IBON INTERNATIONAL

Policy Brief

June 2019

Development financing today: Serving whose interest?

Financing for sustainable development today is at a crossroads – according to the Organisation for Economic Co-operation and Development (OECD), capacities for such financing are "under stress," while financing needs are increasing.

Ongoing discussions for the implementation of current sustainable development agenda takes place in a context of protracted crisis. Amid slow growth a decade post-2008 (noted in the April 2019 International Monetary Fund (IMF) economic outlook[1]), rising debt concerns are afoot, and multinational and transnational corporations (TNCs) have growing monopoly power and market concentration.[2]

Growing inequalities is the trend, amidst so-called progress on eradicating extreme poverty and the millions still subsisting below USD 5.50 a day. Civil society, especially people's organisations and movements at the forefront of struggles for rights and genuine development, are threatened with repressive state measures on pretexts of domestic security goals.

For the United Nations Conference on Trade and Development (UNCTAD), the "crisis of multilateralism" today is an outcome of Bretton Woods institutions' adverse results (World Bank, the IMF, and the World Trade Organization), which necessitates global reforms away from the remaining neoliberal trend (and towards a "Global Green New Deal").[3] The climate crisis bears a renewed urgency while receiving cold shoulders from elite and corporate interests especially in the United States.

These trends are urgent challenges for the mantra of "leaving no one behind." Faced with such a landscape, the implementation of the current development goals – especially the questions of financing and partnerships – deserve closer inspection. Where do policy trends place government actors, multilateral development banks, the private sector, and civil society, in the "means of implementation" of sustainable development? Do current trends in financing present great opportunities for development led, shaped, and enjoyed by peoples and their organisations?

FINANCING FOR DEVELOPMENT: FROM PUBLIC TO PRIVATE SOURCES

The sustainable development goals (SDGs) set various ways of finance sources to actualise the goals, and are essential in the goals' "means of implementation". One way of looking at the various finance sources as per SDG 17 is to view them as domestic and international public finance, and domestic and international private finance.

Domestic public finance mainly refers to fiscal policy concerns, such as sources of revenue-generation through taxation, and spending. Issues in raising tax revenue include the various tax avoidance practices of TNCs (e.g., the use of offshore centres, transfer mispricing); the prevalence of indirect taxes and regressive taxation;[4] the decline of tariffs and corporate taxes due to the history of blanket trade and investment liberalisation. Domestic tax revenues remain low especially for poor countries: they are at an average of 14% of the GDP in low-income and least developed countries, below the "recommended minimum" of 15% for "effective state functioning," according to a December 2018 OECD report.[5]

International public finance sources include official development assistance (ODA), or what is also called external development finance (see Box 1). Historical commitments of developed countries, included in the sustainable development goals, are ODA allocations worth 0.7% of their Gross National Income (GNI) to developing countries, and 0.15% to 0.2% of their GNI as ODA to least developed countries.

Domestic and international private finance, meanwhile, includes domestic businesses such as micro, small and medium enterprises (MSMEs), foreign direct investment, private investment in financing infrastructure (e.g., from pension funds, insurance companies), other private flows (e.g., portfolio investments), and, in development policy conversations, also include migrants' remittances.[6]

Box 1. What constitutes public sources of finance for development?

Domestic sources

- Taxes
  - Indirect taxes (on goods and services, usually from consumers and the general public
  - Personal income taxes (e.g., higher taxation on wealthier segments of the population)
  - Corporate income taxes
    - Taxes on operations of multinational corporations
  - Trade taxes (e.g., import taxes)
  - Property taxes

International sources

- Official development assistance ("concessional public finance" with supposed explicit purpose of eradicating poverty)
  - Bilateral ODA
  - ODA coursed through multilateral development banks
  - The ODA component of "blended finance"
- Other official flows (OOF) (e.g., other bilateral flows)
- South-South development cooperation (as complementary, and not as substitute, to ODA)
- Climate finance

Source: Inter-Agency Task Force on Financing for Sustainable Development. 2019. "Financing for Sustainable Development Report 2019."

