started by his grandfather.

At its peak in 2016, Odebrecht employed 128,000 people worldwide and had an income of around US$ 100 billion a year. The fine it owes to the governments of Brazil, Switzerland and the USA is US$ 2.6 billion, double what Siemens paid in 2006 when it was accused of bribing governments worldwide.

Is corruption in PPPs an accident? Is Odebrecht just a 'bad apple'? Spanish economist José Luis Guasch, formerly at the World Bank, found that 78 percent of all transport PPPs in Latin America have been renegotiated,[4] with an average of four addenda per contract and a cost increase of US$ 30 million per addendum. Thus, the cost of a road linking Brazil and Peru rose from US$ 800 million to US$2.3 billion through 22 addenda. Such contract changes, says Guasch, can be "fertile ground for corruption". There was abundant research available at the World Bank in the first decade of this century to warn about the potential negative effects of PPPs. "Everyone knew that Odebrecht was doing this," says Christopher Sabatini, a lecturer at Columbia University's School of International and Public Affairs in New York.[5] "Collusion was clear from the beginning."

3 See http://ppi.worldbank.org/snapshots/sponsor/odebrecht-sa-1503.

4 Quoted in "The Odebrecht scandal brings hope of reform", in: The Economist, 2 February 2017 (www.economist.com/news/americas/21716105-revelations-wholesale-bribery-may-mark-turning-point-latin-americas-battle-against).

5 Quoted in the Christian Science Monitor, 10 April 2017 (www.csmonitor.com/World/Americas/2017/0410/As-Brazil-s-Car-Wash-case-surfaces-more-corruption-will-scandal-fatigue-slow-progress).

It is only logical that corruption might be embedded in the model. When you have a firm that leverages public money to raise private money (from US$ 50 million to US$ 2 billion, remember?) and it only has one possible client (the government), the temptation to influence that client through non-orthodox means might be too big.

Yet, the World Bank not only went on with the model, expanding it from Brazil to all of Latin America (and in the process severely undermining incipient democracies) but even after the 'lava jato' scandal, it decided in the spring of 2017 to accelerate the global push for PPPs, with the aim of jumping "from billions to trillions" in infrastructure funding, following exactly the same 'innovative' model first tried with Odebrecht in 2011.

Meanwhile in Brazil, 89 politicians and business people have already been convicted, sentenced to total of more than 1,300 years of prison time. Similar investigations are only starting in other affected countries. But the World Bank needs not fear. According to the country agreements that the Bank requires before operating anywhere, its officials are immune from prosecution by the host government.

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may also contribute to generating unsustainable debt levels by escaping public accountability and provide easy avenues for the financialization of these investments.

However, four key dimensions of this discourse help to problematize and contextualize this push for public-private partnerships. The first one is related to the emerging confusion on what is public and what is private. The often-unqualified call to mobilize private finance and engage the private sector is not backed by any clear understanding of what is private, what should remain public and is best delivered by the public sector and what is public but can be delivered by the private sector. Clearly, these distinctions are highly context-sensitive and different answers can be provided in different national situations, but no discussion seems to be currently framed in the firm recognition that there are public goods and services which are the distinct competence of the public sector.

The second dimension is related to the fact that boundaries between the public and the private are not fixed and private ownership is increasing shifting from physical to financial capital. Public partnerships with the private sector should therefore be located in the continued processes of commodification and financialization that are often aggressively promoted by the current pattern of economic globalization. Commodification is the process of extending the range of goods and services which are produced and commercialized by the private sector and traded within markets. It continuously erodes the concepts of public goods and human rights, as exposed by the commodification of food, water and health. It is therefore not by chance that the 2030 Agenda does not frame food, water and health as fundamental human rights, but rather addresses these as needs to be met, further opening the way for private provision. Beyond social services, the next frontier of commodification is knowledge, as widely exposed by the corporatization of seeds and genetic resources. Financialization, on the other hand, is a process that separates the ownership of physical capital from the ownership of financial capital, and progressively shifts the centre of gravity of the economy away from production and consumption in favour of financial ownership, thereby increasing the size and importance of the financial sector in the management of the economy. The net effect of these two drivers is the increasing power distance between people and economic ownership and decision-making, rendering the reshaping of the economy to serve the needs of the people dramatically challenging. Beyond short-term consideration on effectiveness, transparency and financial efficiency, one of the most profound concerns about public-private partnerships is therefore their significant contribution to commodification and financialization and the consequent squeezing of the capacity of the State to regulate the economy in the public interest.

The third dimension of the discourse is related to the widening of the modalities of public-private interaction, with high rates of innovation in the interaction between the public and the private. This evolving reality poses new challenges to those policy-makers that want to establish guidelines and safeguards to protect the public interest within PPPs, as called upon by the Addis Ababa Action Agenda. While vigorous campaigning by civil society against harmful PPPs is essential along with advocacy to establish proper guidelines to protect the public interest, these policies may quickly become obsolete if the modalities of public-private interaction evolve to new forms that may not be covered by these safeguards. This led the Civil Society FfD Group to forge the term 'public-private interfaces' (PPIs) to refer to this broader phenomenon and to initiate a global survey to identify and cluster these new modalities to offer policy-makers a more comprehensive analytical context to frame their safeguarding interventions.

The fourth and last dimension of this discourse is related to the increasing participation of the private sector in public policy spaces, often translating into outright corporate capture. The underlying premise is the belief that there is a significant overlap between public and private interests, despite the glaring evidence to the contrary. This misunderstanding calls for prompt action to defend the integrity and restore the rights-holder centeredness of public policy spaces against their progressive 'stakeholderization'. Such a defense implies the prompt establishment of robust safeguards against conflicts of interest, which should range from excluding private financing, protecting the integrity of the policy process and ensuring the trustworthiness of the research and evidence that informs and supports policy-making.

Conclusions

The resistance to the democratization of global economic governance and the pervasive private sector bias in efforts to implement the SDGs represent significant, if not unsurmountable, obstacles to the provision of the means of implementation needed to truly pursue the 2030 Agenda. Rather than means of implementation, the international community is confronted with 'means of appropriation' of the development aspirations of developing countries and their communities to maintain an outdated, untenable, fragile and undemocratic economic order.

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