



Private Sector Watch



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The Reality of Aid Network
A Private Sector Solutions and the Health Research on Behaving Aid Policies and Practices

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The Reality of Aid Network
A Pre-eminent Southern-led North/South Network on Reforming Aid Policies and Practices

CSO Partnership for Development Effectiveness**Reality of Aid Network**

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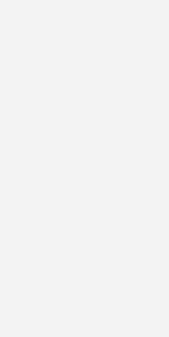
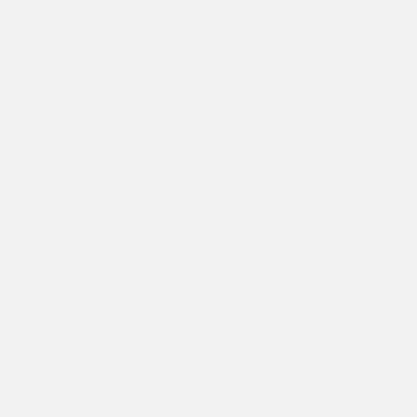
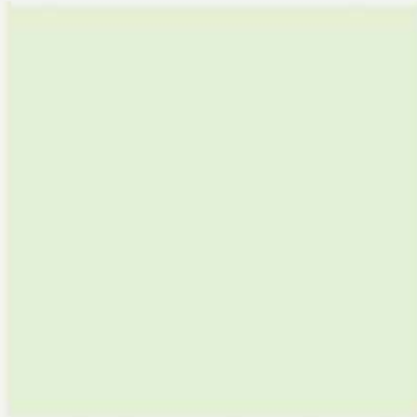
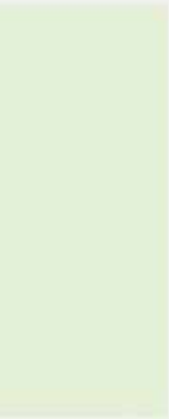
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Executive Summary



Introduction

In recent years, the arena of development cooperation has changed rapidly, in response to the impact of a series of severe global crises including the COVID-19 pandemic, the accelerating effects of climate change, escalating warfare, and hyper-inflating costs of living. Development actors have been called upon to create solutions for the world's most vulnerable sectors, not just to address the present problems, but also “the needs of tomorrow,”¹ as the risks posed to the marginalised seem likely to intensify rather than abate in the future.

In this light, an interrogation of the role of the private sector in development is more crucial than ever. The world is currently at the midpoint of the 2030 Agenda for Sustainable Development and it has become clear that the targets spelled out under the 17 Sustainable Development Goals (SDGs) will not be met. As the deadline looms, the prospect of the SDGs falling short—just like the preceding Millennium Development Goals, the unfulfilled eight-goal blueprint for global development for 2000 to 2015—has put greater pressure on leaders to find solutions. In this period of crises, the private sector has been held up as a ‘silver bullet,’ with private financing touted as a means of filling in the gaps in development that national governments and multilateral institutions have been unable to address.

Private sector engagement (PSE) has long been hailed as one of the primary sources of innovation, growth, and risk-taking in development; private sector actors are relied upon to “bring best practices” into public policy², particularly with regard to technological advancement, infrastructure expansion, and financing and investment. However, the actual experience of many developing and least-developed countries (LDCs) with the private sector's development efforts has been rife with controversy, as the emphasis on immediate profit generation has tended to eclipse legitimate concerns regarding the negative impact of private sector, particularly from large transnational corporations (TNCs), on marginalised groups and the environment. Meanwhile, the positive contributions of micro, small and medium enterprises (MSMEs) and social enterprises (SEs) to domestic socio-economic development are often overlooked.

While there is an emphasis on multinational and transnational corporations as partners for development, it is important to recognise that the private sector is not a single homogenous entity. While TNCs can bring in massive investment and jobs to developing countries, their operations often contribute to environmental destruction and labour rights violations. Although smaller in size, MSMEs and social enterprises play a role in domestic development and local employment as they engage poor and marginalised populations. Defining the private sector is an essential process in reaching a clear understanding of the role they play in development and how they should be engaged.³

¹United Nations Department of Economic and Social Affairs. (2023). 2023 DCF concludes with urgent call for nations to scale up development cooperation to better support the most vulnerable. <https://financing.desa.un.org/post-news/2023-dcf-concludes-urgent-call-nations-scale-development-cooperation-better-support-most>.

²Organisation for Economic Co-operation and Development. (n.d.). Private sector engagement in development cooperation. <https://www.oecd.org/dac/private-sector-engagement-in-development-co-operation.htm>.

³CSO Partnership for Development Effectiveness & Reality of Aid Network. (2021). Monitoring Private Sector Engagement in Development Cooperation: A Handbook for Civil Society Organizations. <https://csopartnership.org/resource/cso-handbook-on-private-sector-engagement/>.

There is an urgent need for development actors to work closely together to enhance development effectiveness without compromising the people and the planet. The CSO Partnership for Development Effectiveness (CPDE) thus seeks to contribute to the establishment of inclusive multi-stakeholder partnerships, despite the challenges imposed by the uneven economic and political influence of different development actors—in particular, the shrinking of civic spaces and the dominance of powerful countries and corporations in partnerships.

It was in this context that the CPDE Task Force on Private Sector Engagement (PSE TF) was first convened in 2021, facilitating intensive research and monitoring efforts through the Private Sector Watch (PS Watch). CPDE's initiative on private sector engagement is two-fold: monitoring existing PSE projects through the PS Watch, and conducting outreach to social enterprises as potential partners in development cooperation. This nuanced approach highlights the diversity of entities that fall under the banner of the private sector, and advocates for development cooperation with social enterprises and MSMEs that can contribute positively to national and local economies.

This Global Synthesis Report of the Private Sector Watch is the second one released by the Task Force, consisting of national- and subnational-level case studies from CPDE members around the world. The research generated by CPDE's implementing units focuses on the effect of PSE on sectors such as women, youth, workers, farmers, fisherfolk, and Indigenous Peoples. Reports also emphasise the critical need for civil society organisations (CSOs) to document the lived experience of vulnerable people, to balance the tendency of government and private institutions to generate financial and economic data without nuance. Most importantly, the work done by the PS Watch also fulfils the role of CSOs as monitors of other development actors, holding both state and private sector entities accountable under a development cooperation framework.

The reports prepared for PS Watch are steps along the path to change the current, inadequate development framework—not only by contributing to existing research and recommendations regarding the current state of private sector engagement, but by enacting, interrogating, and revitalising the role of other development actors as partners and monitors of the private sector.

This introduction synthesises the reports included in this volume, highlighting key findings to draw connections and conclusions, with the Kampala Principles for Effective Private Sector Engagement in Development Co-operation as a framework for analysis (See Table 1.) However, the Kampala Principles have also been critiqued by CSOs, as these remain voluntary for businesses to uphold and tend to promote profitable solutions rather than initiatives that address the roots of poverty and inequality.⁴

⁴Ibid.

Kampala Principles⁵

Principle 1 Inclusive Country Ownership

Define national development goals through an inclusive process; align and coordinate PSE with national priorities and strategies

Relevant Case Studies

- The State of PPPs in Zambia and Zeroing in on the Lusaka-Ndola Road
- Energising the Private Sector through the Benban Solar Park in Egypt

Principle 2 Results and Targeted Impact

Focus on maximising sustainable development results; align core business and development interests

Relevant Case Studies

- Furthering Private Sector Partnerships through the Nairobi Expressway

Principle 3 Inclusive Partnership

Support and participate in inclusive dialogue and consultation; promote bottom-up, innovative, and accessible partnerships

Relevant Case Studies

- Hydropower Projects and Impacts on Cordillera Indigenous Peoples
- “Green Mine” Repeatedly Fined for Pollution, Activists Beaten
- Infrastructure-led Development in Northeast India and the Case of the Shillong-Dawki Road

Principle 4 Transparency and Accountability

Measure and disseminate results; ensure accountability

Relevant Case Studies

- “Safe City” Solutions in Serbia Threaten Civic Space

Principle 5 Leave No One Behind

Ensure that a private sector solution is the most appropriate way to reach those furthest behind; share risks proportionately; establish provisions to mitigate and manage risks for all stakeholders

Relevant Case Studies

- Empowering Peasant Economies of Cauca's Youth
- Social Enterprises and Economic Empowerment of Women in Ghana

⁵Global Partnership for Effective Development Co-operation. (2019). Kampala Principles on Effective Private Sector Engagement in Development Co-operation.

Promotion of PPPs and infrastructure-led development

Today, infrastructure projects are the most prominent type of public-private partnership (PPP). Such “bankable” initiatives are designed to be attractive to foreign private investment and partners, with the promise of massive returns. Infrastructure-led development is being forwarded as a solution to the rapid rise of poverty and accompanying development challenges, claiming to contribute to SDG 11, or the goal of building sustainable cities and communities. It is in this context that PPPs have become a significant PSE modality, even as the value of PPP investments around the world fluctuated, becoming particularly volatile during the COVID-19 pandemic, which led to a “drastic decline... in line with the slowdown in the global economy.”⁶ But in the post-pandemic period, there have been definite signs of recovery of PPPs and the “intense promotion of private finance in development, and of PPPs in particular” persists.⁷

The drive for profit often conflicts with people’s development needs and environmental sustainability. Based on research into the impact of PSE in energy infrastructure, for instance, the deregulation and inflation of energy prices arising from the implementation of energy PPP projects has exacerbated food insecurity in developing countries.⁸ Overall, the mobilisation of private finance for this purpose is deeply problematic, due to several common characteristics of PPP contracts: the non-negotiable orientation to maximise returns on private investment; the uneven concentration of fiscal, environmental, and other risks in the government and public side of the partnership; and the lack of accountability of state institutions and officials which push PPPs as means of covering up their own failure to provide basic goods and services.

Several case studies in the report show the prominence of PPPs in the construction of large-scale transport infrastructure. This is evident in the cases tackling the Nairobi Expressway in Kenya and the Shillong-Dawki Expansion Road in Northeast India. The construction of the Nairobi Expressway is supposedly aligned with Kenya’s Vision 2030, which aims to “transform Kenya into a newly industrialising, middle-income country”⁹ by eliminating “the deficit in core infrastructure”¹⁰ to make the city a more attractive tourist and investment destination. Meanwhile, the Shillong-Dawki Expansion Road aims to stimulate development and economic growth in the country, especially as India’s Northeastern region is seen as a gateway for trade and tourism with its bordering countries.

For both projects, the government partnered with private sector firms to efficiently implement the construction of the roads in order to enhance connectivity and movement of goods and services. However, it was noted that the multinational corporation, China Roads and Bridge Corporation, has profited the most from the tolls and other services under its partnership with the Kenyan government. After the completion of the expressway in 2022, the construction added USD 80 million to the Kenyan national debt, while further costs of operation and maintenance will also be shouldered by the Kenyan government.

⁶Eurodad. (2022). History RePPeated II: Why Public-Private Partnerships are not the Solution. https://assets.nationbuilder.com/eurodad/pages/3071/attachments/original/1671445992/01_history-rePPeated-2022-EN_19dec.pdf?1671445992.

⁷Ibid.

⁸Eurodad. (2022). PPPs in energy infrastructure: regional experiences in light of the global energy crisis. https://us.boell.org/sites/default/files/2022-10/ppp-summary-report_101022.pdf.

⁹Vision 2030 Delivery Secretariat. (n.d.). Kenya Vision 2030. <https://vision2030.go.ke/>

¹⁰Office of the Deputy Prime Minister and Ministry of Finance, Republic of Kenya. (2011, November). Policy Statement on Public Private Partnerships. <https://www.cpppc.org/opt/pmo/nfs/images/www/201901/11152339y1tk.pdf>.

Similarly, the Shillong-Dawki Expansion Road is being used by the government of Japan to pursue its strategic interests under its Free and Open Indo-Pacific Vision. The private sector has failed to deliver on its promises of efficiency and effectiveness. For instance, some private sector partners abandoned their work after being awarded contracts, resulting in delays in implementation. The USD 2 billion in funding provided through the Japan International Cooperation Agency (JICA) for infrastructure projects in India also further inflates the national debt, a burden that would be shouldered by taxpayers for the foreseeable future.

These projects have masked the interests of donors and the private sector behind a façade of progress, even as CSO monitoring reveals their massive, negative impact on local communities. The new Nairobi Expressway has been criticised for its inaccessibility, as seen in its expensive toll fees and car-centric infrastructure. Moreover, despite the claim that construction would generate jobs for Kenyans, locals were given low-paying labour jobs while more stable, high-paying, and skilled positions were given to overseas workers. Meanwhile, local communities in Northeast India reported that the road project would lead to massive deforestation, as over 4,400 century-old pine trees would need to be cut down for road expansion; it would also displace them and remove their livelihoods. Yet construction has proceeded, despite widespread protests and legal challenges from the affected sectors and CSOs. Given the collaboration between private and government institutions in this project, militarisation is rampant, with soldiers deployed to drive away Indigenous Peoples (IPs) and other local people to make way for the road construction.

PPPs have also entered the digital sphere, which can be seen in the case of the Huawei Safe City Solution in Belgrade, implemented through a strategic partnership agreement between Serbia's Ministry of the Interior and the Chinese multinational corporation Huawei. The project's aim of transforming Belgrade into a 'Safe City' reflects the fast-rising trend of "digital transformation" in the urban setting, establishing a surveillance system based on facial recognition technology and the installation of hundreds of security cameras throughout the capital.¹¹ The concept of using digital technology and data to enhance productivity and upgrade existing processes is often understood as "largely business-oriented or market-based," but in the development arena, it is also seen as a means of "catalysing progress on sustainable development."¹² Digitalisation, as promoted in the framework of PSE, enables effective delivery of aid, enhances global connectivity, and allows key services to be scaled up, targeted, or facilitated more efficiently.

Yet the case of Serbia shows the dark side of such projects. Giving private corporations control over the implementation and maintenance of digital public infrastructure, in exchange for financing, has led to "further shrinking of civic space by the Serbian state," especially as there is no "requirement of necessity and proportionality" that would "justify such a drastic intervention [posing] innumerable risks to the fundamental rights and freedoms of citizens."¹³ The disturbing context of the 'Safe City' surveillance project is the growing threat to civic freedom in Serbia. The launch of the initiative has also been marked by state efforts to enact

¹¹Stojkovski, B. (2019). The Chinese Giant's Safe City Solution for Belgrade is raising questions about its use of personal data. <https://www.zdnet.com/article/huaweis-surveillance-system-in-serbia-threatens-citizens-rights-watchdog-warns/>.

¹²Lalremdik, C. (2023). World Bank's Digitalization of Aid: Multiplying risks and threats for women and girls?. <https://realityofaid.org/wp-content/uploads/2023/04/Deep-Dives-Digitalization.pdf>.

¹³Civic Initiatives. "'Safe City' Solutions in Serbia Threaten Civic Space."

complementary laws that would “greatly expand police power in vague ways,” while the government has stayed silent on the implementation of any safeguards or mechanisms to protect the data and rights of Serbian citizens.¹⁴

Relying on the privatisation of basic services such as transport, energy, and security to spur development has severely eroded the rights and welfare of citizens. Indeed, the factors that attract the private sector to build and maintain public infrastructure through PPPs are the same factors that virtually guarantee negative social and environmental consequences. The reports on the cities of Nairobi, Shillong, and Belgrade have exposed how inadequate regulation of private sector funding may lead to short-term gains in infrastructure and investment, but also fundamentally compromise the inclusiveness, resilience, and sustainability of urban development measures and practices.

Profit over people and the planet

SDG 13 calls on all countries to “combat climate change and its impacts,” and any meaningful realisation of that goal must be matched by action on the complementary SDG 7, which aims to “ensure access to affordable, reliable, sustainable and modern energy.”¹⁵ Yet instead of fulfilling their commitments to provide technical and financial assistance for climate initiatives under Agenda 2030, the governments and private corporations of developed countries have instead pushed for greater private financing as a means of generating profit and consolidating economic and political influence over developing and least-developed nations.

The historical role of the private sector as the chief cause of climate change and other environmental degradation is well-established, with coal and oil corporations producing over 70 percent of global greenhouse gas emissions. But as the climate crisis worsens, the private sector has increasingly been touted as a key financier for large-scale climate and energy projects, through mechanisms such as bonds, guarantees, and profit-oriented infrastructure for climate change mitigation and adaptation.

Yet, as seen in PS Watch reports, private sector intervention in climate initiatives encourages the pursuit of false and market-based solutions, to the detriment of more effective adaptation and mitigation efforts. The accelerating corporatisation of climate responses undermines many key principles of effective development. These can be seen in the reports on hydropower ventures in the Philippines, the Benban Solar Park in Egypt, and a notorious “Green Mine” undertaking in Serbia. These projects not only jeopardise the environment but also the livelihoods and traditional ways of life of affected communities, often proceeding with minimal consultation and without obtaining Free, Prior and Informed Consent (FPIC) from stakeholders.

The International Indigenous Peoples Movement for Self-Determination and Liberation (IPMSDL) conducted an assessment of proposed hydropower projects in the Cordillera region of the Philippines, where a staggering number—over 95 energy projects and 100 large-scale mining applications—have been proposed. Indigenous communities in the Philippines have been essentially excluded from participating in the planning of these hydropower projects, given the limitations

¹⁵United Nations. (n.d.). Sustainable Development Goals. <https://sdgs.un.org>.

on meaningful IP involvement in the early stages of project development. The IPMSDL claims that the Philippine government and private sector entities have disregarded indigenous concerns regarding land ownership, development, and the right to self-determination. Indigenous communities often experience militarisation, with community leaders, environmental activists, and CSOs targeted through judicial harassment, state abductions, and enforced disappearances for opposing controversial hydropower projects such as the PHP 5.8 billion, 52-megawatt Chico River Hydropower Dam.

The case study on the Benban Solar Park in Egypt shows how private sector engagement geared for the energy transition, implemented through PPPs, may end up facilitating corporate takeovers of sustainable energy initiatives, to the detriment of local communities and long-term national development prospects. The USD 4 billion Benban Solar Park Project, launched in 2018, was initiated by the Egyptian government's New and Renewable Energy Authority (NREA) and the transnational corporation Egyptian Electricity Transmission Company (EETC), funded by various international financial institutions (IFIs) in Europe and the Middle East and North Africa (MENA) region. The project achieved the objective of providing a sustainable energy source. However, the gains are concentrated among TNCs and IFI investors, while resulting in negative impacts on the livelihood and human rights situation of affected communities.

CSOs and affected sectors criticised the lack of consultation and transparency in the construction of the Benban Solar Park, as the project has failed to address the actual development needs of local communities. It did not live up to much-vaunted job creation and poverty alleviation goals. The government's restrictive measures regarding project implementation have also hindered a more inclusive representation and fostered conflict between the community, the project proponents, and the state.

The final case study in this section is the report prepared by Civic Initiatives. "Green Mine' Repeatedly Fined for Pollution, Activists Beaten" discusses the Bor Copper Mines and the Čukaru Peki Copper-Gold Mine projects in Serbia, operated by the China-based Zijin Mining Group. Despite Zijin's stated commitment to ecological preservation, reports from CSOs indicate a surge in air pollution and contamination of farmlands, and water bodies, as sulphur dioxide levels surpassed legal limits. Zijin has been accused of operating without proper environmental impact assessments, facing court cases and fines for violations of mining and geological research laws.

Although the company pledged to engage in transparent and open dialogues, the PS Watch report cited several instances of Zijin security guards and Serbian police troops forcibly and violently attempting to dismantle protest camps outside the company's mining site. The well-documented violations of human rights in Serbia by corporate entities, abetted by state forces, have also drawn the attention of international human rights institutions.

As evidenced by this batch of case studies, the growth of market-based and profit-oriented private financing in climate initiatives undermines the principles of inclusive partnerships. Suppressing the voices of affected sectors to implement large-scale, privately-funded projects has consistently resulted in adverse impacts

on the region's labour, development, human rights, and the environment. Pro-people climate adaptation measures, especially in underdeveloped countries, have been eclipsed by a heavy reliance on private finance which favours the interests of big corporations, international finance institutions, and developed countries over the climate adaptation needs of poorer countries and marginalised sectors.

The intersection of non-compliance with inclusive partnership principles and negative environmental impacts is a critical concern in efforts to achieve sustainable development. Environmental degradation and human rights violations have marred the efforts of private sector actors to contribute to the national development frameworks of countries around the world, and urgent steps must be taken to rectify these issues, ensuring that representatives of affected and marginalised sectors are given a voice and a concrete role in planning, implementing, and monitoring development projects.

When Agenda 2030 was adopted by all United Nations Member States in 2015, it was with a declaration that “all countries and all stakeholders, acting in collaborative partnership,” would implement “a plan of action for people, planet and prosperity.”¹⁶ The significance of inclusive partnership in development is also articulated in the third Kampala Principle. However, as seen in both Private Sector Watch case studies, the reality is that many private-sector-led development projects have fallen short of that commitment. The next section further elaborates the intersections between the negative impact of PSE on the climate and environment, and its problematic role in the formulation of state-level programs relevant to other long-term, broad-range national development concerns.

Long-term economic consequences of private sector interventions

Several of the case studies included in this compilation paint a broader picture of PSE and development cooperation at the national and sectoral levels, discussing general practices and policy frameworks instead of specific, individual projects. The global South is represented here in the research conducted by CPDE constituencies in Africa, Latin America, Asia, and the Middle East and North Africa, which show the immense impact of PSE on the economy of poorer countries, and the urgent need for reforms that address the adverse effects of private sector influence—through financing and other modalities—on long-term national development.

Since the adoption of the Kampala Principles remains voluntary, and with weak state regulatory mechanisms in place, development cooperation tends to favour corporate interests, at the expense of genuine socio-economic development for the world's poorest countries. Donor countries and IFIs such as the International Monetary Fund-World Bank (IMF-WB) consistently push for policies geared towards further privatisation, deregulation, denationalisation, and liberalisation of developing countries.

Debt-prone countries are forced to adopt policy conditionalities set by donors and IFIs to address the financing gap left by inadequate governance. Historically, for

¹⁶United Nations. (2015). Transforming Our World: the 2030 Agenda for Sustainable Development. <https://sdgs.un.org/2030agenda>.

instance, the IMF's rigid insistence on adherence to "austerity policies" for aid to drive economic recovery after the 2008 financial crisis led to debt repayments, cost-cutting in social spending, privatisation, and freezing or cutting of wages which substantially "interfered with national legal and policymaking spaces and perpetuated structural inequalities."¹⁷

Today, this trend in development financing remains prevalent, as the financial aid provided to poorer countries during the spread of COVID-19 "missed the mark" with regard to sustainable policymaking in the health, labour, and economic sectors in response to the pandemic.¹⁸ Conditionalities on financial aid during the pandemic aimed to support private sector recovery, through measures such as tax relief for businesses and rollbacks in labour and environmental protections, while pushing for austerity on social amelioration programs such as unemployment subsidies and financial assistance for micro, small, and medium business enterprises (MSMEs). All this paints a picture of "corporate capture of development, where profit is prioritised over addressing people's needs, upholding their rights, and protecting the environment."¹⁹ Indeed, PS Watch research demonstrates how such policy conditionalities impede the long-term prospects of struggling countries to establish independent, efficient, and sustainable national industries for economic growth and development.

The PS Watch report on "Private Sector Engagement in Egypt and the Benban Solar Park" discusses how inadequacies in monitoring and cooperation have impeded the effectiveness of PSE in the country, and states that neoliberal practices such as deregulation and privatisation of basic services have "cannibalised productive state assets" and created private monopolies, who use "sustainable development goals as a patina covering the profit motive in business as usual."²⁰

In Egypt, the dominant mode of private sector engagement is finance, primarily in the form of debt and equity instruments. In practice, this means that the implementation and design of private sector intervention in development cooperation is in the hands of international and local financial institutions—expectedly, development priorities are based on private sector interests, and the usual goal is to "catalyse" the business sector through financing for small, medium, and large business enterprises. According to the PS Watch Report, the prioritisation of corporate interests in economic planning has enabled several monopolies to dominate the private sector in Egypt, permitting them unrestrained access to the country's resources and dissolving MSMEs, contributing to the prevalence of low wages and the persistence of the informal sector in Egypt.

The PS Watch research showed that private financing for energy and climate projects has rapidly increased, which may indicate a positive trend in establishing the responsibility of the private sector to achieve SDG targets such as Goals 7 and 13 (regarding affordable clean energy and climate action). However, such projects may only indicate the trend of capital going to a newer market of 'green' investments,

¹⁷IBON International. (2019, October). On the complicity of the IMF, other IFIs in violating people's economic rights today. <https://iboninternational.org/2019/10/15/on-the-complicity-of-the-imf-other-ifis-in-violating-people-s-economic-rights-today/>

¹⁸Reality of Aid Network. (2021). Ties that Bind: World Bank Conditionalities in the Pandemic Response. <https://realityofaid.org/world-bank-conditionalities-in-pandemic/>

¹⁹Reality of Aid-Asia Pacific. (2023). On the right to development: Reality of Aid-Asia Pacific's inputs to the UN Special Rapporteur. <https://realityofaid.org/on-the-right-to-development/>

²⁰Ghannam, O. "Private Sector Engagement in Egypt and the Benban Solar Park."

and the report also cautions that energy initiatives “create a limited number of jobs compared to industry and agriculture... investment in the energy sector, if not balanced with investments in other labour-dense industries, could create serious distortions to the economy.”²¹

Meanwhile, “Zambia Case Study Research on Private Sector Engagement in Development Cooperation,” prepared by the Zambia Social Forum (ZAMSOF), discusses the alignment of PSE with the country’s 8th National Development Plan (NDP). The research looks at key policy instruments and analyses their role in the pursuance of “socioeconomic transformation for improved livelihoods”²² under the NDP, through PSE in the key economic sectors of agriculture, mining, tourism, and manufacturing as well as “strategic interventions [in] the energy, transport, and water development sectors.”²³

But while there seems to be alignment between the Kampala Principles and Zambia’s policy frameworks, research showed gaps in implementation. The private sector projects under the NDP have fallen short of one of its foremost development outcomes, the creation of “an industrialised and diversified economy.”²⁴ Another significant shortcoming was the almost total absence of civil society engagement in the legislative and institutional national framework for PSE—the only nod towards CSOs was the inclusion of civil society representatives in the Public Private Dialogue Forum (PPDF), which has minimal political power.

The Actoria de Social Juvenil’s (ASJ) report on “Peasant Economies of Cauca’s Youth” examines the peasant economy in the Cauca Department of southwestern Colombia, with a particular focus on the rural youth in that region. This report stands out among the other case studies included in this year’s PS Watch compilation for its presentation of a local community’s experience of “an alternative to the dominant neoliberal and market-based economy in Colombia,” based on a “solidarity economy” built around the contributions of small-scale landowners and farmers.²⁵

In the municipalities of Popayán, Timbío, and Piendamó in Cauca, ASJ has operated as a social enterprise (SE) seeking to organise the youth and encourage productive solidarity as a mode of survival and resistance to the exploitation, displacement, and environmental harm caused by neoliberal business enterprises in the rest of Colombia. One of ASJ’s recent, major projects has been to work with peasant youths and their families to develop a local brand of coffee, to serve as a sustainable source of income for the local community. The formation of a community-level farmers’ collective and consolidation of local resources helped them to address longstanding challenges such as lack of productive land and agroecological training.

In a similar vein, the Network for Women’s Rights in Ghana (NETRIGHT) reported on “Social Enterprises and Economic Empowerment of Women in Ghana.” This case study focused on the social enterprise Atarrah Ghana, established in 2013 by the Widows and Orphans Movement (WOM). Atarrah Ghana provides livelihood

²¹Ibid.

²²Ministry of Finance and National Planning, Zambia. (2022). Eighth National Development Plan: 2022-2026. <https://www.sh.gov.zm/wp-content/uploads/2022/09/EIGHTH-NATIONAL-DEVELOPMENT-PLAN-2022-2026-05-07-2022.pdf>.

²³Kabaso, G. “The state of PPPs in Zambia and zeroing in on the Lusaka-Ndola Road.”

²⁴Ministry of Finance and National Planning, Zambia. (2022).