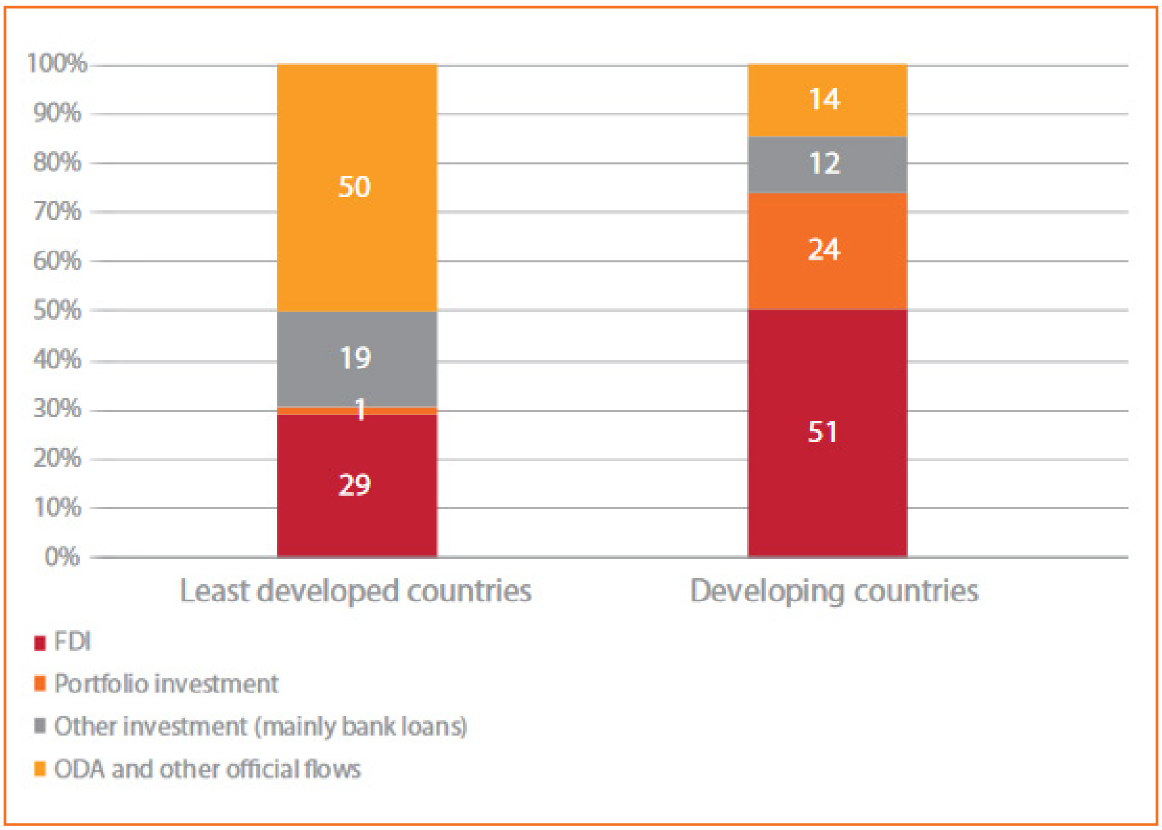
Away from ODA commitments

Actualising ODA commitments, historically and up to today, remains a challenge. ODA, together with other official flows, comprise 50% of external financing for least developed countries (see Figure 1). But data for 2018 show net ODA flows from the donor countries of the OECD Development Assistance Committee were at USD 149.3 billion in 2018, 2.7% smaller than the previous year.[7]

The decrease is due to a lower "in-donor refugee costs" for the year, which inflated ODA figures in the recent years as higher numbers of refugees entered OECD states (these resources do not leave the donor country). Even under the new OECD calculation method, which results to USD 153 billion worth of ODA in grants in 2018, the total amount remains below the commitments, at 0.31% of these donor states' GNI.

Other issues in the quantity and quality of aid remain. For instance, aid that benefits donor countries' firms and corporations, or "tied aid", continue up to the present: 2016 reporting shows that almost 80% of total ODA is untied (or rather, more than 20% remains tied). But nevertheless 51% of the worth of recorded bilateral ODA contracts "flowed to firms in donor's own countries."[8] Meanwhile, country programmable aid, or a measure of the portion of aid that could be significantly controlled by receiving developing states, is at 48.3% in 2017. This remains 6% below the peaks reached in 2010.[9]

Figure 1. Selected sources of external finance, developing economies and LDCs, 2013-2017 (Percentage)



Source: Inter-Agency Task Force on Financing for Sustainable Development. 2019. "Financing for Sustainable Development Report 2019."

Enter the private sector

In contrast to stagnation for external international assistance, the picture is rosier for the private sector. Amid the persisting influence of neoliberal policy norms, private sector involvement in the current public development agenda is growing.

The term "private sector" refers to a range of actors, but could be delimited to those non-governmental but profit-oriented entities.[10] This includes classifications such as big businesses vis-a-vis MSMEs and different actors comprising the informal economy; and according to nationality, as MNCs and TNCs and domestic businesses. Today, TNCs feature in conversations of inequality, given a trend of soaring incomes of the top 2000 TNCs while labour incomes decline.[11]

Private sector involvement in the public development agenda comes in various forms today. They could be targets of governments' investment incentives and greater drive for more open "business climates" and capital markets, towards generating more foreign direct investment and portfolio flows. They could be targets of multilateral development banks' (MDBs) and governments' "risk-sharing" instruments such as risk insurance and guarantees, and public-private partnership modalities, towards increasing private investment (e.g., of institutional investors) in developing country infrastructure.

