Panel: Creating Shared Value – Private Financing for the Sustainable Development Goals

Currently, there is a huge gap between the available funding and the actual financial need to realise the Sustainable Development Goals (SDGs). The cost to fulfil Agenda 2030 and achieve the SDGs is estimated to be between USD5-7 trillion, with an investment gap in developing countries of about USD 2.5 trillion (UNCTAD 2014: 140). At the same time, the latest report on Official Development Assistance (ODA) by the Organisation for Economic Co-operation and Development (OECD) shows that in 2017 net ODA reached USD 146.6 billion which is only a fraction of the resources that are needed (OECD 2018: 17). The inadequacy of currently available resources for the implementation of Agenda 2030 required the international community to call upon the private sector to contribute. Addis Ababa Action Agenda (AAAA) 2015, the outcome document of 3rd International Conference on Financing for Development (FiD) reflects the need to involve the private sector to achieve the SDGs. As an integral part of Agenda 2030, the AAAA developed a framework for financing the post-2015 development agenda and called for the mobilisation of additional private funds geared towards sustainability (UN 2015a; GIZ 2017).

The private sector can contribute towards achieving the SDGs in many ways. The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) argues that there are six different emerging approaches to discuss the role of private economy in development. However, only two approaches seem to hold an opportunity for the private sector to directly allocate financial resources towards the SDGs. These are: a) provide private capital to finance sustainable development worldwide; and b) maximise positive effects resulting from the core business.

The mobilisation of private capital through innovative approaches is high on the agenda of the international community. The FiD conference recognises the role of both public and private finance and discusses ‘blended finance instruments’ such as public-private partnerships (PPPs) and how they serve to lower investment-specific risks, and to incentivise additional private sector finance across key development sectors (UN 2015a; GIZ 2017).

In Pakistan, it is well recognised that the private sector’s support is needed to achieve the SDGs. During the Local Government Summit on the Sustainable Development Goals in March 2017, local representatives identified lack of financing as the most pressing obstacle to development (GoP 2017). As a lower-middle-income country, the financing potential of civil society is constrained. Pakistan’s government presumes that 75 percent of the financial resources required to achieve the SDGs must come from the private sector. There are several initiatives both in the areas of creating ‘shared value’ and innovative financing mechanisms. However, a substantial engagement between the public and private sector to mobilise private financial contribution is missing. Moreover, it remains unclear to what extend businesses are developing links between their business strategy and Corporate Social Responsibility (CSR).

This panel inspires further thinking and debate about the mobilisation of private resources for financing Agenda 2030 and the SDGs in Pakistan. The panel would focus on both the mobilisation of private capital through innovative financing mechanisms and maximising positive effects resulting from core business. Presentations by technical experts will lay out the current financial and business climate in Pakistan and introduce a vision for the future. The discussion will provide an answer to the core question ‘What is the business case for the SDGs?’ Specifically, the presentations will focus on the following key questions:

- Who should take the lead in enabling innovative financing for development in Pakistan? Who are the key actors and what are their roles and capacities? What role can government actors

1 The 2030 Agenda states that, ‘We recognize that the full implementation of the Addis Ababa Action Agenda is critical for the realization of the Sustainable Development Goals and targets’ (UN 2015: 10).
2 These emerging approaches include, creating decent work and subsequent income; minimising the negative effects resulting from business operations; delivering expertise for the implementation of development programmes; providing data for international reporting; maximising the positive effects resulting from the core business, and providing private capital to finance sustainable development worldwide (GIZ 2017).
play? How can government actors in Pakistan facilitate the private sector in contributing towards achieving the SDGs? (see, e.g., Porter and Kramer 2011).

- What are examples and/or best practices of innovative financing and creating shared value for development in the region?
- Is company’s only responsibility that is towards its shareholders? What is the current thinking or the new social contract for Pakistan, awareness and understanding concerning business strategies for CSR, corporate sustainability and creating shared value (CSV) in the business community in Pakistan? Why do the SDGs matter for business? What are incentives for corporations worldwide and in Pakistan to contribute towards achieving the SDGs? What are the risks involved in partnerships for development in the Pakistani context and how can they be circumvented to pave the way for creating shared value?
- Are there any regulations for the SDGs? Are mandatory private sector contributions effective and what is the risk that government regulations are counterproductive for companies to create ‘shared value’? What makes regulations conducive to creating shared value? (see, e.g., Porter and Kramer 2011).
- Are the boundaries between the private and public sector becoming less defined? What are examples and what are the consequences (and risks)? (see, e.g., Porter and Kramer 2011).

References


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