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Wall Street on a Mission

(Re)instating the Legitimacy of Finance for Development:
An Analysis of the Global Investors for Sustainable Development Alliance (GISD)

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Abstract

According to estimates advanced by the United Nations, the annual SDG funding gap amounts to $2.5 trillion. The covid-19 pandemic further exacerbated the underlying issues as the global recession led to an unprecedented rise in public debts and economic distress triggered by defaults, capital flights and fiscal austerity. In light of these challenges, the Global Investors for Sustainable Development Alliance (GISD), worth $16 trillion, were mandated by the Secretary-General of the United Nations in 2019 and are now regarded as key players to increase the mobilization of the private sector in enhancing long-term investments through sustainable finance. Drawing upon the debates surrounding the legitimacy public-private partnerships, this study aims to critically examine how legitimate the GISD Alliance is in advancing sustainable development. In this regard, the thesis focuses on filling the knowledge gap by discussing the involvement of financial firms in development. Using a qualitative content analysis and a neo-Gramscian standpoint, the research seeks to unveil the underlying rationale of the actions undertaken by the initiative. In doing so, I examine the tradeoffs of the initiative while untangling the legitimacy of the partnership for development. The findings suggest an ambiguity both in terms of input and output legitimacy. Hence, the thesis concludes that the initiative presents risks to re-engineer the legitimacy of financial systems through alternative means, underpinned by a deliberative wish to embrace the Wall Street Consensus Paradigm. Hence, the GISD deploys forces that jeopardy to replicate the constellation of social forces whilst undermining the complexity of developmental challenges and failing to effectively address the prevalent needs of the subjects of development.

Keywords: Sustainable Finance, Private Sector Governance, Legitimacy, Corporate Social Responsibility (CSR), Global Investors for Sustainable Development Alliance (GISD)

Wordcount: 9992 words.

Acronyms

CSR	Corporate Social Responsibility
ESG	Environmental Social Governance
GISD	Global Investors for Sustainable Development
IO	International Organization
IR	International Relations
MDG	Millennium Development Goals
PPP	Public-Private Partnership
SIDA	Swedish International Development Agency
SISD	Swedish Investors for Sustainable Development
SDG	Sustainable Development Goals
TNC	Transnational Corporations
UN	United Nations
WSC	Wall Street Consensus

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I - Introduction

In 2019, the financing for sustainable development report displayed the critical need to develop investable developmental projects and redirect global investors' financial flows towards the 2030 ambitions (United Nations, 2019). The $2.5 trillion SDG funding gap, demanding $5 to $7 trillion annually, will require governments to advance 50% to 80% of financial capital (Niculescu, 2017; Gornitzka and Wilson, 2020). The Covid-19 pandemic only exacerbated the challenges as the global recession drastically reduced countries fiscal space and led to an unprecedented rise in public debt and economic distress triggered by defaults, capital flights and fiscal austerity (Gornitzka and Wilson, 2020; Smith, 2020). In this context, sustainable finance and the critical role of financial decision-makers and markets in mobilizing, allocating, and managing risk sparked agreement around their socio-economic responsibilities. While the financial market comprises around $140 trillion worth of assets, global research demonstrated that only 25% of capital is managed in compliance with sustainability criteria. Hence, and given the enormous potential of unlocking these investments, policymakers advanced the urgent need to bridge the gap and align corporate strategies with sustainability matters (Cho, 2018; UN-DESA, 2019).

In this regard, the creation of the Swedish Investors for Sustainable Development partnership (SISD) in 2016 facilitated by the Swedish International Development Agency (SIDA) partly inspired the United Nations (UN) to create a similar Alliance. The UN is now seen as a critical player to connect the dots and facilitate the redirection of financial flows where they are needed most. In 2019, 30 business giants, known as the Global Investors for Sustainable Development (GISD) Alliance, and worth $16 trillion responded to the call of the Secretary-General to advance solutions for passing from billions to trillions by: (1) proposing a regulatory framework for sustainable finance and (2) encouraging sustainable investments in emerging and frontier markets (UN-DESA, 2019; Sharma and Hilger, 2021). Following a two-year mandate, the Alliance works on employing a combined expertise from financial institutions and industrial companies to increase, mobilize, and enhance the quality and quantity of long-term investment for sustainable development (Sharma and Hilger, 2021; Gabor, 2021). The GISD is unique, encompassing 17 western-based firms and 13 companies from developing countries. Therefore, the work conducted by the GISD Alliance is considered more critical than ever in advancing Corporate Social Responsibility (CSR) and raising capacities to fund actions towards the implementation of the SDGs (GISD, 2021; Sharma and Hilger, 2021).

Consequently, and considering the extended shift of power from states-led governance to the world of finance under the Wall Street Consensus (WSC) regarding sustainability matters, this thesis intends to answer the following research question (Park, 2018; Cummings et al., 2019; Gabor, 2021):

How legitimate is the GISD Alliance in advancing sustainable development?

II - Specific aims

As the incorporation of the private sector within global governance spheres arguably presents both promises and risks for sustainable development, questions related to the authority and legitimacy are growing due to the evolving interactions between private and multilateral institutions (Arevalo and Fallon, 2008; Lie, 2021).

Hence, the thesis aims to provide an examination of the work conducted by the GISD Alliance within the wider normative debates on (1) the input and (2) the output legitimacy of Public-Private Partnerships (PPPs). As the thesis will delve into the definition of legitimacy more extensively, I narrowly define the concept here as a public trust giving the ability to agents to exercise power and authority over others. Thus, the legitimacy of partnership is conceptualized around the process through which social approval is attained to ensure authority to govern (Lie, 2021).

This thesis seeks to identify some of the challenges and contradictions of the GISD Alliance while grasping the implicit values and norms emerging out of the initiative. In doing so, I will first focus on addressing the input legitimacy of the Alliance through an accountability, inclusivity, and transparency scope. Second, the thesis seeks to analyze the GISD through the output legitimacy aspect and examine the effectiveness of the actions advanced. Additionally, the study adopts a neo-Gramscian perspective to examine the trade-offs between input and output legitimacy. Hence, the research aims to analyze if the GISD Alliance is legitimate to support the 2030 Agenda or rather present risks to replicate the constellation of social forces by reinstating the dominance of powerful elites.

In order to answer the research question, I will first provide an overview of the background literature and academic debates surrounding multi-stakeholder partnership, CSR, and sustainable finance. Drawing upon the literature review, the fourth section addresses the theoretical framework around legitimacy and the positionality taken for the study. The fifth section intends to delve into the research design. The sixth section highlights the findings of the study and further builds upon a critical discussion. Finally, the thesis will draw a conclusion and present avenues for future research.

III - Literature review

3.1. The private sector and global governance

Since the 1990s, scholars have addressed the institutional transformation, both in formal and informal forms of interaction, as one of the most significant changes in international cooperation. Hence, in 1992, the private sector was officially framed as a legitimate social partner, and, in 2015, partnerships became a foregrounded component of the SDGs under Goal 17, "*Partnership for the Goals*" (Bull et al., 2004; Gregoratti, 2010, p.190;194; Zapatrina, 2016; Lie, 2021).

The shift towards multistakeholderism marked a breaking point with the international relations history, which traditionally held nation-states as central governors. A multistakeholder partnership is commonly conceptualized as a "new mode of global governance" where various constituencies including governments, non-governmental organizations, and the private sector are *equally* called in the spotlight to participate in the 2030 Agenda (Gleckman, 2018, p.10). In this regard, discourse analysis highlighted the extension of unproblematic rhetoric within International Organizations (IO) such as the UN, who continuously seek to frame the private sector as an essential partner to advance market-driven development (Cummings et al., 2019; Scheyvens et al., 2016).

