Ahead of Post-2015 Summit, Progressive Regional Policies Challenge Corporatization of Financing for Development Agenda

Leading South-based autonomous civil society networks have expressed widespread disappointment in the bad faith negotiations of Third Conference on Financing for Development (FfD3), which concluded with manipulation and closed-door deals. While FfD3 failed to enshrine meaningful commitments to deliver progressive policies or funding, governments and civil society gathered in Addis Ababa showcased the progressive ideas flourishing in their regional and national contexts. At a dialogue entitled "**Reimagining Regional and Feminist Policies to Finance Socio-Economic Transformation,**"[1] speakers from throughout the regions shared examples of progressive regional policies (or "PRPs") across three topics fundamental to the FfD3 agenda and its broader context: tax and extractive sector policy; structural justice: gender and caste; and debt restructuring and accountability of development actors. In so doing, these representatives of governments and autonomous civil society networks spotlighted potential alternative ways forward for Financing for Development and the implementation of the Sustainable Development Goals (SDGs).

Governments and civil society in Addis Ababa presented six examples of PRPs: the "Beyond BEPs, Beyond Addis" tax reform agenda of a West African regional collaboration amongst finance ministers; the Africa Mining Vision (and relevant but separate ongoing process towards implementation of the High-Level Panel on Illicit Financial Flows); Bolivia's increase in taxation of multinational corporations active in the extractive industries; the Chiang Mai Initiative Multilateralization, a Southeast Asian currency swap arrangement; targeted policy proposals to eliminate discrimination based on caste in South Asia; and ECLAC's proposed fiscal consolidation scheme to address unsustainable debt in the Caribbean.

The discussion began with a clear message that the private sector cannot lead the Financing for Development agenda or its implementation. Matthew Martin, on behalf of the Republic of Senegal, spoke of the need to tackle accountability on all levels. He cited a recent regional initiative led by Senegal and funded largely by the Organisation internationale de la Francophonie, bringing together finance ministers from eighteen countries to promote progressive tax policy and international cooperation, including the achievement and implementation of a Financial Transactions Tax in Europe. The group is also promoting a new **"Beyond BEPS, Beyond Addis" agenda**, Matthew shared, focusing among other issues on the responsibility of corporations to pay taxes and of the World Bank, for example, to stop encouraging them not to (through their "Doing Business" measure). This kind of regional initiative is especially important in light of the lack of progressive outcome at FfD3 on the creation of intergovernmental tax body, for which both the Group of 77 and China developing countries bloc and civil society advocated strongly.

For the African continent, two regional initiatives have been envisioned to address major and interrelated obstacles to development: illicit financial flows (IFFs), and unfair and lopsided contracts around extractive industries. Dereje Alemayehu, Chair of Tax Justice Network-Africa, provided a civil society perspective on the recent report of the **High Level Panel on IFFs**, led by former president of South Africa Thabo Mbeki; Gyekye Tanoh of Third World Network-Africa focused on the powerful

[1] This event was co-convened by Regions Refocus with Third World Network, Social Watch, Development Alternatives with Women for a New Era, Third World Network-Africa, Arab NGO Network for Development, Latindadd, and Diverse Voices and Action for Equality, on 14 July 2015 as an official side event to FfD3.

regional potential of the **Africa Mining Vision (AMV)** as a continental framework to transform the role of mining within African economies. Taxation is a key element of both stemming the tide of IFFs – which result primarily from the activities of multinational corporations and make up three times the amount of aid flowing in – and of ensuring the extractive sector benefits development in resource-rich countries on the continent. Leakages and IFFs "are not happening because there is no capacity of revenue collection, but because multinationals are organized to evade taxes everywhere they operate," Dereje explained. Similarly, Gyekye illustrated that through the AMV, taxation restructures the mining sector and "reignites its linkages with a whole range of domestic resources including human capacity and productive cooperation."

An example from Latin America provides an important perspective on how taxing extractive industries can constitute progressive economic policy and contribute to essential social benefits. Patricia Miranda of Latindadd illustrated a powerful policy initiative by Bolivia, which has managed to **raise taxes on oil production from 18% to 50%** and thereby reduce extreme poverty by half and finance public and social investment at an amount five times the previous rate. This was accomplished, Patricia highlighted, despite the spectre of the loss of foreign investment: none of the oil companies left, and all still make profits in Bolivia. This Bolivian progressive policy is also a site for cross-regional learning, as an example of a constructive approach to foreign direct investment (FDI) beyond the unqualified welcoming of private investment in both FfD3 (paragraphs 5, 54, throughout section B. on Domestic and international private business and finance, and in the private sector-focused side events to the conference itself, as Dereje pointed out) as well as in the post-2015 text (SDG 10.b, paragraphs 67 and 76).

