Inter-Parliamentary Union
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Parliamentary Forum at the United Nations High-level Political Forum on Sustainable Development (HLPF)

Wednesday, 13 July (10:00 – 13:00)
Conference Room 2
United Nations, New York

Partnership and development cooperation: Are they delivering for the SDGs?

The COVID-19 pandemic has done more than worsen prospects for the SDGs, deepen inequalities, throw hundreds of millions into poverty, and prompt a new wave of economic and financial instability. It has also put to the test the partnership for the SDGs which, from the beginning, was supposed to be the operating system of the whole SDG enterprise.

The core elements of the partnership for the SDGs are captured in SDG 17: *Strengthen the means of implementation and revitalize the global partnership for sustainable development*. Because of its key role in mobilizing financial and other types of resources for the SDGs, this goal is the only one that is subject to regular review at each session of the HLPF.

Generally, SDG 17 refers to at least two kinds of partnerships: the first, most basic partnership, brings together governments, the private sector and civil society at both national and global levels. The second, and perhaps more ambitious, partnership aims at more effective development cooperation between developed countries (development partners) and developing countries (partner countries).

SDG 17 consists of 17 targets touching on a variety of cross-cutting areas where partnership is needed, from data collection to trade, scientific knowledge and much more. To keep the discussion manageable, this year's Parliamentary Forum will dwell loosely on three targets of particular relevance to parliaments that are key to financing the SDGs, namely, domestic revenue mobilization, development assistance, and public-private partnerships. A specific concern for the most vulnerable and marginalized will permeate the whole discussion.

Domestic revenue mobilization

Domestic revenue, mainly through taxation, is by far the most important financing mechanism that governments have and one that they control directly. The more revenue developing countries can raise on their own, the less dependent they become on aid and other kinds of external support. Despite important strides toward this objective, developing countries continue to face challenges in strengthening their legal frameworks and their tax administrations in order to collect taxes from a variety of private actors, from large multinational corporations to small informal business enterprises. This results, among other things, in reduced budgets to meet the needs of the poor and most vulnerable in society.

Domestic revenue mobilization cannot be improved in isolation from a much stronger global response to tax evasion and avoidance. Multi-stakeholder partnerships such as the Addis Tax Initiative commit development partners to invest at least US$ 441 million (annually) in country-owned tax reforms, as well as “to facilitate international cooperation to combat tax-motivated illicit financing flows (IFFs) and tax avoidance” through a variety of means.

More effective cooperation is also needed at the global level to eliminate tax havens where trillions of dollars are parked tax-free, or to capture fully the real earnings of multinational enterprises and high wealth individuals so as to generate more state revenue to support important public programmes and to beef up aid budgets. The recent G20 agreement on a minimum corporate tax rate of 15 per cent is widely regarded as insufficient to stop the current race to the bottom in corporate taxes. Developing countries' calls for a UN tax body and an international tax convention that would finally bring all interests and perspectives to the table continue to go unheeded.

Development assistance

Development assistance, generally referred to as “foreign aid”, has long been a key source of development finance as well as an expression of partnership between developed and developing countries. Aid is particularly important to low income countries that are less likely to attract foreign investments and other external flows, as well as to the social sectors, such as health and education, which are mainly financed through the state budget.

Excluding emergency funding for COVID-19, refugees and the like, core official development assistance (ODA) remains stuck at about 0.33 percent of donor countries' GDP against a global commitment of 0.7 percent. Aside from this quantitative target, a number of other commitments have been made to improve the *quality* of aid so as to dramatically improve results on the ground and make the most of the money spent.

Through the Global Partnership for Effective Development Cooperation (GPEDC), in which the IPU participates, four key principles of effective development cooperation were adopted which today inform the entire development cooperation architecture: country ownership, focus on results, transparency and accountability, and inclusive partnerships. In practice, the application of these principles translates into actions such as strengthening parliamentary oversight of aid through the budget process, making national budgets more gender sensitive, adopting comprehensive aid policies, untying aid from donor country procurement, or making in-country aid processes more inclusive of all relevant actors, including parliaments. As a recent global survey shows, most of these qualitative objectives are below target.