Hence, the expansion of partnerships, both in size and scope, raised normative debates around their legitimacy (Lie, 2021). Optimists argued that PPPs nurture efficiency by reducing inequalities and asymmetries within economic systems (Fuchs, 2007, p.4). Complementing this view, partnerships are discursively portrayed as an inclusive form of global governance seeking at aligning the comparative advantages of the political legitimacy of the state to the efficient operations of the market (Helgesson, 2010, p.26; Gregoratti, 2010, p.193). Additionally, proponents found that multistakeholder networks pool assets and expertise to advance alternative solutions for increasingly complex challenges. Hence, the decentralized and flexible character demonstrated an effective way to enhance result-based governance performances by filling the implementation and participation gap (Bäckstrand, 2006). On a more theoretical side, scholars argued that PPPs hold a democratic potential by facilitating the inclusion of various stakeholders (Bexell and Mörth, 2010, p.13). Nevertheless, and on a more critical side, pessimists raised concerns around the dearth of knowledge and weak alignment of voluntary regulatory frameworks regarding monitoring, reporting, verifications, and sanctioning schemes (Moog et al., 2014).

Thus, when looking at partnership through the lenses of critical political economy, scholars identified business participation as a way to legitimize the export of the neoliberal socio-economic order to the global south (Gregoratti, 2010, p.196). The market-based policy focus is advanced as a channel to maintain unfair power structures, reinforce the right of capital and the power of corporate elites through the delivery of development objectives. Thus, partnerships showed to provide avenues for businesses to raise profit while curbing the critiques surrounding the inequalities they engendered (Gregoratti, 2010, p.191-192;194). In this regard, scholars used Cox "transnational class" to highlight how partnership shape discursive and normative frames in view of maintaining the dominant modes of production. Hence, the literature demonstrates that the incorporation of private enterprises in global settings is neither democratically accountable nor legitimate towards the subjects of development. The legitimization of private sector governance and CSR activities are thereby seen as ways to cement neoliberal hegemony and dismiss requests for more profound democratic changes (Levy and Egan, 2003; Gregoratti, 2010, p.191;193).

3.2. The private sector and Corporate Social Responsibility (CSR)

As the private sector is expected to undertake widening political and financial roles to mirror the multiple interests within society, businesses are regarded as immediate implementers and financial sources to achieve the 2030 Agenda (Bexell and Mörth, 2010, p.24; Blowfield and Dolan, 2014; Cummings et al., 2019). Hence, development discourses mainstreamed capitalist views under a "development effectiveness paradigm", pointing to the critical role of economic growth and productivity for socio-economic welfare. Therefore, scholars argued that CSR activities became part of a broader architecture in advancing the role of "*business as development agents*", also understood as an organization whose actions aim at delivering the sustainable development goals. Such entities are framed under the following principles (Blowfield and Dolan, 2014):

1) The translation of businesses self-interest for profit into mutual interests to address the needs of the subjects of development.
2) The participation of businesses in generating economic opportunities and compensating for the structural shortcoming by giving primacy to the benefits for the poor.
3) The willingness of businesses to be held accountable for their social performances by disclosing transparent reporting.

In this regard, the literature pointed to an active engagement in "*Bottom Billion Capitalism*" practices, under which ventures address poverty through financial inclusion, consumption, and entrepreneurship. Hence, companies seek to legitimize themselves under corporate citizenship umbrellas, capitalizing on their ability to make markets work for the poor (Sachs and Sachs, 2021; Blowfield and Dolan, 2014).

The upsurge in CSR schemes is rooted in the growing relevance of the sustainability case of business (Parmar et al., 2010; Littlewood, 2020). Contrary to Friedman's doctrine, who highlighted that companies' only concern should target the bottom line by solely focusing on profit maximization, scholars and business professionals showed that as we reach planetary boundaries, CSR can generate notorious comparative advantages (Friedman, 1970; Pedersen, 2018; Littlewood, 2020). Hence, the stakeholder theory advanced by Freeman is increasingly looked upon, as it supports the idea that ventures' long-term profit maximization ultimately depends on the extent to which ethics and profit are aligned within business considerations (Parmar et al., 2010; Littlewood, 2020).

On a more critical side, the literature found that the relationship between CSR and development is ambiguous, framing the schemes under a broader paradigm shift failing to challenge the structural conditions of globalization. Hence, Blowfield (2005) saw the implementation of CSR practices as challenging due to the political and economic structures under which they operate. Scheyvens et al. (2016) further showed that while it is a given that the SDGs present opportunities for business to demonstrate their commitment towards sustainable and ethical practices, firms cannot be considered a silver bullet to solve global issues. More broadly,

Crouch (2009) pointed to the emergence of a new form of imperialism through operational logics, arguing that ventures may employ CSR schemes to maintain capitalism and its uneven dynamics. Therefore, academics forwarded the critical need to understand whether CSR is legitimate to alleviate poverty or rather strengthen the power of big (western) corporations and investors (Crouch, 2009; Scheyvens et al., 2016).

3.3. The private sector and sustainable finance

While CSR activities are seemingly contested, sustainable finance is turning into a novel trend within development discourses. Generally, Scholtens (2006, p.1) stated that "*Finance is grease to the economy. As such, it can also affect the sustainability and social responsibility of the firm*". Hence, and given the apparatus of finance within socio-economic structures, stakeholders at all levels are calling for a reformation of conventional financial practices (Scholtens, 2006; Ziolo et al., 2020). In this regard, and due to a lack of consensus to harmonize definitions around sustainable finance, the practice is primarily understood in line with the Brundtland Commission Report as aligning Environmental, Social, and Governance (ESG) standards along business models, profitability, and competitiveness considerations (Ziolo et al., 2020; Urban and Wojcik, 2018).

Under the motto "*doing well by doing good*", the paradigm shift towards the inclusion of ESG measurements within business models is grounded in the rising interest of investors for sustainability-focused portfolios (Scholtens, 2006; Van Heijningen, 2019; Lieberman, 2020; Papadopoulos et al., 2020). The upsurge in blended values among shareholders arose from three main reasons: the rejection of sin stocks, the promises for long-term returns, and the rising concerns among millennials and women to align ethical consideration to financial decisions (Aguilera et al., 2017; Capelle-Blancard and Petit, 2019; Formánková et al., 2019, Lieberman, 2020). Nevertheless, despite the promises to generate long-term sustainable impacts, the literature forwarded concerns regarding the practical application of sustainability-focused portfolios.

While private governance is considered essential to incentivize market participants to employ sustainable financial schemes, the lack of legitimacy, transparency, accountability, and consistency is resulting in an upsurge of marketing ploys, SDG- and Green-washing practices (Park, 2018; Lieberman, 2020). Hence, Bakker (2020) argued that the issue results from the lack of coordination at the policy level to harmonize metrics, rankings, and ratings for sustainable investments. Lokuwaduge and Heenetigala (2016) further found that the voluntary component in regulatory standards failed to encourage companies to incorporate guidelines adequately into their measuring systems. Ultimately, Park (2018) argued that the unwillingness of the sector to implement comprehensive policies present severe limitations. Thus, and considering the urgency in advancing appropriate regulations for sustainable finance, scholars are becoming critical of the extent to which the private sector is capable to effectively respond to the biases (Lokuwaduge and Heenetigala, 2016; Park, 2018; Bakker, 2020).