The roles for the private sector in contemporary policy have been solidified in the 2015 Addis Ababa Action Agenda, starting with a premise of the "transformative potential of people and the *private sector*" [emphasis added].[12] The latest report of the Inter Agency Task Force (IATF) on Financing for Development acknowledges the important roles of private finance in general. While appealing to be cautious of "over-financialization" which "can...contribute" to inequalities," the report operates on assumptions that profit-maximising behaviour and sustainable impacts could be, if not already are, reconcilable.[13]

This is a blanket assumption that views government regulation as creating sustainable investment impacts while encouraging more foreign direct investment and "trillions" of private investments to fill the infrastructure gaps. This is an assumption that also operates in international policy documents for "effective private sector engagement for sustainable development." [14] In such frameworks, such as one developed by the Global Partnership for Effective Development Cooperation, the private sector will be enjoined to refer to the sustainable development goals and development effectiveness principles for investment choices and operations – driving their development contributions but "recognising the need for financial return[s]."[15]

The role of multilateral development banks

Multilateral development banks are crucial actors in today's promotion of the private sector in development. As conceived by a chorus of multilateral development banks,[16] OECD countries and even the G20 countries,[17] there is a need for more private sector in development, especially in the area of infrastructure in developing countries. According to the World Bank Group (WBG), as it argues for its "Maximizing Finance for Development" approach:

> "While the development goals set for 2030 call for funding on a much larger scale, there is also considerable capital, concentrated in the private sector of wealthier countries, that could play a larger role. In July 2017, the G20 finance ministers

> approved a set of principles that give the World Bank Group and other multilateral development banks a framework for increasing private investment to support countries' development objectives." [18]

Towards this, the G20 encourages a Roadmap to develop "bankable" projects (i.e., projects that generate returns for investors), and shaping "infrastructure as an asset class," through improved investment environments and greater financial standardisation.[19] Infrastructure as a "standardized, large-scale asset class...will help mobilize th[e] huge untapped pool" of institutional investors towards developing countries' infrastructure.[20] There is thus a drive to multiply "private capital by adopting system-wide approaches to risk insurance and securitization." [21]

These are areas where MDBs are given central roles. For instance, the G20 Hamburg Principles encourage MDBs' work on "reduc[ing] transaction costs for private investments and create a pipeline of commercially viable, bankable projects."The G20 Eminent Persons Group on Global Financial Governance recommends that MDBs "shift the basic business model...from direct lending towards risk mitigation aimed at mobilizing private capital." [22]

Part of these is the drive to use concessional finance such as ODA for shouldering much of the risks, to "crowd-in" and "mobilise" private sector investors.[23] This is part of instruments broadly referred to as "blended finance," although other public, non-concessional finance could be involved in "blending". [24]

MDBS, THE WORLD BANK GROUP, AND THE QUESTION OF CORPORATE CAPTURE

A brief history of private sector involvement in development

These multilateral banks are historically premised on the promotion of the private sector, as evidenced by the World Bank's transition from endorsing state-led initiatives on development towards forwarding the profit-oriented neoliberal agenda.

The emergence of multilateral banks began shortly after World War II. Faced with a global economy damaged by war, developed countries led by the United States took on the responsibility to reconstruct their national economies as well as those of underdeveloped countries. In July 1944, a global framework for economic cooperation and development was established in an international conference convened in Bretton Woods, New Hampshire. The participants, composed of Allied nations during WWII, agreed to peg the exchange rates of their respective currencies to the US dollar. Other agreements included the prevention of trade wars and the regulation of currencies to avoid destabilisation. This conference was henceforth called the Bretton Woods conference. [25]

One of the most significant outputs of the conference was the establishment of two global institutions—the IMF and the World Bank. The IMF aimed to promote international cooperation by providing policy advice, supporting capacity development, and making short- and medium-term loans. The WB, on the other hand, aimed to promote economic development and poverty reduction by providing long-term technical and financial support for countries to implement development projects. [26]

Among the thinkers behind the establishment of these institutions is John Maynard Keynes of the British Treasury. The economic model he had theorised greatly influenced development efforts at that time to be initiated and led by states. This entailed government intervention in operating the economy through implementing monetary and fiscal policies and setting up regulations for social protection – towards the welfare state in a capitalist economy. [27]

