

Buenos Aires Declaration: same old story?

Although there is no explicit mention of fossil fuels and the inclusion of climatic issues are milestones compared to previous versions, the resulting text from the negotiations of the G20 members generate uncertainties related to the infrastructure and its real impact on local development, and the role of private agents.

On December 1st, 2018, to bring closure to the Group of 20's meeting (G20) in Argentina, the Buenos Aires Declaration was presented as result of extensive negotiations between the forum members, due to the host country's need to generate a **document showing that the meeting was not a complete failure**.

In this context, a Declaration emerges – based in three axes: “future of work”, “sustainable food future”, and “infrastructure for development”-, which pretends to reflect the G20 commitment on the mutually reinforcing dynamic *between a healthy planet and a strong economy*, even though the member **countries are responsible for the 75% of the worldwide greenhouse gas emissions**.

In relation to “Infrastructure for development”, to address the infrastructure financing gap in the absence of public financing, the countries reaffirmed their commitment to attract private capital and channel it into infrastructure investment. In the Declaration, they encourage **the implementation of partnerships and financial mechanisms** such as the PPPs (Public-Private Partnerships), which previous global experiences have demonstrated a **lack of transparency and negative impacts on the public expenditure in the medium and long term**.

Though the Buenos Aires Declaration fosters a commitment to carry out responsible financing practices, it skips that partnerships facilitates non-transparent public debt, as public agencies does not have to report in the short term the debt incurred by partnerships. Likewise, it exists a **frequent renegotiation of contracts** (55% of the contracts are renegotiated in a two years' period), **which increases the final costs to be paid by the State and users** (e.g. in Perú, **the renegotiations of PPP contracts implicated an additional cost of 143.7%** over the original value).

The text highlights that member countries are already carrying on actions to promote this kind of mechanisms, such as the risks mitigation based on a division of the risks between the private and the public actors. What the text does not clarify is that this implies **risks transference from the private sector to the public**, in order to make the investment more attractive for the private sector, so the public entity assumes risks that in another context would not run into.

Furthermore, the Declaration recognizes that factors such as financial vulnerability have hindered a symmetric global economic growth, for which **it commits to maintain the public debt in a sustainable path**. However, **it does not mention the high costs and fiscal risks that the “innovative financial mechanisms” implicates for the public accounts**.

Given the commitment of the G20 members for fighting against illicit financial fluxes, which damage the mobilization of the national resources, the Declaration mentions the **need to strengthen the global financial security network** and, in that context, it points out the role of the International Monetary Fund (IMF), the Paris Club and the World Bank Group in order to enhance the relationship between the borrowers and lenders through the register, supervision, and transparency of the information about the contracted debts, with infrastructure investment as a priority.

The Declaration also refers to the **crucial role that the energetic transition will have in the economic growth and in the reduction of greenhouse gas emissions**. In this context, it positions gas as a key product – for carbon replacement – to accomplish a clean transition. However, **the gas sustainability is relative** when it is obtained through no conventional techniques –Vaca Muerta case –, with its consequent impacts in the environmental and social spheres, in addition to its economic effect if taking into account the weight that energy subsidies represent in the national budget.

The issues attending fossil fuels subsidies are, in general, absent; however, the text manifests the **intention of favoring Vaca Muerta in the national energetic matrix, given the planned subsidies for 2019**. In addition to this, it refers to a revision – in pursuit of **the increase – of incentives to markets**.

Furthermore, it is mentioned the importance of **fostering the energy generation through clean and sustainable sources** but with the specific remark that, among them, the renewable resources are included, which makes the necessary inference that **others, with great environmental impact – such as nuclear and hydroelectric-, are equally considered**.

The **great controversy** was the **climate change** issue. The Declaration makes specific reference to the special IPCC report about 1.5°C, and **18 out of 19 country members highlight the importance of continuing with the of the emissions reduction. United States is the exception**, with a special paragraph in which it **reaffirms its decision of withdrawing from the Paris Agreement**. Ultimately, the text refers also to the United Nations Climate Change Conference (**COP**) number 24 in Poland, urging the leaders of the world to obtain successful results, although it is not indicated successful for whom.

The Declaration **includes efforts for the promotion of a sustainable agriculture and the hunger reduction**, with particular **focus on the small farmers and the consequences of climate change for the sector**. The drought that affected our country made it a fundamental issue to consider, especially when the agreement with the IMF takes into account Argentina's difficulties in accessing foreign currency due to the reduction of national production. However, it is important to address these measures not only taking into account its economic impacts, but also the climatic agenda, a factor to be considered in the decision making due to its consequences on vulnerable groups, those most affected by droughts and floods.