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Role of the private sector in achieving Sustainable Development Goals



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Introduction

The Sustainable Development Goals (SDGs) are the objectives adopted by the UN in 2015 within the 2030 Agenda, the achievement and pursuit of which provide a universal framework aiming to tackle most pressing social, economic, and environmental challenges.¹ The 17 interconnected goals, covering a wide range of issues and relevant for all member states, are hailed as an opportunity to transform the world we live in with sustainability at the center of concerted efforts.

The new agenda sets expectations for businesses, government, and civil society actors to bear equal responsibility for advancing towards a more sustainable future. The private sector is given an especially prominent role in the new framework as the achievement of SDGs and the implementation of more sustainable practices and policies require significant investment and restructuring efforts that it can manage to leverage.

The 2023 session of the Economic and Social Council reaffirmed the critical importance of the private sector for implementing the 2030 Agenda, both as part of multi-stakeholder partnerships paradigm and as a standalone environment bolstering up and leading sustainable economic solutions.²

The Economic and Social Council, with its various segments, forums and subsidiary bodies, is confident in its promise to support countries' efforts to fulfill the 2030 Agenda for Sustainable Development and to strive to achieve the SDGs. As a primary round to discuss possible transformative policy decisions, share private sector engagement experience, discover the solutions to the present challenges, the Council remains a platform of accountability on the promises of the Sustainable Development Goals.

¹ A/RES/70/1 - Transforming our world: the 2030 Agenda for Sustainable Development // United Nations Sustainable Development URL: <https://sdgs.un.org/2030agenda>

² Summary by the President of the Economic and Social Council of the high-level political forum on sustainable development convened under the auspices of the Council at its 2023 session // United Nations URL: https://hlpf.un.org/sites/default/files/2023-09/E%20HLPF%202023%207.pdf?_gl=1*1t60llk*_ga*NTAwNjM2ODI4LjE2OTU4Mzc1MjI.*_ga_TK9BQL5X7Z*MTY5NjY5MzY0NS4yLjEuMTY5NjY5NDYwNS4wLjAuMA..



Chapter 1. The Private Sector: recognising challenges and opportunities

While it is widely recognized that the last few decades have lifted hundreds of millions out of poverty, as part of the Millennium Agenda and other initiatives, unequal growth, increasing job insecurity, ever more debt and greater environmental risks have ripened as consequence.³ The situation has caused a mixed reaction, fueling anti-globalist sentiments in many countries. At the same time, business and financial interests are seen as the main adverse factor that can undermine the long-term economic growth that the world desperately needs. However, that can become a compelling new strategy to combat such trends are the Sustainable Development Goals.

In 2015 UN noted the ‘fundamental’ role of the private sector in advancing the agenda of the SDGs⁴. A 2017 report by the Business and Sustainable Development Commission reiterates the SDGs as a compelling new strategy to reverse aforementioned trends, helping to unlock \$12 trillion in market opportunities by 2030 and create up to 380 million jobs by implementing a few key development goals.⁵ The SDGs, positioning new business and partnership models for global actors, has a high potential to unleash innovation, economic growth, and development at an unprecedented scale, all of which is almost impossible without radical change in the business and investment community. Real leadership is needed for the private sector to become a trusted partner in working with government and civil society to address the flaws in the current economic model and bear equal responsibility as an actor.

Industry, innovation and infrastructure remain critical to accelerating economic growth as well as sustainable development with the mobilization of public-private partnerships and whole-of-society approaches considered key to encouraging investment in sustainable infrastructure and industrialization. Par for course is

³ Millennium Development Goals and Beyond 2015 // United Nations URL: <https://www.un.org/millenniumgoals/>

⁴ UN forum highlights ‘fundamental’ role of private sector in advancing new global goals // UN News URL: <https://news.un.org/en/story/2015/09/509862>

⁵ Businesses can unlock \$12 trillion via key development goals: Davos study // Reuters URL: <https://www.reuters.com/article/us-davos-meeting-development-idUSKBN1500D6>



building partnerships, including mobilization of public-private partnerships in order to promote investments in sustainable infrastructure and industrialization. Open and transparent institutions supported by good governance are an enabling environment for developing countries to attract and manage such investments.