Such became the global economic order for decades, as countries redirected their focus on post-war rehabilitation and development. However, by the early 1960s, the US dollar's fixed value was already seen as overvalued by other countries. This was exacerbated by US President Lyndon Johnson's increase of domestic spending (and debt) for his Great Society programs and the Vietnam War. In 1971, US President Richard Nixon temporarily suspended the dollar's convertibility into gold. This caused an economic crisis, which eventually dissolved the Bretton Woods System in 1973. [28]

On one hand, Keynesian protectionism and state-led development were criticised for having caused the end of the Bretton Woods. On the other, the neoliberal agenda, which diverted state functions from regulation to creating smoother conditions for private sector expansion and accumulation, gained traction in the 1970s and consolidated in the 1980s and 1990s. Such agenda remains dominant in the global development to this day.[29]

Box 2. The AIIB as a 21st century development bank

Asia is supposedly one of the most dynamic and productive regions in the world. But as per the "financing gap narrative," that is, due to a financing gap in infrastructure estimated at USD 459 billion per year, Asia is held back from realising its full potential.

Formed in 2016, the Asian Infrastructure Investment Bank (AIIB) aims to address the financing gap in Asia. It also aims to promote cross-border connectivity and global integration for trade and development. It invests in different infrastructure projects, including power, transport, renewables, water, and telecommunications. Unlike most MDBs, majority of the shares of the AIIB is held by the larger "developing" countries in Asia, with China as its largest shareholder. Traditional powers in the region, such as the United States and Japan, remain outside the AIIB.

According to its 2019 Infrastructure Finance Report, the AIIB wants to address the increased uncertainty around project pipelines due to, among others, trade frictions and market volatility, and the rise of investor caution due to geopolitical tensions and the shifts in international alliances. The AIIB believes that addressing these short-term trends would contribute to the Bank's goal of opening markets and creating deal flow for infrastructure projects, with the power sector currently among the most "bankable".

Source: Asian Infrastructure Investment Bank. 2019. "Asian Infrastructure Finance 2019 - Bridging Borders: Infrastructure to Connect Asia and Beyond." https://www.aiib.org/en/news-events/asian-infrastructure-finance/index.html

The chorus of MDBs: Crowding-in capital, corporate capture?

MDBs and the WBG today all echo, to varying degrees, the rhetoric of a gap in financing both infrastructure and the sustainable development goals. This global "financing gap" could range from USD 3.3 trillion[30] to 4.5 trillion per year in government spending, private investment and external assistance. [31]

The supposed dearth in financing justifies use of public funds to "leverage," "crowd-in," or "mobilise" private finance that could adequately fund ambitious targets for developing countries. The World Bank, for instance, argues that countries "know that their goals transcend what traditional financing models, heavily focused on aid, can accomplish" and thus "need new ways of accessing finance, especially from the private sector."[32] Such approaches, aside from being overly presumptuous on country behaviour, greatly establish private sources as the first and primary source of financing infrastructure and other development projects. These make developing country infrastructure an "untapped market" for advanced economies' money capital.

These approaches, as articulated by MDBs and other institutions, promote ways of encouraging private finance. Through mitigating what an OECD-World Bank paper calls business, political, regulatory and business risks (e.g., whether it results to significant returns for investors), institutional investors could be encouraged towards otherwise "risky" infrastructure in developing countries. This includes MDBs' use of ODA in a supposedly "smarter" manner, such as through risk mitigation instruments and blended finance.[33]

Institutional investors (as part of the broader "private sector" umbrella) include private asset managers, pension funds, insurance companies and investment funds, among others – representing USD 200 trillion worth, and thus a large source of finance that could be "mobilised"[34] and are, as per the World Bank, concentrated in the private sector of advanced economies.

Already there are concerns that such investors are more inclined to short term gains, and thus unstable financial flows. Under the dominant discourse, part of the support effort of MDBs and governments therefore includes taming these flows towards long-term investment in infrastructure.

Box 3. MDB articulations of private sector promotion

The World Bank's Maximizing Finance for Development (MFD) Approach. Re-articulating the World Bank's 2015 call to move from "billions to trillions" in development financing, and responding to the need for private sector solutions as per the Hamburg Principles, the MFD aims to maximise the participation of the private sector in the implementation of the 2030 Agenda and in the development arena as a whole.

Generally, the approach forwards private sector solutions as a first response to projects, moving down to various World Bank interventions on policy and regulatory reforms, and then risk instruments to enable corporate involvement. Only when private sector possibilities are exhausted would purely public financing of projects push through. Pilot countries for this approach include Cameroon, Cote d'Ivoire, Egypt, Indonesia, Iraq, Jordan, Kenya, Nepal, and Vietnam.

