



2022 Financing for Development Forum

Session on Boosting private investment in the SDGs

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Today's crises should have been an eye opener about market power, financial markets, and their pitfalls—amid deepening inequalities in recovery, of speculation on food prices, and capital flight in the South.

But still, we look to these actors for solutions to our problems, saying Southern countries have to rely on trillions from institutional investors to finance development. If not blended finance, PPPs, or risk guarantees, we ask how Southern governments could facilitate a greater role for the private finance sector, for debt-creating SDG bonds. The IATF in its 2022 FSDR admitted the limits of the capital market hype: finance capital prevails in short-termist behaviour; so-called ESG investing is superficial—they are in the trillions, but (and I quote) “not designed to go beyond financial returns”.

We in the global South are not strangers to the harms of “green” infrastructure projects that have been made into business opportunities, where shareholder returns come from taking away land, rights, and resources. It is a policy mistake for states to still become defined by their capacity to facilitate profits, through business-friendly regulations and carrying risks that private investors are not willing to take.

These dilute international obligations to guarantee public infrastructure and services vital for economic and social rights, development, and climate resilience. We agree on the urgency to fully incorporate developing country perspectives—this requires ending the corporate capture of policy discourse and heeding civil society, especially from the South. We have a window of opportunity to be ambitious. We call for:

1. Placing the focus on public, democratically-determined policies and planning for Southern structural transformation, with corporate accountability and financial regulation. Any private investment should be within such contexts. This should be matched by global shifts to expand domestic resource mobilization, fiscal space, and progressive taxation such as wealth and financial transactions taxes.
2. Let us downgrade private finance as a source of financing, as public sources are more sustainable and directly accountable. We have to review the developmental outcomes of private finance-based approaches.
3. Beyond insufficient voluntary principles, we call on governments to engage constructively in the process towards an international legally binding instrument on TNCs and other Business Enterprises.

To end, it is not viable to repeat discredited, pre-pandemic choices and hope for different results. Last week, we heard from IFIs that more of the same problematic approaches are on offer. We need a 4th UN International Conference on FfD towards relegating old



assumptions and shifting to people-centred policies. We believe that the FfD process should provide a platform for raising a strong call against the corporate capture of sustainable development. We remain open to discuss these points with you.

Thank you.