²⁵Actoria de Social Juvenil. “Peasant Economies of Cauca’s Youth.”

programs to facilitate the economic empowerment of widows, starting from basket and cloth weaving and expanding to agri-business activities. The enterprise also conducted training programs on financial literacy, business management, marketing, and product development, which helped address the poverty and social exclusion of widows, providing income opportunities to hundreds of women in the Upper East Region of Ghana.

The Atarrah Ghana initiative demonstrates how private sector entities can effectively abide by the Kampala Principles. WOM itself has launched other programs on human rights, education, economic and social empowerment, and climate change initiatives to promote and protect the rights and dignity of widows and orphans. However, despite the positive impacts of Atarrah Ghana, there is still no strong enabling environment for SEs in the country. Instead, the government of Ghana has been actively promoting IFI and MNC-led PSEs through PPPs.

As seen in the success of these enterprises in Colombia and Ghana, MSMEs and social enterprises can be effective partners in poverty reduction and inclusive growth, having long developed a business model that genuinely seeks to ensure positive impacts on poor and marginalised communities. Compared to large multinational and domestic corporations, MSMEs and SEs have been far more faithful in upholding the development effectiveness principles, human rights, gender equality, and environmental sustainability.²⁶

As seen in the efforts of Atarrah Ghana and ASJ, it is possible to work for socioeconomic development without sacrificing solidarity and self-determination. Under governments that have increasingly promoted PPPs with multinational corporations over effective pro-people development, marginalised sectors can be empowered and enabled by private entities through the use of knowledge sharing and capacity development as primary modalities of engagement. However, these successes are limited; Ghana and Colombia still struggle with problems similar to those raised in the case studies of Egypt and Zambia. Free rein for the private sector, alongside restrictive laws and limitations on civil liberties, has created circumstances that discourage if not altogether exclude genuine, inclusive democratic country ownership of national development strategies. There must be a push by governments and multilateral institutions to create conditions that promote the growth of alternatives to corporate monopolies, such as SEs and MSMEs, that can further contribute to sustainable development.

²⁶CSO Partnership for Development Effectiveness. (2023). Synthesis Report: Social Enterprises as Potential Partners in Development Cooperation Advocacy. <https://csopartnership.org/resource/synthesis-report-social-enterprises-as-potential-partners-in-development-cooperation-advocacy/>

Conclusion

The case studies compiled in this research shed light on critical issues surrounding private sector engagement in development cooperation. These case studies from various regions of the world highlight the complex and often contentious relationship between private sector interests and the pursuit of sustainable development.

Several trends can be observed in the PS Watch case studies over the past two years, as seen in this and the previous year's Global Synthesis Reports. First, there is a continuing emphasis on energy and climate projects in PSE, yet many private sector-led infrastructure projects have been flagged for inflicting negative outcomes for people and the environment at the national and sub-national level. For instance, reports on dams, agribusinesses, transport infrastructure, and other major construction projects from the Philippines and India in 2023 underscore the same problems of lack of inclusiveness, transparency, and accountability seen in the same countries' case studies in 2022.

Second, the PS Watch reports provide evidence for the harmful, long-term impacts of certain types of PSE intervention on national development. Case studies from Africa in both 2022 and 2023 report that weak government regulation and economic planning have allowed private sector entities to direct financing and state resources towards projects intended to generate profit for corporations rather than addressing the needs of the population. These experiences demonstrate how governments have legitimised the damage caused by PPPs and other modes of private sector engagement, instead of protecting and upholding public interest.

Third, as seen in the research conducted by PS Watch partners, many CSOs have always been willing to hold the private sector as well as the government accountable for their respective roles in the planning and implementation of private sector interventions. However, reports from various countries in both reports show increasing constraints on civil society. The failure to recognise and enable CSOs as vital development partners can be linked to worsening human rights violations associated with private sector interventions, which particularly affect marginalised sectors such as workers, Indigenous Peoples, rural communities, and the urban poor.

Finally, a more promising practice has emerged in this year's case studies from Colombia and Ghana, which show how the Kampala Principles on inclusiveness and ownership can be enacted by MSMEs and SEs at the grassroots level. There is potential in alternatives to traditional corporate-led private sector engagement—MSMEs and SEs can have a role in the achievement of sustainable development goals, with support from the state and civil society, and the firm commitment to contribute to the communities in which they are based.

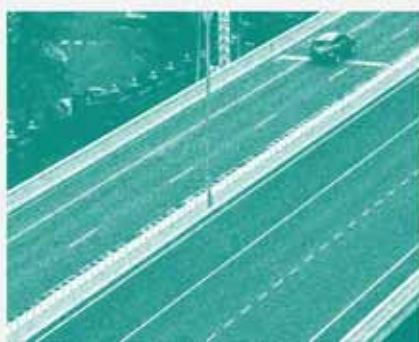
There are evident weaknesses in the way the Kampala Principles have been deployed to achieve development effectiveness, particularly with regard to its voluntary and non-binding nature. But despite the inadequacies underscored by these case studies, the Kampala Principles may still provide a useful framework for guiding PSE initiatives toward more equitable and sustainable outcomes. They can

be effective, for instance, as guidelines for the formulation of concrete development aims during the planning stages of projects involving private sector entities, or as a set of criteria for assessing and evaluating PSE after implementation.

While the core of PSE is the need for the private sector to play its part in achieving development goals, the research shows that this has led to governments privileging the interests of the private sector at the expense of public welfare and long-term socioeconomic progress. Thus, there is a need to continue monitoring the compliance of private sector entities with the Kampala Principles, along with human rights and environmental standards, and to keep pushing for a better means of utilising the private sector to fulfil developmental goals.

1 Furthering Private Sector Partnerships through the Nairobi Expressway

Reality of Aid Africa Network



Introduction

The lack of adequate, quality and accessible infrastructure and services hinders Kenya's development. While public resources and development assistance remain to be the main source of funding for the construction of infrastructure and provision of social services, these have been insufficient amid rising debt, inflation, and the failure of donor countries to uphold their aid commitments. With this, the government of Kenya turned to the private sector to supplement the financing gap, especially in supporting infrastructure development in the country.

Under a Build-Operate-Transfer and Public-Private Partnership model, the Nairobi Expressway project is being implemented with the China Roads and Bridge Corporation (CRBC) to address traffic congestion in the capital city of Nairobi. With a thirty-year concession period and a loan of USD 668 million, the Nairobi Expressway is designed as a four-lane dual carriageway spanning 27 kilometres from Mlolongo to James Gichuru road. It aims to address the problem of traffic congestion in downtown Nairobi. In 2022, the construction of the road was completed and is now commissioned for operation. There are, however, major concerns with how it has addressed the social, economic and environmental concerns of the affected populations.

Country Context

Since 1996, Kenya has welcomed private investments in some sectors such as telecommunications, energy, transport, water and sanitation. An estimated USD 4 billion per year or 20% of its GDP will be needed to address the country infrastructure deficit over the next decade.¹ As of 2006, Kenya needed an additional USD 2.1 billion per year to meet that funding goal.

The role of the private sector in development and its partnership with the government is expounded in Kenya's Vision 2030 and other national policy frameworks. Kenya's Vision 2030, the country's development blueprint, aspires to transform Kenya into a newly industrialised middle-income country, with high quality services and facilities. A specific principle indicated in Vision 2030 is to address the infrastructure deficit in the country to provide high-quality services and to entice tourism and investment in the country.

It gives high priority to investments in infrastructure, with a relevant role given to the private sector in financing and implementing such initiatives. With this, the government has developed a policy framework, which includes the PPP Policy, PPP Act and accompanying regulations, to engage domestic and multinational corporations through public-private partnerships (PPPs). These PPP projects aim to be targeted at priority infrastructure sectors, including the construction of national flagship development projects.

¹Government of Kenya. (2011). Policy Statement on Public Private Partnerships. <https://ppp.worldbank.org/public-private-partnership/sites/ppp.worldbank.org/files/documents/Policy%20Statement%20on%20Public%20Private%20Partnerships.pdf>.

Nairobi Expressway

About the Project

The Nairobi Expressway is a four-lane dual carriageway with a length of 27 kilometres, stretching from Mlolongo to James Gichuru. This project was developed under a public-private partnership (PPP) and a build-operate-transfer (BOT) model with a thirty-year concession period.

The project seeks to significantly reduce the commuting time between James Gichuru, downtown Nairobi, Jomo Kenyatta International Airport, and the Athi River. The expressway aims to reduce traffic congestion, reduce spent time in traffic, and facilitate transportation of goods and services.

The project is in line with Kenya's Vision 2030, which sets forth the national objective of transforming Kenya into a globally competitive, middle-income country through substantially higher growth rates and more balanced development. The vision seeks to eliminate the deficit in core infrastructure that currently persists in Kenya to provide high-quality services to the citizenry and serve as a basis for improving the attractiveness of Kenya as a touristic and investment destination.

Modality	Finance, Technical assistance
Instrument	Concessional loans and guarantees
Program Type	Build-Operate-Transfer Model, Public-Private Partnership
Duration	The project has a thirty-year concession period, with three years for construction and the remaining years under the operation of the China Roads and Bridge Corporation. After 30 years, the expressway will be transferred to the government of Kenya.
Budget	USD 668 million
Sector	Infrastructure, transport
Development Partner(s)	Kenya National Highways Authority (KenHA)
Type of private sectors engaged	Multinational corporation
Private sector partners	China Roads and Bridge Corporation (CRBC)

Other dev't partners

Not applicable

Role of partners

China Roads and Bridge Corporation (CRBC) is responsible for the contracting, investment, development, and operation of the expressway for a period of 30 years. The CRBC will be collecting tolls to recoup their investment. After the concession period, the facilities are to be handed over to the government of Kenya.

Under normal circumstances, the government is expected to commission an independent environmental and social impact assessment (ESIA) to inform its decision on the project. However, for the Nairobi Expressway, the government failed to conduct its own ESIA and instead, relied on the report commissioned by CRBC.

Monitoring

The CRBC conducted their ESIA to assess the impact of the construction and operation of the expressway on affected communities near the project area. There were also some public consultations held by the company before the writing of the ESIA and after the release of the assessment.

Results framework

No information available

Results

During its implementation, the project incurred additional costs that were not initially accounted for, which reached USD 100 million. As the project is only in its first year of implementation, results are yet to be realised. While traffic congestion has marginally improved along the transport corridor, its positive social and environmental impact is yet to be seen. The intended benefits are therefore delayed or are yet to be realised due to poor design and implementation by CRBC.

Evaluation

The project is required to have a monitoring and evaluation plan to review its performance and compliance with the project agreement and design. The plan is also intended to ensure the proper transfer of assets to the government from CRBC, consistent with the terms and conditions stipulated in their agreement.

Adherence to the Kampala Principles

Kampala Principle 1: Inclusive Country Ownership

As it promotes PPPs to receive additional financing for economic growth and development, the government of Kenya has passed several laws to guide its relations with private sector entities. Ultimately, these have provided an enabling environment for the private sector, providing them with benefits and incentives to invest in the country's economy and development.

To promote PPPs, the government has passed reforms to better structure and capacitate itself for private sector intervention. This included the creation of governmental institutions to champion the PPP agenda, the provision of tax incentives and subsidies, facilitating the privatisation of social services, and the creation of a project facilitation fund. While government policies are detailed and expound on how PPPs are promoted, these lack sufficient oversight, regulation, and compliance mechanisms over private sector activities. Without robust mechanisms regulating the private sector, their business operations can adversely impact people's lives, livelihoods and rights, and destroy the environment in the name of profit. The government is also in danger of absorbing all the risks from PPPs, shouldering the additional financing and harmful impacts of these projects.

Kampala Principle 2: Results and Targeted Impact

The Nairobi Expressway, with its toll fees and car-centric infrastructure, is deemed expensive and inaccessible for many. According to the ESIA done before the implementation of the project, only 30% of the people would opt to use the expressway due to the costs, while the majority 70% would choose to use the existing highway, which ran parallel to the expressway.²

Furthermore, the design ignored the needs of people with disabilities, especially the blind and the physically challenged, who would face challenges when crossing the road as the expressway is fully fenced off. The project continues to pose accessibility challenges to pedestrians and motorists. There are only two footbridges and a few pedestrian crossings along the 27 kilometre-stretch, which leads to pedestrians illegally crossing the road. Turning points are either re-routed or closed.³ With the expressway located in the middle of the old highway, commuting to the workplace has been made more difficult along these roads. Local businesses that own stalls alongside the expressway have also expressed concern about reduced foot traffic and a decrease in sales. Livestock are often subject to accidents, that have recently recorded a steep increase.

The construction of the expressway has claimed to generate new jobs for the local population, especially the youth. While there were agreements with the CRBC that it will be bringing workers from China, evidence on the ground suggests that the local population were forced to undertake menial jobs, while the semi-skilled and skilled positions were given to overseas workers. While it claims to promote youth employment, there was a lack of criteria in its hiring process to ensure they were employed.

²Centric Africa Limited. (2020). Environmental and Social Impact Assessment for the Proposed Nairobi Expressway Project: Volume I. https://naturaljustice.org/wp-content/uploads/2020/02/Nairobi-Expressway-NEMA-Submission-for-printing_centric_Jan-15-2020-FINAL-2.pdf.

³Institute for Transportation and Development Policy. (2023, April 30). In an era of climate change, the Nairobi Expressway could still be a green corridor. <https://africa.itdp.org/in-an-era-of-climate-change-the-nairobi-expressway-could-still-be-a-green-corridor/>.



Kampala Principle 3: Inclusive Partnership

Stakeholders were only identified after the submission of the ESIA study report. This was not only contrary to the law, but it also lacked clarity on how the views of the communities were to be included in the decision-making process. The CRBC conducted only six consultative meetings with communities along the project road corridor. Given the magnitude of this project, its novelty in the Kenyan context, and the potential impacts it may bring to the wider Nairobi population, the narrow scope of consultation reflects its inadequacy in effectively addressing and mitigating social and environmental impacts.

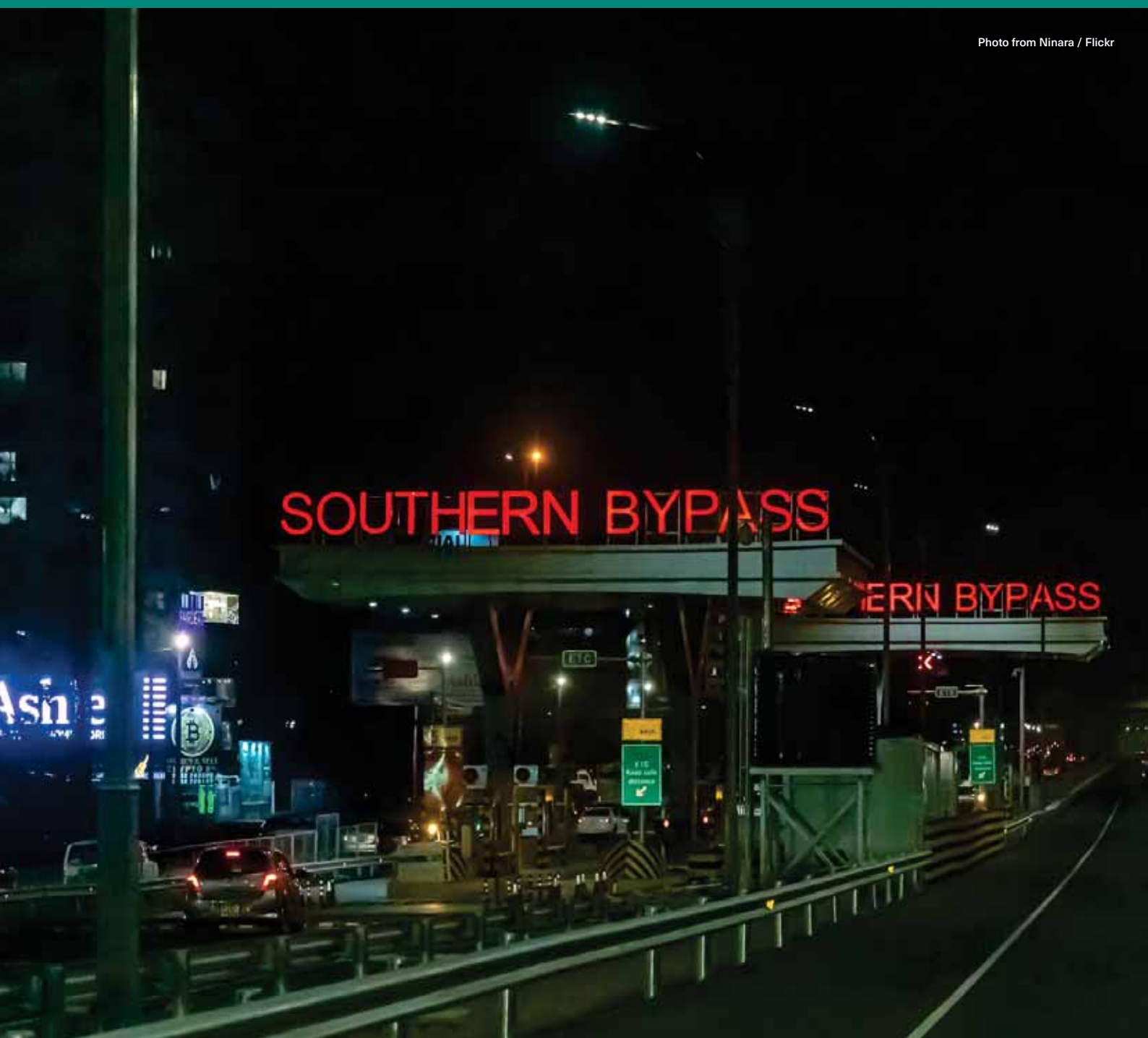
Kampala Principle 4: Transparency and Accountability

The terms of the agreement have not been disclosed publicly despite formal information requests by civil society organisations. Furthermore, the documents on the project design were not made available during the conduct of the ESIA. While government regulations on the ESIA stipulate that the studies should contain an analysis of alternative technology, sites, designs, and processes for the project, the CRBC study did not present any. There is also a lack of detailed analysis on the traffic congestion problems the expressway claims to resolve. These problems could have instead been addressed by promoting multi-modal transport solutions and not depending solely on car-centric infrastructure for transport. The cost-benefit analysis of the construction of the expressway, as opposed to financing bus rapid transit and non-motorised transport systems, was not carried out.

Kampala Principle 5: Recognising, sharing and mitigating risks for all partners

The CRBC benefited from the project at the expense of public resources and the people. Reports state that the debt burden contributed by the project, amounting to USD 80 million, is set to be shouldered by the people. Furthermore, the costs of operations and maintenance of the road estimated at USD 40 billion will be coming from people's taxes. The CRBC also ensured that it would be able to monopolise infrastructure development in the country with a non-competition clause stipulated in its contract with the Kenyan government. This compels the government to give all infrastructure contracts to CRBC, notwithstanding better offers from other contractors

Photo from Ninara / Flickr



Conclusion and Recommendations

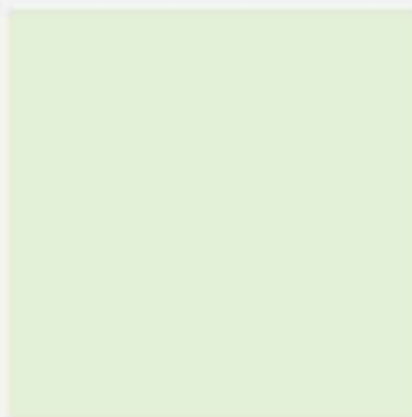
While the project has slightly reduced traffic along the main highway, its economic and environmental cost-benefit analysis is yet to be seen. The government, meanwhile, had already absorbed some of the initial risks for creating the enabling conditions for the project, without a clear framework for recovering those costs. Furthermore, there is no evidence that citizen participation during public consultation had any impact on the project design or decisions of both the government and the investor.

It is also crucial that development actors adopt the following recommendations:

- **Governments must invest in strengthening its regulatory oversight institutions over private sector activities.** The implementation of the Nairobi Expressway project exhibits how with weak regulatory mechanisms, the private sector will be less likely to comply with government regulations and guidelines. Governments must invest in strengthening their regulatory oversight institutions responsible for the project approval, design, implementation and monitoring of public-private partnerships. Concessions should not be made in critical elements of the project, including the funding and conduct of impact assessments, and the adoption of recommendations arising from the former. For private sector engagement to be effective, governments must ensure that their private sector partners are compliant with the agreements, transparent in their activities, and held accountable for any impacts a project might cause to society and the environment.
- **Abandon PPPs as a model, as it garners more profit for the private sector, at the expense of the government and the people.** During the 30-year concession period, the profit from the current operations of the expressway will solely go to CRBC. The mere fact that the expressway is privatised would entail additional costs and burdens to the people. While the government invested resources and shouldered risks for the project implementation, it further incurred debt from the loan and would have to wait for twenty more years before the transfer of ownership. The people also shoulder the taxes and costs for the use and upkeep of the expressway. PPPs contradict the principle of democratic ownership of development priorities and resources, as these pave the way for corporate interests and the privatisation of essential goods and services.
- **Ensure inclusive and meaningful participation of affected communities and civil society in development processes.** While consultations were held, the concerns raised were not tackled or taken into consideration in the implementation of the project. State and private sector entities undertaking development projects must ensure inclusive, meaningful and genuine consultations to effectively prevent, mitigate and address adverse impacts. Feedback and grievance mechanisms must be also made available, especially to affected communities and sectors. These channels must be accessible and proper redress must be given to those negatively impacted by the implementation of these projects.

2 “Green Mine” Repeatedly Fined for Pollution, Activists Beaten

Civic Initiatives



Introduction

Since 2009, Serbia has been a site for increasing investment from the Chinese private sector. According to the Balkan Investigative Research Network, between 2012 and 2021, Chinese companies have invested more than EUR 2 billion (approximately USD 2.36 billion) across 16 projects in Serbia, and the Chinese Export-Import Bank has granted loans for projects worth at least EUR 5.7 billion (or USD 6.74 billion).¹ In 2023, the Zijin Mining Group became the biggest exporter in Serbia, with exports amounting to EUR 1.2 billion (or USD 1.32 billion).²

The Zijin Mining Group is a large multinational corporation with its headquarters in Longyan, China. In 2018, it began operations in Serbia taking over the sole copper mine in the country, the previously state-owned Bor Mining and Metallurgical complex (RTB Bor). The construction of the main plants, as well as the accompanying mining facilities, lasted two years, and production began in 2021. As stated on the Zijin website, the company “strives to become a ‘green, high-tech, leading global mining company,” which would “contribute to global economic growth and sustainable development by producing and supplying high-quality minerals.” With this, it is leading the construction of the Čukaru Peki Copper-Gold Mine, which will feature a ‘green mine,’ which claims to mitigate the environmental impacts of mining through the use of new technologies and processes.

Country Context

Alongside these investments are adverse impacts on the environment, livelihoods and rights of the people, as the corporations have failed to undertake environmental and social impact assessments, and lack transparent and accountable processes in their business activities. The socio-political environment in Serbia has also been unfavourable for the operations and development of civil society, as civic space has shrunk considerably in the past years.³ In September 2022, Serbia was added to CIVICUS watchlist again, following its first addition in 2019, due to the sharp decline in civic freedoms observed more recently.⁴ In addition to the state’s attempt to ban the LGBTQI+ EuroPride peaceful march, the key reason for Serbia’s addition to this list was repeated attacks on environmental activists. A striking example of the attacks on environmental defenders is when the police and company security beat activists and destroyed their camp during a protest against the Zijin Mining Group near the city of Majdanpek.⁵

¹Jeremić, I. & Stojkovski, B. (2021, December 21). China in the Balkans: Controversy and cost. Balkan Insight. <https://balkaninsight.com/2021/12/15/china-in-the-balkans-controversy-and-cost/>.

²eKapija. (2023, March 26). Biggest exporters from Serbia two companies of Chinese Zijin. <https://www.ekapija.com/en/news/4107091/biggest-exporters-from-serbia-two-companies-of-chinese-zijin>

³Civic Initiatives. (2019). Associations of Citizens: Shrinking Civic Space Report – Serbia 2019. <https://www.gradjanske.org/en/associations-of-citizens-shrinking-civic-space-report-serbia-2019/>.

⁴CIVICUS. (2022, September 22). Serbia added to human rights watchlist as government flip flops on decision to permit EuroPride gathering in Belgrade. <https://monitor.civicus.org/SerbiaWatchlist2022/>.

⁵N1. (2022, August 20). Activist: The security hired by Zijin broke up our camp at Starica <https://n1info.rs/vesti/aktivistkinja-obezbedjenje-koje-je-unajmio-zidjin-nam-rasturilo-kamp-na-starici/>.

Bor Copper Mines and the Čukaru Peki Copper-Gold Mine

Overview

Aligned with the strategic partnership agreement between the government of Serbia and the Zijin Mining Group, Zijin has undertaken two large mining projects in the Bor District. In December 2018, the agreement paved the way for the founding of Serbia Zijin Copper DOO, the subsidiary company of the Zijin Mining Group in the country. Due to the ecological impact of the project being focused in the same geographic area, and the tendency of the company to perform so-called “salami slicing”,⁶ or artificially dividing projects into smaller components to evade regulations on conducting an overall ecological impact assessment, all operations undertaken by Zijin related to the expansion of the Bor copper mines and opening the Čukaru Peki copper-gold mine will be assessed as a single project for this overview.

About the project

Under the Bor Copper Mines, Serbia Zijin Copper DOO is accelerating the technical upgrading and expansion of four mines and a smelter. Once these are finished, the company expects to generate 120,000 tonnes of mined copper and produce 180,000 tonnes of copper cathodes.

Upon the completion of the Čukaru Peki Copper-Gold Mine, it is projected to produce 91,400 tonnes of copper and 2.5 tonnes of gold annually, with an annual peak output of 135,000 tonnes of copper and 6.1 tonnes of gold.⁷ The ecological component of the project also consists of the construction of “garden-like factories and green mines” that aim to “balance mining development with ecological preservation, strive to achieve zero wastewater discharge and carry out all-around ecological remediation.”⁸

Modality	Financing and capacity development
Instrument	Shares in collective investment vehicles. The Zijin Mining Group holds 63% of Serbia Zijin Copper Mine through its subsidiary, Serbia Zijin Mining, while the government of Serbia holds 37% equity interest.
Program Type	Public-private partnership
Duration	Start date: September 17, 2018; no end date
Budget	While the total budget is unknown, Zijin Mining Group has pledged to invest USD 1.26 billion in the project over a six-year period.
Sector	Extractive industry, mining of copper and gold

⁶Renewables and Environmental Regulatory Institute. (2021, March). SALAMI SLICING CAN'T PASS after all- Ministry of Environmental Protection rejects Zijin's request to decide on the need for environmental impact assessment. <https://www.reri.org.rs/en/salami-slicing-cant-pass-after-all-ministry-of-environmental-protection-rejects-zijins-request-to-decide-on-the-need-for-environmental-impact-assessment/>

⁷Project overviews available on the Zijin Mining Group Website: <https://www.zijinmining.com/global/program-detail-71735.htm>; <https://www.zijinmining.com/global/program-detail-71737.htm>.

⁸Radovic, D. (2022, June 16). Serbia Zijin Mining: For the future. <https://www.diplomacyandcommerce.rs/serbia-zijin-mining-for-the-future/>.