The AIIB Strategy on Mobilizing Private Capital for Infrastructure. The AIIB strategy echoes the: 1) OECD in seeing the potential in untapped finance companies' assets, which, are "not constrained by increasingly stringent regulations," placing a 2) the stress on "bankable" projects and the "standardization" of infrastructure as an asset class, and 3) the need to curtail "risks" for investors.

It claims that most of the work will be on finance products, from debt instruments, risk insurance guarantees, to co-financing with other MDBs and commercial banks, institutional investors. Its strategy looks to three phases or "activities" – from the first phase where the AIIB serves more as a "partner", to the AIIB leadership in executing project deals with other MDBs and institutional investors and banks. And in the long-term, towards creating markets for the private sector in developing countries.

Sources: World Bank. "Maximising Finance for Development." http://documents.worldbank.org/curated/en/168331522826993264/pdf/124888-REVISED-BRI-PUBLIC-Maximizing-Finance.pdf
Asian Infrastructure Investment Bank. "Strategy on Mobilizing Private Capital for Infrastructure." https://www.aiib.org/en/policies-strategies/strategies/private-capital-infrastructure-strategy.html
IBON International. 2018. "The World Bank Group's Corporatization of Development." http://www.iboninternational.org/white-paper/World-Bank-Group-Corporatization-Development

Concerns on the current private sector drive

Concerns and questions abound regarding blended finance and the drive to create "bankable projects." There is the question of whether blended finance and other modes of private sector promotion achieve the supposed aim of filling the gap through mobilising investment. Generally, according to the IATF report, no "major uptake" in private investment levels has taken place so far despite the drive for "bankable" developing country infrastructure.

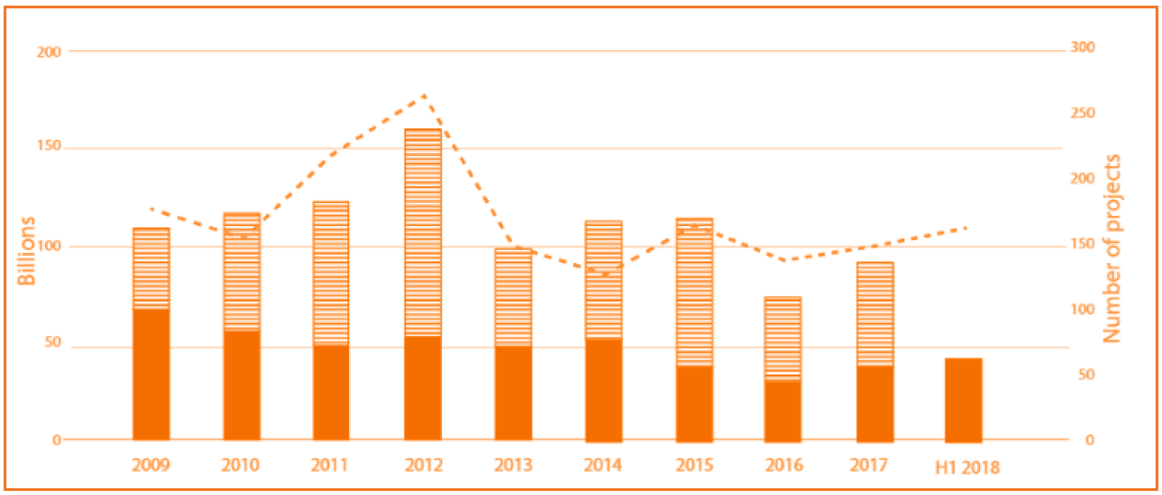
In the World Bank database for private sector participation in infrastructure, the 164 project commitments to developing countries in the first half of 2018, for energy, transport, information and communications technology and water infrastructure, are worth USD 43.5 billion. This is 7% above from the same period in the previous year but remains lower than the supposed trillions worth of a gap, and even below the 2012 peak (see Figure 2).[35]

According to the IATF, in 2017, MDBs have mobilised USD 52 billion worth of "long term private co-financing" of which USD 2 billion were for low-income and least developed countries. For the year 2016, MDBs' private sector arms (such as the International Finance Corporation and the Multilateral Investment Guarantee Agency) have "mobilised" USD 1.5 of private capital for every USD 1 from MDBs. For those aiming to "mobilise trillions" in private finance, USD 4 for every USD1 from MDBs is the target.[36]

The same picture applies to specifically ODA-related interventions for private capital. Blended finance activities "mobilised" USD 152 billion of private, commercial funds from 2012 to 2017, mostly in middle-income countries (see Figure 3).[37] According to an OECD-DAC survey, USD 15 billion in private funds from 2009 to 2011 have been mobilised through ODA interventions, with more than 50% going to upper-middle income countries. USD 6 billion went to the banking and financial services sector. [38]