Diving into the broader literature surrounding the financialization of development, academics forwarded critical evaluation regarding the compatibility of finance with regards to the SDGs. Hence, scholars found that the accompanying rise in cross border capital flows to developing countries is shaping the way in which economic agents are integrated in global financial markets (Botz and Kaltenbrunner, 2018). In this regard, SDG- and Green- bonds were criticized for un-proportionately accessing developing countries, where markets are considered incipient. Thus, sustainable finance failed to channel in emerging and frontier markets due to a disconnect between perceived and actual risk among investors and financial institutions (Urban and Wójcik, 2019). In this regard Botz and Kaltenbrunner (2018) considered the neoliberal vision, awarding the power of market-led approaches for poverty alleviation, as serious menace to further exacerbate inequalities across borders.

Empirically, the Washington Consensus paradigm in the 1990s presents a concrete example of the limitations associated with the foreign finance fetish. Hence, the emergence of the WCS paradigm which is increasingly prioritizing the need to attract investments and private capital through partnership, fosters concerns. Indeed, as opposed to the Washington Consensus, which focused on diffusing market-led policies, the WSC emphasizes coordinating a new state governance modality concentrating on de-risking mechanisms (Gabor, 2021). In this regard, academics argued that the discernible shift through which the public sector legitimizes the role of the financial industry in development cooperation through investment models and private capital present risks to further exacerbates the subordinated position of countries towards the West (Gabor 2021; Botz and Kaltembrunner, 2018).

3.4. Knowledge gaps

Hence, the field of study regarding voluntary governance initiatives examined the exchange between business and politics in the business literature but overlooked how both research domains interact, especially in relation to the activities of TNCs (Fuchs, 2007, p.5; Blowfield and Dolan, 2014). Researchers focused on addressing the normative question related to the authority exercised by private enterprises and the underlying consequences in influencing multilateral discussions. As sustainable finance recently emerged as a new blueprint for sustainability, studies have not yet fully underlined its implications for development and governance (Thistlethwaite, 2014; Bortz and Kaltenbunner, 2018; Lie, 2021).

This research focuses on filling the knowledge gap by discussing the involvement of financial firms through the UN-led GISD Alliance. While the GISD received extensive applause for its forward-looking form of global governance by IO and member states, the literature has not yet explicitly addressed the work conducted by the Alliance. Additionally, while studies related to the legitimacy of private enterprises expanded, the role of financial firms in the context of global governance is under-addressed. Considering these observations, this thesis intends to contribute to the broader literature surrounding the legitimacy of the private and financial sector for development. Thus, the case presents a pertinent research piece that will contribute to the sustainable finance and partnership legitimacy literature available.

IV - Theoretical Framework

The framework used to answer the research question is grounded in the theoretical debates of legitimacy in global governance. The thesis employs neo-Gramscian positionality whilst using the aspects of representation, transparency, accountability, and effectiveness structured around the concepts of input and output legitimacy (Bäckstrand, 2006; Beckert, 2019; Prügl and True, 2014). Given the rising political power of financial institutions, the chosen framework is highly relevant to analyze the legitimacy of the GISD Alliance.

This section begins by conceptualizing partnerships in the realm of IR perspectives and highlights the positionality taken for the analysis. Second, the concept of legitimacy is assessed under *sociological* and *normative* perspectives. The third section advances the concepts of *input* (inclusion, accountability, transparency) and *output* (effectiveness) legitimacy. Lastly, the framework is operationalized to conduct the analysis.

4.1. Positioning legitimacy in IR theory

Legitimacy is a tool that can be used by various schools of thoughts, and it is therefore necessary to explicitly position the research. After briefly assessing the rationalist, constructivist, poststructuralist viewpoints, the section concludes by delving into a justification for choosing the neo-Gramscian approach (Prügl and True, 2014).

Rationalists consider partnerships under functional lenses, viewing the practice as a way to fill governance gaps and advance the provision of public goods. Hence, studying legitimacy from a rationalist standpoint would enquire an objective assessment of the GISD (Prügl and True, 2014). In turn, poststructuralists regard partnerships as a means through which discourses shape the object of knowledge, thereby framing ideas around individuals' role within society in view of achieving biopolitical ends and control the masses. Foucault advanced the notion of "*conduct of conduct*" and neoliberal governmentality to understand how rationalities and techniques shape values and norms to maintain dominant socio-economic structures. Hence, a Foucauldian approach would assess the performativity of the input and output legitimacy of the GISD (Prügl and True, 2014; Dean, 2010, p.17;118). From a constructivist standpoint, the legitimacy of partnerships is impacted by the changes in rules, norms, institutions, ideas, and discourses within society. Hence, constructivists see power hierarchies as actively constructed, building on the way individuals relate to each other (Prügl and True, 2014).

As I aim to forward a critical eye towards the GISD by looking at the reproduction of power relations in transnational governance arrangement and understand how legitimacy may advance hegemony, the thesis employs a neo-Gramscian approach. The perspective is derived from the thoughts of the Italian Marxist Antonio Gramsci, who, whilst in jail, forwarded a way to understand capitalism by highlighting how economic elites exercise power (Tinas, 2018). The neo-Gramscian approach became particularly popular in the 1970s/1980s, and famous scholars like Robert W. Cox, Andreas Bieler, or Adam David Morton applied the reasoning to

the field of IR. Hence, neo-Gramscian perspectives analyze how the interplay of institutions and material capabilities forward a social reality, grounded in the realm of complex and conflicting configurations. The exercise of hegemony is based on a constant battle between counter-hegemonic forces (historical blocs) and the dominant hegemon. In this regard, elites maintain social, cultural, and economic hegemony by securing access to material resources and thereby replicate inequalities by depriving minorities (Prügl and True, 2014; Tinas, 2018). The diffusion of norms and ideas is advanced through popular consent, whereby the elite takes advantage of the alignment of social forces to reinforce their privileges, power and maintain their status quo. Thus, hegemony is maintained through the exercise of a passive revolution which consists of a reordering of the structure of class. As highlighted, the neo-Gramscian perspective forwards a path to understand how the diffusion of norms maintains and reproduces hegemonic liberal socio-economic structures through the constellation of social forces (ibid).

4.2. The dimension of legitimacy

As mentioned, scholars argued that partnerships rely on a diffusive form of authority as their legitimacy to rule is not based on traditional electoral procedures (Liu, 2020). In turn, the study of legitimacy advances two dominant perspectives: the sociological and the normative approach. The sociological conceptualization is tightly linked to the social acceptance of authority, while the normative understanding is grounded around the idea authority is accepted under a predefined criteria of appropriate rule (Dingwerth, 2007, p.14; Lie, 2021).

In sociological terms, *legitimacy* is defined as a social construct through which authority and the right to rule are established based on the alignment of the attribute of the ruler to the demands of its subjects. Hence, Max Weber highlighted that the understanding of what is considered legitimate is grounded on how norms reflect the perceptions of society, whereby power is used to shape perceptions (Bull and McNeill, 2010, p.105; Lie, 2021). Hurd argued that legitimacy is based on individuals' perception of the authority of a specific institution. In this regard, sociological *legitimacy* is prescribed as an evolving concept varying according to agents' perception in a given time (Bull and McNeill, 2010, p.105). The normative approach, on the other hand, follows principles of liberal democracy. Addressing partnerships through normative perspectives would study what *should* be deemed a legitimate form of authority based on specific norms, values and ideas that are embedded within society. Hence, the approach seeks to comprehend the extent to which a partnership is aligned with predefined normative standards, including transparency, accountability, inclusion, and deliberation (Dingwerth, 2007, p.14; Lie, 2021; Prügl and True, 2014).