Development Partner(s)	The parties to the strategic partnership agreement are the government of Serbia and the Bor Mining and Metallurgical complex (RTB Bor)
Type of private sectors engaged	Multinational corporation
Private sector partners	ZiJin Mining Group Co., Limited and its subsidiary, Serbia ZiJin Copper DOO
Other dev't partners	None
Role of partners	<p>Within the strategic partnership of the ZiJin Mining Group and the government of Serbia, the corporation has committed to providing financial support, technical expertise, and capacity building, within the joint project of the ZiJin Copper Mine.</p> <p>To satisfy the needs of its personnel and also to ensure the economic development of the city of Bor and Serbia more broadly, the company is claiming that it is “constantly investing in all areas of local community development” and maintaining “good cooperation with education and all other institutions.”⁹ It is further noted that the company commits to “transparent and open dialogue with all stakeholders” to provide better living conditions for the population through the implementation of sustainable programs.¹⁰</p> <p>In return, the Serbian government has committed to ensure that the ZiJin Mining Group and the ZiJin Copper Mine receive all available subsidies for investments and employment, according to national regulations.</p>
Monitoring	The ZiJin Mining Group must provide the Republic of Serbia with annual reports on the implementation of the Investment Plan. Meanwhile, the Republic of Serbia has the right to hire a “reputable independent auditor” to oversee the execution of the contractual and financial obligations of the ZiJin Mining Group, as defined by their strategic partnership agreement. The environmental impact of the project will be monitored by the Ministry for Environmental Protection.
Results framework	No information available
Results	In 2021, the Bor Copper Mines produced 66,000 tonnes of mined copper and 1.66 tonnes of mined gold, at a net profit of USD 269 million. In March 2023, the exports of ZiJin Mining amounted to USD 229.02 million (or EUR 208.2 million), and that of ZiJin Bor Copper to USD 166 million (or EUR 150.9 million).
Evaluation	No evaluation of the project’s development impact has been conducted

⁹Radovic, D. (2022, June 16). Serbia Zijin Mining: For the future. <https://www.diplomacyandcommerce.rs/serbia-zijin-mining-for-the-future/>.
¹⁰Radovic, D. (2022, June 16). Serbia Zijin Mining: For the future. <https://www.diplomacyandcommerce.rs/serbia-zijin-mining-for-the-future/>.

Adherence to the Kampala Principles

Kampala Principle 1: Inclusive Country Ownership

The National Strategy for Sustainable Development of the Republic of Serbia was adopted in 2008 and has expired in 2017.¹¹ As part of the global process of developing the 2030 Agenda for Sustainable Development, the Serbian government conducted the campaign “Serbia the way I want it”, which encompassed two rounds of consultations and engaged over 28,000 citizens, either through online surveys, direct consultations, or social media channels like Facebook and Twitter. While the national strategic framework has clearly defined its priorities related to finance and cooperation, some key strategies are missing action plans and proper monitoring of outcomes is absent.¹²

While it can be said that the Serbian government has taken steps to engage its citizens on the 2030 Agenda, individual policy documents are still seldom developed through an inclusive and participative process.¹³ Furthermore, there is little transparency when it comes to government partnerships with the private sector, making it difficult to assess whether their involvement in development adequately responds to people’s needs and priorities. The government of Serbia has been known to extend privileges and benefits to the Zijin Mining Group, allowing them to skirt procedures and falsify the participation of civil society in consultations.

In June 2021, as the company planned to double the copper processing capacity of its mine in Majdanpek, the government did not require Zijin to produce an environmental impact assessment (EIA). With this, the corporation remains unchecked for its potential additional risks to people and the environment.¹⁴ In March 2022, communities in Ostrelj who are affected by the Bor mines drafted an open letter that states how mining activities have threatened their health, property and livelihood. They also highlighted how both the government and corporation failed to produce a master spatial plan that would detail the environmental impact of these facilities. Zijin’s business activities were allowed to continue even without the relevant permits, impact assessments and consultation with the affected communities.¹⁵

Kampala Principle 2: Results and Targeted Impact

With its ‘green mine’, Zijin has purported itself to aid its subsidiary, Serbia Zijin Cooper DOO, to become the “leading European mining company in terms of low carbon emissions, green ecology, social responsibility, health, security and sustainable development.” Through the “green mine” operations, Zijin also claims to contribute to Serbia’s Green Agenda, a roadmap for the country’s climate response and the green transition. However, ever since Zijin entered Serbia in 2018, the company has faced with strong opposition from the people due to its poor environmental record, history of corruption and allegations of untransparent business deals.¹⁶ Serbian authorities had also repeatedly fined the company for causing pollution from its operations.

¹¹Republic of Serbia. (2008). National Strategy for Sustainable Development. <https://www.pravno-informacioni-sistem.rs/SIGlasnikPortal/eli/rep/sgrs/vlada/strategija/2008/57/1/reg>

¹²As noted in the Public Policy Secretariat’s analysis Serbia and the 2030 Agenda, available at: <https://rsjp.gov.rs/wp-content/uploads/Srbija-i-Agenda-2030-novembar-2017.-lat.pdf>.

¹³This has been noted in numerous civil society analyses, such as the Monitoring Matrix on Enabling Environment for Civil Society Development – Country Brief for Serbia 2021 (Civic Initiatives, 2022), available at: <https://www.gradjanske.org/en/monitoring-matrix-on-enabling-environment-for-civil-society-development-country-brief-for-serbia-2021/>

¹⁴Todorovic, I. (2020, November 9). Zijin expanding Serbian mine without comprehensive environmental study. Balkan Green Energy News. <https://balkangreenenergynews.com/zijin-expanding-serbian-mine-without-comprehensive-environmental-study/>

¹⁵Just Finance International. (2023, February 9). Local residents at risk after China’s Zijin triples production at Serbian Copper Complex. <https://justfinanceinternational.org/2022/05/09/local-residents-at-risk-after-chinese-zijin-triples-production-at-serbian-copper-complex/>

¹⁶Gocanin, S. (2022, October 23). Amid environmental concerns, a Chinese mining company in Serbia looks to repair its image through sport. RadioFreeEurope/RadioLiberty. <https://www.rferl.org/a/serbia-chinese-mining-zijin-sports-reputation/32096079.html>

The nature of Zijin's business activities is detrimental to the environment, with its aim to profit from extracting and exploiting mineral resources. Extractivist industries, such as mining corporations, are dependent on obtaining the finite natural resources of countries to gain profit, resulting to massive social and environmental impacts. In addition to the depletion of natural resources, mining activities have also caused pollution, loss of biodiversity, and an increase in greenhouse gas emissions. In Bor, the Zijin takeover of the copper mines has led to an unprecedented increase in air pollution, with sulphur dioxide levels going beyond the legal threshold. Increased sulphur dioxide levels caused bronchitis and asthma, especially in children.¹⁷ The dumping of waste has also polluted bodies of water and contaminated farmland in the country.¹⁸

Furthermore, mining operations have historically violated the rights of Indigenous Peoples, workers, and affected communities by forcibly grabbing their lands, leading to massive displacement, loss of livelihoods, precarious working conditions, and violation of the Free, Prior and Informed Consent (FPIC) of IPs. Mining companies have also cooperated with state and private armed forces to facilitate attacks against affected communities and marginalised groups to ensure their continuous operation. The adverse effects of Serbia's reliance on investments from entities in the Chinese private sector and on human rights in the country have been well-documented and elevated to relevant government and multilateral institutions. In December 2021, the European Parliament adopted a resolution noting that Serbia is "increasing the number of contracts it has with major Chinese industrialists and granting China more and more legal privileges, even when these are contrary to EU law," which includes agreements that allow for China's labour laws to be applied in the country.¹⁹



Photo from Just Finance International

¹⁷Shehadi, S. (2021, September 13). "My laundry turns yellow outside": How Chinese investment is polluting a Serbian town. Investment Monitor. <https://www.investmentmonitor.ai/features/chinese-mine-bor-serbia-pollution-investment/>

¹⁸FIAN International. (2023, February 9). China must respect human rights in overseas Chinese operations. <https://www.fian.org/en/press-release/article/china-must-respect-human-rights-in-overseas-business-operations-3101>

¹⁹The text of the resolution is available at: https://www.europarl.europa.eu/doceo/document/RC-9-2021-0600_EN.html

The resolution specifically highlights press reports from March 2021, alleging that Zijin Mining employees were deprived of their passports and housed in precarious conditions. Additionally, available data states that the government does not receive adequate profits from joint ventures with Chinese multinational corporations. For example, in the case of the Zijin copper mining project, Serbia only receives 5 per cent of royalties from company revenues, one of the lowest mineral royalty rates in Europe.²⁰

Kampala Principle 3: Inclusive Partnership

In contrast to the company's promise of transparent and open dialogues, Zijin's record of violent repression against environmental activists has been a cause for concern. Ever since Zijin privatised the mine in Bor in 2018, activists started protesting against this private company to assert the preservation of clean air in their city. At the beginning of October 2019, a large protest was held on the issue of air pollution. Hundreds of citizens temporarily blocked the gate of the smelter in Bor. A dozen citizens remained in the company's headquarters in the Bor administrative district, where they remained all night while waiting for the arrival of the city environmental inspector, who never showed up. Zijin justifies that the high level of pollution is an inherited problem due to outdated technology, and that they are working on finding a solution.²¹

Citizens were debunking a claim from the Environmental Protection Agency that, at that time, the air in this city was of the first category. Even the mayor of Bor admitted this but claimed that the protest was still political.²² Both the government and the company remained silent after the protest. Although the company announced in November that it would deal with the pollution from its mining activities, activists pursued filing criminal charges against the company director. The criminal complaint charged the company director of committing the crime of environmental pollution. A criminal complaint was also filed against the mayor of Bor and the Minister of Environmental Protection who were charged with the criminal offence of failure to take measures to protect the environment.²³

In 2022, citizens camped for days in Majdanpek as they held protests against the mining of the Starica mountain.²⁴ The company then, with the goal of dialogue, opened an information centre where citizens will be able to directly contact the company Zijin. The centre was opened for the affected population to improve communication and to effectively solve their grievances. However, in August 2022, security guards hired by the Zijin company broke up the activists' camp on this mountain and prevented further work at this location.²⁵ In September, new clashes with activists ensued when the police filed criminal charges and arrested three people from Majdanpek, on suspicion that they attacked a worker of the Zijin and set fire to the machine he was driving. Once again, the authorities supported the activities of the Chinese company and asked environmental activists and other citizens to stop their activities and allow Zijin's business activities to continue.

²⁰Just Finance International. (2022, December 11). Local residents at risk after China's Zijin triples production at Serbian Copper Complex. <https://justfinanceinternational.org/2022/05/09/local-residents-at-risk-after-chinese-zijin-triples-production-at-serbian-copper-complex/>

²¹N1. (2019, September 18). Zidin responds to criticism about excessive pollution: Consequence of outdated equipment. <https://n1info.rs/vesti/a526952-zidjin-odgovara-na-kritike-o-prekomernom-zagadjenju-posledica-zastarele-opreme/>

²²N1. (2019, October 3). Protest in Bor: This is not pollution, but a crime against citizens. <https://n1info.rs/vesti/a531406-protest-u-boru-ovo-nije-zagadjenju-nego-zlocin-nad-gradjanima/>

²³N1. (2019, December 2). Activists filed a criminal complaint against director Zidin for pollution in Bor. <https://n1info.rs/vesti/a548944-aktivisti-podneli-krivicnu-prijavu-protiv-direktora-zidjina-zbog-zagadjenja-u-boru/>

²⁴N1. (2022, June 15). Camping on the Starica mountain, because they do not allow Zidin "to mine on state land". <https://n1info.rs/vesti/kampuju-na-planini-starici-jer-ne-daju-zidjinu-da-minira-na-drzavnoj-zemlji/>

²⁵Activist: The security hired by Zidin broke up our camp at Starica. (2022, August 20). N1. <https://n1info.rs/vesti/aktivistkinja-obezbedjenje-koje-je-unajmio-zidjin-nam-rasturilo-kamp-na-starici/>



Kampala Principle 4: Transparency and Accountability

Civil society organisations filed criminal charges against Zijin for environmental pollution, but punitive actions handed down by Serbian courts were minimal. The Regulatory Institute for Renewable Energy and the Environment (RERI) details that the company “was convicted four times in less than a year for violating the Law on Mining and Geological Research, for which it was each time ordered to pay a fine below the legal minimum.” This proved beneficial for Zijin with lesser costs in the payment of fines, compared to the adjustment of its operations to comply with Serbian laws. While Zijin was found guilty of continuing to operate without an environmental impact assessment study, they were only fined RSD 250,000 or Serbian dinars (approximately USD 2,280), although the legal range of sanctions is between RSD 150,000 and 3 million (or USD 1,400 to 27,300).²⁶

In a charge against Zijin from December 2022, the competent court based its verdict on mitigating circumstances, citing the slow procedure in obtaining necessary permits and the presumed benefits of the company’s “works of strategic importance” in the country. Local and national authorities have supported the company’s activities on several occasions. The local government of the municipality of Majdanpek, where the company carries out ore exploitation activities, issued a statement in September 2022, in which it emphasised its support for Zijin, while ordering environmental activists and other citizens

²⁶RERI. (2022, December). In less than a year, the company Zijin was convicted four times for the same economic offense, each time fined below the legal minimum. <https://www.reri.org.rs/zidin-nastavlja-nezakonito-poslovanje-privredni-sud-u-zajecaru-ga-nagrađuje-kaznama-ispod-zakonskog-minimuma/>

to stop all activities at the production site. On that occasion, the municipal leadership praised Zijin stating that the company is dedicated to “benefiting the community” and creating a “green mine”. The Minister of Mining and Energy, Zorana Mihajlović, presented a series of accusations against the activists, stating that Zijin operates well within the bounds of Serbian laws.²⁷

Kampala Principle 5: Recognising, sharing and mitigating risks for all partners

Despite public promises to improve its environmental operations, Zijin has been involved in a series of environmental accidents and had a record of threatening the population in its territories of operation. The Center for Investigative Journalism of Serbia reported on environmental pollution in Bor with high levels of pollutants endangering the city population. In March 2021, Zijin was fined RSD 1 million (or USD 9,100) for heavy metal pollution of the Mali Pek River. Months later, the government of Serbia annulled the decision of the Ministry of Environmental Protection that required Zijin to prepare an environmental impact assessment for the Majdanpek copper mine. Zijin skirts accountability for its massive social and environmental impacts by artificially dividing the project into smaller units under different subsidiaries.²⁸



Photo from Just Finance International

²⁷N1. (2022, September 14). The authorities in Majdanpek sided with Zijin, asking that the activists not obstruct the works. <https://n1.info.rs/vesti/vlast-u-majdanpeku-stala-uz-zidjin-trazi-da-aktivisti-ne-ometaju-radove/>

²⁸RERI. (2022). Annual Report 2021. <https://www.reri.org.rs/wp-content/uploads/2022/08/RERI-Annual-Report-2021.pdf>

Conclusion and Recommendations

Operations of the Zijin Mining Group in Serbia have proven to contribute massive environmental and social impact as it continues to exploit the resources of the country for profit. While the people have highlighted the dangers of Zijin's business operations on the communities and their environment, the government has only served to accommodate Zijin's destructive activities by diluting its national policies, laws and safeguards, and facilitating attacks on civil society.

- **Governments must stop partnering with extractive industries that continue to exploit the natural and human resources of countries.** Government must abandon initiatives with extractive industries, as these depend on exploiting natural and human resources to gain profit, at the expense of the marginalised and the environment. Furthermore, extractive industries have historically violated people's rights, causing displacement, loss of livelihoods, precarious working conditions, harassment and attacks. Especially with the worsening climate crisis and their historic contribution to its exacerbation, these industries must not be allowed unrestricted access to a country's natural resources. In these partnerships, governments also shoulder additional burdens and risks while getting a smaller share of the profit.
- **Governments should not dilute policies, laws, safeguards and standards to provide an enabling environment for the private sector.** It can be seen that Zijin, along with other corporations, continues to be accommodated by the Serbian government by diluting its policies, annulling court decisions and lowering fines. With this, Zijin has been allowed to continue its operations without the necessary impact assessments and regulations that were supposed to prevent and mitigate any adverse risks. Governments must have robust regulatory policies and mechanisms to ensure that business operations are aligned with national policies, human rights, labour and environmental standards.
- **In financing and implementing development projects, governments and private sector entities must be transparent and accountable for its operations, partnerships and agreements.** In partnering with the private sector, the government must be transparent in its deals and agreements. Governments must be able to hold corporations accountable for any harm they inflicted. Involving local communities in monitoring and evaluating project outcomes can provide valuable feedback on the impact of the project on the ground. Community-led monitoring should be participatory and inclusive, providing opportunities for marginalised groups to engage and voice out their concerns.
- **Development actors must ensure the reversal of shrinking of civic space and ensure that meaningful and inclusive consultations are conducted to promote democratic ownership.** Governments and their private sector partners must end the threats and attacks waged on civil society and communities. Demands from mobilisations and protests must be heard and adequately addressed. Consultations with local communities must be held in all stages of the project – from the design, implementation

and monitoring. These consultations must be inclusive, participatory, and transparent. Establishing feedback and grievance redress mechanisms, such as suggestion boxes or complaint hotlines, can provide a way for community members to provide ongoing feedback on the project. It is important to ensure that feedback mechanisms are accessible and provide a clear process for addressing and resolving concerns.

- **Ensuring that local community needs are addressed through a comprehensive needs assessment at various stages of the project.** Focus groups with community members can provide detailed feedback on specific project aspects such as design, impact, and sustainability. It is essential to ensure that focus groups are diverse and inclusive, with particular attention to the inclusion of marginalised groups. Additionally, surveys can be an effective way to gather quantitative data on community perceptions and experiences with the project. Surveys should be designed to be accessible and understandable to all community members, including marginalized groups.

3 “Safe City” Solutions in Serbia Threaten Civic Space

Civic Initiatives



Introduction

In February 2017, Serbia's Ministry of the Interior signed a strategic partnership agreement with the Chinese multinational corporation Huawei to introduce “safe city” solutions in the Serbian public security system. The Huawei Safe City Solution: Safeguards Serbia Project aims to ensure better traffic control and prevention of crime by deploying Huawei surveillance technology and systems across the city of Belgrade.

Serbian civil society has raised alarm on the Safe City Project's use of surveillance technology as it is predisposed to violating peoples' basic rights and freedoms. The government and Huawei have failed to be transparent in the implementation of the project, as details remain to be confidential and inaccessible to the public. Furthermore, in facilitating the implementation of the project, the Ministry of the Interior has attempted to amend several laws to legitimise state surveillance. The initiative is also being pursued at a time when there is an increase in the attacks towards civil society and further shrinking of civic space by the Serbian state.

Country Context

In 2009, the government of Serbia and the People's Republic of China signed an agreement on economic and technical cooperation in infrastructure. With this, Serbia has seen a significant rise in investments from the Chinese private sector. Starting in 2011, Huawei had started its negotiations with the Serbian government for the Safe City project. Between 2012 and 2021, Chinese companies have invested more than EUR 2 billion (approximately USD 2.36 billion) across 16 projects in Serbia. A decade of operations by Chinese corporations in the country has proven to be harmful to the people and the environment, as they exercise significant influence on Serbia's laws, fail to undertake sound impact assessments, and lack inclusive processes.¹

The Safe City Project is also being pursued at a time when Serbia's socio-political environment has become dangerous for the operations and development of civil society.² In September 2022, Serbia was added to CIVICUS watchlist again, following its first addition in 2019, due to the sharp decline in civic freedoms observed more recently. Protests against exploitative business activities of multinational corporations and harmful development projects were met with violence and increased threats, and attacks towards activists, human rights and environmental defenders.³ In November 2020, four UN Special Rapporteurs issued a statement expressing concern that the government of Serbia abused its counter-terrorism laws in order to intimidate civil society. These laws were utilised to get banking information, restrict activities and silence CSOs and media associations.⁴

¹Jeremić, I., Stojkovski, B. (2021, December 21). China in the Balkans: Controversy and cost. Balkan Insight. Retrieved January 9, 2023, from <https://balkaninsight.com/2021/12/15/china-in-the-balkans-controversy-and-cost/>

²See, for example, Civic Initiatives' analysis "Associations of Citizens: Shrinking Civic Space Report – Serbia 2019", available at: <https://www.gradjanske.org/en/associations-of-citizens-shrinking-civic-space-report-serbia-2019/>

³CIVICUS. (2022, September 22). Serbia added to human rights watchlist as government flip flops on decision to permit EuroPride gathering in Belgrade. Retrieved January 9, 2023, from <https://monitor.civicus.org/SerbiaWatchlist2022/>

⁴Serbia's anti-terrorism laws being misused to target and curb work of NGOs, UN Human Rights Experts Warn. OHCHR. (2020, November 11). Retrieved January 9, 2023, from <https://www.ohchr.org/en/press-releases/2020/11/serbias-anti-terrorism-laws-being-misused-target-and-curb-work-ngos-un-human?LangID=E&NewsID=26492>

Huawei Safe City Solution: Safeguards Serbia

Overview

The partnership between the government of Serbia and Huawei was formalised in February 2017, as both signed an agreement to introduce “Safe City” solutions in the public security system, which includes automating policing through “smart” video cameras and other kinds of surveillance technology in Belgrade.⁵ Since the “Safe City” project is being implemented in the public security sector, most of the related information has been deemed confidential for reasons of national security.

About the project

The Serbian Ministry of the Interior and Huawei will develop “a comprehensive Safe City solution that covers the city of Belgrade, and eventually the entire country, through critical communications, converged command centres, and intelligent surveillance.”⁶ The project also aims to contribute to the country’s digital transformation process, in addition to providing safety and security to the people of Belgrade. Ultimately, the project aims to make Belgrade a leading Safe City in Europe.

Modality

Currently, the only modality of cooperation that has been admitted to by Serbian officials is knowledge and information sharing.⁷ However, since available information points to plans to completely overhaul the country’s public security system with technology purchased or otherwise obtained from Huawei, including legislative changes to support its implementation, it can be inferred that the project also encompasses other modalities, such as policy dialogue, technical assistance and capacity development.

Instrument

Unknown. The contracts on which the project is based and guiding its implementation (like the general framework contract and the Agreement on the Strategic Partnership of the Ministry of the Interior and Huawei), as well as particular contracts establishing financial obligations between the parties (such as the agreement relating to capital expenditures and multi-year payment requirements), have been declared confidential by the government,⁸ which makes it impossible to identify the specific instruments supporting the project.

⁵Available at: <https://hijade.kamera.rs/en/timeline/>

⁶An archived version of the since deleted page on Huawei’s website is available here: <https://archive.li/pZ9HO>

⁷When interviewed by Radio Free Europe in 2020, state secretary in the Ministry of Telecommunications Tatjana Matić stated that the strategic partnerships between Serbia and Huawei encompass “exchanging experiences and knowledge in various areas”. All other institutions, as well as the company declined to comment. Bogdanović, N. (2020, June 17). ‘Huavej je u Srbiju došao da ostane dugo’. Radio Slobodna Evropa. Retrieved January 9, 2023, from <https://www.slobodnaevropa.org/a/huavej-srbija-saradnja/30675844.html>

⁸As seen in the Ministry of the Interior’s response to a FOI request by Serbian NGO SHARE Foundation, available on the Foundation’s website: <https://resursi.sharefoundation.info/wp-content/uploads/2019/03/Resenje-MUP-7.3.2019..pdf>

Program Type	Unknown. As the project is being implemented based on a strategic partnership agreement and is aimed at overhauling the country's public security system, it can be inferred that it represents a type of public-private partnership (PPP).
Duration	No start date, no end date. There is no publicly available information on the duration of the project.
Budget	Unknown. Based on the published expenditures of the Ministry of the Interior, it is estimated that over EUR 45 million (or USD 48.12 million) have been invested in enhancing capacity for video surveillance from 2017 to 2019. ⁹ Meanwhile, over EUR 12 million (or USD 12.83 million) have been earmarked for expanding the country's eLTE system, or Huawei's brand of wireless broadband data access technology, in 2023 and 2024. ¹⁰
Sector	Infrastructure, public security
Development Partner(s)	Unknown. Based on the published expenditures of the Ministry of the Interior, it is estimated that over EUR 45 million (or USD 48.12 million) have been invested in enhancing capacity for video surveillance from 2017 to 2019. Meanwhile, over EUR 12 million (or USD 12.83 million) have been earmarked for expanding the country's eLTE system, or Huawei's brand of wireless broadband data access technology, in 2023 and 2024.
Type of private sectors engaged	Multinational corporation
Private sector partners	Huawei Technologies Co., Ltd.
Other dev't partners	No info available
Role of partners	Huawei provides the necessary technologies for the project, such as the Huawei Intelligent Video Surveillance (IVS) systems, Intelligent Transportation Systems (ITS), eLTE broadband trunking technology, unified data centres, and converged command centres. The Ministry of the Interior is expected to provide enabling conditions for the project to continue, by passing or amending laws and policies that will allow for further state surveillance and public security reform.
Monitoring	No information available
Results framework	No information available

⁹Božić Krainčanić, S. (2019, December 4). Huawei kamere u Srbiji: Mnogo novca, malo informacija. Radio Slobodna Evropa. Retrieved January 9, 2023, from <https://www.slobodnaevropa.org/a/huawei-kamere-u-srbiji/30307600.html>

¹⁰This figure (150 million RSD or 12,778,042 EUR) was calculated based on the Law on the Budget of the Republic of Serbia for 2023, available at: http://www.parlament.gov.rs/upload/archive/files/cir/pdf/zakoni/13_saziv/2503-22.pdf

Results

The first phase of the project included the deployment of more than 100 High-Definition cameras and intelligent Video Content Management systems at more than 60 sites in Belgrade. It also included the remodelling of the city's command and data centre. Following this, it was reported that the Serbian government purchased over 8,000 smart cameras as part of the project.¹¹ According to the Ministry, Phase 2 foresees cameras being introduced to 800 more sites over three years.¹² As the legal basis for their use has not been established, there is no further data on results.

Evaluation

No evaluation of the project's development impact has been conducted. In 2019, following the entry into force of the Law on Personal Data Protection, the Ministry of the Interior conducted a Data Protection Impact Assessment relating to the Safe City Project.¹³ According to the Commissioner for Personal Data Protection, the assessment failed to adequately evaluate the risks to the rights and freedoms of citizens posed by the project.¹⁴

Additional notes

As noted above, the project's confidential nature makes it difficult to get a grasp of the project's scope, its results, as well as its potential negative impact. This also prevents stakeholders from being able to effectively oversee the implementation of the project, as well as identify and mitigate related risks.

¹¹Standish, R. (2022, November 23). The fight in Serbia over Chinese-style surveillance (part 1). Radio Free Europe/Radio Liberty. Retrieved January 9, 2023, from <https://www.rferl.org/a/serbia-chinese-surveillance-backlash-standish/32142771.html>

¹²Noted in the Data Protection Impact Assessment, available at: bit.ly/3X0EZ9K

¹³Noted in the Data Protection Impact Assessment, available at: bit.ly/3X0EZ9K

¹⁴The Commissioner's opinion is available here: <https://praksa.poverenik.rs/predmet/detalji/FB967E2A-AE57-4B2C-8F11-D2739FD85A9B>

Adherence to the Kampala Principles

Kampala Principle 1: Inclusive Country Ownership

The public security reform foreseen by the Safe City Project is not mentioned in any relevant strategic documents, such as the Strategy for the Sustainable Urban Development of the Republic of Serbia until 2030,¹⁵ or the Road Safety Strategy of the Republic of Serbia for the period from 2015 to 2020.¹⁶ While it can be said that the Serbian government has taken steps to engage with citizens on the 2030 Agenda, individual policy documents fail to undergo an inclusive and participative process with civil society.¹⁷

Furthermore, the impacts of private sector engagement are difficult to assess due to the lack of transparency surrounding their operations and partnerships with the state, demonstrated by the Safe City Project. There is also an increasing accommodation of the Serbian government to the demands of China and its corporations. As Serbia continues to welcome Chinese investments, it amends its current laws and policies to provide legal privileges to Chinese multinational corporations and state-owned enterprises.¹⁸

The Safe City Project has been shrouded in secrecy from its inception. In order to provide a legal basis for the project, the Serbian Ministry of Interior amended core laws and proposed the Draft Law on Internal Affairs, which allows for increased surveillance by authorities. The proposed law was withdrawn from consultation due to domestic and international backlash because it facilitates unchecked mass, real-time biometric surveillance, which runs counter to existing regulations on data protection.¹⁹ In December 2022, a virtually identical law was proposed again, only to be withdrawn shortly after.²⁰



Photo from CBS News (Getty Images)

¹⁵ Available at: <https://www.pravno-informacioni-sistem.rs/SIGlasnikPortal/eli/rep/sgrs/vlada/strategija/2019/47/1/reg>

¹⁶ Available at: <http://www.pravno-informacioni-sistem.rs/SIGlasnikPortal/eli/rep/sgrs/vlada/strategija/2015/64/1>

¹⁷ This has been noted in numerous civil society analyses, such as the Monitoring Matrix on Enabling Environment for Civil Society Development – Country Brief for Serbia 2021 (Civic Initiatives, 2022), available at: <https://www.gradjanske.org/en/monitoring-matrix-on-enabling-environment-for-civil-society-development-country-brief-for-serbia-2021/>

¹⁸ The text of the resolution is available at: https://www.europarl.europa.eu/doceo/document/RC-9-2021-0600_EN.html

¹⁹ Standish, R. (2022, November 23). The fight in Serbia over Chinese-style surveillance (part 1). Radio Free Europe/Radio Liberty. Retrieved January 9, 2023, from <https://www.rferl.org/a/serbia-chinese-surveillance-backlash-standish/32142771.html>

²⁰ N1. (2022, December 26). Serbian govt: Draft law on Internal Affairs withdrawn from procedure. <https://rs.n1info.com/english/news/serbian-govt-draft-law-on-internal-affairs-withdrawn-from-procedure/>

Kampala Principle 2: Inclusive Country Ownership

No evaluation of the project's development impact has been conducted. In 2019, the Commissioner for Personal Data Protection found that the Data Protection Impact Assessment of the Safe City Project failed to assess risks related to human rights.²¹ The project also violates the country's Law on Personal Data Protection, as the risks posed to the rights and freedoms of citizens are not proportionate to the benefits of its use. Furthermore, there is no legal basis for the police to use surveillance technology in public places.

