



2022 Financing for Development Forum

Session on Boosting private investment in the SDGs

Intervention by Maria Jose Romero, Eurodad on behalf of the Civil Society Financing for Development Group (including Women's Working Group on FfD)

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First, I would like to express civil society concern about the central role that private finance has taken in the FfD process. We believe that there has been insufficient regard for the long-term developmental impacts of a private finance first approach to development finance. Since the Addis conference we have seen the proliferation of various instruments, including blended finance, public-private partnerships and risk guarantees, and more recently different kinds of bonds. While some of these instruments could attract private investment, in many cases they have proved to be problematic on many grounds, in both developed and developing countries.

For instance, experience shows that PPPs tend to be more expensive than publicly financed schemes, and they do not lower the fiscal impact of projects, as they effectively delay budget expenditures. PPPs are usually a risky business for the public sector, and hence for citizens, increasing the risks of public debts. As the 2021 Inter Agency Task Force report mentioned, (and I quote) “the private sector may seek to transfer more risks to governments as the crisis prompts reconsideration of risk allocation”. Instead of offering a long-lasting solution, therefore, catalyzing private investment at scale may in fact be undermining public policy objectives aimed at sustainable development in the global South. A blind promotion of these instruments can further erode the capacity of the state to provide public infrastructure and services vital to fulfil international commitments on human rights and climate resilience, leaving countries more vulnerable to external shocks.

Second, we believe that private investors can play a role in delivering the SDGs, but mobilising them requires applying the right policy instruments. These have to be designed, implemented and monitored in the public interest, and regulated by the state, with transparency and democratic accountability at the core. While some have high expectations about making capital markets a reliable source of long-term financing, the reality is far more complex. One of the major challenges remains the loose and voluntary nature of its regulations. As my colleagues have noted, realigning business models to the imperatives of sustainable development will not come through voluntary approaches. It requires the reaffirmation, rather than the abdication, of the role of the State to set bold public policies and regulations.

In view of this, civil society are calling for placing public policies at the centre of the FfD agenda. As part of this, we believe that it is crucial to review the developmental outcomes of PPPs, blended finance and other private finance-based approaches, as the financing mechanisms chosen to deliver infrastructure and social services should be assessed for their ability to ensure universal, high quality and resilient public services, including gender-transformative public services, and not for their capacity to attract private investors. As my colleagues mentioned, we believe that the FfD process, and in particular the fourth



FFD conference, should provide a platform to do precisely that, so we urge you to make this conference possible.