In this perspective, democratic governance is an essential component to nurture legitimacy and give the subordinate the impression that political power is adequately exercised. Hence, rulemaking is considered democratically legitimate to the extent to which they are inclusive, embedded in the form of democratic control and deliberative decision-making processes. Thus, the concept of democratic legitimacy is described under three dimensions: (1) the inclusiveness (2) the democratic control, (3) the discursive quality of an entity. In this perspective, democratic

governance is an essential component to nurture legitimacy and give the subordinate the impression that political power is adequately exercised (Dingwerth, 2007, p.27-28;36).

To conclude this section, I highlight that the normative and sociological aspects of legitimacy are intertwined. Thus, norms are shaping beliefs and thereby providing entities with the authority to exercise power. In turn, norms are a direct reflection of societal perceptions. In this regard, the examination of the legitimacy of the GISD is not absolute but somewhat dependent on the perspective of the research and subject to change through space and time (Lie, 2021). As we posed the basis of the concept of legitimacy, the section will now delve into its different dimensions, namely: the input and output legitimacy.

4.3. Input and output legitimacy

Historically, Fritz Scharf advanced the terms of *input* and *output* legitimacy to analyze the legitimacy of political authority and the ways through which political decisions were aligned with the will of the majority (Beckert, 2019). Hence, the literature considers the concepts of *input* and *output* legitimacy as handy analytical tools to analyze partnership credentials (Bäckstrand, 2006; Beckert, 2019).

4.3.1. Input legitimacy: representation, transparency, and accountability

The concept of input legitimacy is referred to as "*government by the people*" grounded around the idea that those constituting the *demos* actively participate in decision-making processes (Bexell and Mörth, 2010, p.12). Traditionally, the concept is used to examine whether political choices reflect the preferences of citizens. In this regard, the *subordinate* checks and balances the decisions made by the *ruler* and ensures that choices are aligned with the will of the majority. In this respect, the input legitimacy is used to examine the *quality* and *scope* of the representation and accountability in decision-making processes. Hence, analyzing input legitimacy draws on assessing the extent to which decisions are taken deliberately under a balanced representation of stakeholders and how this translates into the transparency of information and accountability (Bäckstrand, 2006; Bexell and Mörth, 2010, p.13).

In this respect, the concept of representativeness evaluates the extent to which specific stakeholders are included in a partnership. In the context of transnational partnerships, civil society organizations are usually responsible for building trust and acting as mediators between communities and partnership participants (Bexell and Mörth, 2010, p.13).

In turn, accountability and transparency are mechanisms that are used to monitor the effectiveness of partnerships (cf. *output legitimacy*). The concept is grounded on a principal-agent relationship where the *principals* are allowed to act on behalf of their *subordinates*. Traditionally accountability is directly acquired through electoral mechanisms. Nevertheless, due to the complex nature of multilateral systems, conventional practices are hardly implementable. Hence, and considering the interlinkage between public and private

governance, it has become increasingly difficult to distinguish between internal and external accountability. In this regard, the dimension of internal accountability traditionally refers to conventional principal-agent relationships. In turn, external accountability is grounded on the way in which actors are accountable towards individuals outside the institution in which they operate (Helgesson, 2010, p.37). Hence, the concept of accountability is framed as an issue of reputation upon which actors seek to follow rules in view of reinstating their standing. In this regard, accountability is considered essential to enhance the responsiveness of decision-making processes (Bäckstrand, 2006).

Speaking more critically, academics argued that input legitimacy reinforces existing power structures by forwarding a justification for decision-making processes. Thus, participatory inequalities, were traditionally forwarded as advancing the dominance of northern stakeholders. Hence, input legitimization practices were forwarded as undermining democratic values and whilst exacerbating the conservative force of the neoliberal order (Bexell and Mörth, 2010, p.12-15).

4.3.2. Output legitimacy: problem-solving effectiveness

In its theoretical dimension, *output legitimacy* is defined as "*government for the people*". The concept addresses the results of governance processes, meaning how rules solve problems, and the way in which they promote socio-economic welfare. Hence, output legitimacy assesses the problem-solving effectiveness of a partnership network in terms of policy formulation and implementation to serve the common good. The degree of legitimacy is based on the results of the institution in delivering efficient political solutions to the societal problems advanced by *subordinates*. In this sense, transnational partnerships are legitimized through win-win situations to solve problems and respond to market and state failures. Hence, the problem-solving capacity to address governance and market deficit does not necessarily correlate with democratic credentials (Bäckstrand, 2006; Bexell and Mörth, 2010, p.15).

Evaluating effectiveness in the field of international development addresses two dimensions: (1) the extent to which an agreement leads to positive outcomes for development; (2) the extent to which a partnership network is designed effectively in institutional terms to reach the intended goals. Hence, effectiveness is referred to as the problem-solving capacity of a partnership to achieve its intended goals. The difficulty in evaluating the outcome effectiveness usually derives from the lack of implementation record and measurement systems, including timetables and targets (Bäckstrand, 2006).

On a more critical side, scholars argued that output legitimization practices are usually based on neoliberal ideals and market-based solutions, building upon the inefficiency of government-based regulations (Bexell and Mörth, 2010, p.16). Hence, market multistakeholderism is regarded to increase efficiency at the expense of performance-based legitimacy through which norms, goals, and rules are shaped to the advantage of the private sector and at the expense of society. Therefore, markets-based solutions are considered as conforming to narrow economic

principles, hereby reducing publicness to a market value. Thus, normative justifications forwarded to enhance legitimacy dismiss the power structures of the political economy that were responsible for generating the issues in the very first place (Bexell and Mörth, 2010, p.14). Ultimately, such approaches are viewed as an incremental process, aiming at neutralizing private soft regulation whilst failing to challenge the legitimacy of the market and the global order as a whole (ibid).

4.4. Operationalization of the Framework

Hence, applying the core concepts of input and output legitimacy forward the path to analyze how legitimate the GISD Alliance is to advance the 2030 Agenda. Additionally, the neo-Gramscian positionality is operationalized to analyze the replication of powerful constellations under neoliberal ideals. The two forms of legitimacy involve an "interaction effect", whereby their interconnection affect the overall perception of legitimacy. Thus, output policy and input participation can entail trade-offs (Dingwerth, 2007, p.32).

V – Methodology

5.1. Research Design

This research is designed as an exemplifying single case study to investigate the legitimacy of the GISD Alliance. As the aim is to examine a real-world subject and gain a holistic contextual understanding the method was deemed particularly relevant. Case studies provide an in depth-knowledge of a rising phenomenon. As the Alliance is the first of its kind that was created within the UN system, conducting a case study is critical to provide new insights into the rising incorporation of financial decision-makers in global governance (De Vauss, 2001, p.220-221).

Additionally, the research paradigm is grounded in a transformative worldview. This perspective seeks to address how norms and values are embedded in structural systems and contribute to the replication of oppression. A transformative worldview underlines the need to address power asymmetries and align research inquiries within their broader political contexts. Hence, applying a transformative worldview will allow to grasp a deeper understanding of the implicit norms and values emerging out of the rise of financial decision-makers in global governance in the context of the GISD Alliance (Creswell and Creswell, 2014, p.38).

