

Delivering the Sustainable Development Goals: a new partnership between the state and private sector

Aurélien Leblay reviews the LSE public lecture delivered by the President of the European Bank for Reconstruction and Development (EBRD) Sir Suma Chakrabarti as he discussed the newly adopted Sustainable Development Goals (SDGs) and the specific role of EBRD in private-public partnerships.

Is international development entering a new era? The SDGs replaced the Millennium Development Goals (MDGs) that set the development agenda between 2000 and 2015. Some of the MDGs had been reached even before 2015, such as the goal to halve the number of people living on less than \$ 1.25 a day between 1990 and 2015, as mentioned Sir Suma Chakrabarti. However a healthy caution is reasonable: most of the poverty reduction was provided by China. Moreover, poverty statistics should also be taken carefully, as the 2015 “Nobel” prize for economics Angus Deaton often argues.



The UN Headquarters was the focal point during the announcement of the new Global Goals for Sustainable Development Photo Credit: USAID via Flickr CC BY 2.0 (<http://bit.ly/1RdnwCU>)

The SDGs have now been augmented and include credible drivers meant to spur structural economic development in the long run. New priorities such as infrastructure or energy were added. The limits of public aid which did not reach the target of 0.7% of the GDP in industrialised countries has been acknowledged. It will be necessary for the private sector to step up.

Various development narratives have been shaped since 1945, recalled the EBRD President. The “all-states” and import substitution policies of the 1940s to the 1960s reached their limits and opened the perfect opportunity for radically liberal approaches in the 1980s. But the infamous “Washington Consensus” also revealed weaknesses, partly thanks to civil society movements. A network approach emerged in the 2000s. It involves multi-level governance and the need for an effective state as much as for effective markets.

Sir Chakrabarti emphasised the EBRD role in international development. This multilateral bank was created in 1991 in order to help former soviet countries to turn into market economies, and recently extended to parts of the Southern Mediterranean. The EBRD also assesses the social, environmental and gender impact of its projects, he said. Indeed social and economic inclusion is

the ultimate goal of international development and should be central in the planning of future programmes: this is a matter of actually reaching international development targets. Another question arises: should the EBRD extend to sub-Saharan African countries who have triggered a democratic process, recently or not?

Two case studies were then detailed. One was the mobilisation of the public and private sector for a more efficient provision of municipal water in Romania. The second was a new framework in Kazakhstan for private investment in renewable energies. In climate finance, the EBRD will mobilise 78 billion in the next five years, of which 50% to 65% will be private capital.

We can only encourage the growth of climate finance. This is essential for our future on this planet but also for the future of our economies. A new and prosperous technological paradigm could be led by sustainable energy or circular economy (to name a few), and backed up by the information and smart technologies that appeared in the 1980s. Similarly, post-war prosperity in rich countries was based on automobiles, or home electrical appliances, all of which soundly leaned on cheap oil and mass production techniques shaped 40 years before (the first Ford Model T appeared in 1908). “Green growth” is thus able to generate sustainable growth and prosperity similar to the post-war period. The difference is that this time the Western world would not be the only beneficiaries, but other regions like Asia can share in the rewards.

To Sir Suma Chakrabarti, the two cases illustrate possible pathways for public-private partnerships, yet the private sector is not always a solid ally of public interest as argued by Oxfam Executive Director Winnie Byanyima in a recent lecture at LSE. The huge quantity of capital that escapes Africa through tax avoidance is one example.

On the other hand, efficient public governance is also required. A promising path has been the establishment of “independent Investments Councils” in a number of countries, which “build mutual confidence and trust”. This advocates for more pervasive cooperation attitudes between states, companies and any other organisations. In Ukraine, the set up of an “independent Business Ombudsperson” has proven successful according to the EBRD’s President, and is raising other countries attention.

To conclude, he refocussed on the importance of the private sector to provide the great number of new jobs that will soon be needed in developing regions. He eventually called for a wider contribution to the sustainable development endeavour: “obviously we can’t know all the answers at any one time. Sometimes actually I’m not even sure we are asking the right questions! (...) You too can make a contribution to the development agenda.”

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The views expressed in this post are those of the author and in no way reflect those of the Africa at LSE blog or the London School of Economics and Political Science.

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