World Social Capital Monitor

The Impact of Social Capital on Financing Development

– promising sources for FFD by considering and enhancing the willingness to sharing wealth

Policy paper delivered by invitation of the Inter-agency Task Force on Financing Development (IATF on FFD), December 15th 2017

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"If SDG 16 Peace had a market price, the price would reaching the entire annual costs to achieving all 17 SDG. But unfortunately there is still a market for war and weapons, but not yet for peace."

Abstract

The current commitments of countries and organizations to financing the SDG in developing countries still remain at the level of the Official Development Assistance (ODA) which is around $ 150bn per year. While almost all of the SDG represent public goods they have to be financed by governments – money most of the countries in crises do not have.

By counter the OECD countries pick up new sovereign debt of $ 14.15tn per year – a figure entirely unknown and therefore being published here for the first time.

So to **sharing wealth** (and of course GDP and sovereign debt to enhancing it) across the 193 countries that signed the Addis Ababa Action Agenda though is the major challenge and task of financing development. Therefore a $12bn SDG Fund is presented here.

The trust, solidarity, knowledge on Global interdependencies and of course helpfulness and altruism needed to sharing wealth across the World is part of so called *'bridging'* Social Capital. It is rejected as a considerable indicator for decades yet by the UN Development Programme (UNDP), UNDESA and the UN Statistics Division, the Development Banks, the OECD, the WTO, the IMF and by the National Statistics Offices.
As a contributor to the IAEG on SDG the Basel Institute reclaims to measuring, considering and of course developing Social Capital in order to achieving the SDG.
Two promising sources to financing development by the public sector are highlighted by figures:

- The sharing of Global public finance at a size between $ 1.5 and $ 5tn per year (Table 1 and 3) through sharing resources created by sovereign debt
- The diminishing of public spending on war and military by $ 2tn per year (Table 2)

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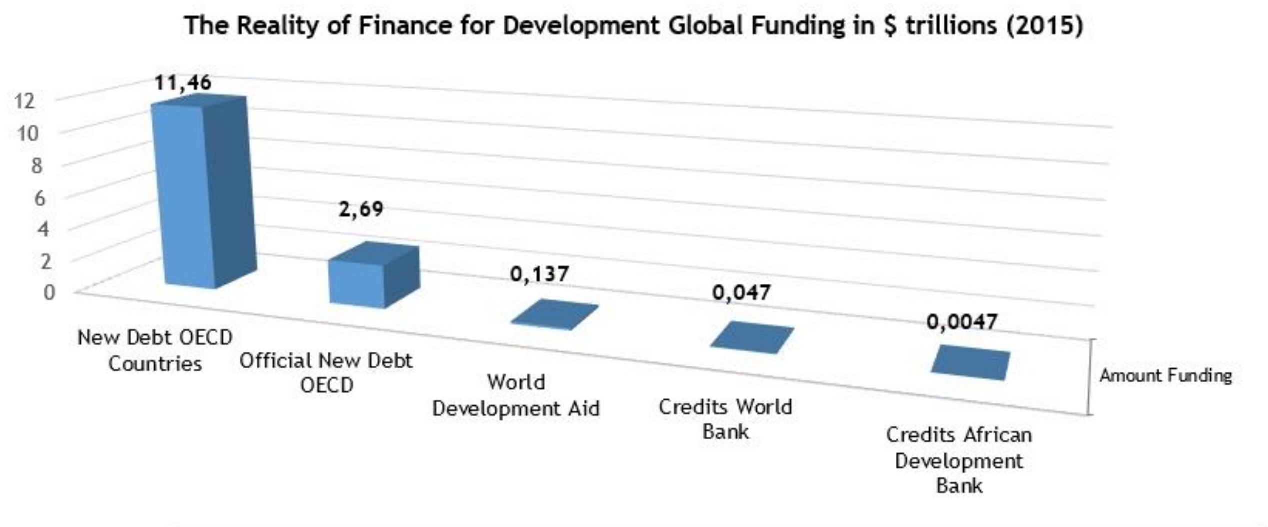
I Figures and ratios on financing the SDG

In the report on financing development by the UNDESA from March 31st 2017 (see note) a single figure on the size of the costs for FFD has been mentioned on page eleven: $ 142 bn spent on Official Development Assistance (ODA).
An increase of ODA has always discussed by the claim to delivering 2 per cent of GDP to ODA. But the report as well mentions – without figures – the Global increase of sovereign debt and as well the lack of taxation in many countries.
To getting a first impression of the ratio between several sources of FFD, the Basel Institute of Commons and Economics created the following table:

Table 1



	New Debt OECD Countries	Official New Debt OECD	World Development Aid	Credits World Bank	Credits African Development Bank
Amount Funding	11,46	2,69	0,137	0,047	0,0047

Sources: World Bank, OECD, Economist, Basel Institute of Commons and Economics 2017

The New Debt of the OECD countries have been calculated with an average maturity of six years from the total debt. On the market for FFD those credits compete with the instruments of FFD such as ODA, Credits of the World Bank and Development Banks such as the ADB Asia and ADB Africa.

Note: Economic and Social Council Distr.: General 31 March 2017 Original: English
E/FFDF/2017/2 17-05212 (E) 260417 *1705212*
Economic and Social Council forum on financing for development follow-up
22-25 May 2017
Follow-up and review of the financing for development outcomes and the means of implementation of the 2030 Agenda for Sustainable Development. Financing for development: progress and prospects
Note by the Secretary-General
Source: http://www.un.org/esa/ffd/wp-content/uploads/sites/3/2017/05/E-FFDF-2017-2_Note-by-the-SG_31-Mar-17.pdf

Table 2: Comparison of sources for FFD in US $ bn (€=1,20 Dollar) per year

NATO expenses including expenses created in non-NATO countries http://commons.ch/wp-content/uploads/NATO_damages_the_UN_SDG.pdf	**1.338 (2016)**
European Central Bank (ECB) asset purchase https://www.ecb.europa.eu/press/key/date/2017/html/ecb.sp170711.en.html	**864 (2016)**
US Military expenses including veterans (included in NATO costs)	**789 (2015)**
Official Development Assistance (ODA) https://data.oecd.org/oda/net-oda.htm	**142 (2016)**
Credits World Bank	**47 (2015)**
Credits African Development Bank	**4,7 (2015)**
SDGF (Sustainable Development Goals Fund) http://www.sdgfund.org/current-programmes	**0,03 (2017)**

Sources: US State Department, NATO, OECD, World Bank, ECB , SDGF,

Table 3: Estimated annual costs for the SDG in US $bn per year

UNCTAD 2014 http://unctad.org/en/pages/PressRelease.aspx?OriginalVersionID=194	**2500**
Stefan Brunnhuber http://www.stefan-brunnhuber.de/content/texts/COPE.pdf	**5000 (2017)**
SDSN 2015 https://www.theguardian.com/global-development/2015/nov/18/14tn-dollars-a-year-needed-to-reach-global-goals-for-world-poorest	**1400 (2015) (Pounds)**
World Bank, 2016, study on SDG 6 (Water) http://www.worldbank.org/en/topic/water/publication/the-costs-of-meeting-the-2030-sustainable-development-goal-targets-on-drinking-water-sanitation-and-hygiene	**150 (2016) (appr.)**
Basel Institute of Commons and Economics SDG 1 Basic Income for 600 million poor 220 Dollar per year (from: book “Die Welt neu bewerten” 2017	**132 (2017)**
World Military Spending according to SIPRI https://www.sipri.org/research/armament-and-disarmament/arms-transfers-and-military-spending/military-expenditure	**1690 (2016)**

Sources: UNCTAD, Stefan Brunnhuber, World Bank, Guardian, SIPRI, Basel Institute of Commons and Economics

II A short history of the impact of Social Capital on development

To considering bridging Social Capital for development has been reclaimed since 1997 yet when the World Bank launched its Social Capital Initiative. Among the contributors where the Nobel laureates Elinor Ostrom (1933-2012) and Joseph Stiglitz.
The World Bank recently mentioned Social Capital to being the forgotten social dimension of the SDG: http://blogs.worldbank.org/voices/forgotten-dimension-sdg-indicators-social-capital

Bridging Social Capital has been defined by the amount of social goods such especially interpersonal trust, solidarity and helpfulness that help to diminishing the transaction costs for capital and security.

