

**ADVANCING EFFECTIVE DEVELOPMENT COOPERATION PRINCIPLES IN PRIVATE SECTOR
DEVELOPMENT FINANCING**

Civil Society Policy Forum (CSPF)¹ | IMF – World Bank Annual Meeting² | Bali, Indonesia
11 October, 2018 | 14:00-15:30 | Bandung Room

Primary sponsors: CSO Partnership for Development Effectiveness (CPDE); IBON International

Co-Sponsors: Institute for National and Democracy Studies (INDIES); Pacific Islands Association of Non-Governmental Organizations (PIANGO); Arab NGO Network for Development (ANND) International Trade Union Confederation (ITUC)

Abstract: Explore the application of Effective Development Co-operation principles, discuss mitigation measures, and recommend accountability systems to make sure that both public and private actors comply with existing frameworks, including ILO and UN protocols, UN guiding principles on Business and Human Rights, and the OECD guidelines for Multi National Enterprises.

Objective: Assess the application of development effectiveness principles and commitments in development financing

1. Discuss the role of international financial institutions (IFIs), in particular the World Bank and International Monetary Fund, in private sector development Financing
2. Showcase country stories and reports that highlight the impacts of WB/IMF-funded projects to the people, especially in developing countries
3. Review the accountability of IFIs and other stakeholders in their development initiatives and projects
4. Promote the role of civil society, peoples organisations, and grassroots organisations in monitoring the accountability of IFIs in their effectiveness commitments

Outputs:

1. Messages on development financing and EDC principles
2. Set of recommendations on how EDC can make development financing more effective

Background:

The resources needed for the 2030 Agenda sees the increasing use of public resources such as Official Development Assistance (ODA) as a catalyst for additional finance. Public resources are now being used to bring the private sector in through modalities like blending and public private partnerships (PPPs). These carry deep and inherent risks. One of the central tenants of ODA is poverty eradication, which is a deep contrast to other international financial flows which are motivated by profit. This distinction cannot be understated as ODA is the only international financial flow that is explicitly intended to benefit the public.

¹ CSPF details <http://www.worldbank.org/en/events/2018/10/12/civil-society-policy-forum>

² Meeting details <http://www.worldbank.org/en/meetings/splash/annual>

The manifestation of this reality is reflected now on how donor governments, and the financial institutions they back, scramble to gather funds to meet the SDGs. CSOs have previously expressed concerns over the role of the private sector in terms of its implication to development cooperation. Particularly, private sector accountability and its impact on development at the country level which take the form of or have consequences such as mining, environmental degradation, and violations on labor rights.

Finance institutions such as the International Monetary Fund (IMF), the World Bank, and the Asian Development Bank (ADB), do nothing but enable this reality.

Loans from these institutions are rife with policy conditionalities, such as requiring an enabling environment for the private sector, deregulation of vital services and the liberalization of basic and key financial and industrial sectors. The web of identical conditionalities leaves countries with no room for negotiation and options for development assistance.

CSOs in an open letter to the World Bank Group executive directors, state that “The refusal of the Bank to reassess its preferential leanings towards PPPs, is a self-perpetuated institutional blind spot that, we believe, amounts to willful negligence.”³ The World Bank’s “Private Finance First” mantra through its Maximising Finance for Development (MFD) approach only aggravates things further. Studies show that instead of the better delivery of infrastructure, PPPs often result into widespread shortcomings and limited benefits.⁴ The causes for these range from unclear policy and strategy, inadequate analysis, off-balance-sheet recordings of PPPs, and unbalanced risk-sharing arrangements.⁵

At this Policy Session CPDE will firm-up how Effective Development Co-operation through the effectiveness principles should extend beyond traditional ODA and be applied to international financial flows, especially private finance, which benefits in some ways from ODA.

ODA is unique compared to other international financial flows as it has a set of principles and a supporting process to make it more effective. The effectiveness principles of ownership, inclusiveness, transparency and accountability, and results provide an important scaffolding to support the quality of ODA. Unlike other international financial flows, we are able to evaluate and eventually improve the quality and effectiveness of ODA by applying these principles.

Putting all these together, the session will talk about how to mitigate these risks and put into place accountability systems to make sure that both public and private actors are complying with existing frameworks, including ILO and UN protocols, UN guiding principles on Business and Human Rights, and the OECD guidelines for Multi National Enterprises.

³ “Civil Society Organisations’ open letter to World Bank Executive Directors on the Bank’s approach to Public-Private Partnerships (PPPs)” <http://www.eurodad.org/ED-open-letter-PPPs>

⁴ European Court of Auditors 2018 “EU Public Private Partnerships suffer from widespread shortcomings and limited benefits” <https://www.eca.europa.eu/en/Pages/NewsItem.aspx?nid=9700>

⁵ European Court of Auditors 2018 “EU Public Private Partnerships suffer from widespread shortcomings and limited benefits” <https://www.eca.europa.eu/en/Pages/NewsItem.aspx?nid=9700>

The session will also discuss how systems must be in place to ensure that these financing modalities are aligned to democratically agreed national development strategies, are fully transparent and accountable, and in full compliance with international human rights and environmental standards. Here the role of CSOs in keeping stakeholders accountable is critical. In the absence of these assurances, there is no reason to favour public-private financing over purely public financing, which must withstand public scrutiny.

Programme

This workshop session will utilize a **twin talk show format** where two sets of moderators with their own respective panels will ask questions related to Effective Development Co-operation in development financing. The idea is to maximize the allotted time given while allowing for a broader range of issues to be tackled.

| TIME ALLOCATION | ADVANCING EFFECTIVE DEVELOPMENT COOPERATION PRINCIPLES IN PRIVATE SECTOR DEVELOPMENT FINANCING 14:00-15:30 Bandung Room |
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| 5mins | Opening remarks by CPDE Co-chair Vitalice Meja |
| 15mins | <p>Challenges and bottlenecks Moderated by Vitalice Meja</p> <p>The first part of the session probes the panel on the how IFIs, PPPs, and Private Sector Finance affect the people and what implications they bring to development, ODA, and the public domain. It will challenge the speakers and the audience to elaborate on how can all the different stakeholders ensure the transparency and accountability of private finance given the current development paradigm.</p> <ul style="list-style-type: none"> • Stefano Marta (via video conference), Coordinator, Territorial Approach to SDGs, OECD • Leo Baunach, Research Officer, International Trade Union Confederation • Amy Padilla, Executive Director, IBON International |
| 25mins | Open Discussion |
| 15mins | <p>Ways forward Moderated by Beverly Longid</p> <p>The second part of the session is focused on finding means and ways to solve the challenges exhibited in the first panel. Speakers will be challenged to expound on how we can establish systems to ensure that</p> |

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| | <p>these financing modalities are aligned to democratically agreed national development strategies, are fully transparent and accountable, and in full compliance with international human rights and environmental standards. New solutions and innovative ways will also be explored. Speakers will be encouraged to think outside the box on how different methods such as Effective Development Co-operation can be applied in this given reality.</p> <ul style="list-style-type: none">• TBD, European Commission• Modibo Mao Makalou, Coordinator, Public Partnership Unit of the Government of Mali• TBD, Arab NGO Network for Development• |
| 25mins | Open Discussion |
| 5mins | Synthesis and conclusion by CPDE Co-chair Beverly Longid |