5.2. Data Collection and Delimitation

The study follows a triangulation, using multiple data sources. This strategy is aligned with the transformative approach as it encourages the use of various qualitative methods to draw conclusions. Hence, several sources are used to capture different perspectives and aspects to enhance the validity, accuracy, and limit biased interpretations of the findings (Creswell and

Creswell, 2014, p.38; 259). The data collected consists out of policy documents, reports, conference recordings and filmed statements that are treated as interviews. The sampling began by mapping the key resources available on the GISD Alliance website. The core documents were identified:

1. "*Renewed, Recharged and Reinforced: Urgent Action to Harmonize and Scale up Sustainable Finance"*
2. "*Joint Statement by Global Investors for Sustainable Development Alliance*"
3. "*Definition of Sustainable Development Investing*"

The first document includes the 64 Bold Recommendations forwarded by the GISD on how to scale up capacities to achieve the 2030 Agenda. The second highlights the objectives of the Alliance whilst the third advances the definition provided by the GISD to harmonize understanding around sustainable finance. The documents were chosen as they were the major pieces of work produced by the GISD.

Throughout the mapping phase, videos containing GISD members' statements and conference recordings were also deemed highly relevant. The videos were transcribed and treated as interviews primarily (Scheyvens, 2014, p.75). Additionally, the availability of other core resources on the GISD partner website were also quickly identified in an attempt to find relevant publications related to the GISD.

5.3. Data Analysis

The data analysis followed the four-step methodology, namely: (1) data collection, (2) data organization, (3) data coding, (4) data reconstruction (Scheyvens, 2014, p.76). The method used is primarily qualitative. Scheyvens (2014, p.59) stated that qualitative research allows examining the social world in a detailed account. As the thesis aims to analyze the social phenomena of the incorporation of financial decision-makers in multilateral settings, the qualitative lens will be critical to analyze the legitimacy of the GISD.

The study adopts a qualitative content analysis to examine the legitimacy of the GISD Alliance and unveil implicit norms and values that may emerge out of the initiative. Content analysis is employed as it allows to examine textual information in a systematic way. The method is particularly relevant to identify themes whilst understanding the form of social practice advanced by the GISD and reveal sidelined agenda (Halperin and Heath, 2012, 318-319). The content analysis will shed light on the underlying meaning of the actions advanced to analyze what type of development is promoted and for whom it is designed.

As the study is qualitative in nature, particular attention was placed at conducting the analysis in an iterative process, meaning that I moved back and forth from collecting to analyzing the data to reflect upon the findings (Scheyvens, 2014, p.75). The coding was deductive primarily, departing from the concepts of input and output legitimacy. Additionally, inductive coding was

employed using sub-codes (Halperin and Heath 2012, 322). Throughout the analysis, particular attention was drawn to how the GISD forwards a normative justification to the actions it advances for sustainable development. The analysis grounds the findings within broader normative debates surrounding partnership legitimacy to increase the validity by supporting the research with secondary sources drawing upon previous academic findings.

5.4. Ethical Considerations

It is essential to conduct social research in alignment with ethical principles. Hence, the thesis acknowledges that using qualitative content analysis and examining the legitimacy of the GISD Alliance may, to a certain extent, result in subjective interpretative findings. The intention is not to harm the reputation of the Alliance members as such, but rather forward a critical viewpoint on the actions advanced. The study strives to provide the most accurate, transparent, valid examination and supports the findings using the broader literature available around sustainable finance and partnership legitimacy.

5.5. Limitations

The analysis assesses the legitimacy of the GISD Alliance in a detailed account. As case studies and qualitative research are often characterized as non-generalizable, the findings may be limited in scope, but I expect to contribute to the broader literature surrounding sustainable finance and the legitimacy of the private sector in global governance (Bryman, 2012, p.69; Scheyvens, 2014, p.77). The "outsider" perspective may overlook ways upon which legitimacy is advanced. Yet, given the extent of the material available and the use of deductive coding will attenuate biases. Additionally, the positionality taken influences the way the subject is studied. Hence, I am aware that the analysis will provide an incomplete picture of the social world interrogated. Yet, as the neo-Gramscian standpoint is explicitly forwarded, I expect to attenuate the subjectivity (Scheyvens, 2014, p. 61-62). Therefore, and considering that legitimacy perception evolves and that the GISD Alliance's mandate is still enforced, the findings may diverge in the future. The lack of monitoring and evaluation and quantitative assessment further present limitations. Lastly, the research discounted the throughput legitimacy aspect, as it intends to analyze the procedural fairness of a partnership and would require some sort of ethnography. Given the quality of the material provided by the UN, this decision resulted in a tactical choice as it failed to loan the opportunity to address the fairness of procedures.

VI – Analysis and discussion

Throughout this chapter, I apply the theoretical framework to the case of the GISD Alliance. The findings are derived from the coded themes and the analysis is conducted through a neo-Gramscian standpoint to address the participation (input) and the solutions advanced (output) for sustainable development.

6.1. Input legitimacy

6.1.1. Inclusion

I begin by scrutinizing the level of representativeness, hailing the scope and quality of stakeholders' active participation. Primarily, the GISD is marketed as a highly inclusive network:

"*Our value-added as an Alliance is that our pledge goes beyond a single sector, country and the short-term. Hailing from all regions of the globe, we commit to do so in a universal and inclusive manner*" (UN-DESA, 16/10/2019).

Yet, the critical examination point to a more nuanced understanding.

Primarily, the Alliance demonstrates a fair balance of northern and southern stakeholders in geographical terms, encompassing 17 western-based firms and 13 companies from developing countries (*GISD, 2020, p.2)*. As economic policies and market-driven development is subsequently condemned for profiting the interest of the West, the incorporation of developed and developing countries present opportunities to address the needs of emerging and frontier markets more inclusively (Bortz and Kaltenbunner, 2018). Under the rising demands for a cosmopolitan order, the level of representativeness could translate into greater cooperation between the old elite of state and emerging markets. Hence, considering the normative appraisals of Bäckstrand (2006), who highlighted the reproduction of participatory inequalities through northern domination, the GISD differentiates itself from previous initiatives.

On a more critical side, the dominance of financial decision-makers and the absence of marginalized groups and civil society exacerbate the lack of inclusion. Hence, the dominance of market-led participants aligns with empirical critics advancing the privatization of IO, thereby presenting risks to delegitimize the Alliance. As the functional representation is grounded on a single high-level expert, the representation gap raises concerns around the impartiality and the ability of the Alliance to advance inclusive development (GISD, 2019, p1). This may undermine the legitimacy of the GISD as it fails to address the wider normative critics seeking the need to advance broader multi-sectoral representation (Lie, 2020; Bäckstrand, 2006).

Hence, the inclusivity aspect is disputable, relying on a geographical legitimization whilst being characterized by a narrow stakeholder representation, thereby discounting demands for the incorporation of non-resourceful actors into discussions.

6.1.2. Accountability

Accountability plays a critical role in ensuring fair representation. As mentioned, the dominance of an expert-level elite is undermining the ability of others to address their

viewpoints directly. The GISD is primarily characterized as a supply-driven initiative, where financial decision-makers are looked upon as having the highest capacity to advance sustainable development. In essence, the initiative is portrayed as a convener as highlighted by one of the co-chairs:

"*This is why we are happy that the UN is convening us and making sure it uses and leverages a convening power and persuasion power to hold us all accountable" (*UN-DESA, 16/10/2019*).*

In this perspective, the GISD is structured around an individual form of accountability towards various constituencies (i.e., multilateral organizations, the triple bottom line, investors, and financial institutions). Yet, the analysis of the videos reveals that the members of the Alliance primarily transfer their liability to their clients, as stated:

"*We view this commitment as being aligned with our duty to manage multi-faceted risk and support long-term-value creation that can meet our obligations to our beneficiaries*." (GISD, 2019, p.1)

In turn, there does not seem to be any mechanisms in place to ensure that the actions will benefit the subject of development. Given the structural organization, based on the exclusive inclusion of business elites, the GISD is framed under a hierarchical form of authority relying on a traditional partnership structure characterized by horizontal mechanisms (Bäckstrand, 2006). Therefore, the Alliance is not relying on a perfect scheme of a pluralistic system as the mechanisms to hold the members accountable primarily relies on reputational, market, and peer accountability. Nonetheless, given the novelty of the GISD, it may be premature to evaluate whether these instruments are effective (ibid).