Despite the passage of the Law on Personal Data Protection, the data captured by the government and other entities have not been sufficiently protected and has found its way to the public. The video surveillance technology did not effectively prevent crime and ensure peace but was also used to manipulate case proceedings. Other data collected by the government and corporations have also been leaked, posing threats to the security of the people. However, government authorities overseeing data protection have not been held accountable.²²

Kampala Principle 3: Inclusive Partnership

From the outset, the Safe City Project has been shrouded in secrecy and has received vehement opposition from the general public, as well as domestic and international rights groups. In 2020, a petition to stop the project received over 14,000 signatures.²³ Aside from the lack of inclusive partnerships in project approval and implementation, the passage of, and amendments to national laws concerning security to allow the project to continue, also restricted the participation of civil society. Throughout, the process of implementing the project lacked transparency.

In August 2021, the Ministry of the Interior published the Draft Law on Internal Affairs,²⁴ which seeks to legalise widespread real-time biometric surveillance, providing a legal basis for the Safe City Project.²⁵ This gives the government access to people's biometric data, with the use of facial recognition and other biometric identification. The ministry received comments and held a public debate for the legal minimum of 20 days.²⁶ Serbian CSOs have criticized the draft law as a threat to people's fundamental rights and freedoms and that it lacks justification for the use of mass surveillance technologies. In addition to reactions from domestic civil society and the general public, the draft law also received backlash from international actors, such as the European Network for Digital Rights (EDRi), who sent an official letter to the Serbian government in opposition to the law. EDRi states that the law violates Serbia's ratification of the European Convention on Human Rights, especially the right to privacy.²⁷

Following intense public pressure, the draft law was withdrawn from procedure at the end of September 2021.²⁸ The Ministry of the Interior then organised a series of meetings with Serbian CSOs to discuss necessary changes to the draft law in the interest of human rights. Despite these consultations, in December 2022, the

²¹The Commissioner's opinion is available here: <https://praksa.poverenik.rs/predmet/detalji/FB967E2A-AE57-4B2C-8F11-D2739FD85A9B>

²²Available at: <https://hijjade.kamera.rs/en/law-society/>

²³The petition is available here: <https://hijjade.kamera.rs/sr/peticije/ne-snimaj-mi-lice/>

²⁴Available here: <http://www.mup.gov.rs/wps/wcm/connect/c8c5d780-fcb1-46b2-96be-650dbb3ef94e/NACRT+ZAKONA+O+UNUTRASNJIM+POSLOVIMA-cir.pdf?MOD=AJPERES&CVID=nKmncZs>

²⁵See, for example, SHARE Foundation's analysis: <https://www.sharefoundation.info/en/total-surveillance-law-proposed-in-serbia/>

²⁶The programme of the public debate is available here: <http://www.mup.gov.rs/wps/wcm/connect/0bf7961e-851a-4518-b9e2-0cae9ac21c46/Program+javne+rasprave.pdf?MOD=AJPERES&CVID=nKmjsG7>

²⁷The letter is available here: <https://www.sharefoundation.info/wp-content/uploads/EDRi-Civil-Society-consultation-on-the-proposal-for-the-Zakon-o-unutrasnjim-poslovima.pdf>

²⁸EURACTIV. (2021, September 24). Serbian bill on Interior Affairs pulled from procedure, minister blames west. www.euractiv.com. Retrieved January 9, 2023, from https://www.euractiv.com/section/politics/short_news/serbian-bill-on-interior-affairs-pulled-from-procedure-minister-blames-west/

Ministry proposed a new Draft Law on Internal Affairs, which, according to civil society, is virtually identical to the previous one.²⁹ Following repeated opposition from domestic and international actors, the new Draft Law was withdrawn as well.³⁰ The Serbian government's insistence on implementing the Safe City Project despite public opinion and grave human rights concerns, and the disregard it has shown for expert input touting the dangers of the project, shows that there is inadequate space for inclusive dialogue when it comes to private sector engagement in Serbia.

Kampala Principle 4: Transparency and Accountability

The Ministry of the Interior has used the project's character as being related to public security to fully shield itself from accountability in its implementation. As mentioned in the project mapping, all contracts related to the project have been declared confidential, and the project description has even been removed from the Huawei website. Public officials routinely denied requests to comment on the content of strategic agreements signed between Serbian public institutions and Huawei, as do the Chinese company's representatives.³¹

Due to the fact that there is no publicly available information on the project's objectives, timeline, and the expected and achieved results, it is impossible for civil society and other stakeholders to perform their monitoring role in overseeing the project's implementation and impact. It is also unclear whether a framework for the evaluation of the project even exists, even if it is confidential. The Data Protection Impact Assessment provided to the Commissioner for Personal Data Protection does not show any such framework, nor does it provide for a concrete plan for addressing identified risks to human rights and freedoms.³² Moreover, as mentioned above, the Serbian government and the Ministry of the Interior, as the implementing partner, have repeatedly neglected to take into account criticisms expressed by the general public and domestic and international experts, leading to the conclusion that no mechanism exists for hearing and addressing concerns related to the project.

Kampala Principle 5: Recognising, sharing and mitigating risks for all partners

As outlined above, and based on publicly available information, there is no framework in place to identify and mitigate risks posed by the Safe City Project, of which, by all accounts, there are many. The entry of the private sector in digital initiatives for development and security further facilitates the corporate capture of development. A handful of Big Tech companies monopolise and control the digital sphere, as they are perceived as the sole source of technology, systems and knowledge. With this, there is also a danger of vendor or technology lock-in, with governments forced to procure digital systems and technology from a certain company.

Huawei, as it provides the technology needed for the project, has control over the capture and storage of the data of Serbian citizens. The vast amounts of data collected can then be used to predict consumer behaviour and maximise profit by corporations, otherwise known as surveillance capitalism. The control of multinational corporations over data is also used by their governments to forward geopolitical interests, at the expense of people's security and rights.³³

²⁹Mascellino, A. (2022, December 18). Serbian rights group warns of implications in Biometric Surveillance Act: Biometric update. Biometric Update. Retrieved January 9, 2023, from <https://www.biometricupdate.com/202212/serbian-rights-group-warns-of-implications-in-biometric-surveillance-act>

³⁰N1. (2022, December 26). Serbian govt: Draft law on Internal Affairs withdrawn from procedure. <https://rs.n1.info.com/english/news/serbian-govt-draft-law-on-internal-affairs-withdrawn-from-procedure/>

³¹Bogdanović, N. (2020, June 17). 'Huavej je u Srbiju došao da ostane dugo'. Radio Slobodna Evropa. <https://www.slobodnaevropa.org/a/huavej-srbija-saradnja/30675844.html>

³²See the Commissioner's opinion, available here: <https://praksa.poverenik.rs/predmet/detalji/FB967E2A-AE57-4B2C-8F11-D2739FD85A9B>

³³Lalremdik, C. (2023). World Bank's Digitalization of Aid: Multiplying risks and threats for women and girls?. CSO Aid Observatorio. <https://realityofaid.org/wp-content/uploads/2023/04/Deep-Dives-Digitalization.pdf>

Additionally, cases of private sector engagement in other sectors, such as extractive industries, have shown that current practices related to public-private partnerships result in negligible profits for the private sector party, with a significant impact on human rights and vulnerable populations, which is neither adequately assessed nor mitigated. Private sector engagement in such a sensitive area as public security needs to be counterbalanced with robust mechanisms in place for inclusive dialogue with members of civil society and sufficient oversight mechanisms of the government.



Conclusion and Recommendations

In the context of already constricted civic space, the lack of clear analysis of the project's necessity, and the pursuance of accompanying laws that greatly expand police powers in vague ways; the Safe City initiative is a drastic intervention that can pose innumerable risks to fundamental rights and freedoms of citizens. Furthermore, there has been no justification for the role of Huawei in the project and there is a complete lack of mechanisms to safeguard data protection and human rights standards against business interests. Given the above, we recommend the following:

- **For the state and its private sector partners to do no harm. Cease any form of state surveillance that violates people's rights and ensure that a human rights-based approach is adopted for development and security initiatives.**

The Safe City Project allows for widespread biometric surveillance as it installs video surveillance systems in public places. Surveillance measures are often used by repressive regimes to silence dissent and curtail people's democratic rights. In the context of worsening civic space in Serbia, the project can further contribute to the violation of people's rights and attacks on civil society.

All development and security initiatives should adhere to international, regional and national human rights norms and standards, upholding people's right to privacy. Projects in the governance and public security sectors, especially those that involve changes to systemic legislation, should not be undertaken without an extensive human rights impact assessment. Biometric surveillance systems have impeded people's rights to association, assembly, speech, dignity, and non-discrimination, among others. Security and digital initiatives must have sound risk and impact assessments that are based on inclusive, meaningful, and participatory consultations with civil society. Policies, laws, and safeguards to secure people's rights offline and online must be ensured by governments.

- **In partnering with private sector entities, governments must provide significant oversight and effectively regulate their business activities and intervention in development and security initiatives.**

Business activities must be aligned with international human rights and labour norms and standards, as well as the Kampala Principles. For security purposes, corporations should not have control over surveillance systems. The government must set up the necessary mechanisms to effectively regulate the role of the private sector, especially Big Tech corporations, in security and digital programs. Additionally, governments must uphold democratically-owned digital infrastructure and data sovereignty. Collective rights of peoples over data must be upheld, giving them the right to benefit from and access their data.

- **Governments must be transparent and accountable in implementing security programs.**

While some information may be kept from the general public in the interest of national security, significant infrastructure projects with private sector engagement cannot be fully kept from public scrutiny. We recommend that all documents related to the "Safe City" project, and others, be published by the Serbian government and Huawei on their official

websites. Additionally, there is a need for proactive transparency – the government should take steps to inform the public about upcoming projects and partnerships, and not just respond to public pressure. Development actors should disclose policies, processes, and assessments that entail data collection, management, and surveillance.

■ **Provide avenues for inclusive and meaningful dialogue with civil society, and ensure effective, accessible grievance and redress mechanisms.**

In order to ensure that private sector engagement in core sectors does not negatively impact human rights standards and marginalised groups, the implementing authority should proactively reach out to civil society and other stakeholders and take their input into account when implementing development projects. Grievance redress mechanisms must be established to address issues and concerns regarding human rights violations and ensure pathways to provide remedy to affected peoples, communities and sectors. Marginalised communities, civil society organisations and people's organisations must be meaningfully involved in the design, planning, implementation, and monitoring of digital and security systems and processes. Governments and other development actors must remain transparent and accountable to the people over their plans and work on digital security.

4 Empowering Peasant Economies of Cauca's Youth

Actoría de Social Juvenil



Introduction

The adoption of the neoliberal model in Colombia has led to widened inequalities and large-scale exploitation of natural and human resources, with disproportionate impacts on the rural youth. In this context, the solidarity economy is an alternative that contributes to alleviating poverty among young people and their families, as well as promoting the development of life skills and community work, active participation, rootedness to the land, agricultural work and the strengthening of rural identity. As an alternative to the dominant neoliberal and market-based economy in Colombia, the peasant economies in Cauca promote the participation of the youth in the production and sale of their crops. In promoting forms of solidarity economy in the country, business activities of small landowners and farmers are able to contribute to the development of their families, communities and country.

Country Context

In Colombia, land ownership is concentrated among 14 per cent of the landowners, which are multinational corporations, political elites, and paramilitary groups.¹ This led to the dispossession of peasants of their land, leading to large-scale displacement and impoverishment of millions of peasants, especially women. Act 160 was passed to supposedly avoid the concentration of land ownership among the privileged few and redistribute the land to smallholder farmers, providing them with an Unidad Agrícola Familiar (UAF) or a family agricultural unit. The UAF is claimed to be the size of land that would enable a family to earn a decent livelihood.

However, this law was instrumentalised by corporations and the local elite to acquire large tracts of land by dividing it among different entities. Large businesses have used these lands to build large plantations and implement mining projects, leading to the exploitation of natural resources and adversely impacting the environment for profit. With these, smallholder farmers face landlessness and threats to their livelihood, leading to the decline in the production of staple food crops, also impacting the food security of the country.² The unequal distribution of land has also fostered conflict in rural areas, which has worsened poverty and inequality.

¹Ibáñez, A. & Muñoz, C.. (2011). La persistencia de la concentración de la tierra en Colombia: ¿Qué pasó entre 2000 y 2010?. Notas de Política 9, Centro de Estudios sobre Desarrollo Económico (CEDE) of the Universidad de los Andes, Bogotá.

²Oxfam International. (2023, June 22). Divide and Purchase: How land ownership is being concentrated in Colombia - Oxfam Policy & Practice. <https://policy-practice.oxfam.org/resources/divide-and-purchase-how-land-ownership-is-being-concentrated-in-colombia-302323/>

Peasant economy in Popayán, Timbío and Piendamó in central Cauca

Overview

As a response to the unequal distribution of land, the Actoría de Social Juvenil (ASJ) or the Association of Producers for Youth Social Action implements programs to forward a solidarity economy with the participation of the rural youth. A solidarity economy is defined as an “economic alternative within society that allows for the efficient distribution of scarce resources so that the needs of the people of that society can be satisfied.”³ The social and solidarity economy, constituting 7 million people, contributes four per cent of Colombia's Gross Domestic Product (GDP).⁴

ASJ is a grassroots organisation composed of young farmers from the department of Cauca, southwest of Colombia. ASJ supports the cultivation, production and sale of coffee and various staple foods of peasant youth and their families in Cauca. Coffee represents close to 13% of the department of Cauca's GDP. Around 100,000 families in 40 municipalities depend on coffee production for their income.

The aim is for organised youth to strengthen productive solidarity efforts that allow for the survival of communities in the face of the onslaught of the neoliberal model in the Colombian countryside. Participation in local farmers' markets is a path of resistance. In addition to providing support to the emerging solidarity economy, ASJ aspires for the youth to become protagonists of their own history and contribute to social transformations. Inspired by the values of justice, respect, solidarity, and honesty, ASJ's work aims to contribute to the construction of total peace in Colombia.

For this research, Actoría de Social Juvenil studied the cultivated area of 30 peasant youth and their families, as well as the landscape of the peasant economy in the municipalities of Popayán, Timbío and Piendamó of Cauca, Colombia.

About the project

In Cauca, small landholder peasants collectively produce coffee and 20 other fruit and vegetable crops, which they sell in farmer's markets. ASJ provides assistance in developing the “VOZ Y SABOR” or “Voice and Flavor” brand, which sells a brand of coffee produced by youth peasants in farmer's markets and networks of ally organisations.

³Andrade Restrepo, L. M. (2021). Analysis of solidarity economy organizations in Colombia and their impact on the country. *Cooperativismo y Desarrollo* 9(2), 555-571.

⁴Organisation for Economic Co-operation and Development. (2022). From informal to formal jobs: The contribution of cooperatives in Colombia. <https://www.oecd.org/publications/from-informal-to-formal-jobs-the-contribution-of-cooperatives-in-colombia-28214bf5-en.htm>.

Modality	Research, knowledge, and information sharing; Capacity development
Instrument	Not applicable
Program Type	Capacity development
Duration	No specified start date, ongoing
Budget	Not applicable
Sector	Agriculture
Development Partner(s)	Actoría de Social Juvenil (ASJ)
Type of private sectors engaged	Social and solidarity economy
Private sector partners	Peasant economies in Cauca
Other dev't partners	None
Role of partners	<p>ASJ assists the growth of the solidarity economy along its “three axes,” namely organisation, mobilisation and advocacy. By organising the youth peasants, ASJ aims to strengthen the productive solidarity efforts to confront the impacts of the prevailing neoliberal economic framework in rural areas. It provides support for the development, management and execution of productive projects for the rural youth, and assists young farmers to receive direct technical advice and support to ensure the possibility of better sales and marketing of food in the region. Once organised, the youth work together to develop a brand for their coffee products and to sell their produce in farmer markets.</p> <p>In addition to income-generating activities, ASJ mobilises young peasants through youth camps and forums in order to discuss the persisting challenges of the rural youth and to formulate a youth agenda. This youth agenda also promotes solidarity economies as a path to solving current development challenges. The youth agenda is then promulgated in local, regional and national policy-making spaces, through advocacy efforts. The organisation campaigns for the government to adopt concrete recommendations from the youth agenda, including those relating to the solidarity economy, in government policies.</p>
Monitoring	ASJ conducts regular monitoring and surveys of its programs and activities in Cauca.
Results framework	No information available

Results

In the survey sample, 712,992 coffee trees were found to be planted, occupying approximately 142 hectares. Young farmers were also able to sell 20 other vegetable and fruit crops, in addition to coffee. There was also a high participation of young women farmers in the solidarity economy in Cauca. However, there remain challenges in the training of rural youth, as well as the processing and marketing of their goods, which serve as hindrances to the growth of the solidarity economy in the department.

Evaluation

From the survey and interviews conducted for this research, it can be seen that the rural youth face several challenges in their initiatives in the solidarity economy. Underlying all the challenges is the unequal distribution of land and the lack of arable land to cultivate agricultural products. Those who have a sizeable land have little training on the cultivation, processing and marketing of products. There is also little familiarity with agroecology, which can support the production of fertilisers and pest management for crops. Peasants also face the disproportionate impacts of climate change.

Adherence to the Kampala Principles

Kampala Principle 1: Inclusive Country Ownership

The solidarity economy has been recognised and regulated by the government of Colombia since 1986 when it passed the 2636 Decree that founded the National Council for the Solidarity Economy (CONES), through which policies and programs relating to the solidarity economy are formulated. The government recognises the importance and potential of the solidarity economy in facilitating economic growth and development. After the 1997 financial crisis, Law 454 was passed that clearly defined solidarity economy as “a socio-economic, cultural, and environmental system formed by a set of organised social forces, identified by associative solidarity, democratic, and humanistic self-managed practices, and considered it crucial for the national economy.”

The National Administrative Department of the Solidarity Economy (DANSOCIAL) was founded in 1998 to guide the operations and activities of solidarity organisations. DANSOCIAL was responsible for overseeing the functions of other subsidiary bodies such as the Superintendence of the Solidarity Economy and National Fund for the Solidarity Economy, which aimed to provide legal and financial support for these organisations. In recent years, the solidarity economy has also been increasingly seen as a pathway towards poverty eradication. The establishment of the Social Innovation Centre under the National Agency for Overcoming Extreme Poverty aimed to help 1,500,000 families out of extreme poverty by 2020 through solidarity economy initiatives.

Despite these government initiatives in support of the solidarity economy, its assistance has not been felt by all organisations. There are also issues that some organisations supported by the government have not incorporated the principles of cooperation and reciprocity, and have solely undertaken for-profit activities. With this, ASJ also mobilises Cauca’s rural youth to campaign and advocate for policy recommendations and programs that would genuinely address the concerns of peasants, especially young farmers. These recommendations are enshrined in the youth agenda that is drafted through conferences and forums organised by ASJ. The youth agenda is then brought to national, regional and local policy-making spaces by the peasant youth.

Kampala Principle 2: Results and Targeted Impact

The peasantry has led to the establishment of subsistence economies on small plots of land. The territory of Cauca is one of the departments of the country with a high percentage of peasants living in smallholdings, which are organised in property sizes that on average do not exceed 2 hectares or 20,000 square meters.

⁹Villar, R. (2001). El tercer sector en Colombia. Evolución, dimensión y tendencias. Confederation colombiana de organizaciones no gubernamentales.

¹⁰Martinez, S.C., Pachón, A.M. & Moreno, V.M. (2019). Solidarity Economy, Social Enterprise, and Innovation Discourses: Understanding Hybrid Forms in Postcolonial Colombia. Soc. Sci. 8(7).

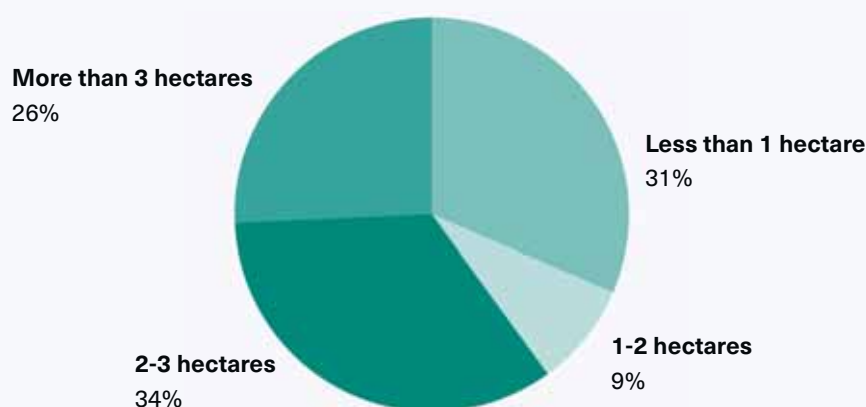


Figure 1. Size of land owned by the surveyed Cauca youth.

The rural youth in Cauca collectively work towards economic sustenance through the cultivation, production and sale of agricultural products. The ASJ made its own coffee brand, “Vos y sabor, el café de las juventudes campesinas del Cauca”, which is the fruit of the bounties of the land, the feelings, thoughts, dedication and talent of the young farmers rooted in their territory, culture and customs. This brand was made possible through collective or associative entrepreneurship that emphasises the value of collective work to foster economic growth, creative capacities, solidarity with others, and respect for nature.

Aside from coffee, the young farmers are able to harvest different fruit and vegetable crops on their plots, as they are able to sell a variety of 20 products in farmer’s markets. By planting other food and medicinal items, they are able to preserve their heritage and culture and protect biodiversity. Avocado is the most commonly grown fruit, followed by guava and citrus, which together with guamos, chachafruit and banana serve as shade for coffee, generating optimal systems for a diversity of birds that feed on these fruits. Beans, maize, and cassava are the most commonly grown food crops on the youth farms. Some farms also have medicinal plants like aloe, lemongrass, basil and mint, that are used by peasant families as remedies and for spiritual protection.

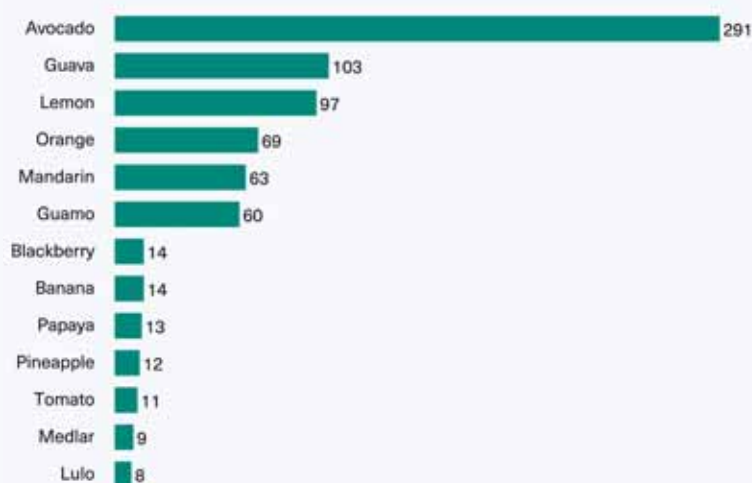


Figure 2. Number of fruit trees cultivated by the surveyed Cauca youth.

Cabbage	Broccoli	Cilantro	Onion
Tomato	Carrot	Cucumber	Beetroot
Arracacha	Lettuce	Orange	Archucha
Chontaduro	Pumpkin	Spinach	Acelga

Figure 3. Crops cultivated and consumed by the Cauca youth.

Kampala Principle 3: Inclusive Partnership

The peasant economy is based on the principles of collectivity, comradeship, solidarity, and social transformation. With this, it can be seen that the youth are actively involved in peasant economies, with a high participation rate of young women. The consolidation of territory and community is conducted through a cultural dialogue, which aims to generate social cohesion and belonging, in order to forward self-determination of the youth and their families. The youth members of the community are divided into working groups or nodes, in order to create and develop different youth agendas in their territories. The different nodes include the following: identity, community youth leadership, community communication, collective entrepreneurship, and systematisation of experiences.

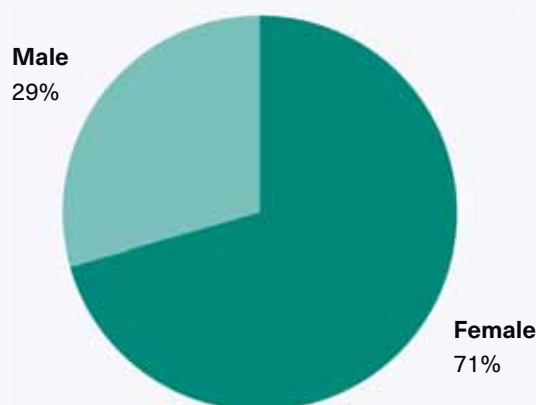


Figure 4. Data of surveyed Cauca youth.

These nodes empower the youth to take on leadership roles and undertake activities that will contribute to the common good of their communities and to the social transformation of their country. With this, they are able to make a critical analysis of their lived realities and forward solutions and initiatives that will be able to address their needs. For the rural youth in Cauca, the solidarity economy is a real alternative to fight for their rights and support a dignified life for young peasants.



Kampala Principle 4: Transparency and Accountability

Under the node that focuses on the systematisation of experiences, the youth organise workshops and training sessions to share their knowledge and experiences on crop management, harvesting and post-harvesting. Their experiences and stories are then transformed into narratives, published through primers, documents, articles, theses and infographics. As a result, the following booklets were produced: *Siembra Identidad y valores campesinos*, *Semi lero Liderazgo juvenil comunitario*, *Voz y sabor comunicación comunitaria*, among others.

Kampala Principle 5: Recognising, sharing and mitigating risks for all partners

Despite all the economic and social adversities experienced by the rural youth, they are clear in their conviction that “life is in the land.” With this, they continue to work in the countryside, planting, caring for the crops, harvesting and ensuring that these products reach the tables of many people. As peasant economies foster community youth leadership that emphasises collective decision-making for the common good, risks are adequately addressed. Under the community communication node, the youth are able to propose issues and topics to be discussed and decided on. In this manner, they are able to highlight issues and challenges they face, and their ideas, analysis and perspectives are given importance.