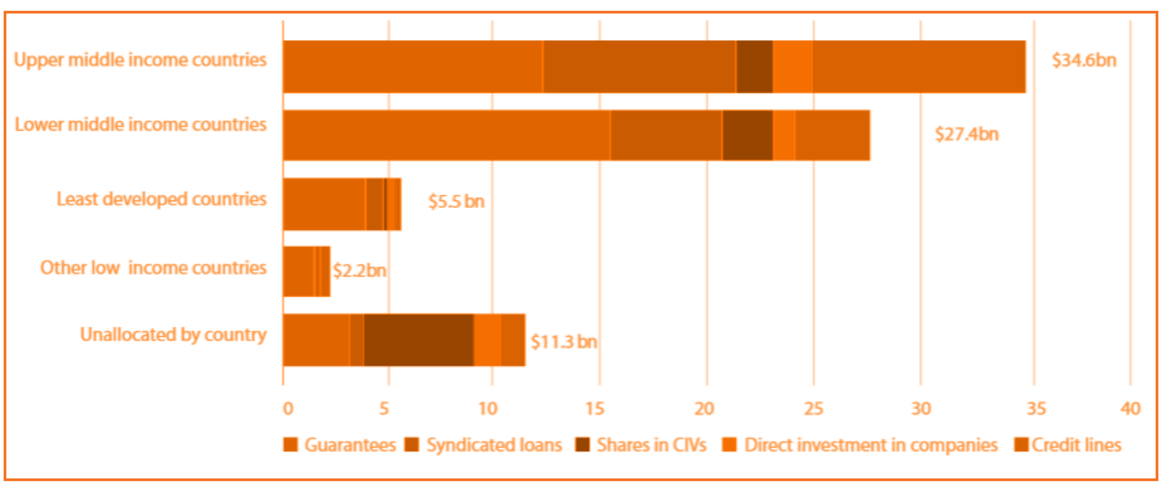
Given the relatively low levels of blending in least developed countries, attributed to different institutional and economic barriers to private capital,[39TT] continuing initiatives targeting these countries could be expected in the future.

Figure 2. Investment commitments in infrastructure projects with private participation in emerging market and developing economies, 2009-first half of 2018 (Billions of USD and number of projects)



Source: Inter-Agency Task Force on Financing for Sustainable Development. 2019. "Financing for Sustainable Development Report 2019."

Figure 3. Private finance mobilised by ODA instruments, 2012-2017 (Billions of USD, current)



Source: Inter-Agency Task Force on Financing for Sustainable Development. 2019. "Financing for Sustainable Development Report 2019."

There are more substantive questions on blended finance and the drive to mobilise investors. There is the concern that ODA in blended finance could be better used in other areas that require concessional finance, especially those that could fulfil the original ODA mandate of poverty eradication and reduction of inequalities. Add to this the risk of governments "oversubsidising the private partner" due to difficulties in "pric[ing] blending projects."[40]

The IATF report on financing for development admits that "further evidence is needed" that blended finance produces development results. Few of existing blended finance guidelines (e.g., from the OECD and development finance institutions) stress this "development additionality," and 84% of blending finance deals supposedly align with SDGs that could produce great returns for investors, such as indeed, SDG 9 on infrastructure.[41]

As Northern countries, the G20, and MDBs promote private sources and different forms of blended finance, developed countries get to evade their existing ODA commitments. This is corroborated by stagnating development assistance flows and the use of in-donor costs to inflate figures in the past years (as discussed in previous sections). The need for generating domestic finance sources (e.g., progressive taxation) and other responsibilities of state actors in developing economies are also downplayed. Low tax revenues in least developed countries prevail, and there is a global trend of incurring revenues largely from more regressive, indirect taxes on consumer goods and services.

Strengthening roles of people's organisations in shaping the trajectory of development remains problematically absent in major conversations. The "financing gap" narrative sets the terms of the infrastructure drive and broader development processes as largely a field for governments, MDBs and big private sector, particularly institutional investors in advanced economies. This raises the urgency of ownership of development processes to be democratic. It reinforces the need for Southern peoples, their movements and organisations, to work in conditions conducive to their right to contribute and lead country development strategies and paths.

21ST CENTURY DEVELOPMENT AGGRESSION

Despite increasing concerns (as shown above), the last decades' private sector-driven approaches remain entrenched in infrastructure deals, in the latest MDB strategies, in "blended finance," and in bilateral assistance arrangements. Examples of communities' concerns against MDB-linked infrastructure projects continue to be documented.