Therefore, the findings demonstrate threats to legitimize further the voices of powerful financial elites in addressing the needs of the poor. Hence, one might argue that the Alliance is characterized by a rethinking of the "governance from below" paradigm where multistakeholderism based on single-level participation is deemed sufficient to legitimize decisions. The limitations align with the critics ascending out of the lack of verification and mandatory sanctioning mechanisms to check and balance private transnational governance (Bäckstrand, 2006; Cutler, 2010; Moog et al., 2014; Liu, 2020). Thus, the GISD initiative fails to address broader normative appraisals requesting democratic qualities of participation within PPPs. This present risks in three ways: (1) Advance investor-driven interests; (2) Enhance the power of corporate elites in IO; (3) A failure to align promises and progress on the ground to achieve the 2030 Agenda.

6.1.3. Transparency

Whilst the findings demonstrated weak mechanisms of accountability, I now turn into the transparency criteria, using the indicators advanced by Bäckstrand (2006), namely the identification of: (1) website; (2) reporting system; (3) monitoring and evaluation. The three-

fold aspects were not met by the Alliance, thus advancing mitigated results in terms of transparency. The webpage is relatively updated, the reporting system is officially gauged yearly, whilst the monitoring and effectiveness were unavailable publicly. The lack of data and enforcement mechanisms to advance the transparency of the Alliance weaken the overall legitimacy of the GISD and further undermine the ability of third parties to hold the initiative accountable (GISD, 2021). Nonetheless, this is not uncommon and aligns with general critiques such as the one advanced by Prügl and True (2014), who found that partnerships are usually characterized by weak transparency, thereby undermining democratic principles. In this regard, information is disclosed to manage public relations to maintain control over the image of the initiative but fails to provide the necessary documentation to individuals to deliberate the accountability of the members adequately (ibid).

6.2. Output legitimacy

The limitations ascending out the previous section may be grounded in a trade-off strategy where the input legitimacy is undermined to raise effectiveness. Thus, I will now delve into the problem-solving capacity of the GISD to advance the 2030 Agenda (Bäckstrand, 2006).

6.2.1. Institutional effectiveness

This section addresses the additionality, and regulatory capacity of the Alliance. The objectives of the GISD are explicitly stated, namely: (1) building on existing networks and initiatives; (2) catalyze sustainable finance for development, as highlighted:

"*Our main objective as an Alliance is to build on a number of initiatives and networks that have already been launched to promote the global goals and to align financing for the 2030 Agenda" (* UN-DESA, 16/10/2019).

Additionally, the Alliance builds its institutional legitimacy on its financial power to influence the corporate world and governments on business, finance, and regulatory challenges, as stated:

"*We all have the same sense that these 15 to 16 trillion dollars can be extraordinarily powerful*". (UN-DESA, 16/10/2019)

Hence, the legitimacy of the initiative is grounded on three pillars: (1) the network capacity and added value to gather knowledge and viewpoints from the financial sector, (2) the capacity to harmonize regulatory frameworks around sustainable finance, (3) the ability to bridge the gap between the public and private sector. The institutional legitimacy builds on the cooperative capacity and convening power to join ideas and bridge the governance gap. Hence in order to advance its goals, the GISD employs several strategies.

First, the GISD seeks to raise knowledge among business leaders on how to effectively implement sustainable financial schemes, as highlighted:

> *« Fill the sustainable finance skills gap through training, education and certification. Enhancing sustainability knowledge in the finance sector could be accomplished by incorporating sustainable finance components into financial sector education and certifications » (GISD, 2020a, p.30)*

Hence, the GISD advances alternative avenues to leverage awareness and fill the sustainable financial skill gap. In this regard, Paetzold and Busch (2014) found that the primary limitation in integrating sustainable investment practices effectively ascends from the dearth of knowledge, high volatility perception, low information access, and weak guidance among financial decision-makers. Hence, providing training, technical assistance, and leveraging power may counter the issue by providing opportunities to raise expertise. On a more critical side, one might wonder to which extend the report produced by the GISD will result in concrete actions. The actions advanced are neither new nor different from the ones advanced by other initiatives and underpinned by a lack of clear measurement systems. While the GISD is striving to produce concrete actions, its activities primarily focused on producing reports and recommendations to group the knowledge available. This may undermine the institutional effectiveness of the initiative in differentiating itself from others. While it may have the convening power through the UN to further promote its recommendations, it is too early at this point in time to assess whether this added value will make a real difference.

In terms of regulations, the GISD is working on addressing the wider normative institutional critiques which traditionally called upon Green- and SDG- washing in sustainable finance as it intends to:

> *"(4) foster the harmonization of standards for sustainability reporting and impact measurement to enhance the impact and transparency of investments for all stakeholders; (5) support strengthening of the quality of data and information relating to SDG investment opportunities and markets, and their integration with financial reporting and audit" (GISD, 2020b, p.2)*

Nevertheless, the leveraging power of the GISD is challenged in several ways. Primarily, the actions advanced directly align with the normative debates surrounding the illegitimacy of private sector governance and its unwillingness to incorporate meaningful regulations (Park, 2018). Hence the legitimacy of the GISD may be undermined as it directly aligns with prior critiques surrounding the incapacity of the private sector to harmonize metrics and standards. As the initiative is primarily based on soft power, the lack of enforcement mechanisms and voluntary governance scheme may disconnect intentions from impact, thereby presenting severe threats to undermine its institutional effectiveness. Hence, the GISD does not have the capacity to directly sanction the corporate sector for misusing ESG or sustainable investing. This may further align with the long-standing critique advancing the lack of ability to install

concrete transformation within the corporate world (Lokuwaduge and Heenetigala, 2016; Park, 2018; Lieberman, 2020).

6.2.2. Financial effectiveness

I will now analyze the ability of the GISD in closing the funding gap. This section examines the tools and mechanisms advanced by the initiative. The primary focus of the Alliance is to leverage private investments for the 2030 Agenda:

"We set our sights firmly on achieving a dual objective to drive investment and its impact to scale for the achievement of the SDGs" (UN-DESA, 2019, p.1).

The GISD is framed as an instrument-driven initiative underpinned by an economic rationality. In this regard, the effectiveness of the Alliance is deemed on its potential capacity to leverage new and alternative funding for sustainable development. Thus, the normative justification is built upon the idea that public means are insufficient and conventional finance inconsistent. Therefore, the actions advanced are directly aligned with the rising emphasis on the extending governmental budget deficits and the monopolization of private capital by big corporation. Thus, the actions advanced align with the consensus among the international community highlighting that it cannot act alone and necessitates an active engagement from the private sector. To effectively meet the demands, the Alliance works on (GISDa, 2020, p.5-8):

1. Creating new financial tools and instruments to leverage sustainable investments (i.e. COVID-themed social bonds, blended finance…).
2. Decreasing risk perception to direct financial flows in emerging and frontier markets by providing technical assistance and helping developing countries to enhance their risk profile and develop bankable projects.
3. Enhancing the availability of ESG data and scoring.