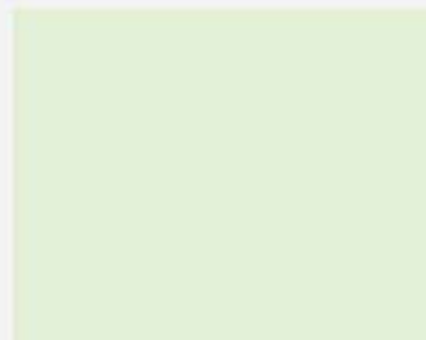
Conclusion and Recommendations

As a response to the unequal redistribution of land and increasing landlessness by peasants in Colombia, Actoría de Social Juvenil has implemented capacity development efforts to foster a solidarity economy among the peasant youth in Cauca. While this has enabled the rural youth to participate in production and economic life, there remain systemic barriers and gaps in development initiatives that hinder farmers from exercising their rights over their own land and livelihood. With this, development actors must adopt the following recommendations:

- **For the government to pursue a fair distribution of land, ensuring peasant families have ownership over their UAF, and to stop land grabs by large multinational corporations that have historically exploited natural and human resources of the country for profit.**
- **For the government to extend support to solidarity economy initiatives, especially those that enable the marginalised sectors to participate in economic life. The government and other development actors should provide the necessary assistance to peasant economies, as a path towards food sovereignty and development. This should include the provision of necessary technical assistance and capacity development efforts to further promote the cultivation, production, and sale of crops by farmers and their families.**
- **For the government to foster an enabling environment for civil society, including the youth, to highlight their demands. The government must consider adopting the youth agenda forwarded by the peasant youth in development policies and plans, promoting the democratic ownership of their development priorities.**

5 Energising the Private Sector through the Benban Solar Park in Egypt

Omar Ghannam, Social Justice Platform



Introduction

The imposition of liberalisation and privatisation policies on Egypt by international financial institutions can be reflected in how the private sector is engaged in development cooperation. The stress on private sector financing is further promoted for energy transition and climate projects, such as the Benban Solar Park. As the largest photovoltaic power plant, the project aims to provide electricity to hundreds of thousands of households, by mobilising financing from various development banks and partnering with numerous contractors for its implementation. However, the case study highlights the negative impact of large-scale energy projects on affected communities, as their needs are hardly met despite promises from the private sector to provide educational and job opportunities for affected peoples.

Country Context

Private sector intervention in economic growth and development can be traced to the opening up of the economy by Egypt in the 1970s. The role of the private sector in development has been heavily controversial and contested in Egyptian politics. Coming from the 1950s and 1960s when the public sector led the country's economic life and development, the stress on private sector intervention has been pursued with the adoption of rescue packages from the International Monetary Fund (IMF). These rescue packages imposed privatisation of essential goods and services, and deregulation of business operations, despite not being supported by the democratic will of the people. With the rollback of the welfare state and the imposition of these policy conditionalities, the workforce lacks benefits and sufficient labour protections.

During this period, privatisation enabled the cannibalisation of productive state assets, creating large business conglomerates that dominate the Egyptian economy until today.¹ Under vertical integration, large corporations absorbed small and medium enterprises (SMEs), creating monopolies and controlling the market. Meanwhile, small and medium enterprises end up at a severe disadvantage, as not only do they lose their customers, but they also lack the influence and ability to compete with large corporations for state contracts and services. On the whole, this pushes SMEs to the margins and incentivises them to join the ranks of the informal sector.²

Overview of private sector engagement in Egypt

A country case study conducted by the Global Partnership for Effective Development Co-operation (GPEDC) mapped Egypt's landscape of private sector engagement in development cooperation.³ Published in 2018, the study was able to map a total of

¹Gad, Mohammed. (2018). Egypt's Proprietors: The story of the rise of Egyptian capitalism. Dar Al Maraya.

²Quarshi, Hebatallah. (2021, December). Is it Possible that the Private Sector is the New Favored Employer. Alternative Policy Solutions. The American University in Cairo.

³Global Partnership for Effective Development Co-operation. (2018, October 8). Private sector engagement through development co-operation in Egypt. <https://www.oecd.org/dac/effectiveness/PSE-case-study-Egypt.pdf>

277 development projects where private sector entities intervened in the country. This research aims to provide a continuation of this study, mapping 148 projects that were not included in the previous study by the GPEDC. The research found the following trends in the role of the private sector in development cooperation in Egypt:

Finance is the dominant modality of private sector engagement. Almost 80% of the projects have been provided financing by private sector partners, and only 10.6% of the projects provide technical assistance, 10% are for capacity development and 0.6% for knowledge sharing. The majority of these are disbursed in loans (56.3%), contributing to further debt distress in the country. Financing is also provided through blended finance mechanisms and equity investments.

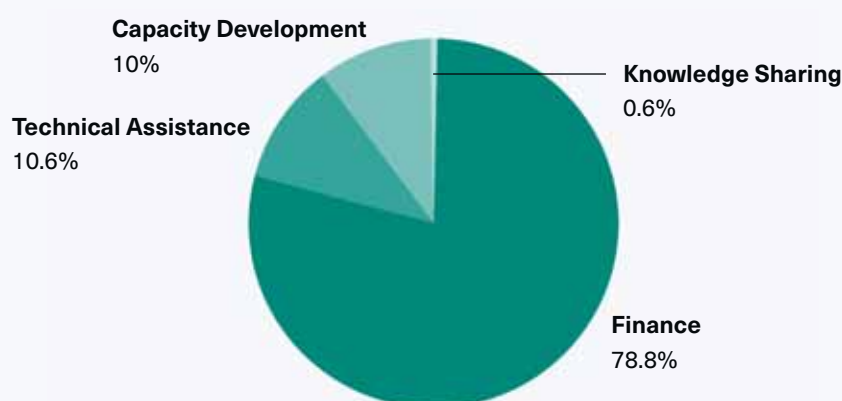


Figure 1. Modality of private sector engagement.

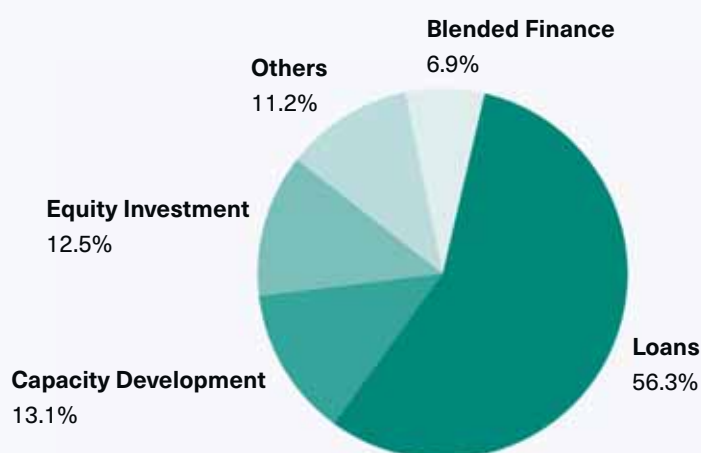


Figure 2. Programme type of projects under PSE.

The primary sectors financed by private sector partners are financing towards small and medium enterprises (SMEs) and the energy sector. Many of these projects for SMEs entail the participation of local financial institutions as intermediaries to provide the necessary financing for SMEs. However, it has to be noted that these banks do not need additional aid to disburse assistance to SMEs, and the loans are used as incentives for banks to subsidise the balance of foreign accounts in the country.

Following finance, energy is the most funded sector. Significant funding has been coursed to solar and wind energy power plants. Meanwhile, manufacturing which employed around 28%⁴ of the workforce received little more than 8% of all projects, and agriculture employing more than 20% of the workforce⁵, received less than 3.5%.

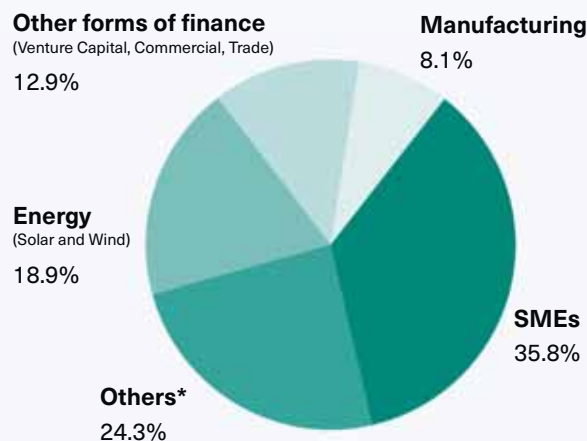


Figure 3. Sectors of development projects under PSE.

* Agribusiness, Water, Healthcare, Market Research, Technology

International financial institutions are primarily the development partners for projects that entail the participation of the private sector. In Egypt, the European Bank for Reconstruction and Development (EBRD), the International Finance Corporation (IFC) and the European Investment Bank (EIB) are the major players. Bilateral donors most active in the country include Germany, the United States, the United Kingdom, and Switzerland. This disparity is concerning and is arguably a manifestation of the differing priorities between donors and aid recipients.

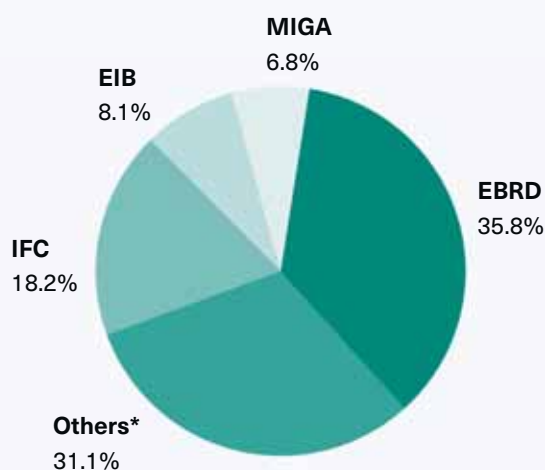


Figure 4. Development partners of projects under PSE.

* OPEC fund, BMZ, UK Aid, USAID, AFDB, JBIC

⁴World Bank. Egypt: Employment in Industry. <https://data.worldbank.org/indicator/SL.IND.EMPL.ZS?locations=EG>.
⁵World Bank. Egypt: Employment in Agriculture. <https://data.worldbank.org/indicator/SL.AGR.EMPL.ZS?locations=EG>

Multinational and large domestic corporations benefit the most from development financing. Multinational companies have a role in 59 projects, while large domestic corporations profited from 42 projects. Only a small portion of the projects partnered with SMEs. It is also important to note that a significant portion of these transnational corporations that originated in Egypt were either acquired by foreign multinationals or went offshore for the purposes of tax avoidance.

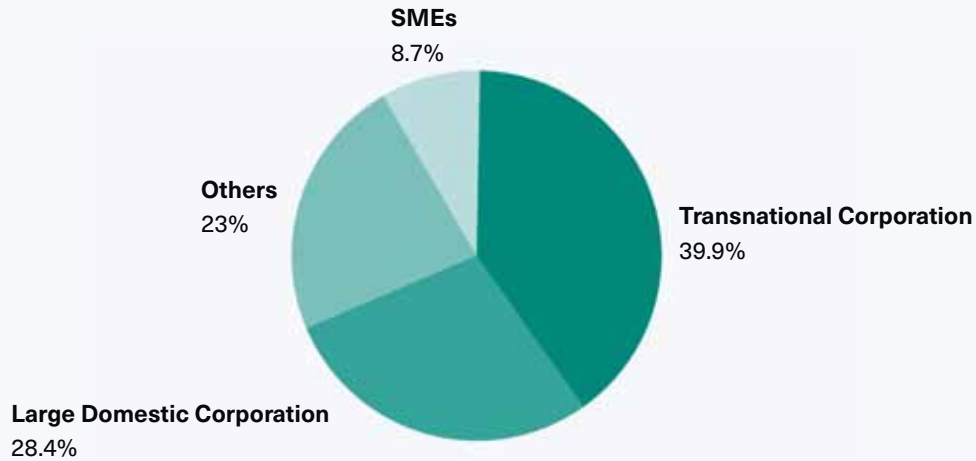


Figure 5. Type of private sector engaged.

Benban Solar Park

Overview

One of the development projects undertaken with the private sector in Egypt is the Benban Solar Park. The energy project is an ambitious initiative that entailed the participation of a wide range of development and private sector partners, as they played a role in the financing, construction, operation, and maintenance of the solar power plants. Aligned with the trends found in the research, financing is disbursed in loans, with international financial institutions (IFIs) playing a prominent role, and undertaken with large transnational corporations.

About the project

The Benban Solar Park project was launched in 2018 as part of the government's Sustainable Energy Strategy 2035. The project consisted of building 41 solar power plants in Benban, Aswan Governorate, Egypt, making it the largest photovoltaic power plant in the world. The government partnered with 30 private sector developers to undertake the construction, maintenance and operation of the power plants, through 'feed-in tariffs', which entails offering a 25-year power purchase agreement with a price guarantee to private sector partners.⁶

Modality	Financing, Technical Assistance
Instrument	Public-private partnership
Program Type	Build-Operate-Transfer
Duration	2018-2019
Budget	USD 4 billion
Sector	Infrastructure, energy
Development Partner(s)	New and Renewable Energy Authority (NREA) and the Egyptian Electricity Transmission Company (EETC)
Type of private sectors engaged	Large transnational corporations

⁶New and Renewable Energy Authority. (2016). Strategic Environmental and Impact Assessment Benban 1.9 GW Photovoltaic Solar Park (NREA), Egypt. <https://www.ebrd.com/documents/environment/esia-48213nts.pdf>

Private sector partners

The project was pursued with a total of 30 contractors, which includes Infinity 50, SP Energy, Horus Solar Energy, Scatec Solar, Phoenix Solar, Acciona Energia, KCC Corporation, Taqa Arabia, Al Tawakol Electrical, Enerray, Desert Technologies, Spectrum, Delta for Renewable Energy, ARC for Renewable Energy, Arinna Solar Power, Alcazar Energy Partners, Acciona Benban, Acciona Energia, Swicorp, and Chint Solar.

Other dev't partners

The following financial institutions provided financing in their own capacity: European Bank for Reconstruction and Development, Bayerische Landesbank, Arab, African International Bank, and the Multilateral Investment and Guarantee Agency. Two consortiums were also formed to mobilise financing for the solar park. A consortium led by the International Finance Corporation was formed with the Africa Development Bank, the Asian Infrastructure Investment Bank, the Arab Bank of Bahrain, the CDC Group Development Bank, the Europe Arab Bank, the Green for Growth Fund, FinnFund, the Industrial and Commercial Bank of China, Oesterreichische Entwicklungsbank AG. Another consortium was led by International Development Finance and joined by the EBRD, United Nations' Green Climate Fund, Dutch Development Bank, Netherlands Development Finance Company, Islamic Development Bank, and the Islamic Corporation for the Development of the Private Sector.⁷

Role of partners

The project was financed by international financial institutions, and executed by a group of private companies under a Build-Operate-Transfer model, whereby ownership would revert to the government after 25 years. The project is heavily funded by IFIs and the consortiums they formed, while World Bank's Multilateral Investment and Guarantee Agency provided USD 210 million for political risk insurance to the private sector partners of the project.⁸ NREA and EETC are responsible for managing the land rentals by the developers and providing the basic infrastructure, such as access roads and electricity substations, for the implementation of the project.⁹

Monitoring

NREA undertook a Strategic Environmental and Social Impact Assessment (SESA) for the entire project, which is subject to the review by the Egyptian Environmental Affairs Agency (EEAA). Individual power plants are also required to apply for an environmental permit from the EEAA.

Results framework

No information available

Results

The solar park was connected to the national grid in 2019 and is able to power a total of 420,000 households, with lower costs of solar energy.¹⁰ Although the project fulfilled its objective of creating a sustainable green energy source, its developmental effects on the region are arguably negligible if not outright negative.

Evaluation

No information available

⁷Benban solar park, Egypt, world's biggest solar photovoltaic. (2018, December 3). NS Energy. <https://www.nsenegybusiness.com/projects/benban-solar-park/>.

⁸Raven, A. (2017, October 29). A new solar park shines a light on Egypt's energy potential. IFC. <https://www.ifc.org/en/types/stories/2010/benban-solar-park-egypt>

⁹New and Renewable Energy Authority. (2016). Non-Technical Summary. Strategic Environmental and Impact Assessment Benban 1.9 GW Photovoltaic Solar Park (NREA), Egypt. <https://www.ebrd.com/documents/environment/esia-48213nts.pdf>

¹⁰United Nations Framework Convention on Climate Change. (2021, April 21). Solar Projections. UNFCCC.

Adherence to the Kampala Principles

Kampala Principle 1: Inclusive Country Ownership

The Benban Solar Park Project is aligned with national policies and strategies, such as the Sustainable Energy Strategy 2035. This strategy details how the country will reach its target of generating 20% of its electricity from renewable sources by 2022 and 42% by 2035. Considering the country's context, these will come from photovoltaic, wind, and hydropower plants. Egypt's aim to become a hub of green energy is well served by the slew of investments coming into the sector. There is also a significant focus on capacity building, especially for government authorities in rural areas, as well as partnerships with state authorities and state-owned banks, to fulfil sustainable development goals. However, engagement with local communities and civil society is lacking in formulating these strategies and policies, due to the restrictive atmosphere in the country, as the state stifles opposition and undertakes repressive practices to protect private capital.

In a broad sense, it can also be seen that the donors heavily determine the development projects being financed in the country to suit their own interests. Energy and climate projects are the most funded by donors, despite being a low-density sector that creates a limited number of jobs compared to manufacturing and agriculture. While investment in the energy sector is necessary, if it is not balanced with investments in other sectors that could generate jobs and eradicate poverty, it would not be able to address pertinent development challenges. Furthermore, the energy sector has also facilitated the amassing of wealth by international and domestic large-scale corporations as they are given financial incentives and control over energy sources, further exacerbating inequalities and hindering access.

Kampala Principle 2: Results and Targeted Impact

The solar park was connected to the national grid in 2019 and is now able to power a total of 420,000 households, with lower costs of solar energy.¹¹ Although the project fulfilled its objective of creating a sustainable green energy source, it has contributed to adverse impacts on affected communities. The village of Benban, where the project is located, has a population of over 55,000 people, most of whom work in agriculture and handicrafts. The village was quite neglected due to the lack of quality services provided. For example, the school buildings were roofed with tin and corrugated iron sheets and only a few amenities were available for the students. The affected communities felt neglected with the implementation of the project as their needs were not adequately responded to by the government and other development partners. This also fostered conflict among the community members and with government and project staff coming from outside the village.

Under a corporate social responsibility agreement, the contractors pursued several educational initiatives for the affected communities. While they contributed to improving the local school and founded a specialty school for the training of solar energy specialists and operators, these were only set up after the project was finished. This meant that the local graduates were not able to field jobs in the Benban Solar Park, since the positions were already filled.

¹¹United Nations Framework Convention on Climate Change. (2021, April 21). Solar Projections. UNFCCC.

Photo from Khaled Desoukia/AFP/Getty Images via CNN



While there were claims that the project was able to generate 20,000 jobs during the construction phase,¹² these opportunities were not extended and were not enough for the local population of more than 55,000 people. Since the project demanded a high level of expertise, less than 30% of the available jobs were awarded to the community. While the construction phase was able to employ thousands of workers, the maintenance and operation of the power plants required less staff, with only a few dozen jobs available after the construction.

Kampala Principle 3: Inclusive Partnership

Stakeholder engagement for the Benban Solar Park was only conducted after the design and initial phase. The affected communities have noted that their engagement was less on the consultation for their needs, but more of a propaganda campaign to ensure that they will endorse the project. While the project staff explained the positive impact of the project on the energy and climate situation of the country, the initiative lacked direct benefits to the local population.

The draconian situation regarding civil liberties in the country also largely prohibits the development of truly inclusive partnerships that would fulfil the Kampala principle. Heavy-handed security measures and restrictive laws governing civil associations disallow the kind of societal representation needed to ensure inclusivity and social monitoring. Distrust between the government and civil society actors and trade unions usually results in the sidelining, if not the complete exclusion, of the latter.

¹²African Development Bank & African Development Bank Group. (2023, April 11). Egypt: Benban, a model of clean energy production in Africa. African Development Bank Group - Making a Difference. <https://www.afdb.org/en/success-stories/egypt-benban-model-clean-energy-production-africa-60169>

Kampala Principle 4: Transparency and Accountability

The lack of an enabling environment for civil society and weak regulatory mechanisms result in decreased accountability of public and private sector actors. Transparency is also lacking, as projects often lack published monitoring, results and evaluation frameworks. This could be highly conducive to corruption, the misuse of resources, and especially conducive to inefficiency.

Kampala Principle 5: Recognising, sharing and mitigating risks for all partners

Private sector engagement in Egypt saw little resources directed to essential infrastructure, access to basic services, provision of decent work, and eradication of poverty. While the Kampala Principles emphasise “profitable solutions to sustainable development challenges,” it fails to account for the inherent contradictions between profit-seeking and value extraction of private sector entities on the one hand, and the development needs and people’s interests on the other.

This can be effectively seen in the case of the Benban Solar Park Project, as surrounding affected communities were not adequately consulted regarding their needs, which led to more adverse impacts for the poor and the marginalised. While there were initiatives pursued by the government and private sector partners to provide assistance, these were not rooted in people’s realities and ultimately failed to address the long-standing development challenges exacerbated by the project. Furthermore, it can be seen that the private contractors and IFIs for the project benefited the most, amassing profit, securing energy access at lower prices, and having significant control over renewable energy sources in the country.

Photo from Amr Abdallah Dalsh/Reuters via Japan Times



Conclusion and Recommendations

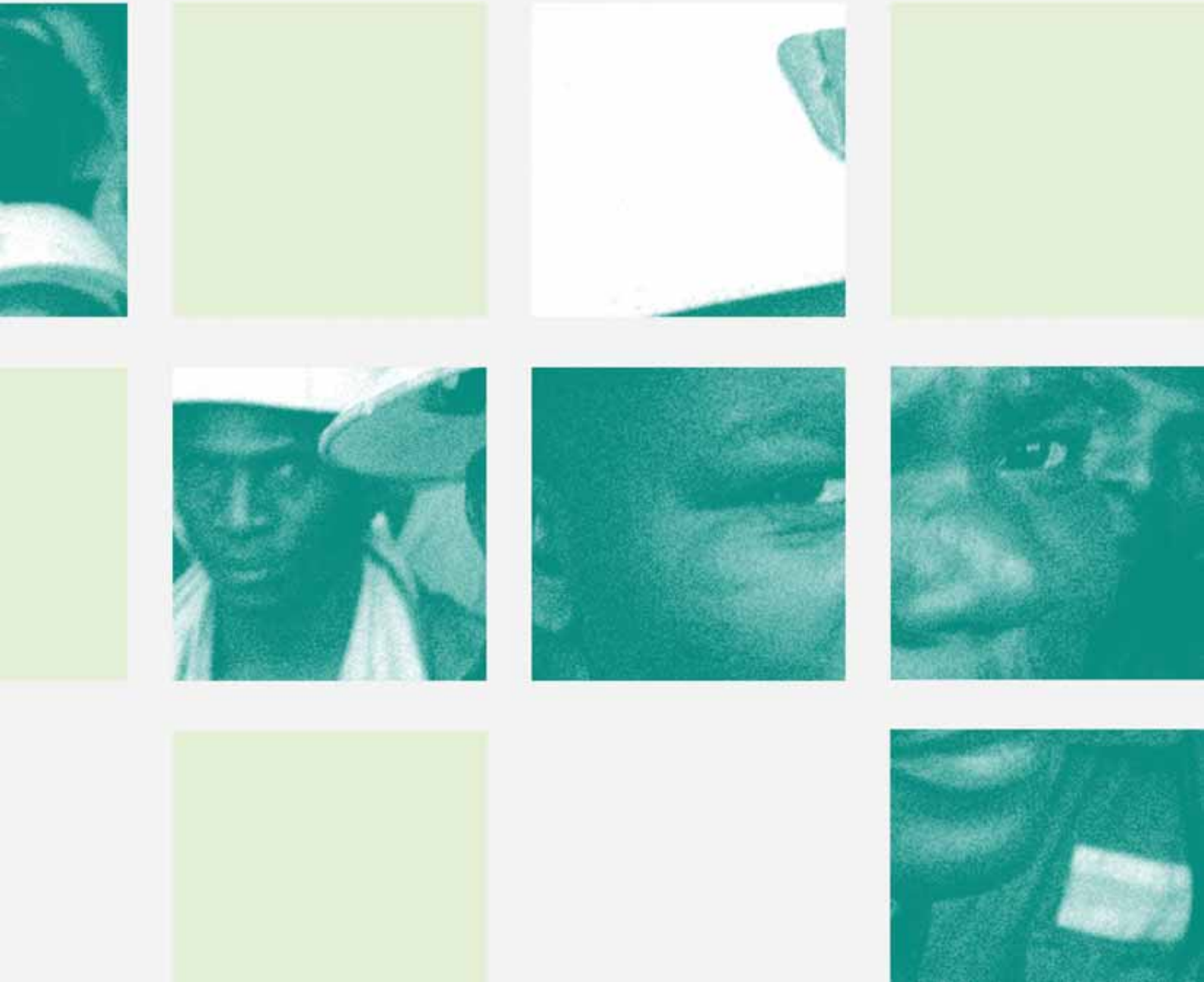
Effective private sector engagement in development requires close monitoring, cooperation, conditioning, and strict guardrails. However, as long as the neoliberal framework persists, with the continued deregulation of market activities and the privatisation of goods and services, the role of the private sector in development remains questionable. That is not to say that the private sector cannot be engaged for development, but for private sector entities to be effective partners for development cooperation, they need to be put under much closer scrutiny and should not be allowed to drive development priorities considering their for-profit motives. This would not be a novel attempt, not even in the Egyptian context, in which postcolonial industrialisation policies made heavy use of guiding the private sector in achieving its development goals.¹³ Other recommendations include:

- **Strengthen government regulation, monitoring, and evaluation of private sector engagement in development cooperation to ensure proper design, planning, and implementation of development projects. In addition, enterprises that make use of tax avoidance schemes and off-shoring should be barred from development projects as tax avoidance is evidence enough of their commitment to profit over development.**
- **Ensure transparency and accountability of government and its partners by mandating the required publication of reports, providing an enabling environment for civil society, and supporting their monitoring function.**
- **Open and transparent civic space is essential to allow local communities not only to decide on what development means for them but also to exercise more control over their own lives and livelihoods. This does not mean consulting the community about implementing a project or not, but giving them the command over resources to decide on what project it needs and wants, promoting democratic ownership over their development priorities and needs.**
- **In the face of the dominance of large multinational and domestic corporations as partners for development initiatives, other private sector entities such as cooperatives and social enterprises must be considered. More resources should be dedicated to reviving cooperatives, especially in the agricultural sector, to bolster smallholders in the face of large transnational corporations' dominance. Not only does the sector receive disproportionately little investment compared to the size of its workforce, but it is also best positioned to contribute to the elimination of poverty, and ensuring that no one truly is left behind.**

¹³Megahed, K. and Ghannam, O. (2022). The Rocket in the Haystack: Between Nasser's Developmental Vision and the Neo-Imperialist Mission. *Africa Development* 47 (1).

6 The State of PPPs in Zambia and Zeroing in on the Lusaka-Ndola Road

Gershom Kabaso, Jr., Zambia Social Forum



Introduction

Despite the mounting debt being incurred by the government of Zambia, it continues to promote public-private partnerships and the construction of large infrastructure projects, such as the Lusaka-Ndola Road. The road project was implemented with financing coming from its private sector partner, Macro Ocean Investment Consortium, with public financing extracted from pension funds and workers' compensation funds. While the Lusaka-Ndola Road promises to contribute to economic development and faster travel time, the imposition of toll fees burdens the public while amassing profit for its corporate partner.

Country Context

In light of the debt distress faced by Zambia, in November 2020, the country defaulted on its foreign debt. After this, the government signed a USD 1.3 billion loan from the International Monetary Fund (IMF), under its Extended Credit Facility (ECF), which aims to “restore macroeconomic stability and foster higher, more resilient, and more inclusive growth.”¹ In the name of ‘fiscal sustainability’, the IMF required the government of Zambia to implement policy conditionalities, which included the promotion of public-private partnerships to finance development projects and forwarding amendments to related policies on PPPs in order to manage risks.

In line with debt restructuring programs, the Republic of Zambia released its Eighth National Development Plan (8th NDP), Socio-economic Transformation for Improved Livelihoods. Under this plan, the government identified the private sector as the main driver for economic transformation and job creation. With this, the plan details how the government will provide an enabling environment for businesses to prosper, through the adoption of policies and construction of necessary infrastructure. The plan also details that the sectors of agriculture, manufacturing, mining and tourism are prioritised to drive economic growth. These initiatives would also be supported by an investment in the energy, transport, technology, water, infrastructure, and skill development sectors. Aside from the private sector's potential role in providing jobs, businesses are increasingly seen as the government's partners to fund and implement infrastructure development in the country.