Public and private partnerships

As developing countries are faced with an SDG financing gap estimated in the trillions of dollars, aid is increasingly being used not just to provide direct support to government programmes but as a tool to leverage private investments. By partnering with private actors through “blended finance” schemes and other types of private-public partnerships (PPPs), governments and donors are increasingly seeking to attract large capital investments from global financial markets, institutional investors or multinational enterprises to build large infrastructure projects or supply public services such as water, sanitation and energy.

While there is certainly a role for private actors in development, the deals need to be fair. In the case of private-public partnerships, very often the risks accrue disproportionately to the government side. These risks include the risk that public services and infrastructure end up bypassing those communities which are less likely to be able to afford the user fees charged by private providers, or the risk of liabilities that the government must assume if the whole investment fails to produce the expected return to the private actor.

More importantly, the trend toward PPPs can lead to a change of perspective whereby the role of the government as a key provider of public goods that are essential to a country's development is increasingly ceded to the marketplace. This can have profound implications for democratic accountability, as private actors are mainly accountable to shareholders and not to citizens. Relying too heavily on PPPs can also lead to a redefinition of the role of the State downward, from a guarantor of human rights to a mere regulator of market conditions to facilitate private sector investments.

With respect to parliaments in particular, a major question concerning PPPs concerns the contracts by which they come into being. These contracts tend to be intricate and difficult to understand in their various implications without sufficient expertise among parliamentarians. Moreover, they are often signed off and implemented by the government with little parliamentary oversight.

With this background in mind, this year's Parliamentary Forum will revolve around the following questions:

- How can parliaments help reform national and global tax regimes so that they lead to more equitable outcomes while generating more state revenue for development?
- How can parliamentary oversight of development cooperation be strengthened according to the principles of effective development cooperation?
- How can parliaments help ensure that public-private partnerships are sound and deliver effectively to the people without diminishing the government's role as a guarantor of public goods?

Programme of work

10:00	**Opening**

Hon. Paddy Torsney, Permanent Observer of the IPU at the United Nations

10:10	**Panel I: Domestic revenue mobilization**

Moderator: Rt. Hon. Jack McConnell, House of Lords of the United Kingdom

Prof. Jayati Ghosh, University of Massachusetts Amherst, member of the Independent Commission for the Reform of International Corporate Taxation (remote, New Dehli))

Ms. Toril-Iren Pedersen, Assistant Director, Department for Partnerships and Shared prosperity, Section for governance and transparency, Norwegian Agency for Development Cooperation (Norad), Addis Tax Initiative representative

Ms. Tove Maria Ryding, Policy and Advocacy Manager - Tax Justice**,** Eurodad (remote, Brussels)

Leading questions

- How can development cooperation support greater domestic revenue mobilization?
- How effective are global arrangements to tax multinationals and stop tax havens in unleashing additional resources for the SDGs?
- How can tax regimes be made more progressive, so that higher income earners, including from financial capital, contribute their fair share?

11:30	**Panel 2: Aid and public-private partnerships**

Moderator: Ms. Petra Bayr, MP, National Council of Austria

Ms. Ulrika Modeer, Assistant Administrator, Director of the Bureau for External Relations and Advocacy, UNDP

Ms. Amy La Trielle, Country Program Director for Conflict and Fragile Countries, GAVI Vaccine Alliance (remote, Geneva)

Professor Rebecca Riddell, Co-director of the Human Rights and Privatization Project, Center for Human Rights and Global Justice, New York University School of Law

Leading questions

- How can aid be made more effective in supporting health care, education, and other such public goods?
- How can the uses of aid as a catalyst of other flows of development finance be improved?
- How effective are public-private partnerships as a way of financing infrastructure projects?

12:50	**Closing**

Hon Ms. Paddy Torsney, Permanent Observer of the IPU at the United Nations