In this regard, the actions aim at re-legitimizing the role of finance for development in view of attracting private investments towards the 2030 Agenda by increasing the confidence of investors, advance de-risking mechanisms and guarantees. Consequently, one might argue that the actions are not directly challenging the financial sector at its core but instead align with the current trends seeking to embrace the WSC paradigm (Gabor, 2021). Hence, one might view the actions as building a new architecture of governance underpinned by novel economic processes that focus on de-risking mechanisms to achieve the 2030 Agenda. In this regard, the financial tools advanced align with the long-standing critiques around market-led policies to foster development. Thus, by giving primacy to investment models and private capital, the actions forwarded by the GISD present dangers to further exacerbate the subordinated position of countries towards the West, where most of the private capital is concentrated (Gabor 2021; Botz and Kaltembrunner, 2018).

Additionally, Urban and Wójcik (2019) argued that the disconnect between perceived and actual risk present severe limitation to channel sustainable financial means to emerging and frontier markets. The Alliance forwards a response those academic critiques by acknowledging that cross-border capital flows and sustainable finance failed to attain developing countries and integrate them effectively in global financial markets, as stated:

"We must renew our focus on new products, apply creativity to market solutions and innovate around structures that will accelerate and scale funding. This is particularly true in developing countries, where risks create significant barriers to private sector investing" (GISDa, 2020, p.6)

Hence, the willingness of the GISD to assist countries in building bankable projects may present opportunities to raise outcomes and further drive private capital in countries needing it most. Nevertheless, the objectives at core are problematic in two ways: (1) there are no mechanisms in place to ensure that the financial means will be delivered to the most vulnerable markets within the developing world where it may be harder to decrease the risk and drive incentives; (2) developing countries are framed as market opportunities for investor, thereby placing development outcomes in a second picture. Gabor (2021) argued that de-risking strategies present dangers to see an increase in Western asset managers to further absorb the private capital available in developing countries.

Consequently, the legitimacy of the GISD Alliance is grounded in the inefficiency of governments to address the SDG funding gap, thereby paving the way to legitimize the efficacy of the corporate world in leveraging financial means. Nevertheless, and based on empirical studies, the mainstreaming of financial solutions for development presents significant challenges (Crouch, 2009; Gabor, 2021).

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6.2.3. Effectiveness for whom?

As I analyzed the tools advanced by the GISD to close the funding gap, this section delves into the beneficiaries. The primary focus of the initiative is to change the perception among the corporate world and individuals to legitimize the actions it advances. As mentioned, the GISD actively works on aligning the interests of the market to engender a sustainable transition. In short, if adequately implemented, CSR and sustainable finance are reasoned as a silver bullet to achieve the 2030 Agenda. In this regard, the actions are thought to benefit the shareholders on one side and give the primacy of the poor on the other. Hence, rivalries between capitalism, business, profit, and sustainable development are essentially dismissed:

*"In the past, many observers have said there is a conflict between earning a decent return and having sustainable development. We believe that this is not the case, it is an artificial conflict, we believe doing good and doing well are exactly the same thing." (*UN-DESA, 16/10/2019*)*

Thus, to solve conventional disputes, a strategic justification for the use of sustainable finance, CSR and business is forwarded to (1) incentivize shareholders to incorporate sustainability into their portfolios, (2) enhance the vision that financial tools will ultimately benefit the primacy of the poor. Effectively advancing those ideas is essential for the Alliance to legitimize its action and further increase its authority among various constituencies to spread norms around the relevancy of business for development.

In order to incentivize market participants and business leaders, the initiative focuses on advancing the profit opportunities emerging out of sustainable business models. Thus, a strong emphasis is placed on correlating stranded assets to unsustainable investments. The justification is grounded on the stakeholder theory advanced by Freeman, associating ventures long-term profit maximization to sustainable business models (Parmar et al., 2010; Littlewood, 2020). In this regard, profit gains are forwarded as a critical driver to incentivize investors, ventures, and the financial ecosystem to incorporate sustainable practices into their strategies:

> *"(1) contribute to sustained, inclusive and sustainable economic growth that benefits all stakeholders, recognizing their vital role for our business success" (GISD, 2019, p.2)*

In turn, whilst advancing long-term profit maximization as an effective driver to change perceptions among the corporate world, the argument is problematic as it perceives individuals as customers and advance low mechanisms to ensure that the financial flows will benefit the subjects of development. The twisted narrative basing investors' self-interests as legitimate to give the primacy to the poor is problematic. Hence win-win strategies may result in simplistic policy instruments and unfound synergism as the justification forwarding business strength as a critical leaver for poverty alleviation fails to challenge conventional critiques around the benefits of CSR and sustainable finance. As argued by Blowfield (2005) and Scheyvens et al. (2016), firms cannot be considered a major bullet to development objectives. In this regard, the Alliance is not challenging the deeper normative critiques surrounding the applicability of aligning investors interests to the primacy of the poor. Whilst it forwards the need to monitor progress, the standards advanced are vague and elusive, thereby deemed unappropriated to measure the real impact economic agents will have on the beneficiaries of development.

Hence, the legitimacy of the justification advanced is problematic in several ways: (1) it does not ensure that the investment will not just contribute to profit maximization of corporate elites but have a tangible impact on the ground; (2) the justification legitimizes the role of financial decision-makers based on a market-driven assumption, whereby enforcement mechanisms are disregarded; (3) economic growth is considered the ultimate goal presenting the risk to discount the complexities of the financial system at its core and forward narrow perspectives on how to advance sustainable development.

6.3. Discussion: a neo-Gramscian perspective

This section will review and discuss the findings while connecting the claims to the broader literature in the international political economy. The analysis suggests ambiguous results regarding the legitimacy of the GISD in advancing sustainable development. I will now delve into the political limitations ascending out of the initiative.

In terms of input legitimacy, I analyzed how inclusive the initiative is, the relevancy of the stakeholders involved, and the accountability and transparency mechanisms in place. The findings demonstrated that while there is a fair share of balance between traditional northern and southern stakeholders, the dominance of powerful epistemic communities (financial decision-makers) raise problematic enquiries. So, can financial firms advance the construction of a sustainable financial market that would provide a meaningful transformation within the economic system? To what extent can profit-driven decision-makers be considered legitimate as impartial governors? Drawing upon the broader normative critiques forwarded by Prügl and True (2014) as well as Lie (2020), the weak accountability and transparency of the Alliance are presenting risks to result in a "lip service" where the market solely advances an apparent willingness to cooperate. This menaces to dismiss the broader demands from civil society actors asking for more democratic procedures and reinforce the role of a powerful elite. Hence, from a neo-Gramscian standpoint, the willingness of financial decision-makers to cooperate could be considered a way to surf on the popular consent from the public whose demands are pressuring the need for a profound transformation of the financial system. Speaking more broadly and building on the argument of Cutler (2010), the issue of participation in private governance is perceptive, raising unclarities regarding what may be considered a permissible scope of participation. Hence, I argue that the arbitrariness in considering financial decision-makers as legitimate for development is problematic at its core, presenting risks to increase unequal power distribution within public spheres whilst advancing top-down approaches to development (Cutler, 2010). Hence, the input legitimacy of the Alliance may merely be seen as a channel to raise businesses legitimacy in creating a safe environment for investors, and I thereby call to think critically upon whom the initiative really serves.

