Peter Bakvis: Discussant remarks at FfD Roundtable on domestic and international private business and finance, UN, 25 April 2018

Thank you, madam chair, for this opportunity. I am speaking on behalf of the ITUC, which represents 207 million members in 163 countries, and the Civil Society FfD group. I have three points I wish to make.

Point 1: The Inter-agency task force report for this FfD Forum highlights some key obstacles to obtaining greater support form private business and finance to attain development goals. One of them is short-termism of the finance sector and institutional investors, which was mentioned by some of the panellists during the last part of the discussion. The IATF report talks of different ways for 'incentivizing' longer-term perspectives in the financial sector, repacking investments in infrastructures in a liquid form – this is the concept of creating a new asset class. Ultimately, short-term perspectives will not change unless there are some fundamental changes in the way the financial sector, in particular, operates: for example, ending the tying of compensation through bonuses and fees to measures of short-term performance. These kinds of practices, by the way, are also at the root of major financial crises such as the near meltdown of 2008. In our view, public finance must continue to play a key role for achieving the SDGs.

Point 2: Among trade unions and the broader CSO community, we are very concerned about the emphasis placed on 'incentivizing' the private sector through regulatory and policy changes at the national level. The message can, and often is, interpreted by some national authorities to mean that some international bodies suggest a broad deregulatory agenda, revamping the tax system or inappropriately promoting PPPs, according to the whims of private investors no matter what the impact is on people's livelihoods, income distribution and the attainment of SDGs. Recently a draft report of a large multilateral development bank advocated getting rid of minimum wages and employers' contributions to social security in developing countries, without even examining the impact on the SDGs concerning eradication of poverty, creation of decent work and social protection for all. Some consistency in support of the SDGs by the multilaterals would be welcome.

Point 3: The IATF report makes the point, which I think is well taken, that there is no clear set of rules for environmental, social and governance disclosures from the private sector. Several standards exist of course – UN Principles on Business and Human Rights, OECD Guidelines, ILO Tripartite Declaration on MNEs and Social Policies, to name some key ones. Governments and international institutions can and should make it a requirement for their engagement with the private sector that there are appropriate accountability mechanisms. Some important steps have already been taken. For example, the African Development Bank and the International Finance Corporations – which were originally supposed to have panellists in this discussion – have adopted environmental and social safeguards that are obligatory requirements for borrowers. The labour safeguard, to take one example, requires compliance with the ILO's fundamental rights conventions and occupational health and safety standards. The safeguards are not always fully complied with. However, I can say at least for the labour safeguard that the standards are respected when the multilateral banks work with trade unions and CSOs in monitoring compliance and make clear to the borrower that compliance is a condition for financial support.

Thank you again for this opportunity.