For instance, residents in Nepal's Siraha District cried foul over lack of consultation, possible health issues and displacement[42] for the Hetauda-Dhalkebar-Duhabi transmission line, a component of the Nepal-India Transmission and Trade Project.[43] The 220-kV, 75-kilometer Khimti-Dhalkebar Transmission Line,[44] meanwhile, was eventually halted[45] after communities of the Sindhuli District exposed consultation issues through a complaint to the inspection panel of the Bank, but only after cases of harassment by armed state forces against protesting community members. Affected community members of the Chobhar Dry Port, a USD 22 million project to foster international trade, also faced arrests and injuries[46] after voicing possible impacts to the historical and cultural heritage of Chobhar village in Kathmandu, and to the Bagmati River.

Among the most controversial projects in Laos has been the part of the XePian-XeNamnoy Hydropower project which collapsed in 2018, shocking the international community and leaving 6,000 villagers homeless from floods and over 1,000 more unaccounted for. Some have pointed out how the Korean corporation involved knew that the "dam was at risk to intense weather patterns"[47] while others have pinned responsibility to the World Bank's promotion of a "sustainable hydro-power myth" that "fuelled the private sector rush" for such infrastructure.[48]

A new wave of infrastructure projects and people's concerns

Today, concerns continue with the rising role of China in the development arena and the latest iteration of private sector-reliant approaches in infrastructure, such as the World Bank's Maximizing Finance for Development Approach.

The infamous and formerly World Bank-supported Chico River Dam Project[49] in the Philippines is being revived.[50] Now part of the Philippine President's "Build Build Build" infrastructure drive, through a USD 62 million-loan from the People's Republic of China, concerns continue to hound the revived Chico River Pump Irrigation Project. It has been dubbed a "total sell-out of national sovereignty,"[51] while Cordillera indigenous peoples groups oppose the project that, contrary to government claims, was initiated without their free, prior, and informed consent.[52]

The World Bank's Geothermal Resource Risk Mitigation Project is being touted as an example for the "mix of public and private sector solutions" of the MFD approach,[53] and has been promoted to increase electricity access in Indonesia. The USD 650 million-worth project, co-financed with USD 60 million from the corporate private sector,[54] faced around 1,000 farmers protesting against one of its component projects (co-managed with the state-owned firm PT Sarana Multi Infrastruktur) in the East Nusa Tenggara province. The farmers claimed that the project would damage the environment (specifically a nearby natural spring) and cause large-scale displacement of affected communities.[55]

Another project touted as an example of what could further happen under the Bank's MFD approach is the 216-megawatt Kribi natural gas-fired power plant in Cameroon, in Central Africa. The government of Cameroon with the support of World Bank granted the Kribi Power Development Corporation (KPDC) a 20-year concession to "build, finance and operate" the power plant as a public-private partnership (PPP), which finished construction in 2013.[56] The Bank's private sector arm, the International Finance Corporation (IFC), "provided a direct loan of €60 million and acted as the lead arranger of a $182 million debt financing package"[57] to the KPDC in 2012. In 2014, the Bank's Multilateral Investment Guarantee Agency (MIGA) backed a deal for British-Dutch Globeleq, through its subsidiary Globeleq Energy Holdings (Cameroon) B.V., to acquire shares in the KPDC[58] previously held by US-based AES Corporation.[59] As a result, the "independent power producer" KPDC became 56% owned by Globeleq and 44% by the Cameroon government. With this extensive support for the private sector, a 2017 report revealed that only 118 MW out of the expected 216 MW has been generated at the maximum, and with the plant's capacity unable to meet electricity demand, a series of power interruptions struck the country.[60]

A project previously mentioned in one of our papers on MFD,[61] the USD1.78 billion World Bank-backed Nairobi-Nakuru-Mau Summit Highway in Kenya is now set to begin the construction after awarding the contract to the Rift Valley Connect consortium.[62] The consortium is made up of three France-based corporations: VINCI Highways, investor and asset manager Meridiam, and VINCI Concessions. The 175-kilometre road will be a vital trade corridor in East and Central Africa as it would serve as the main gateway for Kenya's landlocked neighbours to the coast. This construction is set to coincide with the collection of a National Toll Fund which aims to re-introduce toll stations on Kenyan roads and fees from road users, with revenues supposedly for infrastructure maintenance. Consumers, as a result,raised concerns over the PPP project's new user fees.[63]

WAYS FORWARD: ASSERTING THE RIGHT TO DEVELOPMENT

As demonstrated by the preceding section, the financing of development, such as by the World Bank, has led to drastic effects to grassroots communities: it has impeded on the people's wellbeing, damaged environments, and violated indigenous peoples' rights. Efforts to create an enabling climate that is favourable to the private sector, including risk-mitigation, have opened underdeveloped countries to the global market and made them more vulnerable to exploitation.