Another possible point of progress is the creation of a larger pipeline of bankable projects with transparency on all levels of financing procurement. A whole-of-society approach, with active participation in decision-making, is deemed pivotal for achieving Goal 9 and should include consideration of the infrastructure needs specific to young people.

Gaining increasingly importance as a significant part of the economic growth and employment mechanism, the private sector provides goods and services, generates tax revenues for new and innovative solutions helping to solve development challenges. It also plays an important role in combating climate change. The role played by the private sector in development extends from the traditional approach supporting economic development to the establishment of more comprehensive and detailed public-private partnerships⁶

Partnerships for the goals

The need for states to establish a legal framework to prevent the sovereign debt crisis is still present, with growing questions of processes of debt cancellation and debt sustainability.

Another aspect that the private sector is both affected by and needs to adapt to is the climate adaptation, which requires massive private capital mobilization and a fundamental reconsideration of the global financial architecture, including measures against corruption and financial crimes.

⁶ Business for Goals Platform // UNDP URL: https://www.business4goals.org/wp-content/uploads/2019/04/B4G_9April2019.pdf



Member states noted that collaboration and partnerships among countries and stakeholders, including civil society, the private sector and young people, are pivotal to the Agenda.⁷

Challenge criteria

Partnership at the national and international levels in monitoring, reporting and implementation remains crucial. States underscored the critical importance of civil society in helping to create capacities for on-the-ground implementation of the Sustainable Development Goals, with many highlighting their plans to engage with stakeholder groups, including the private sector through public-private partnerships, at the national level through annual forums. Spaces for civic engagement were shrinking, however, as authoritarian restrictions on civil society were on the rise in many parts of the world. Although much progress had been made in creating mechanisms for engaging civil societies, standing for environmental justice remained extremely dangerous in certain parts of the world.⁸

A 2017 OECD report shows that while there is a consensus on the need for more long-term finance, major multilateral financial institutions are focused on scaling up private sector financing. The "cascade approach" is a favored strategy, which involves mobilizing commercial finance through reforms and providing subsidies to attract private investors.⁹

⁷ Summary by the President of the Economic and Social Council of the high-level political forum on sustainable development convened under the auspices of the Council at its 2023 session // United Nations URL: https://hlpf.un.org/sites/default/files/2023-09/E%20HLPF%202023%207.pdf?_gl=1*1t60llk*_ga*NTAwNjM2ODI4LjE2OTU4Mzc1MjI.*_ga_TK9BQL5X7Z*MTY5NjY5MzY0NS4yLjEuMTY5NjY5NDYwNS4wLjAuMA..

⁸ Sustainable Finance Hub Integrated Service Report SDG IMPACT MANAGEMENT AND FINANCE TRACKING // UNDP URL: https://sdgfinance.undp.org/sites/default/files/SDG_Impact_Management_and_Finance_Tracking_0.pdf

⁹ Development assistance and conditionality: Challenges in design and options for more effective assistance // OECD URL: <https://www.oecd.org/cfe/regionaldevelopment/Shah-Development-assistance-and-conditionality.pdf>



A survey of 60 countries revealed that 75% of governments had developed strategies and action plans related to the Goals by 2021. Local governments, international organizations, and the private sector have also embraced the Goals. To address financing gaps, innovative solutions have been developed, and there are calls for reform in the international financial architecture. Governments and the private sector can support a managed decline of unsustainable technologies, mitigating unintended consequences through support for affected workers and ensuring a just transition for all.¹⁰

¹⁰Global Sustainable Development Report (GSDR) 2023 // SDGS UN URL: https://sdgs.un.org/gedr/gedr2023?_gl=1*1wlv2ni*_ga*NTAwNjM2ODI4LjE2OTU4Mzc1MjI.*_ga_TK9BQL5X7Z*MTY5NjY5MzY0NS4yLjEuMTY5NjY5NDYxMS4wLjAuMA



Chapter 2. Platforms under the UN umbrella

When it comes to the role of the private sector in achieving the Sustainable Development Goals (SDGs), various United Nations committees and entities play a vital role in promoting collaboration and engagement, including those working under the auspices of the ECOSOC.