In 2009 Elinor Ostrom inspired the founding of the Basel Institute of Commons and Economics that since then is focused on measuring the commons and social capital. In 2016 the *World Social Capital Monitor* became a project within the UN SDG Partnerships and in the meanwhile is conducted in 40 languages and 141 countries yet:
https://sustainabledevelopment.un.org/partnership/?p=11706

These are the eight indicators of Social Capital that are currently measured worldwide:

Number	Eight indicators measured on a ladder between 10 (high) and 1 (low):
1	The local social climate
2	The trust among people
3	The willingness to (co)-finance public goods by austerity measures
4	The willingness to (co)-finance public goods by taxes and contributions
5	The willingness to invest in local economy, SME and cooperatives
6	The helpfulness among people
7	The friendliness among people
8	The hospitality among people

So how does FFD for SDG depend on these forms of Social Capital?

- To sharing wealth across communities requires a very high level of helpfulness and the willingness to accept personal austerity measures and of course taxes to co-financing public goods.(questions 3 and 4)
- To diminishing the costs of weapons and wars mutual trust (question 2) is the only way to establishing diplomatic ways to dealing with conflicts. The rules can be found in the UN Charta from 1945 yet and in theory were accepted yet by all countries: https://treaties.un.org/doc/publication/ctc/uncharter.pdf
- To investing in the SDG with a leverage by enhancing investment from the private sector firstly needs to encourage local investment (question 5) in SME and cooperatives, not the investment by international companies in stocks.

III Conclusion

The dimension to financing the SDG (Table 3) is far beyond the current financial instruments of ODA, World Bank and Development Banks.

The idea, to interpreting the achievement of the SDG as an audit by data from Statistical Offices only may be seducing for Switzerland and Norway that lead all indices including the new SDG-Index (column M):
http://commons.ch/wp-content/uploads/Global_Benchmark_SDG_GDP.xlsx

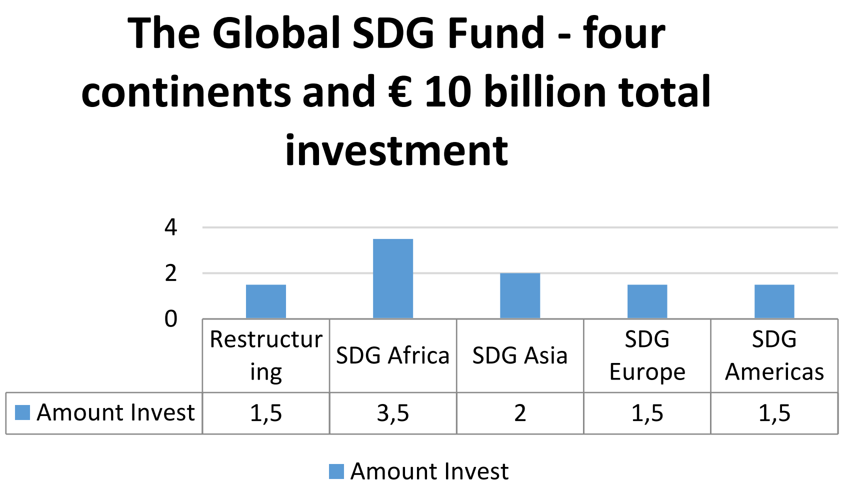
…but it leaves all those countries behind, that are not capable to increasing their GDP-related SDG indicators e.g. on poverty, inclusion, health, education, environment, security, governance and of course all other issues depending on common goods financed by the public.

But nevertheless there at minimum two promising sources to financing the SDG:

- The sharing of Global public finance at a size between $ 1.5 and $ 5tn per year (Table 1 and 3) through sharing resources created by sovereign debt/public wealth

- The diminishing of public spending on war and military by $ 1.69tn per year (Table 2)
  If SDG 16 Peace had a market price, the price would reaching the entire annual costs to achieving all 17 SDG. But unfortunately there is still a market for war and weapons, but not yet for peace.

Both sources require a social inclusion of the OECD countries that are currently not willing to share their sovereign wealth. But it would be a starting point yet if the SDG agencies would considering Social Capital as an indicator with a strong impact on all of the 17 SDG.



To excluding Goal 16 (Peace), with a FFD potential of $ 2tn may be a way of SDG 17 activities to remaining attractive for the SDG donors, but finally leaves the World with a lack of funding for the SDG – and so does the tax avoidance that is still promoted and supported by the major donors unfortunately as well in the SDG community; donors, that feel to being charities on behalf of their private wealth, not social partners of the worldwide SDGs. While the donors and as well the countries still refuse to discussing the social aspect of FFD in the meanwhile we released a first concept for a SDG Social Capital Fund in the size of $ 12 billion.

The SDG are entirely under-financed – let's change that and create the Social Capital required to achieving the Agenda 2030.

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