With this, there has been a stress on the use of public-private partnerships (PPPs) in financing development projects. Under the Public-Private Partnership Act No. 14 of 2009, the government of Zambia has strengthened the legal framework for PPPs in regard to the construction of infrastructure projects, with the aim to ensure the proportionate management of risks between the government and its private sector partners. Along with this new regulation is the establishment of various bodies responsible for approving and monitoring projects under PPPs, such as the Public-Private Partnership Department under the Ministry of Finance. This department is responsible for facilitating, administering, coordinating, and monitoring PPP projects.

¹International Monetary Fund African Department. (2022). Zambia: Request for an Arrangement Under the Extended Credit Facility-Press Release; Staff Report; Staff Supplement; Staff Statement; and Statement by the Executive Director for Zambia. <https://doi.org/10.5089/9798400218224.002>.

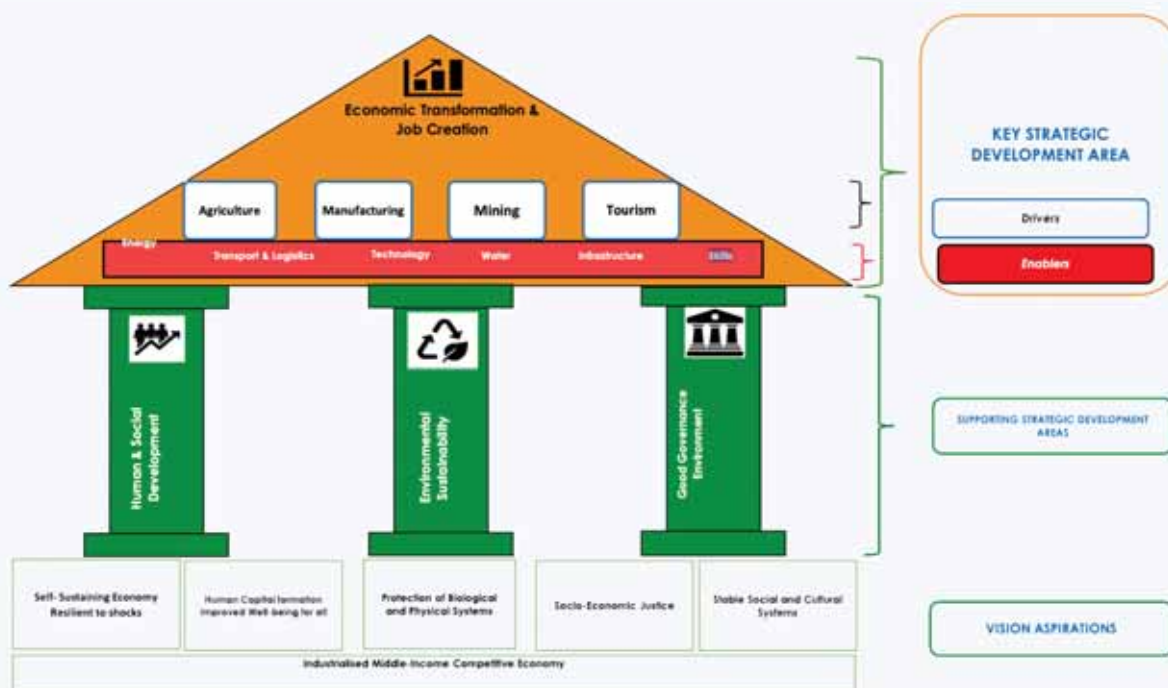


Figure 1. Eighth National Development Plan & Vision 2030 Strategic Development Matrix.
Source: Eighth National Development Plan, 2022-2026

The use of PPPs has been further promoted by the International Finance Corporation (IFC) under the World Bank Group. The IFC supported the foundation of the Public-Private Dialogue Forum (PPDF), a national dialogue mechanism for the delivery of development cooperation reforms. Through PPPs, the forum aims to expand Zambia's private sector markets and optimise its potential for investment, in order to promote economic growth and development. The forum has several sector-based technical working groups composed of representatives from the government, private sector and civil society.²

²Public Private Dialogue Forum. (2023, April 6). <https://ppdf.org.zm/>.

Upgrading to the Dual Carriageway of the Lusaka-Ndola Road, including the Rehabilitation of the Luanshya-Fisenge-Masangano Road

Overview

One of the projects pursued under a PPP framework is the upgrade of the Lusaka-Ndola road and the rehabilitation of the Lunashya-Fisenge-Mansangano road.

About the project

The project provides for the upgrade of the longest dual carriageway of the Lusaka-Ndola road, rehabilitation of the Luanshya-Fisenge-Masangano roads, construction of the Kabwe and Kapiri Mposhi bypasses, construction of two weighbridges, and the expansion of existing bridges.

The Lusaka-Ndola road, spanning a total of 327 kilometres, facilitates in-country and cross-border trade in the Southern Africa Development Community (SADC), the regional economic community in the continent. It is used by 10,000 vehicles daily and transports mineral exports from the Copperbelt region, or the mineral-rich provinces in Zambia, to a port in Tanzania.³ These roads also connect Lusaka, Zambia's capital, to the Democratic Republic of Congo.

However, the road has deteriorated leading to delayed cargo, loss of goods and traffic accidents. The upgrade of these road networks claims to reduce travel time, address traffic congestion and enhance road safety. The rehabilitation and construction of these roads aim to facilitate commerce and the trade of goods and services within and beyond Zambia.

Modality	Finance-design-build-operate-maintain
Instrument	Concessional loan
Program Type	Public-private partnership

³Mushinge, G., & Jalloh, A. (2023, April 6). Controversy surrounds Zambia's divided highway project. Deutsche Welle. <https://www.dw.com/en/controversy-surrounds-zambias-divided-highway-project/a-65224867>

Duration	Start date: 2023 25 years concession period (3 years construction, 22 years operations and maintenance)
Budget	USD 649.98 million (USD 577.38 million for construction, USD 1 million working capital, USD 1.85 million finance cost, USD 69.74 million interest during the construction period)
Sector	Infrastructure, transport
Development Partner(s)	National Pension Scheme Authority (NAPSA), Worker's Compensation Fund Control Board
Type of private sectors engaged	Large multinational corporation
Private sector partners	Macro Ocean Investment Consortium (MOIC), which consists of AVIC International Project Engineering, Zhenjiang Communication Construction Group and China Railway Seventh Group
Other dev't partners	Stanbic Bank Zambia Limited
Role of partners	<p>The project financing will come from the government partner, the National Pension Scheme Authority (NAPSA) and the Worker's Compensation Fund Control Board, while the construction, operation, maintenance, and management will be under MOIC. NAPSA will be providing USD 300 million, the Board will be financing another USD 100 million, and the Stanbic Bank Zambia Limited will provide a loan of USD 200 million.⁴</p> <p>Macro Ocean Investment Consortium will only be responsible for the design, construction and maintenance of the road networks, but will own the assets for 25 years, from which it will gain profit from the transport fees with the use of the roads. Meanwhile, the government will receive a 15% share of the revenues and additional income from the toll taxes during the concession period, which will amount to USD 1.172 billion.</p>
Monitoring	The Zambian government shall have the privilege to audit all the revenue that will be collected by the concessionaire, and all the risks associated with the project shall be borne by the concessionaire.
Results framework	No information available
Results	No information available
Evaluation	No information available

⁴Lusakatimes.com. (2023, March 2). Zambia : New Lusaka-Ndola dual carriage way: a PPP or a scam? Emmanuel Mwamba weighs in. <https://www.lusakatimes.com/2023/03/02/new-lusaka-ndola-dual-carriage-way-a-ppp-or-a-scam-emmanuel-mwamba-weighs-in/>

Adherence to the Kampala Principles

Kampala Principle 1: Inclusive Country Ownership

The project is aligned with Zambia's 8th National Development Plan that put emphasis on public-private partnerships for economic growth and development. PPP initiatives are also monitored and regulated under the Public Private Partnership Act No. 14 of 2009. The project will also be regulated by the Tolls Act No. 14 of 2011, which oversees the operation and management of toll roads. These plans and regulatory frameworks underwent public consultations, but legislative bodies to regulate PPPs lack representatives from civil society. Furthermore, these policies are heavily influenced by the IMF, as these are part of the structural reforms required by the bank for the government for its debt restructuring.

These policies have further facilitated the entry of the private sector in development in the country, especially in financing and implementing infrastructure projects. It can be seen that the majority of Zambia's construction projects have been pursued with Chinese-owned companies and financed by Chinese loans, contributing to the worsening debt distress in the country.⁵ The dependence on Chinese corporations and financing has been questioned by the public as to how PPPs could have been undertaken with domestic corporations, rather than foreign ones.

Kampala Principle 2: Results and Targeted Impact

The government claims that the project, under a PPP modality, will be able to create additional jobs and foster economic growth. With this, private capital will be used to fund infrastructure development and the efficient provision of services. Under the PPP law, private sector partners are required to give 20% of the work to Zambian contractors. The government claims that during the construction period, the project will be able to generate 3,000 direct jobs, along with other indirect jobs and business opportunities.⁶ However, since the project is just starting, this still has yet to be seen.

Kampala Principle 3: Inclusive Partnership

There are concerns that the road rehabilitation will be unbankable since it will be challenging to anticipate the road traffic and projected income from the operation of the toll roads. With this, private sector investors have a longer concession period where they can gain their investment back. While there was public concern that the management of the roads by MOIC was too long, the government contends that the concession period of 25 years is suitable to claim affordable toll fees and provide high-quality roads.

The privatisation of the construction and maintenance of infrastructure has only burdened the public with additional toll fees and transport costs, while amassing profit for MOIC.⁷ Computations show that the corporation only needs 12 years to gain back its investment from the road network and for the remaining ten years of its operations,

⁵Orr, B. W. (2020, December 14). The Curse of the White Elephant: The pitfalls of Zambia's dependence on China. Global Risk Insights. <https://globalriskinsights.com/2020/12/the-curse-of-the-white-elephant-the-pitfalls-of-zambias-dependence-on-china/>

⁶Foca, S. I. N. M. (n.d.). The Lusaka - Ndola Dual Carriageway PPP: Opportunities, risks, and rewards. <https://www.linkedin.com/pulse/lusaka-ndola-dual-carriageway-ppp-opportunities-susiku-i->

⁷LusakaTimes.com. (2023, March 11). Zambia : The analysis on Lusaka-Ndola Dual Carriage Way under PPP model. <https://www.lusakatimes.com/2023/03/11/the-analysis-on-lusaka-ndola-dual-carriage-way-under-ppp-model/>

it will earn an excess of USD 1.5 billion. Civil society has raised that this additional profit could have been used to invest in the provision of social services and goods.⁸

Kampala Principle 4: Transparency and Accountability

The existing policies for private sector engagement lack the necessary frameworks and processes to ensure transparency and accountability of the government and private sector entities. CSOs have also noted the lack of transparency on how PPPs are negotiated with private sector partners, with members of civil society being left out of these processes. It also remains unclear how the toll road fees are going to be collected and used.⁹

While the government assures that it has the capacity to audit the bank accounts where the revenue will be deposited, there is no clear process to ensure the transparency and accountability of both the public and private sector. The government claims that it can earn a total of USD 1.172 billion over the 25-year concession period, coming from the project's taxes.¹⁰ However, these are still to be materialised as the project is still ongoing.

Kampala Principle 5: Recognising, sharing and mitigating risks for all partners

Experiences in the global South have long highlighted the adverse impact and risks brought about by public-private partnerships. While PPPs have increasingly been used to fund infrastructure and service projects, the use of this modality puts further strain on public resources and the people, as the government shoulders the risks of investment and implementation. Furthermore, PPPs are more susceptible to corruption and undemocratic processes due to the lack of transparency and accountability surrounding these agreements.¹¹

This proves to be true in the Zambian case, as the financing for the road rehabilitation will be coming from the country's pension funds and worker compensation funds, but its operations will be privatised with MOIC overseeing the maintenance and operation of the roads. It has also been estimated that the government will lose around USD 38 million once the roads are in operation and will make transport fees more expensive for the people while raking in profit for MOIC.¹²



Photo from Noel Wasamunu via Xinhua

⁸Mushinge, G., & Jalloh, A. (2023, April 6). Controversy surrounds Zambia's divided highway project. <https://www.dw.com/en/controversy-surrounds-zambias-divided-highway-project/a-65224867>

⁹ActionAid Zambia. (2023, March 7). Press Statement - Public Private Partnership Should Benefit Zambians. <https://zambia.actionaid.org/stories/2023/press-statement-public-private-partnership-should-benefit-zambians>

¹⁰Ministry of Infrastructure and Urban Development. (n.d.). On the Upgrading of Lusaka-Ndola Dual Carriageway. <https://www.parliament.gov.zm/node/10947>

¹¹Eurodad. (2022). History RePPeated II: Why Public-Private Partnerships are not the Solution. https://assets.nationbuilder.com/eurodad/pages/3071/attachments/original/1671445992/01_history-rePPeated-2022-EN_19dec.pdf?1671445992

¹²Daily Nation Zambia. (2023, June 12). State to lose K750 million. <https://dailynationzambia.com/2023/06/state-to-lose-k750-million/>.

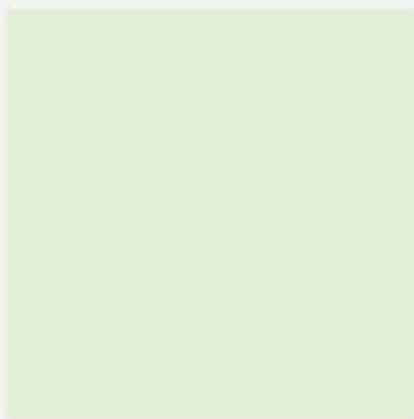
Conclusion and Recommendations

In light of Zambia defaulting on its debt and being subjected to IMF restructuring, the government has pursued public-private partnerships as a modality for development projects. While PPPs are being promoted as a means to mobilise additional financing and to facilitate the implementation of development initiatives, the construction of the Lusaka-Ndola road and other affiliated networks have only contributed disproportionate risks to the public sector, while amassing profit for corporations. With this, there is a need for:

- **Donors and international financial institutions (IFIs) to end policy conditionalities that promote further private sector intervention in development.** Furthermore, in the face of increasing debt distress, donors and IFIs must cancel all debts and provide more financing in the form of grants, rather than loans.
- **Abandon PPPs as a modality if it presents disproportionate risks to the government and the people.** The stress on privatisation has allowed the government to abandon its role in providing necessary services and goods while transferring the burden to the people and ensuring profit for private sector partners. The government should not abandon its obligation to provide social services and programs to the people.
- **The government must exercise transparency and accountability over its partnerships with the private sector.** Details regarding deals, agreements, and partnerships must be available to the public. It must also exercise significant oversight over its private sector partners, especially with how public finance is utilised, ensuring that their interventions are aligned with the Kampala Principles, as well as international human rights and labour norms and standards.
- **In engaging the private sector for development initiatives, prioritise partnering with micro, small and medium enterprises (MSMEs), social enterprises and local entrepreneurs, rather than multinational corporations (MNCs).** MNCs have historically violated people's rights and destroyed the environment with their business activities. Working with MSMEs and social enterprises can contribute to job creation and domestic development, towards self-reliance and genuine sustainable development.

7 Social Enterprises and Economic Empowerment of Women in Ghana

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Introduction

Women's empowerment and gender equality are key to the Sustainable Development Goals (SDGs), not only as goals in and of themselves but also as a means to achieve sustainable societies for all. The private sector is increasingly being recognised as a driver of economic growth and a promoter of sustainable social development, with businesses being held to account for their impact on societies. Traditionally, development efforts were primarily driven by governments and international organisations. However, the recognition of the private sector as a key development actor has led to a shift towards engaging businesses as key partners in development initiatives. Many private entities claim to contribute to sustainable development through their programs under public-private partnerships, impact investment, or corporate social responsibility.

Despite growing attention to gender equality in business and human rights, women continue to be more likely to experience a disproportionate burden of adverse business-related impacts and are less likely to share in the benefits generated by business activities. This is due to the structural discrimination and exclusion that characterise societies, driven by imbalances in power, wealth and resources. These structural inequalities are often made worse by business models and gender-neutral practices that reproduce inequalities or are complicit in maintaining the status quo.¹

Strengthening women's agency to participate fully in economic life is critical to building strong economies, establishing more stable and just societies, achieving internationally agreed goals for development, sustainability, and human rights, and improving the quality of life for families and communities.² Multi-stakeholder partnerships are critical to accelerating progress if we are to achieve gender equality and women's empowerment under the 2030 Agenda.

Regional and Country Context

In recent years, there has been an increased recognition of the importance of gender equality and women's empowerment by the private sector in Africa with many companies working to promote women's economic participation, leadership, and inclusion across value chains. Nonetheless, significant challenges remain, including cultural norms, discriminatory practices, and limited access to resources, which hinder women's full participation and hinder the realisation of gender equality goals.

Decades of research by feminist economists have made it clear that crises are not gender-neutral. The COVID-19 pandemic deepened pre-existing inequalities and exposed vulnerabilities in social, political and economic systems that exacerbated its impact on marginalised sectors. Measures to contain the pandemic had significant ripple effects on women's employment and livelihoods, as well as on an already beleaguered care economy.³

¹Business & Human Rights Resource Centre. (n.d.). Gender, Business & Human Rights. <https://www.business-humanrights.org/en/big-issues/gender-business-human-rights/>.

²United Nations Women. (2011). Women's Empowerment Principles: Equality Means Business. <https://www.unwomen.org/en/digital-library/publications/2011/10/women-s-empowerment-principles-equality-means-business>.

³UN Women – Arab States. (n.d.). Addressing the economic fallout of COVID-19: Pathways and policy options for a gender-responsive recovery. <https://arabstates.unwomen.org/en/digital-library/publications/2022/07/addressing-the-economic-fallout-of-covid-19-pathways-and-policy-options-for-a-gender-responsive-recovery>

The pandemic led to widespread economic disruption, with many businesses experiencing closures, reduced operations or financial constraints.⁴ This has affected private sector engagement, as companies face challenges in sustaining their operations and engaging in new initiatives. The decline in business activity has also resulted in reduced employment opportunities, hitting women particularly hard. Many women in Africa work in the informal sector, which was severely impacted by the pandemic. Informal workers often lack social protection and face precarious working conditions. With lockdowns, travel restrictions, and reduced economic activity, women in the informal sector faced job losses and reduced income, exacerbating existing gender inequalities.

The pandemic led to a surge in gender-based violence (GBV) globally, including in Africa. Lockdowns and movement restrictions confined many women to their homes with their abusers, while access to support services became limited. GBV undermines women's rights and hampers their ability to engage in economic activities and participate in society. COVID-19 strained healthcare systems across Africa, affecting women's access to essential healthcare services, including reproductive health. The diversion of resources and overwhelmed health systems led to women's limited access to prenatal care, contraceptives, and safe deliveries, increasing maternal health risks. Additionally, disruptions in routine immunisation programs put women and children at greater health risks.

School closures and remote learning challenges disproportionately impacted girls' education in Africa. Limited access to technology, along with household responsibilities, and early marriages contributed to increased dropout rates and reduced learning opportunities for girls. Educational setbacks hinder their future economic prospects and undermine gender equality efforts. The pandemic accelerated the need for digital solutions, but it also exposed the digital divide, particularly affecting women in Africa. Limited access to technology, internet connectivity, and digital skills hindered women's participation in remote work, online education, and entrepreneurial opportunities.

The United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) highlighted the need for an intentionally gendered response to avert the reversal of gains in women's income security and social protection brought about by the pandemic. Globally, COVID-19 impacted women's enterprises, which were disproportionately susceptible to economic shocks. The border closures and restricted mobility disrupted markets and supply chains, especially in sectors of tourism, hospitality, retail, agriculture, horticulture, textile and garment industries where women-owned enterprises dominate.

Women-owned businesses also tend to be more reliant on self-financing, thus increasing their risk of closure during extended periods which significantly affects their revenue. Discriminatory gender norms further inhibited the capacity of women farmers, entrepreneurs and employers to access financial institutions and financing. As COVID-19 response and recovery measures were rolled out to support businesses, these were largely inaccessible to women's small and medium-sized enterprises (SMEs).

⁴Wadhwa, P. B. D., & Wadhwa, P. B. D. (2023, August 26). 2020 Year in Review: The impact of COVID-19 in 12 charts. World Bank Blogs. <https://blogs.worldbank.org/voices/2020-year-review-impact-covid-19-12-charts>

Despite the challenges, the pandemic also highlighted the critical role of women in leadership positions. Female leaders in Africa demonstrated effective crisis management and promoted gender-responsive policies during the pandemic. Their leadership serves as a positive example for the private sector and society at large. To mitigate these impacts, governments, civil society, and the private sector need to prioritise women's rights and gender equality in their response and recovery efforts. This includes targeted support for women-led businesses, social protection measures for female informal workers, investment in healthcare systems, addressing GBV, bridging the digital divide, and promoting women's leadership and participation in decision-making processes.

Africa faces persistent gender inequalities, with women facing limited access to education, economic opportunities, and decision-making power. Private sector engagement offers a platform to address these disparities and promote gender equality. However, it is essential to recognise both the potential of the private sector in driving positive change and the existing gender gaps and biases within it.

Gender justice must lie at the heart of business and human rights. Women workers are often the worst paid and treated; women are often without land titles and dispossessed; and attacks on women who stand up to abusive labour practices are on the rise. Equally, women are an essential part of the solution: for instance, their struggle for decent work and a living wage facilitates many other key rights such as housing and the rights to health and education. Women are also organised – around pay discrimination, #MeToo in the workplace, and land rights, for instance.

Photo from Widows and Orphans Movement



Women are central to spurring economic growth in developing countries. Economically empowered women create healthier, more educated, and more productive societies, with advances in health, education and security not only serving to improve women's own status but also engendering a multiplier effect with benefits for whole societies. Women who earn and control incomes are particularly powerful agents for development.

Ghana, like other African countries, faces various development challenges, including poverty, inadequate infrastructure, limited access to healthcare and education, and environmental sustainability issues. However, with the increased call on the private sector to play a key role in development to achieve the SDGs, the government has embarked on initiatives that seek to engage the private sector in development.

The Ghana Investment Promotion Centre is the main agency responsible for promoting and facilitating private sector investment in Ghana. It offers various services, including investment advisory, promotion, and facilitation, to attract both local and foreign private sector investments.⁵ However, there are concerns about how in efforts to attract foreign investments, the government tends to create an enabling business environment that favours foreign companies to the detriment of local businesses. Thus, local businesses are unable to compete with large, multinational companies (MNCs), due to the numerous incentives that governments give to foreign companies.

Public-Private Partnerships (PPPs) have been used as a modality to undertake infrastructure projects in sectors such as transportation, energy, and telecommunications. Notable examples include the expansion of the Tema Port and the construction of the Kwame Nkrumah Interchange in Accra through private sector participation.⁶ Even though PPPs are seen as a financing mechanism for delivering the SDGs, the use of this modality is in contrast with the government's commitment to promote gender equality and the fulfilment of women's rights under Agenda 2030 and other international, regional and country-level frameworks.

It is essential that PPP-operated projects are assessed based on their impact on women's livelihoods and communities in general. For example, a road construction project in Ghana, which re-directed a highway through a town to the outskirts, though a good initiative, resulted in a lot of women and members of the community losing their source of livelihood, due to the redirection of the road. Alternative provisions were not made to ensure that sources of livelihoods of the people were secured. In general, PPPs are more expensive for governments, burdening governments with additional loans, and presenting more risks, especially with the lack of proper regulatory mechanisms over private sector activities. PPPs also create additional constraints that undermine the state's capacity to deliver gender-transformative public services and infrastructure and promote decent work for women.

The private sector will not automatically undertake activities that are aimed at achieving the SDGs, so it is dependent on other development actors, such as the

⁵Ghana Investment Promotion Centre. (2023, August 14). Home. <https://www.gipc.gov.gh/>
⁶Ghana Infrastructure Investment Fund. (2022, July 13). About GIIF. <https://www.giif.gov.gh/>

government and civil society, to monitor and ensure that the private sector operates by the development effectiveness principles. There is a need to forward social enterprises and micro, small and medium enterprises as alternatives to MNCs in these partnerships, given their role in contributing to job creation and development.

There have been initiatives by the Ghanaian government to involve these enterprises in development interventions. Initiatives such as the establishment of the Ghana Incentive-based Risk Sharing System for Agricultural Lending (GIRSAL) and the National Entrepreneurship and Innovation Plan (NEIP) have facilitated access to credit, business development support, and capacity building for entrepreneurs and SMEs. However, data on women-owned SMEs that have benefited from these initiatives is lacking.

Economic Empowerment Program

Overview

This case study focuses on the Widows and Orphans Movement (WOM), a women's rights organisation dedicated to advancing women's economic rights in the Upper East Region of Ghana. WOM has successfully leveraged its social enterprise, Atarrah Ghana, to empower women and promote sustainable development. The case study examines the strategies, outcomes, and challenges faced by WOM and Atarrah Ghana in their pursuit of private sector engagement.

About the project

Atarrah Ghana limited is a social enterprise of the Widows and Orphans Movement (WOM), a women's organisation dedicated to advancing women's economic rights in the Upper East Region of Ghana. The enterprise was created to empower widows economically, by developing and promoting the value chain of agricultural and non-timber products indigenous to northern Ghana. Women farmers and entrepreneurs cultivate and sell baobab oil and powder, neem oil, shea butter, handwoven textiles and baskets.

WOM and Atarrah provide employment opportunities and training programs on financial literacy, business management, marketing and product development. Through these initiatives, Atarrah Ghana aims to address the lack of income and social exclusion of widows, as well as contribute to environmental sustainability. The movement recognises that economic empowerment is crucial for gender equality and poverty reduction.

Modality Capacity development

Instrument Not applicable

Program Type Capacity development

Duration Atarrah Ghana was established in 2013, initiatives are ongoing

Budget Not applicable

Sector Agriculture

Type of private sectors engaged Company limited by shares

Private sector partners

Atarah Ghana Ltd.

Development Partner(s)

WOM has several donors that support their livelihood programs, such as Swisshand, St. Paul e V, KGL Foundation, The Church of Pentecost, Stichting Zaare, Steinhagen-Woerden-Burgerkomitees, Plan International, Action Aid Ghana.

The organisation is also a member of several networks such as the Global Shea Alliance, Shea Network Ghana, Network for Women's Rights in Ghana, Oxfam, Women in Law and Development in Africa.

Role of partners

WOM and Atarah Ghana's development partners support in various ways. Foundations and donors provide the necessary financing for the organisation to implement their activities. While other industry associations and government institutions work as collaborators in the livelihood programs of WOM. Partners from the academia and civil society provide the necessary technical advice and capacity development initiatives for the organisation and their partners.⁷

Monitoring

WOM publishes annual reports where the outcomes and impact of their programs are highlighted and detailed. The report also includes the breakdown of the funds they received and expenses during the period.

Results framework

No information available

Results

Atarah Ghana has provided sustainable income opportunities to over 300 women in the region, which enabled them to support their families, send their children to school, and invest in their communities. An additional 400 women are provided with seasonal income from the sourcing of raw materials from December to April every year.

Evaluation

Despite the support of various development actors, the enterprise and organisation still face financial constraints in order to reach more women and to upscale its programs and operations. Atarah Ghana encounters difficulties in accessing credit, largely due to the high interest rates. Due to the lack of laws recognising social enterprises in Ghana, Atarah Ghana is registered as a company limited by shares, despite its character.

Deep-rooted cultural norms and gender biases have posed challenges in promoting women's economic empowerment. WOM has to navigate societal resistance and promote behavioural change through awareness campaigns and education.

⁷Widows and Orphans Movement. (2015). 2015 Annual Report. https://www.paul-ev.eu/WOM-Berichte/WOM_15_Annual_Report_final.pdf.

Adherence to the Kampala Principles

Kampala Principle 1: Inclusive Country Ownership

Widows in Ghana face discrimination due to pre-existing notions and beliefs, which also impacts their socio-cultural and economic life. With this, WOM has undertaken livelihood programs to facilitate their economic empowerment, starting with jobs that women are already familiar with, such as basket and cloth weaving. The enterprise then expanded to agricultural activities, producing baobab and shea products, facilitating income generation for the widows.⁸

In addition to these programs on economic empowerment, the organisation also contributes to forwarding women's rights, focusing on the recognition, reduction and redistribution of unpaid care work, and women's access and control over land and other productive resources.

