



2022 Financing for Development Forum

Session on Boosting private investment in the SDGs

Intervention by Flora Sonkin, Society for International Development, on behalf of the Civil Society Financing for Development Group (including Women's Working Group on FfD)

27 April, 2022

First of all, I would like to share some reflections based on what we've heard during the first days of FfD Forum. So many pleas made by governments, especially from the global South, and by civil society, related to unsustainable debt burdens, IFFs, tax abuse and how the current international financial architecture is not fit for purpose to achieve the SDGs, let alone to provide resilience in the face of the climate emergency and the social and economic impacts COVID-19 pandemic. Many noted how the UN should be a central platform for international cooperation and decision making on these matters. We've heard calls for a UN Tax Body and UN Tax Convention, a Debt Workout Mechanism at the UN. And yet, there seems to be a disconnect between those structural challenges countries in the global south are facing and the expectation that private finance will be a silver bullet to fill in those gaps in resources to finance the SDGs.

We see growing calls for countries to create "an enabling business environment", and to leverage private finance by using limited public resources and even ODA to de-risk private investments. Yet a reliance on private finance to fill the so-called financing gap to reach the SDGs, raises many concerns, including: which actors are involved, how its impacts are measured, who benefits from it, and how it is regulated. With this new focus on SDG bonds we should also be concerned about piling onto already unsustainable levels of debt.

Trusting that profit-seeking actors will pave the way towards sustainable development is not smart policy, especially considering that unsustainable business models are at the core of the many challenges the SDGs aim to respond to. For instance, when we see some of the world's largest commercial banks and fossil fuel investors taking central roles in policy discussions on FfD and advising the UN on sustainable development, we must ask ourselves if something isn't wrong and contradictory here. As Rodolfo mentioned earlier, the risks of greenwashing and SDG-washing of business activities are very real, and we do not want to see the UN becoming a place to rubber stamp these approaches.

To conclude – it's about time we move on from the tried and failed policy prescriptions promoted by International Financial Institutions over the past decades that have evidently not led us any closer to delivering on the goals of the 2030 Agenda, and much less to being prepared to weather the impacts of the Covid-19 pandemic and the climate emergency. So when we hear over and over again the call for innovative solutions at so many multilateral spaces including the FfD, one must wonder why we continue to end up with privatization and austerity, and with relying on private finance and deregulated markets to deliver public goods. That's not really innovative, and it has in fact shown to be very limited.



We urge governments to focus on systemic solutions to address barriers to domestic resource mobilization– including debt cancellation, international cooperation to address tax abuse, financial sector regulation and capital market controls. And to reach agreements on those we need a Fourth UN FfD Conference.