In turn, whilst examining the output legitimacy, I analyzed the problem-solving capacity and effectiveness of the initiative in closing the funding gap and advance the 2030 Agenda. The thesis concluded that the actions forwarded by the Alliance are underpinned by economic rationality seeking at maintaining the material capability of profit gains by not only forwarding the relevance of finance for development but also changing norms within the industry regarding the type of finance needed moving forward. In this regard, the activities may be problematic, as Gabor (2021) argued that the emphasis on financial logics diminishes abilities to think about alternative development policies. Hence, and following a neo-Gramscian standpoint, the solutions advanced by the GISD may be framed as a passive revolution under which rising critical appraisals (counter-hegemonic movements) stressing the dangers of conventional finance are translated into reform seeking practices, framing sustainable finance as a silver bullet to bridge the funding gap for sustainable development. So, to what extend can sustainable

finance deliver its promises to support the 2030 Agenda? How can multinationals be considered legitimate as their business models have primarily relied on monopolizing the financial capital needed for a sustainable transition? In line with the argument forwarded by Liu (2021), the findings demonstrated that the institutional and financial effectiveness of the GISD present risks to result in "window dressing" practices. Indeed, the lack of enforcement and sanctioning mechanisms may disconnect intentions from impact, thus failing to enact fundamental institutional changes. Additionally, the consensus-seeking strategy forwarded by the GISD under which win-win narratives are ought to align the self-interest of financial decision-makers for profit to the needs of the primacy of the poor raise challenges. As business and poverty alleviation are neither deemed incompatible nor conflictual, one might see the output legitimacy of the initiative as building on a fusion of power aiming at shaping the direction of social purpose. Thus, the literature suggested that the apparent apolitical dimension forwarded around economic rationalities are essentially biased and grounded in the subjectivity of accommodating to the dynamics of broader changes within society (Cutler, 2010). Hence, from a neo-Gramscian standpoint, the actions advanced by the Alliance present risks to consist in a passive revolution whereby the elites gain a leveraging power through the UN to maintain social, cultural, and economic hegemony by securing access to material and thereby further deprive minorities. In this regard, the fundamental paradox between the liberal logic of aligning moral, social, and political issues as financial issues under the motto "*doing well and doing good*" fails to challenge the socio-economic structures. Hence, the work conducted by the GISD may align to a political change, seeking to diffuse norms and policies under the broader paradigm shift of the WSC.

VII - Concluding Remarks

This thesis critically analyzed how legitimate the GISD Alliance is to bridge the SDG funding gap and further advance the 2030 Agenda. Drawing upon the paradigm shift around the Wall Street Consensus and the ongoing debates surrounding the relevance of sustainable finance for development, this study applied a legitimacy framework using a neo-Gramscian approach. The findings demonstrated that the GISD Alliance faces various dilemmas in terms of input and output legitimacy, thereby entering the broader normative political debates surrounding the legitimacy of the private sector in advancing sustainable development.

In terms of input legitimacy, the findings were eclectic. The GISD demonstrated a relatively fair balance between northern and southern actors, thereby responding to conventional normative critiques around Western domination in international discussions. Nevertheless, the expert-level representation, lack of accountability, and weak transparency undermined the overall legitimacy of the Alliance. The ascendency of financial decision-makers raised problematic enquiries, leaving trepidations regarding the extent to which profit-driven elites can be considered legitimate as impartial governors. Hence, from a neo-Gramscian standpoint, the willingness of the private sector to cooperate was forwarded as a potential "lip service" surfing on the popular consent from public demands for CSR whilst dismissing advancing a more profound transformation within the financial system.

In turn, whilst analyzing the problem-solving capacity of the initiative the study forwarded several limitation ascending out of the neoliberal market logic advanced to close the funding gap. Essentially, the findings demonstrated that the actions of the GISD translate international development challenges as opportunities for financial decision-makers. The actions to regulate sustainable finance are primarily based on soft power regulations, thereby undermining the institutional effectiveness of the Alliance to sanction corporate actors. Hence, the legitimacy of the GISD is based on a financial and economic rationale forwarding de-risking mechanisms as a blueprint to channel private capital to emerging and frontier markets. In this regard, the win-win narratives showed dangers to result in simplistic policy instruments to address complex challenges and further demonstrated how power and wealth could be utilized to advance the interests and enrich prevailing corporate elites.

Undeniably, the dependency of the public sector on financial decision-makers to leverage funding for sustainable development is becoming problematic. While it is irrefutable that the resources monopolized by the private sector are needed, the thesis called for a critical examination of the rising incorporation of the financial sector in development discourses. In this regard, it is critical to conduct further research on the ascending political dynamics emerging out of the involvement of financial firms in international settings. Additionally, quantitative studies should assess the impact of the work conducted by the GISD to analyze how the recommendation and regulations are applied by companies, governments and ultimately benefit the subjects of development. Moreover, comparative studies could examine how sustainable finance is regulated in different regions. Last but not least, cross-sectional studies could focus on assessing where and how sustainable finance is channelled, especially in the aftermath of Covid-19.

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Appendix 1: Members of the GISD Alliance

Nb.	Membership	Country
1	Allianz SE	Germany
2	APG	Netherlands
3	Emirates Environmental Group	UAE
4	Aviva	U.K
5	Banco Santander	Spain
6	Bancolombia	Colombia
7	Bank of America	USA
8	Caisse de dépôt et placement du Québec (CDPQ)	Canada
9	California Public Employees' Retirement System (CalPERS)	USA
10	CIMB	Malaysia
11	Citigroup	USA
12	Consejo Mexicano de Negocios	Mexico
13	Enel S.p.A.	Italy
14	First State Super	Australia
15	Government Pension Investment Fund (GPIF)	Japan
16	ICBC	China
17	Infosys	India
18	Investec Group	South Africa
19	Johannesburg Stock Exchange	South Africa
20	Les Eaux Minérales d'Oulmès	Morocco
21	Nuveen, a TIAA company	USA
22	Pal Pensions	Nigeria
23	PIMCO	USA
24	Safaricom	Kenya
25	Sintesa Group	Indonesia
26	Standard Chartered	U.K
27	SulAmerica	Brazil
28	Solvay	Belgium
29	UBS Group	Switzerland
30	Swedish Investors for Sustainable Development	Sweden

Appendix 2: Material analyzed

Documents

Source Type	Title/Description	Pages	Reference
Report	Report Renewed, Recharged and Reinforced: Urgent Action to Harmonize and Scale up Sustainable Finance	48 pages	(GISD, 2020)
Policy document	Definition of Sustainable Development Investing adopted by the GISD	5 pages	(GISD, 2020)
Statement Document	Statement of Action by the Global Investors for Sustainable Development Alliance	2 pages	(GISD, 2020)

Videos

Source Type	Title/Description	Time
Introductory video	Business giants worth $16 trillion commit to sustainable investment	3:18
Statement by GISD member	Aviva joins the Global Investors for Sustainable Development	0:56
Statement by GISD member	Emirates Environmental Group joins the Global Investors for Sustainable Development	0:58
Statement by GISD member	Citigroup joins the Global Investors for Sustainable Development	0:48
Statement by GISD member	First State Super joins the Global Investors for Sustainable Development	1:04
Statement by GISD member	Safaricom joins the Global Investors for Sustainable Development	0:38
Launch	Launch of the Global Investors for Sustainable Development (GISD) Alliance	1h13:24
Panel discussion	2021 SDG Investment Fair - Policy Spotlight: Shifting incentives towards long-term	1:02:21
Press Conference	Covid-19 Response and Recovery	29:25