Kampala Principle 2: Results and Targeted Impact

The Widows and Orphans Movement recognises how widows are disproportionately impacted by violence, discrimination and poverty. Through its programs on human rights, education, economic empowerment and climate change, it aims to promote, uphold and protect the rights and dignity of widows and orphans, forwarding socio-cultural, economic and gender justice.

In their economic empowerment program, a majority of the beneficiaries are widows. These women were provided loans in order to grow their small enterprises.⁹ Atarrah Ghana has provided sustainable income opportunities to over 300 women and seasonal income to 400 women in the region. These women are engaged to cultivate raw materials, like baobab seed and pods, and to produce shea butter. Others are involved in the sale and trade of these products. They are also able to diversify their livelihoods, in addition to animal rearing and processing of an indigenous spice called dawadawa, which provides them a stable income throughout the year.

Kampala Principle 3: Inclusive Partnership

By promoting economic empowerment, Atarrah has contributed to the overall development of communities in the Upper East Region. The increased income of women has led to improved access to healthcare, education and basic amenities. While widows are the main beneficiaries of WOM's programs, it also provides opportunities to other marginalised groups. As of 2022, the organisation has reached a total of 9,549 individuals, among which are 5,740 women, and a total of 984 children in 15 districts in the Upper East Region.

WOM and Atarrah Ghana work with a range of development actors coming from donor countries, foundations, civil society, the private sector and the academia. The assistance provided to the programs varies from partner to partner, which includes financial resources, technical assistance and capacity development. The organisation's multi-stakeholder partnerships enable them to reach more women beneficiaries and to promote their advocacy further.

⁸Durrani, S. (2021). Widows and Orphans Movement (WOM). https://www.savannahfruits.com/wp-content/uploads/2021/12/SFC_WOM_Report_v2.pdf.

⁹Widows and Orphans Movement. (2019). 2022 Annual Report. <https://womgh.org/download/14535/?tmstv=168272949>.

Kampala Principle 4: Transparency and Accountability

Atarah Ghana only purchases raw materials from widow groups, in order to support their livelihoods. They also encourage other businesses to deal directly with women-led enterprises for baobab and shea products, in order to provide them profit and lessen social stigma in interacting with widows.¹⁰ Furthermore, the organisation produces annual reports that detail the impacts and outcomes of its initiatives. These also have detailed financial reports, of how they utilised the funding from their donors and partners.

Kampala Principle 5: Recognising, sharing and mitigating risks for all partners

As the source of income of these women is dependent on their natural environment, they recognise that they also have to contribute to environmental sustainability. With the baobab and shea trees being indigenous to northern Ghana, the women have the responsibility to foster climate-resilient sustainable agricultural practices. Furthermore, equipping women with entrepreneurial and vocational skills has enabled them to secure better employment opportunities, start their own businesses, and contribute to the local economy.

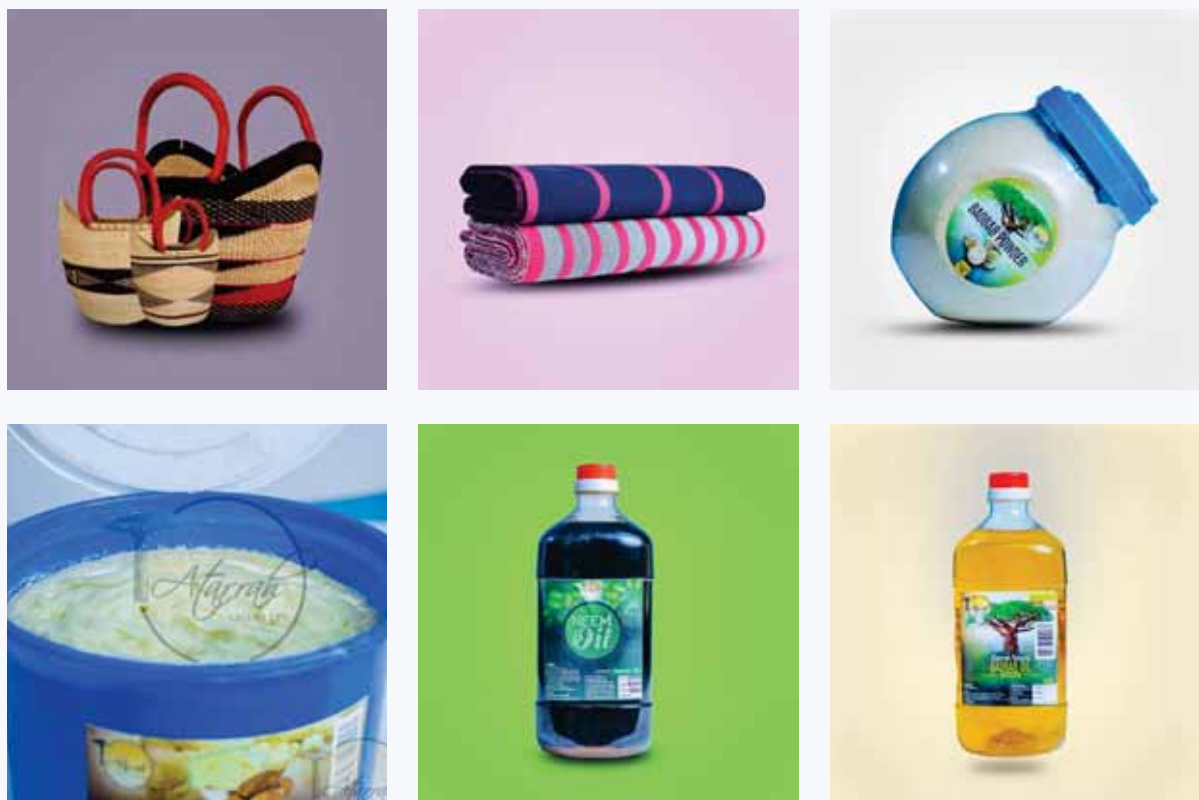


Figure 1. Products of Atarah Ghana, produced by widows in the Upper East Region.

Source: www.womgh.org/shop

¹⁰Durrani, S. (2021). Widows and Orphans Movement (WOM). https://www.savannahfruits.com/wp-content/uploads/2021/12/SFC_WOM_Report_v2.pdf.

Conclusion and Recommendations

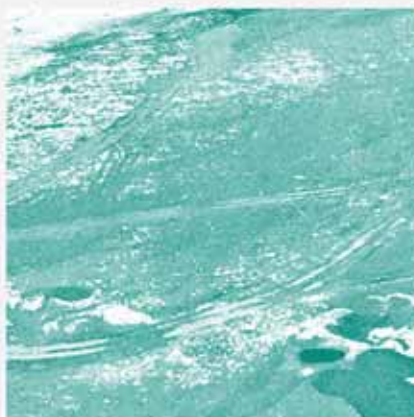
While the government of Ghana has increasingly promoted public-private partnerships with multinational corporations to address development challenges and promote women's rights, it can be seen in the case of Atarrah Ghana and the Widows and Orphans Movement that social enterprises are more viable partners for development cooperation, given their impact on the communities and sectors they serve. Despite the positive outcomes demonstrated by social enterprises in contributing to sustainable development, there is a lack of support being given to these entities.

With these, the following recommendations are to be considered in order to promote the role of social enterprises and uphold women's rights in private sector engagement for development cooperation:

- **For all private sector entities to ensure that their business activities and development interventions adhere to the Kampala Principles and pursue women's rights and development.**
- **For the government to recognise the potential of social enterprises as private sector partners by passing policies and programs that promote their role in development. With the lack of laws that recognise social enterprises, Atarrah Ghana cannot be categorised as such and is limited in its functions to contribute to the country's development.**
- **Public finance, government support and technical assistance must be made available to gender-sensitive social enterprises and micro, small, and medium enterprises that contribute to the creation of livelihoods and domestic development. Grants and credit lines remain inaccessible to MSMEs and social enterprises, due to the requirements and scale of projects promoted by governments.**
- **For development actors to develop multi-stakeholder platforms that enable the participation of governments, multilateral institutions, private sector partners, and civil society to promote the role of social enterprises as transformational partners of the marginalised to forward inclusive, equitable and sustainable economies that involve women.**

8 Hydropower Projects and Impacts on Cordillera Indigenous Peoples

International Indigenous Peoples' Movement for Self-Determination and Liberation



Introduction

This research is a continuation of the first private sector watch research¹ that focused on assessing the impacts of hydropower development projects on Indigenous Peoples (IPs) in Northeast India and the Philippines. Development projects in these countries are largely financed by the private sector through government partnerships with international financial institutions (IFIs), funding agencies and business corporations. In light of the energy transition, Indigenous Peoples' lands are being converted to renewable energy project sites, leading to massive social and environmental impacts on their lives, livelihood, and rights.

The previous research exposed how, in the implementation of hydropower dams and other development projects, IP rights have been violated. These include the displacement of IPs from their ancestral lands, loss of livelihoods, destruction of cultural sites, and degradation of the environment. One of the highlighted weaknesses is the lack of free, prior, and informed consent (FPIC) processes in relation to the projects. The blatant disregard of IP rights can be seen in the lack of transparency and limited participation of IPs in development processes. The previous research concluded that while these hydropower dams claim to be a step toward clean energy, the damage they actually cause to the environment, livelihoods and communities outweigh the perceived benefits.

This case study zeroes in on the Cordillera region in the Philippines, where there are over 96 energy projects and more than 100 large-scale mining applications.² The development effectiveness of these projects and the role of the private sector in them will be assessed according to the Kampala Principles and international statutes and conventions on the rights of Indigenous Peoples, such as the UN Declaration on the Rights of Indigenous Peoples. The impacts of these projects on IP groups will be discussed, alongside their collective resistance and response to these harmful initiatives.

Country Context

The Cordillera region is a landlocked and mountainous region in the northern part of Luzon, Philippines. The Cordillera Administrative Region (CAR) is composed of six provinces: Abra, Apayao, Benguet, Ifugao, Kalinga, and Mountain Province. The Cordillera Region is home to 33% of the Philippine Indigenous Peoples.³ Indigenous Peoples of the Cordillera Region are generally and collectively referred to as Igorots, with the literal meaning of “people from the mountains.”

While it can be said that the majority of the population in the Cordillera Region is considered Indigenous,⁴ no official figure on the exact population of Cordilleran

¹CPDE Indigenous Peoples Constituency. (2022). An Assessment of Select Hydropower Development Projects Affecting Indigenous Peoples in Northeast India and the Philippines. In Private Sector Watch: Global Synthesis Report. <https://csopartnership.org/resource/private-sector-watch-global-synthesis-report/>.

²Cordillera Peoples Alliance. (2023, April 24). 39th Cordillera Day Central Statement. <https://cpaphils.org/39th-cd-central-statement.html>

³United Nations Development Programme. (2013, July 24). FAST Facts: Indigenous Peoples in the Philippines. <https://www.undp.org/philippines/publications/fast-facts-indigenous-peoples-philippines>

⁴Cariño, J. & International Fund for Agricultural Development (IFAD). (2012). Country Technical Notes on Indigenous Peoples' Issues: Republic of the Philippines. https://www.ifad.org/documents/38714170/40224860/philippines_ctn.pdf/ae0faa4a-2b65-4026-8d42-219db776c50d#:~:text=They%20currently%20total%20about%201.5,%2C%20Ibaloy%2C%20Isneg%20and%20Tinguian.

Indigenous Peoples can be confirmed. In general, there is a definite lack of public official information concerning Philippine Indigenous Peoples in surveys and administrative data. The Cordillera region is rich in natural resources. It is known for its forest and mineral resources of gold, copper, and manganese.⁵ It has long been regarded as a significant resource base for developing the mining, logging, and energy sectors.⁶ In terms of renewable energy projects, hydropower dams and geothermal projects have been proposed, constructed, or operated in the Cordillera Region.⁷

In the Philippines, the Cordillera region “possesses the country’s highest hydropower resource potential, largely due to its location at the headwaters of Luzon’s major rivers,” which “supply irrigation water to most of Central Luzon, Ilocos and Cagayan regions, making the CAR the watershed cradle of northern Luzon.”⁸ However, in 2012, the Cordillera watersheds were considered to be in a critical state, as only 37% of the region’s overall land area remains forested. With the deforestation of the region, the Agno, Chico, Abra and Magat rivers are drying up.⁹

There is a greater need, now more than ever, to expose the impacts of these hydropower development projects on Indigenous Peoples. Indigenous Peoples are not only disproportionately at risk of the intensifying climate crisis but also deliberately threatened by governments that seek to repress their resistance against destructive development projects. Indigenous rights defenders in the Philippines continue to experience violence covertly by judicial harassment through the criminalisation of their work and grassroots organisations, vilification, red-tagging or terrorist-tagging, and overtly through forced abductions and disappearances facilitated by state forces.

Overview of the Projects

Due to the natural resources and landscape of the Cordillera region, it is being tapped as a major energy source and producer by the government and its private sector partners. CAR has the capacity to supply 4,306 megawatts or 65% of the needed energy supply to the Luzon grid of the National Power Corporation (NPC).¹⁰ With this potential and the rising need for clean energy sources, the Philippine government puts stress on the construction and implementation of hydropower projects in the region. The following tables detail the various initiatives undertaken by the government with private sector entities in setting up hydropower projects in the region.

⁵Tartlet, R. K. (2010, April 2). The Cordillera People’s Alliance: Mining and Indigenous Rights in the Luzon Highlands. Cultural Survival. <https://www.culturalsurvival.org/publications/cultural-survival-quarterly/cordillera-peoples-alliance-mining-and-indigenous-rights>

⁶Delina, L.L. (2020). Indigenous environmental defenders and the legacy of Macli-ing Dulag: Anti-dam dissent, assassinations, and protests in the making of Philippine energyscape. Elsevier Ltd.

⁷Public-Private Partnership Center, Republic of the Philippines. (n.d.). Bakun A/B and C Hydroelectric Power Plant. https://ppp.gov.ph/ppp_projects/bakun-a-b-and-c-hydroelectric-power-plant/

⁸Delina, L.L. (2020).

⁹Cordillera Peoples Alliance. (2016, March 21). Cordillera forests in peril. <https://cpaphils.wordpress.com/2016/03/21/cordillera-forests-in-peril/>

¹⁰Cordillera Peoples Alliance. (n.d.). Dams In The Cordillera. CPA Philippines. <https://cpaphils.org/campaigns/DAMS%20IN%20THE%20CORDILLERA.rtf>

Saltan D River Hydroelectric Power Project, Saltan E River Hydroelectric Power Project, and Mabaca River Hydroelectric Power Project

About the projects

All three hydroelectric power projects are dam projects to be constructed along the Saltan and Mabaca rivers in Kalinga. These projects are all awarded by the Department of Energy to JBD Water Power Incorporated (JWPI). The Saltan River D Project is a 49-megawatts plant, while Saltan River E can produce 45-megawatts and the Mabaca Project with 40-megawatts. These claim to contribute to renewable energy production and sustainable economic growth for the communities in the area.

Modality	Financing and project implementation
Instrument	No information available
Program Type	Public-private partnership (PPP)
Duration	Pre-development: 2019-2022 Development: 2023-2025 Operations: 2028 ¹¹
Budget	No public information available
Sector	Infrastructure, renewable energy
Development Partner(s)	The Department of Energy awarded the contract to JWPI and continues to oversee the operations of the company in regard to the construction of the project.

¹¹JBD Water Power Inc. (n.d.). 45.0 MW SALTAN e RIVER HPP (HSC No. 2020-03-852). <https://jbdwaterpower.com/45-0-mw-saltan-e-river-hpp-hsc-no-2020-03-852-province-of-kalinga-balbalan/>

Type of private sectors engaged	Large domestic corporation
Private sector partners	JBD Water Power Incorporated (JWPI)
Other dev't partners	National Commission on Indigenous Peoples (NCIP), National Water Resources Board (NWRB)
Role of partners	JWPI is working with the NCIP to conduct the free, prior and informed consent (FPIC) procedure for the affected IP communities in the project site. The NWRB is responsible for granting water permits to entities that would be using water resources for their operations.
Monitoring	The Department of Energy is responsible for monitoring the operations of the JWPI in implementing the hydroelectric power project.
Results framework	No information available
Results	Tribes in the Kalinga province have vehemently opposed the construction of the hydroelectric power projects to be constructed along the Saltan and Caloan rivers. In August 2022, 200 representatives from the Salegseg, Poswoy, Dao-angan, Ab-aba-an and Limos tribes organised an assembly to register their opposition to the project. They have noted how the project will negatively impact their communities, livelihoods and environment, and how there is a lack of transparency regarding the project and its processes. The Pinukpuk Municipal Council also passed Resolution No. 22, series of 2022, in order to oppose the construction of the Saltan E River Hydroelectric Power Project, due to the damage it will bring to the people. ¹²
Evaluation	No information available

¹²Villanueva, R. (2022). Tribes reject large dams in Balbalan and Pinukpuk, Kalinga. Bulatlat. <https://www.bulatlat.com/2022/09/04/tribes-reject-large-dams-in-balbalan-and-pinukpuk-kalinga/>

Upper Tabuk Hydropower Project (UTHP)

About the project

The UTHP is an initiative promoted by the provincial local government unit of Kalinga (PLGU), with its private sector partners, DPJ Engineers and Consultants, and Tabuk Hydro Energy Corporation. The local government claims that the project will contribute to hydropower development and the lowering of electricity prices in Kalinga. The project will be located in Barangay Dupag and along the Tanudan River, one of the major tributaries of the Chico River.

The main components of the project include a concrete gravity dam, penstock intake tower, powerhouse, sediment flushing tunnel, sub-transmission line, access road and bridge. Upon construction, the power plant will have a capacity of 15 megawatts.¹³

Modality	Financing and project implementation
Instrument	No information available
Program Type	Public-private partnership (PPP)
Duration	The partnership agreement was signed in 2022, which is valid for 25 years and can be renewed for another 25 years. The agreement will also undergo periodic review every five years.
Budget	PHP 2.64 billion (approximately USD 46.55 million)
Sector	Infrastructure, renewable energy
Development Partner(s)	Provincial Local Government Unit of Kalinga (PLGU)
Type of private sectors engaged	Domestic corporations

¹³Balocnit, P. (2022, December 30). Upper Tabuk Hydropower Project to be implemented thru PPP. Philippine Information Agency. <https://pia.gov.ph/news/2022/12/30/upper-tabuk-hydropower-project-to-be-implemented-thru-ppp>.

Private sector partners	The proponent of the project is DPJ Engineers and Consultants (DPJ), while the developer is Tabuk Hydro Energy Corporation (THE).
Othe dev't partners	Not applicable
Role of partners	<p>The provincial local government of Kalinga will be providing 20% of the project's budget, and its private sector partners will be providing the rest of the 80%. With this, 80% of the project is also owned by DPJ and THE, who will be constructing, managing and operating the power plant. Both corporations have 80% of the voting rights and will also receive the majority of the profit produced by the plant.</p> <p>In addition to financing, the PLGU is responsible for overseeing the efficient and proper implementation and operation of the project. This includes having 20% voting rights and having access to financial statements.</p>
Monitoring	The PLGU is responsible for the necessary oversight mechanisms to be established for the project.
Results framework	No information available
Results	This project was initially proposed in 2009, but did not have sufficient investment and faced opposition from the affected communities. DPJ has been involved since the initial proposal and was accused of not being transparent as it tried to pass the power plant as a small development when its size is categorised as a large dam. In 2017, more than a thousand people from various indigenous groups situated along the Chico River signed a petition against the project due to the impact it would have on their ancestral lands. Other groups supported the construction of the dam due to the benefits presented by the developers such as jobs, infrastructure and share of revenue. This created tensions among the various indigenous groups in the area. ¹⁴
Evaluation	No information available

¹⁴Lapniten, K. (2021, February 26). 'The river will bleed red': Indigenous Filipinos face down dam projects. Mongabay Environmental News. <https://news.mongabay.com/2021/02/the-river-will-bleed-red-indigenous-filipinos-face-down-dam-projects/>

Chico River Hydropower Project

About the project

The Chico River Hydropower Project is a run-of-river plant with a capacity of 52 megawatts. Construction will start in 2024 at its project site at Barangay Lucog, Tabuk, Kalinga, along the Chico River. The developer of the project is Karayan Hydropower Corporation, a joint venture of San Lorenzo Ruiz Builders & Developers Group and Union Energy. The project will entail the construction of a 65-meter dam, emergency spillways, tunnel, steel penstock, turbines and transmission line.¹⁵

Modality	Financing and project implementation
Instrument	No information available
Program Type	Public-private partnership (PPP)
Duration	No information available
Budget	PHP 5.18 billion (or USD 104 million)
Sector	Infrastructure, renewable energy
Development Partner(s)	No information available
Type of private sectors engaged	Domestic corporations
Private sector partners	Karayan Hydropower Corporation (Joint Venture of San Lorenzo Ruiz Builders & Development Groups Inc. and Union Energy Corporation)

¹⁵Prime Infra. (2021, May 6). CHICO JVCO - Prime Infra. <https://primeinfra.ph/portfolio/chico-jvco/>

Othe dev't partners

No information available

Role of partners

Karayan Hydropower Corporation is responsible for the construction of the dam

Monitoring

No information available

Results framework

No information available

Results

The project was initially planned in 2007 by Karayan Hydropower Corporation (KHC) and was immediately rejected by Indigenous communities, as it will displace five communities and have massive negative environmental impact. KHC was accused of bribing the people with cash and gadgets if they endorsed the project, which led to its approval. However, in May 2017, more than 300 people mobilised in order to register their opposition to the dam project. In 2018, the NCIP suspended the FPIC proceedings due to the violations conducted by KHC against the affected communities.¹⁶

Evaluation

No information available

¹⁶Sanz, T. (2021, October 23). Karayan Dam in Chico River, Lucog, Kalinga, The Philippines. Environmental Justice Atlas. <https://ejatlas.org/conflict/karayan-dam-in-chico-river-lucog-kalinga>.

Adherence to the Kampala Principles

Although it is not without flaws, using the Kampala Principles to evaluate these private sector discussions regarding these development projects is a positive step forward. We also used the UN Declaration on Indigenous Peoples in evaluating the effects of PSE on IP in order to highlight the unique context of Indigenous Peoples.

Kampala Principle 1: Inclusive Country Ownership

The majority of the projects assessed in the research have utilised public-private partnerships (PPPs) as the modality in undertaking renewable energy projects. With this, there is a stress on the commercialisation and privatisation of renewable energy resources and infrastructure. These are further promoted by the policies and frameworks in place by the Philippine government in undertaking the energy transition.

Initiatives are guided by the Philippine Renewable Energy Roadmap 2017-2040, which aims to increase renewable energy installed capacity to 20,000 MW through the acceleration of renewable energy positioning, creation of a conducive business environment, reliable and efficient infrastructure, and promotion of an enhanced research and development agenda.¹⁷

The laws and issuances surrounding hydropower projects in the Philippines include Republic Act No. 7156 (Mini-hydroelectric Power Incentive Act) enacted in 1991¹⁸ and Republic Act No. 9513 (Renewable Energy Act) passed in 2008.¹⁹ R.A. 7156 focused on encouraging investments in the hydropower sector by handing out incentives such as tax relaxations and privileges for corporations to develop potential hydroelectric sites. R.A. 9513 provides a more comprehensive government policy in relation to renewable energy sources.

These policies have not taken into account Indigenous Peoples' issues and concerns, such as threats to their ancestral lands, livelihoods and environment. This is due to the exclusion of Indigenous Peoples in the deliberation, creation, and execution of national development policies, programs, and processes.

According to the UN Declaration on the Rights of Indigenous Peoples, IPs are free to determine and decide on their development priorities. Additionally, they must be involved in the decision-making and processes relating to development initiatives on their ancestral lands as key development actors. However, governments and corporations have repeatedly violated their right to self-determination, and their right over their ancestral lands, territories, and resources.

¹⁷Department of Energy, Republic of the Philippines. (2017). Renewable Energy Roadmap 2017-2040. <https://www.doe.gov.ph/pep/renewable-energy-roadmap-2017-2040>

¹⁸Congress of the Philippines. (1991, September 12). Republic Act No. 7156. https://lawphil.net/statutes/repacts/ra1991/ra_7156_1991.html

¹⁹Republic of the Philippines. (2008, December 16). Republic Act No. 9513. Official Gazette of the Republic of the Philippines. <https://www.officialgazette.gov.ph/2008/12/16/republic-act-no-9513/>.

Kampala Principle 2: Results and Targeted Impact

Government and private sector entities claim that hydroelectric projects have been pursued in the Cordillera region in order to generate renewable energy and foster economic growth for indigenous communities. However, it can be seen that the construction of these infrastructures has caused disputes over land ownership and rights, uprooted IPs from their ancestral lands, destroyed cultural sites, impacted livelihoods, and degraded the environment.

Despite the demands by affected communities to stop these projects, governments and the corporate sector ignore IPs' concerns about their rights to land ownership, development, and self-determination. In order to continue building and operating these projects, Indigenous communities have been forcibly relocated and militarised by state forces in the name of development. Under harsh and repressive regimes, IP leaders, community members, and organisations continue to be targeted for judicial harassment, state abductions, and enforced disappearances.

Kampala Principle 3: Inclusive Partnership

Indigenous Peoples must be included and recognised as major development players in all development processes in order for governments, multilateral institutions, civil society, the private sector, and other stakeholders to work on development effectively. The discussion of development at the international, national, and local levels must take IP rights and issues into account. As of writing, the proposed dam projects discussed in the research did not receive the necessary documents from the National Commission on Indigenous Peoples (NCIP), which states that free, prior and informed consent has been obtained from the concerned IP communities.

Kampala Principle 4: Transparency and Accountability

As was already indicated in our previous research, one significant obstacle to completing our research was the lack of access to pertinent data regarding these development projects. Government agencies and private companies' lack of openness has an impact on how these development players are held responsible for the numerous instances of abuses of human and environmental rights.

It was evident that the private firms who funded the projects were not being watched over or held accountable. The monitoring studies and accountability systems that would have benefited Indigenous Peoples, who are directly impacted by many development projects that pose social and environmental concerns and challenges to their rights, are often not available.

Kampala Principle 5: Recognising, sharing and mitigating risks for all partners

To meet what it claims to be a rising energy demand, the Philippine government recognised the need for renewable energy sources. Despite the effects on local Indigenous populations and the environment, they view building large hydropower dams as the only way to address the energy issue. Governments at the national and local level, including business corporations have transgressed Indigenous communities' FPIC (free, prior, and informed consent) rights by doing this.

As part of the research, IPMSDL visited and consulted with affected communities in Kalinga last April 25, 2023. During the community consultation, Indigenous community leaders and members shared their experiences in participating in dialogues with local government officials.

In their dialogue with local government officials, Kalinga communities have expressed their concerns over the proposed height of the dams, particularly the Karayan and Saltan dams, and the large production of hydropower from these dams. Government officials claimed otherwise, that these dams are only “mini hydropower dams.” Community members have cited reports from the World Commission on Dams and the International Commission on Large Dams²⁰ that a dam structure with a height of 15 meters and containing more than 3 million cubic meters above is considered a large dam.

While the local government has made promises to support the position of the major population, whether or not the majority support or oppose dams, community members who are against the dams continue to face harassment. Roads near the proposed development project are painted with statements that threaten to kill those who oppose the dam projects.

Sumkad: Indigenous Peoples' Response

Apo Macliing Dulag, an Indigenous Cordilleran hero who fought against the entry of the destructive World Bank-funded Chico Dam project under former dictator Marcos Sr. and against Martial Law, said:

“ *Such arrogance to say that you own the land, when you are owned by it! How can you own that which outlives you? Only the people own the land because only the people live forever. Man is born to live. Apu Kabunian, lord of us all, gave us life and placed us in this world to live human lives. And where shall we obtain life? From the land. To work the land is an obligation, not merely a right. In tilling the land, you possess it. And so land is a grace that must be nurtured. Land is sacred. Land is beloved. From its womb springs our Kalinga life.* ”

The collective identity, culture and spiritual values of Indigenous Peoples are deeply rooted in their ancestral lands. For the Cordillera Indigenous Peoples land is life, given by the Creator and includes resources above and below the earth's surface. Loss of land defines the loss of many Indigenous communities, as land is fundamental to the ways of living of Indigenous Peoples.