Other than the Economic and Social Council, one of the prominent bodies concerned with involving the private sector in the 2030 Agenda is the UN Development (UNDP). In its Strategic Plan 2022-2025 ¹¹UNDP plays a crucial role in supporting countries in mobilizing adequate and well-directed financing for sustainable development. One of the key focuses of UNDP's efforts is to help countries define national financing strategies that align with the Sustainable Development Goals (SDGs). By doing so, UNDP aims to identify catalytic interventions that can attract additional finance and partnerships, scale up innovative financing mechanisms, and improve the overall effectiveness of financial resources.

To facilitate this process, UNDP established the SDG Finance Sector Hub in 2019. This sector hub serves as a centralized platform that brings coherence and scale to UNDP's work on financing for the SDGs. Through the hub, UNDP provides a range of services to support both public and private partners in figuring out how to shift from funding to financing Agenda 2030.

The SDG Finance Sector Hub offers various initiatives and programs to address the financing needs for sustainable development. For instance, there is a UNDP-UN-European Union initiative that aims to advance integrated national financing frameworks in 19 countries. This initiative focuses on aligning public financing with the SDGs. Additionally, there is an enhanced focus on insurance and risk finance, which aims to build resilience in the face of potential risks and uncertainties.

As noted by Marcos Neto, Director of UNDP's Sustainable Finance Hub, based on the findings of the Human Development Report finance as essential enabler of the

¹¹United Nations Development Programme Strategic Plan 2022-2025 // UNDP URL: https://www.undp.org/sites/g/files/zskgke326/files/2021-09/UNDP-Strategic-Plan-2022-2025_1.pdf



2030 Agenda. The main challenge seems to be the finance and investment infrastructure, not the lack of funds and investments themselves. Exacerbated by the fact that geographically around 20% of capital remains in developing countries, supporting 84% of the population of the world, this is one of the most pressing issues in addressing the recommendations for mobilizing the private sector. The SDGs and the Paris Agreements therefore provide a reliable framework and road map of the transformative process. To de-risk for-profit investments and address financing gaps, the use of guarantee funds and SDG bonds can be explored. Governments reallocating foreign aid budgets to domestic priorities, such as responding to refugee crises, pose challenges for organizations like UNDP. Scaling impact and innovating faulty designs are important, and the corporate sector has shown involvement in climate change and SDGs. Mistrust of institutions exists, and social impact can be achieved through contracts rather than bonds.¹²

Moreover, UNDP has established the "Financing Solutions for Sustainable Development" Platform. This platform serves as a valuable resource for policymakers and researchers, providing guidance on selecting, reviewing, and operationalizing financing solutions to fund SDG-aligned national and sectoral development plans. The platform also features an online financing solutions portal, which explores the characteristics, potential, and risks of various financial instruments, ranging from impact bonds to challenge funds. Through these resources, UNDP supports UN Country Teams and other partners in shifting the conversation from mere funding to comprehensive financing of the SDGs.

Furthermore, UNDP actively collaborates with the French Development Agency (AFD) in promoting diverse financing options for the Least Developed Countries (LDCs). In a joint report titled "Financing the SDGs in the Least Developed Countries (LDCs): Diversifying the Financing Tool-box and Managing Vulnerability," UNDP and AFD explore how LDCs can make better use of a wide range of financing options. This joint effort reflects UNDP's commitment as one of the major institutional stakeholders of the Financing for Development (FfD) process.

¹²World Giving Index 2022 A global view of giving trends // CAF URL: https://www.cafonline.org/docs/default-source/about-us-research/caf_world_giving_index_2022_210922-final.pdf



Since the first International Conference on FfD in 2001, UNDP has been actively involved in the FfD follow-up process. UNDP contributes substantially to the annual ECOSOC Financing for Development Forums and the work of the Inter-Agency Task Force on FfD (IATF), which is mandated to report on the progress of implementing the FfD outcomes and the means of implementation of the 2030 Agenda through its annual reports.

Another prominent forum is the UNGC, a voluntary initiative that encourages businesses and organizations to adopt sustainable and socially responsible policies and practices. By joining this initiative, companies commit to align their operations and strategies with ten universally accepted principles related to human rights, labor, environment, and anti-corruption. The UNGC serves as a platform for companies to demonstrate their commitment to sustainable development and contribute to the SDGs.