The corporatisation of development is essentially the privatisation of this basic human right. By giving the private sector the leverage to profit from development efforts especially in the underdeveloped global South, institutions such as the World Bank and other multilateral banks are disempowering the public sector from realising the people's right to development. By marrying the neoliberal agenda with development, these institutions have facilitated profit at the expense of the people's wellbeing, thus widening the inequality gap and reinforcing the current hegemonic power structure.

In light of these current trends, financing for development must consider the following:

Domestic finance should be primary and oriented to reducing inequalities. Domestic sources of financing for development, such as fiscal policy, must be reaffirmed as primary. Taxation regimes must be progressive, not reliant on consumption taxes on goods and services. This could mean higher taxation for the wealthier segments of populations, and especially applicable for multinational corporations. There is also a need to reverse current neoliberal policy of tax incentives that many Southern governments implement to "attract" foreign direct investment. Generating domestic finance also requires curbing illicit financial flows from transfer pricing schemes along production chains. Southern countries must also be given the space for tariffs as a revenue source.

Developed countries must fulfil financing and development cooperation commitments. Donor countries must fulfil the historical commitment of ODA equivalent to 0.7% of their GNI. Amid the worsening climate crisis, climate finance must be additional to ODA. Aid should fulfil its mandate of reducing poverty and inequalities in wealth and income, and must adhere to development effectiveness principles. Primarily, peoples and their organisations should have ownership of development processes. Focus should be on development results instead of private profit motivations. Governments must be transparent and accountable, while themselves holding big private sector to account especially in cases of rights violations.

Move away from the dominant international private finance narrative. There is a need to move outside the coordinates of the "infrastructure gap" and "billions to trillions" narrative of MDBs for "bankable" projects, where private finance is endorsed wholesale amid concerns regarding development outcomes. Guidelines on blended finance and private sector accountability must consider concerns about the private sector financing, especially the need to prove development results. Moving away from development as a mere financing problem also means asserting that sustainable development entails political questions: of bringing the people back into the conversation dominated by the private sector, institutional investors, MDBs, and foreign investment-driven governments, amid shrinking spaces for people's organisations and civil society.

However, the "private sector" must be nuanced. As discussed early into the paper, the term refers to actors ranging from MSMEs to monopolistic, multinational corporations. The past and present of big business impacts in Southern countries show that they should be held to stricter domestic rules, while MSMEs must be supported towards developing national productive capacities – from rural development to strategic industrial policy. Regulatory and redistributive measures must be in place towards ensuring social objectives, such as lessening wealth inequalities.

People's sovereignty means decision-making power. There is a need for people's organisations to assert the reversal of current shrinking spaces, as various cases show how critics of governments' economic and national security policies are criminalised and further marginalised. From this, people's organisations – of workers, farmers, indigenous peoples, urban and rural poor, women, among others – must reclaim their capacity to influence and drive domestic policy (e.g., development planning, including where ODA would be allocated, and in setting national economic priorities). For indigenous peoples, this also means genuine free, prior, and informed consent before engaging in any infrastructure project.

Generally, there is a need to democratise development, that is, for peoples and their organisations to be able to shape and own their development entirely. As described above, democratic ownership entails the active participation of all stakeholders—national governments, parliaments, local authorities, and other public institutions; but as well as non-state actors including the civil society; and, most importantly, the people themselves—in each step of the process of development. It also recognises that the people are the engine of economic growth and entails the promotion of publicly-owned enterprises and MSMEs over multinationals as well as the regulation of private sector involvement in development.[64]

Development, for it to be truly democratic, must belong to the people. It requires social movements to challenge and shift existing power relations that are inequitable and biased to the profit-motivated elite.

Box 4. The People's Global Conference against the IMF-World Bank and other initiatives

There have been recent efforts in the global South to reclaim the people's power from corporations, with one recent example being the People's Global Conference Against the IMF-World Bank.It was held in Bali, Indonesia simultaneous with the IMF-WB Annual Meetings in October 2018.

The PGC's objective was to provide grassroots communities and sectors that have been excluded from development the opportunity to articulate their concerns and demands and to forge solidarities for their struggles.Starting as an independent initiative of 34 Indonesian and international social movements and non-government organisations, the PGC was able to mobilise hundreds of international CSOs and people's movements, with more than 450 individuals attending the discussions, sectoral workshops, and solidarity actions despite harassment from the Indonesian government.[65]

There are other networks beyond the global South which monitor debt accumulation and public-private partnerships, such as the European Network on Debt and Development, composed of 46 CSOs from 20 European countries which aim to change "policies, institutions, rules and structures to ensure a democratically controlled, environmentally sustainable financial and economic system that works to eradicate poverty and ensure human rights for all."[66] The existence of these movements and organisations manifest the people's capacity of driving development according to their own terms.

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