Under the framework of structural justice, Marina Durano of Development Alternatives with Women for a New Era (DAWN) illustrated a PRP from Southeast Asia that links economic and social policies. She discussed the **Chiang Mai Initiative Multilateralization** (CMIM), a regional currency swap arrangement amongst ASEAN (Association of Southeast Asian countries) plus China, Japan, and Korea ("ASEAN+3"). The CMIM harmonized the previous network of bilateral currency agreements, and by providing a $240 million pool of liquidity, it can potentially contribute to regional monetary stability. ASEAN member countries, however, would have to balance this potential with China's economic interests and the political rivalry among China, Korea, and Japan. Where FfD3 failed to provide concrete global-level measures to address the global system of reserve currency, initiatives like the CMIM indicate attempts by regional or sub-regional groupings to envisioned and enact responses to the economic uncertainty brought about by global macroeconomic imbalances.

Latin America was highlighted as an exemplar for both regional and feminist policies, by Esteban Pérez, Chief of the FfD unit of the Economic Commission for Latin America and the Caribbean, and Ambassador Enrique Loedel of Uruguay. Esteban described a regional financial security net constituted by a trade facilitation mechanism; reserve pooling; and counter-cyclical instruments undertaken by regional and sub-regional development banks. Ambassador Loedel highlighted that for Uruguay, there is no development without human rights and gender equality; economic policies and legislative efforts have been equally important in advancing the gender agenda. This includes **progressive policies on care work and shared family responsibility**, the Ambassador illustrated, enabled by effective mobilization of domestic resources. This connection between domestic resource mobilization and spending to advance gender equality including through attention to women's unpaid care work is an essential part of implementing SDG 5 on gender equality, especially target 5.4, "Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate."

Tying patriarchy to exclusion and discrimination based on caste, work and descent, Paul Divakar of the Asia Dalit Rights Forum outlined specific policy proposals to address these interlinked oppressions and barriers to development. He recommended **policies to promote financial inclusion of Dalits**; differential rates of interest based on gender and caste; strengthening of targeted budget allocations and implementation of targeted measures; and regional initiatives to combat discrimination based on work and descent through the South Asian Association for Regional Cooperation (SAARC). Paul's proposals are particularly important in the context of the implementation of the SDGs, particularly Goal 10, "Reduce inequality within and among countries." This goal and its targets carry specific implications for South Asia regarding both caste and gender; targeted policies and programs will be required in particular to achieve target 10.3, "Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard."

Finally, the third roundtable addressed Donor Accountability and Debt Restructuring. An opening presentation by Ambassador Debapriya Bhattacharya of Southern Voice emphasized the critical nature of effective accountability mechanisms for both FfD3 and the SDGs, particularly at the regional level and through the UN Regional Commissions. Ambassador Bhattacharya called for regional data initiatives and approaches to technical solutions – including those guided by civil society rather than a hegemony of the private sector. Finally, the Ambassador called for the post-2015 agenda to monitor and account for "regional public goods," beyond a regional agglomeration of national SDG reports.

Regional convergence was also emphasized by Dillon Alleyne, Economic Affairs Officer at ECLAC's Sub-regional Headquarters for the Caribbean, particularly in the contemporary global economic and financial context dominated by global value chains and new transnational production agreements. On debt, an especially urgent development challenge in the Caribbean, Dillon shared that ECLAC is working on a **new fiscal consolidation scheme**, to enable Caribbean countries – unable to access finance due to their prescribed level of development and their high levels of indebtedness – to undertake new a fiscal and social compact.

Linking to the intergovernmental negotiations sphere, Bhumika Muchhala of Third World Network highlighted the debt restructuring discussions in the UN through both FfD3 and, more significantly, the General Assembly **ad hoc committee on sovereign debt restructuring processes**. The latter initiative, led by Argentina, attempts to address the most significant gap in the international financial architecture – that of the absence of an international mechanism to restructure and resolve debt burdens in a way that prevents protracted debt crises. Bhumika stressed that universal, democratic fora to address the international implications of sovereign debt, as well as taxation, are stymied by the vested financial interests of rich and powerful countries in North America and the European Union. She pointed out the various ways through which the FfD3 and post-2015 discussions have become vehicles to institutionalize the privatization of development finance, such as the proliferation of multi-stakeholder partnerships with the private sector, which will be the primary financing mechanism to achieve the SDGs. Moving forward, "new sites of contestation" are emerging through the Asian Infrastructure Investment Bank and the BRICS' New Development Bank, as important spaces for potentially progressive shifts in global economic realities if they avoid repeating the faulty policies and programmes of the World Bank Group, Bhumika concluded.

As the international community turns its attention towards the implementation of the 2030 Agenda for sustainable development, progressive regional perspectives and proposals like those spotlighted here should be elevated in the global discussion. Space should be created and strengthened at the UN to echo these progressive policies already being enacted at the regional and national level, and to encourage similar endeavors as part of the implementation of the Sustainable Development Goals.

See also:

- Progressive Regional Proposals on Financing for Development, a matrix comparing the final draft of the Addis Ababa Action Agenda to recommendations emerging from regional preparations for FfD3: http://bit.ly/PRPsFfD3 (8 July 2015)
- Photos of the side event "Reimagining Regional and Feminist Policies to Finance Socio-Economic Transformation": http://on.fb.me/1eRdc5z (14 July 2015)