Chapter 3. Engagement of the private sector in the SDGS

Private sector investment and innovation are essential to achieving the Sustainable Development Goals (SDGs). A vanguard of companies is making public commitments and taking action. Yet, business engagement and impact are far from becoming mainstream. A concerted effort is required to scale the quantity, quality, and accountability of private sector activities that could have a measurable impact on supporting the SDGs.

In the 12th U.N. Global Compact-Accenture CEO Study, released in 2023, 98 percent of more than 2,600 chief executives across 18 industries in 128 countries agreed that sustainability is now core to their role.¹³ While 87 percent warned that current levels of geopolitical and economic disruption are limiting the delivery of the SDGs, 51 percent believe they could play a critical role to help achieve the goals with increased commitment and action.

In many cases, however, implementation is lagging behind public pledges and ambition. KPMG's 2022 Survey of Sustainability Reporting found that 74 percent of the world's largest 250 companies by revenue are reporting on the SDGs.¹⁴ Yet, only 10 percent are reporting on all 17 Goals, and only 6 percent are reporting on their negative as well as positive impacts. Another study by the Global Reporting Initiative and Support the Goals found that 83 percent of 206 companies surveyed in 2021 said they support the SDGs, but only 40 percent set measurable commitments and only 20 percent included evidence to assess their impacts.¹⁵

¹³ The 12th United Nations Global Compact–Accenture CEO Study // United Nations Global Compact URL: <https://unglobalcompact.org/library/6103>

¹⁴ Big shifts, small steps. Survey of Sustainability Reporting 2022 // KPMG URL: <https://assets.kpmg.com/content/dam/kpmg/se/pdf/komm/2022/Global-Survey-of-Sustainability-Reporting-2022.pdf><https://assets.kpmg.com/content/dam/kpmg/se/pdf/komm/2022/Global-Survey-of-Sustainability-Reporting-2022.pdf>

¹⁵ State of progress: business contributions to the SDGS. A 2020-2021 study in support of the Sustainable Development Goals // Global Reporting Initiative & Support the Goals URL: <https://www.globalreporting.org/about-gri/>



Conclusion

Multi-stakeholder partnerships and global coordination, including cooperation with civil society, the private sector and local governments, are critical for implementing the 2030 Agenda. Such partnerships must be strengthened through a spirit of trust and good faith.

Delegates of the ECOSOC will have to stand up to challenges and propose solutions to the agenda including but not limited to the proposals along the following streamlines:

1. Improving efficiency: The private sector has the flexibility and competitiveness to develop and implement effective sustainability practices. For example, companies can use and develop innovative production methods more in line with sustainable production.

2. Investing in sustainability: Private companies play an important role in attracting investment for sustainability projects.

3. Technological progress: The private sector is driving the development and application of new technologies that contribute to sustainable development.

4. Job creation: The private sector is a key source of job creation, which contributes to social sustainability. Companies are expanding their operations in sustainability-related areas and creating new jobs for professionals in renewable energy, ecology, environmental management and other related industries. This helps to reduce unemployment and increase income levels in society.

5. Partnerships and collaboration: The private sector actively collaborates with governmental and non-governmental organizations, as well as with local communities, to achieve sustainable development goals. For example, companies may partner with local organizations to develop and implement projects to clean up contaminated sites, restore ecosystems, and raise public awareness of sustainability issues. By working together, the private sector and other stakeholders can achieve more meaningful results in addressing complex sustainability issues.

Knowledge and awareness of the role of the private sector in achieving the Sustainable Development Goals are essential for shaping strategies and policies for



sustainability. Organizations, Governments and the general public should support and encourage private sector engagement in sustainable development, enabling the development and success of entrepreneurship and innovation in this area.

The world is falling radically short in its funding of the Goals. Massive mobilization of funding is needed, including from private sources. Many countries, in particular in Africa, are allocating more resources for debt service than for public services. The United Nations is the most inclusive and democratic multilateral space for discussing issues of financing for development, including the reform of the international financial architecture;

At the national level, inclusive whole-of-society approaches and the mobilization of partnerships, including public-private partnerships, are key drivers for pushing forward advancements and rolling out the benefits of achievements to all participants.

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