To describe how the State violates the human rights of Indigenous Peoples during the development process, the Cordillera Indigenous Peoples used the term “development aggression.”²¹ Since then, it has been used to illustrate how development projects often result in the abuse of the collective and individual rights of Indigenous Peoples.

²⁰International Commission on Large Dams. (n.d). Definition of a large dam. https://www.icold-cigb.org/GB/dams/definition_of_a_large_dam.asp.

²¹Tauli-Corpuz, V. (2010). The Human Development Framework and Indigenous Peoples' Self-determined Development or Development with Culture and Identity. UN Permanent Forum on Indigenous Issues. <https://www.un.org/esa/socdev/unpfi/documents/E%20C.19%202010%20CRP.4.doc>

In 2022, as a collective response to these proposed destructive hydropower development projects, the Sumkad ti Umili para ti Matagoan, Karbengan, Aglawlaw, Daga ken Dayaw (SUMKADD) was formed. The term Sumkad is a Kalinga term that means to rise and resist. SUMKADD is a broad alliance of environmental defenders in Kalinga that seeks to defend their rivers, identity, and their ways of living.

Since then, SUMKADD has consolidated affected Indigenous communities and launched community consultations and assemblies to reach a consensus among affected community members. They were able to craft and file a petition against the JBD Water Power Inc. and its hydropower projects along the Saltan River in Kalinga. Resolutions against the JWPI dams were adopted by several barangays in Balbalan and the municipality of Pinukpuk as early as February 2022.



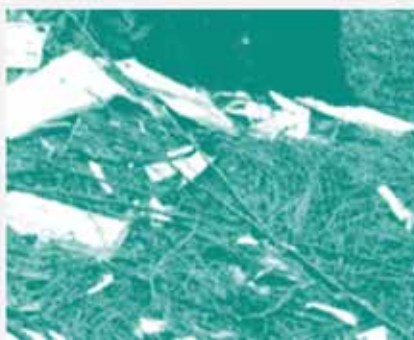
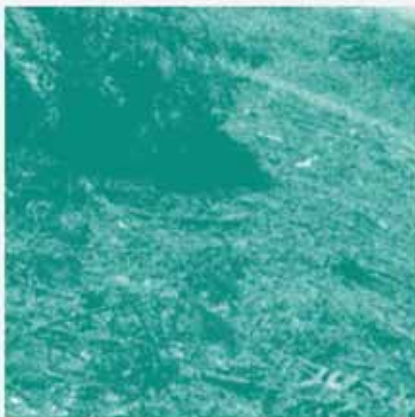
Conclusion and Recommendations

Destructive development projects, such as the ones being proposed in the Cordillera region, gravely affect Indigenous Peoples' ways of living, culture, and survival. We need a development framework that recognises the rights and concerns of the people and the assessment of risks. With this, development actors must:

- **Uphold Indigenous Peoples' rights to self-determination, which is fundamental for the economic, social, and cultural development of Indigenous Peoples. Implement the UN Declaration on the Rights of Indigenous Peoples and other relevant human rights mechanisms, in addition to the Kampala Principles.**
- **Ensure that the right to Free, Prior, and Informed Consent (FPIC) is fully recognised and applied in all activities and development projects on ancestral lands and territories. Furthermore, FPIC processes must respect Indigenous political institutions and structures and reflect the principles of transparency and accountability.**
- **Guarantee that private sector-led development projects are environmentally sustainable, address the actual needs of marginalised communities, and respect human rights.**
- **Respect Indigenous Peoples as equal partners in development cooperation. Ensure the full, effective, and meaningful participation of Indigenous Peoples in the discourse and decision-making on aid and development effectiveness at all levels.**
- **Strengthen the application of culturally sensitive approaches that recognise and respect Indigenous Peoples' ownership of land and territories, Indigenous Peoples' political systems, knowledge, positive values, and beliefs.**
- **Revoke policies and laws criminalising Indigenous Peoples' human rights defenders and contributing to brutal attacks on Indigenous Peoples and advocates.**

9 Infrastructure-led Development in Northeast India and the Case of the Shillong-Dawki Road

Youth's Forum for Protection of Human Rights



Introduction

In order to stimulate economic growth and development, the government of India has been pursuing numerous infrastructure projects. Roads, bridges, highways, and power plants are all in the pipeline to enhance connectivity and productivity in the country. Recognising that large infrastructure projects entail massive amounts of financing, grants and loans coursed to the government of India, which mobilised the private sector to implement these projects through Public-Private Partnerships (PPPs).

Given the strategic location of Northeast India, several infrastructure projects are located in this region, such as the North East Road Network Connectivity Improvement Project. While the construction and upgrade of these transport networks aim to facilitate the movement of goods and people, these are at the expense of people's rights and the environment, which is exemplified in the case of the Shillong-Dawki road. Furthermore, the participation of private sector partners have not contributed to the efficiency and effectiveness of the project.

Country Context

Northeast India is composed of eight states – Assam, Nagaland, Manipur, Mizoram, Tripura, Arunachal Pradesh, Meghalaya, and Sikkim – and is home to various indigenous groups in India. The region is strategic, with its natural resources and its borders with Nepal, China, Myanmar and Bangladesh.¹ With this, the region is purported to be one of the country's drivers of economic growth, as it can serve both as a source of goods and facilitate connectivity of markets.

As the government of India pursues political influence and economic growth, it increasingly partners with Japan to finance infrastructure projects and support its security initiatives. India's Act East Policy purports Northeast India as the gateway to Southeast Asia, enhancing their economic cooperation and ties with the sub-region. In the same manner, the region is also critical for Japan's Free and Open Indo-Pacific (FOIP) Vision, which aims to promote peace, prosperity, and order among its neighbours. The FOIP is undertaken with its Quad allies, the United States, Australia, and India. The FOIP is the Quad's alternative to the China-led Belt and Road Initiative, where development financing is mobilised for infrastructure.

Japan provided a total of USD 2 billion of Official Development Assistance (ODA) to Northeast India to finance various projects, with an emphasis on road infrastructure. These infrastructure projects are then pursued with public-private partnerships as the main modality, working with corporations to construct major infrastructure in the region.² It is in this context where the North East Road Network Connectivity Improvement Project is initiated.

¹Borah, R. (2019). Japan in the Infrastructure Sector of Northeast India. <https://www.isas.nus.edu.sg/wp-content/uploads/2019/03/ISAS-Insights-No.-556.pdf>

²Basu, T. (2022, April 29). Japan in India's Northeast: The Indo-Pacific Connect. <https://idsa.in/idsacomments/japan-in-indias-northeast-the-indo-pacific-tbasu-190422>

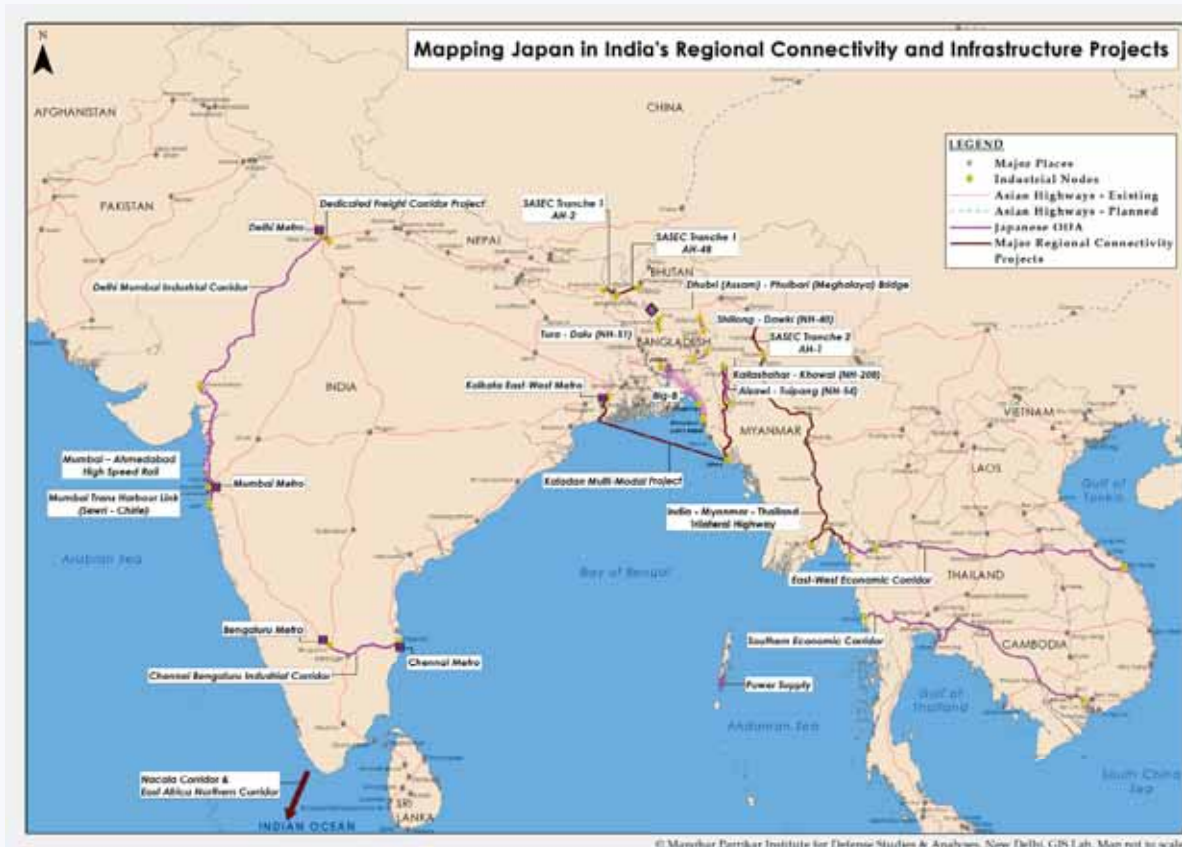


Figure 1. Mapping Japan in India's Regional Connectivity and Infrastructure Projects.⁴

However, the region has been subjected to development aggression, with relentless resource extraction and militarisation. Indigenous Peoples and other communities in the region are subjected to repressive measures as they are also driven away from their land, their sources of livelihood and culture. Rich biodiversity areas are also subjected to development aggression, as forest lands are cleared to make way for large-scale infrastructure projects.³

³Transnational Institute. (2023, July 13). Conflict and development in Northeast India. <https://www.tni.org/en/article/conflict-and-development-in-northeast-india>
⁴GIS Lab, Manohar Parrikar Institute for Defence Studies and Analyses. (2022). Prepared based on data drawn from Act East Forum, Japan International Cooperation Agency and Asian Development Bank. <https://idsa.in/idsacomments/japan-in-indias-northeast-the-indo-pacific-tbasu-190422>.

Shillong-Dawki Expansion Road under the North East Road Network Connectivity Improvement Project (Phase 2)

Overview

The Shillong-Dawki Expansion Road is pursued by the government of Japan and India, as a way to enhance movement in the region for economic growth and development. The road infrastructure project is largely driven by donor interests, as it contributes to Japan's Free and Open Indo-Pacific Vision. Affected communities and civil society have opposed the project as the road cuts through forested areas, ancestral lands, and villages, impacting their homes, land, and environment. The implementation of the project also faced delays as its contractors have failed to deliver on their contracts and agreements.

About the project

The North East Road Network Connectivity Improvement Project is an initiative by the Japan International Cooperation Agency (JICA) with the government of India. The project aims to improve national highways and bridges in the Northeastern region, which is considered to be the gateway to its neighbouring countries in South and Southeast Asia. Among the roads included in this initiative is National Highway 40 (NH-40) between Shillong and Dawki in Meghalaya. The construction of these road infrastructure is believed to contribute to the region's socio-economic development.

National Highway 40 or Shillong-Dawki Road is located in the southern part of Meghalaya. The targeted section of NH-40 is from Shillong to Dawki in Meghalaya with a length of 81 kilometers in total. The project consists of widening roads to two-lane highways of 35.8 kilometres and to four-lane highways of 10.19 kilometres (46 kilometres in total length), constructing five new bypasses of 21.4 kilometres in total. NH-40, spanning approximately 80 kilometres, is specifically constructed to enhance trade, connectivity and tourism with Bangladesh.

Modality Financing

Instrument Official Development Assistance (ODA)

Program Type Loans

Duration	July – December 2023
Budget	JPY 38.6 million (approximately USD 262, 151) for the second phase of the North East Road Network Connectivity Improvement Project INR 12.51 billion (approximately USD 150, 450) for the Shillong-Dawki Road
Sector	Infrastructure, transport
Development Partner(s)	Japan International Cooperation Agency (JICA)
Type of private sectors engaged	Large domestic corporations
Private sector partners	SS Infrazone Pvt. Ltd. ARSS Infrastructure Projects Ltd. Niraj Cement Structural Ltd.
Other dev't partners	Ministry of Road Transport and Highways (MoRTH) National Highways and Infrastructure Development Corporation Limited (NHIDCL)
Role of partners	The National Highway Infrastructure Development is a state-owned company under the Ministry of Road Transport and Highways of the government of India. NHIDCL is responsible for the design, construction, operation, maintenance and upgrade of national highways and strategic roads. The Shillong-Dawki Road or NH-40 is also under NHIDCL, which divided the road network into five packages, which it awards to private sector partners for its construction. A total of INR 12.51 billion is allocated for the construction of NH-40. For these packages, SS Infrazone Pvt. Ltd., ARSS Cement Structural Ltd., and Niraj Cement Structural Ltd. are the chosen contractors.
Monitoring	The NHIDCL monitors the overall implementation of the project, including the work of private contractors and partner non-governmental organisations, and the mitigation of social and environmental implications. The NHIDCL is also responsible for reporting to the other national and local government institutions regarding the projects' design and implementation.
Results framework	No information available
Results	While the project is slated to be finished by December 2023, it faced a lot of issues in its implementation. A case under public interest litigation in relation to the wide-scale deforestation from the project was heard by the High Court of Meghalaya. Over a hundred trees are estimated to be cut down for the construction of a flyover as part of the road network. There were also issues of land disputes over some project sites, especially over the ancestral lands of indigenous groups in the area.
Evaluation	No information available

Adherence to the Kampala Principles

Kampala Principle 1: Inclusive Country Ownership

The Shillong-Dawki Road expansion project and the rest of the North East Road Network Connectivity Improvement Project are financed by a loan agreement between the Japan International Cooperation Agency (JICA) and the government of India. In the same manner, this project is being pursued by the Japanese government under its Free and Open Indo-Pacific Vision, which aims to enhance trade connectivity in the region. Northeast India is a crucial link that can connect Myanmar, India and Bangladesh.⁵

The road infrastructure project is being utilised by the government of Japan to enhance its influence and connectivity in the region. The government of India is also using these loans to pursue infrastructure-led development, in the name of economic growth and increased trade with its neighbours. This is also exhibited in the government's National Infrastructure Pipeline and the increased investment towards these projects, with 3.3% of its Gross Domestic Product going towards infrastructure.⁶ While the government enhanced its partnership with the private sector through PPPs, there is a lack of initiative to include affected peoples and civil society in these development processes.

In the case of the Shillong-Dawki road project, state and private sector actors have failed to consult all the stakeholders, particularly Indigenous Peoples, affected communities and civil society organisations, in the project sites. Without the participation of affected communities and civil society in development processes, projects will lead to adverse environmental and social impacts on the marginalised.

Kampala Principle 2: Results and Targeted Impact

While the project is intended to finish by December 2023, it has faced a lot of delays. In November 2022, the road expansion work ran into a land acquisition hurdle. Around 50 landowners have expressed their unwillingness to accept the project assessment and land compensation package. The government has asked the Deputy Commissioner of the East Khasi Hills to expedite the acquisition proceedings in order to continue the project.⁷ There is no additional information regarding how they plan to resolve these disputes.

Affected communities and civil society have highlighted how the road construction will lead to massive deforestation. Hundreds of pine trees in Shillong, scores of them over a century old, were cut down, which led to public outrage. The pine trees were considered Shillong's heritage and were part of a hill station, one of the state's tourist destinations. Despite existing policies like the Indian Forest Act, Biodiversity Act and Meghalaya Forest Regulation Act, the Indian Forest Department was ordered to cut down a total of 4,447 trees in order to make way for the project. Development aggression in the Northeastern region has led to massive deforestation. In 2019, a total of 765 square kilometres were deforested in the region.⁸

⁵The Diplomat. (2022, February 8). Japan's infrastructure investment in Northeast India. <https://thediplomat.com/2022/02/japans-infrastructure-investment-in-northeast-india/>

⁶Invest India. (2023, March 29). Infrastructure development in India. <https://www.investindia.gov.in/team-india-blogs/infrastructure-development-india>

⁷Meghalaya Times. (2023). Shillong – Dawki road project to be allocated at the earliest. <https://meghalayatimes.in/shillong-dawki-road-project-being-work-to-be-allocated-at-the-earliest/>

⁸Banerjee, S. (2020, August 10). Draft EIA 2020: How it may impact North East. Down to Earth. <https://www.downtoearth.org.in/blog/environment/draft-eia-2020-how-it-may-impact-north-east-72742>

Photo from Lebanriford Dohling via EastMojo



Kampala Principle 3: Inclusive Partnership

In October 2020, the Kurkalang (Kseh) clan staged a protest against the construction of the four-lane project claiming that some parts of the areas projected for the widening work belonged to them since the pre-Independence era. Egenstar Kurkalang, the clan secretary, said the clan will keep on protesting as long as the government does not meet their demand of providing sufficient compensation for the land acquired for the project. "The whole world knows, the British government knows, even the Indian Government knows that this is our land since time immemorial," he said. Clan Chief Joken Kurkalang said the clan has been writing petition after petition to the government but their cries were not heard, therefore, they have to protest against the government.

Kampala Principle 4: Transparency and Accountability

After the NHICDL awarded the packages to private sector partners, some of these companies abandoned the work they were contracted to do. With this, they had to open the bidding process again and retender the road packages to find other companies to construct the road network. This process was open to the public since

it was open for bidding, but was closed after two companies had submitted their proposals. Private sector partners have blamed the delays in project implementation on the prolonged land acquisition process.⁹

Kampala Principle 5: Recognising, sharing and mitigating risks for all partners

As a modality, public-private partnerships have often burdened states and the people more than their private sector partners. Risks in undertaking large development projects are not shared equally, as the public sector shoulders more of the financial, social and environmental risks, while corporations pocket most of the profit. Across the globe, the use of PPPs has led to high costs for governments that often result in increasing debt, with no assurance of fair returns and efficiency of services. Furthermore, the lack of proper oversight mechanisms of the state over private sector entities allows them to exploit human and natural resources, violate human rights and further degrade the environment.¹⁰

In order to address the adverse impacts brought about by infrastructure development, the High Court of Meghalaya set up a committee to discuss and make decisions regarding the Shillong-Dawki road. The committee is expected to balance how to pursue infrastructure development while addressing and mitigating the social and environmental impacts of the project.¹¹ While the committee has addressed some concerns, it has not been able to resolve all of the issues posed by the communities. This has led to further delay and opposition of affected communities towards the project.

⁹Hub Network. (2023, March 21). Shillong-Dawki road expansion project: Umshyrpi to Baniun road under retendering process - Hub News. <https://hubnetwork.in/shillong-dawki-road-expansion-project-umshyrpi-to-baniun-road-under-retendering-process/>

¹⁰Eurodad. (2022). History RePPeated II: Why Public-Private Partnerships are not the Solution. https://assets.nationbuilder.com/eurodad/pages/3071/attachments/original/1671445992/01_history-rePPeated-2022-EN_19dec.pdf?1671445992

¹¹LawBeat. (n.d.). Meghalaya High Court constitutes 5-member Committee to balance environment & development. <https://lawbeat.in/news-updates/meghalaya-high-court-constitutes-5-member-committee-balance-environment-development>

Conclusion and Recommendations

With the construction of the Shillong-Dawki Expansion Road as a part of the North East Road Network Connectivity Improvement Project, it can be seen that donor and private sector interests are prioritised over people's rights, welfare and environment. In order to forward effective development cooperation, development actors must adopt the following recommendations:

- **For donor countries to stop shaping development priorities according to their own political, economic and security interests.** In the case of Japan, it can be seen that aid is being disbursed for a massive infrastructure drive in Northeast India as a part of its wider strategy of a Free and Open Indo-Pacific. Donor countries and corporations have promoted infrastructure-led development for profit, much to the detriment of people's rights and the environment. Development policies and projects must be democratically owned by the people, which ensures that these address their needs and are aligned with their interests. This entails providing an enabling environment for the marginalised sectors and communities, such as Indigenous Peoples, farmers, fisherfolk, workers, women, and youth in development processes.
- **For governments to abandon PPPs as a modality for development projects.** Given that PPPs have often led to financial risks for the public sector, a lack of transparency and accountability from corporations, and innumerable adverse social and environmental impacts on the marginalised, these should not be further used and promoted. PPPs ensure profit for private sector partners, but place additional burden on the people as they repay the debt incurred from these projects and are forced to purchase basic goods and services with the privatisation of essential services.
- **For governments to safeguard people's rights and the environment by ensuring the transparency and accountability of its private sector partners.** The Shillong-Dawki Road has been shrouded with opposition from affected communities and sectors. The construction of the road has displaced communities from their ancestral lands and destroyed the biodiversity in the area. The government should be responsible for establishing mechanisms and policies to ensure that business operations do no harm to the people and the environment. Upon violation of people's rights and exploitation of the environment by businesses, government institutions must be able to exact accountability from private sector entities and provide redress to those affected.

Conclusion and Recommendations



Genuine sustainable development remains out of reach. Due to the dominance of corporate interests in private sector engagement—and indeed, the persistence of private sector influence on development priorities and partnerships, in general—frameworks such as Agenda 2030 and tools such as the Kampala Principles, as currently implemented, have proven inadequate to the task of ensuring development effectiveness and cooperation at all levels. In the case studies included in this report, there is clear evidence of the damage caused by the world’s largest corporations to human rights, local communities, national economies, and the environment.

Civil society as key development actors, then, must rise to the challenge. CSOs, working with people’s organisations and affected communities, need to identify and fulfil the monitoring and advocacy tasks that will help to institutionalise mechanisms for accountability and contribute to positive development outcomes. This report presents a brief set of general recommendations—some of them reiterated from the previous Global Synthesis Report of the Private Sector Watch—to improve the effectiveness of private sector engagement in development cooperation:

1

Governments should review, and in some cases revoke, approval for current PSE projects that promote corporate and donor interests at the expense of sustainable, pro-people development.

States should investigate and strongly respond to actions conducted by businesses under the banner of private sector engagement, which directly caused human rights violations, environmental degradation, and unsustainable economic policies, especially in the world’s poorest regions. In reviewing private sector interventions, governments must also recognise and respect the voices of CSOs and local stakeholders. There should be immediate and genuine multi-sectoral consultations regarding PPP contracts that promote indebtedness and hinder national development; profit-driven PSE projects that result in displacement, loss of livelihood, and environmental damage; and IFI-imposed neoliberal policy conditionalities that privilege the private sector at the expense of public interests.

2

Governments must ensure, as early as the proposal and planning stages, that private sector initiatives are geared to contribute to democratically-owned development plans at the national and sub-national levels.

Despite their key contributions, the interests of the private sector in development should not supersede peoples’ development priorities. The provision of private financing and partnerships must be based on a country’s sovereign development agenda, especially for the benefit of marginalised sectors, instead of being dictated by IFIs and TNCs. Governments must ensure democratically-owned development strategies that put primacy on public finance for development projects, uphold state responsibility in providing basic goods, services and social protection, as well as champion sustainable national industrialisation and agriculture toward self-reliance. Development plans should clearly define economic sectors where private investment, especially domestic capital, can be channeled to.

Private sector financing should be provided to underinvested sectors and to the least targeted SDGs, and not to false, market-

based solutions that can exacerbate inequalities and worsen the climate emergency. Business operations must always align with human rights and environmental standards, and accompanied with the establishment of feedback, grievance and redress mechanisms accessible for affected communities, civil society organisations, people's organisations and community-based organisations. Democratic country ownership, inclusive partnerships, mutual transparency and accountability must be non-negotiable principles in all PSE modalities.

3

In conducting its business and development initiatives, private sector entities must comply with international standards and regulations regarding labour, gender, the environment, and other human rights issues.

There is a multitude of internationally agreed guidelines that should govern the conduct of PSE, such as the UN Guiding Principles on Business and Human Rights, the core labour standards of the International Labour Organisation, and the OECD Guidelines for Multinational Enterprises, among others. The government must ensure that the private sector adopts and adheres to these principles in implementing development projects, to protect the rights of all people, especially marginalised sectors. Private sector entities must be held accountable when they harm the welfare of local communities or violate human rights.

4

Governments must further develop oversight and regulatory mechanisms to ensure that the private sector upholds the Kampala Principles.

These principles can be a useful tool for governments in adopting guidelines and binding regulations in the conduct of PSE. These mechanisms should promote inclusivity through multi-stakeholder consultations and dialogue, and ensure that risks are recognised, shared, and mitigated by all development actors, including the private sector, instead of being largely shouldered by the state and its citizens.

Governments must monitor the transparency and accountability of the private sector's actions and projects, especially those that can directly cause large-scale or long-term negative impacts. Governments must also ensure that corporate entities do not use Agenda 2030 and the SDGs to legitimise and lobby for the promotion of private sector interests, particularly regarding anti-poverty and climate projects. Finally, governments are urged to provide support for CSOs by contributing to efforts to strengthen CSO capacities, establishing platforms that institutionalise the monitoring role of CSOs, and enabling the formation of a broad national network of CSOs working together to contribute to development effectiveness.

5

Governments must support and encourage alternative, non-corporate modalities of private sector engagement that have been proven capable of producing positive social and environmental outcomes.

Such alternative PSE modalities are an exemplification of best practices in upholding the Kampala Principles. Instead of

policy conditionalities that impose deregulation and liberalisation as the norm, IFIs should promote more socially and environmentally responsible practices. There are many PSE modalities which can be further explored and developed; as an alternative to TNCs, MSMEs and social enterprises can be more reliable and sustainable partners for governments, especially with their contributions to job creation and domestic development. This includes forwarding necessary policies that provide government support, assistance and access to financing tools to recognise and assist MSMEs and SEs as partners with the government on development initiatives, rather than allowing these alternative entities to be subsumed into corporate monopolies. MSMEs and SEs should also have strong representation in social dialogues, partnerships, and policymaking.

6

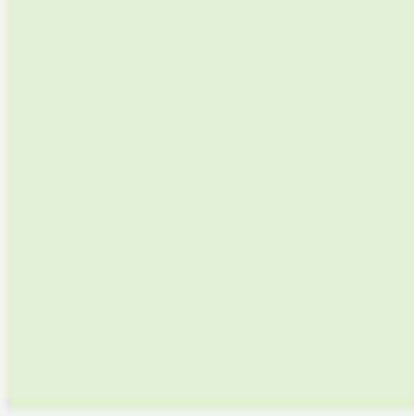
Development actors should create an enabling environment for CSOs to monitor business operations and hold governments and private sector actors accountable.

There is an urgent need for capacity-building in order to ensure that more CSOs are able to monitor PSE and review government policies that undermine human rights, environmental protection, and national development. States and multilateral institutions should recognise the role of CSOs in monitoring and accountability, by upholding transparency and making information available to the public, ensuring their safety and security in conducting research for such initiatives, and providing them with necessary space in development processes to present policy recommendations based on their monitoring work.

7

CSOs must maximise their platforms to consistently and concretely advocate for better development strategies.

CSOs, for instance, can take the lead in conducting grassroots research and campaigns to assert that development financing must primarily be sourced from public funds and addresses people's needs. CSOs must unite in their demand for developed countries to fulfil their development commitments and obligations to the global South, instead of using IFIs and private corporations to cover their own shortcomings. CSOs should also continue to strengthen their solidarity with marginalised sectors, working to enhance public understanding of conditions on the ground and recommending the necessary, fundamental changes in the existing development cooperation framework, pushing back against private sector domination in development processes and fighting for a people-centered, rights-based development for all.



CSO Partnership 
for **Development Effectiveness**

A DECADE OF CSO SOLIDARITY
ON EDC ADVOCACY AND PRACTICE

The Reality of Aid Network




A Pre-eminent Southern-led North/South Network on Reforming Aid Policies and Practices



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