6. TOWARDS MEANINGFUL PRIVATE SECTOR ENGAGEMENT

What Is It?

Active engagement by the private sector in the VNR process is markedly and understandably less compared to that of civil society organizations and other stakeholders. However, the degree of private sector mentions in the VNR, for example, reflects a growing acknowledgement of private sector contributions to the SDGs and to sustainable business, including as related to SDG 16. Given the more nascent stage of private sector engagement, this chapter will address business engagement with the SDGs and VNRs broadly, before taking a closer look at SDG 16.

At the outset, it is important to note that not all private sector engagements are comparable and that the private sector includes informal economies, small and medium enterprises and large multinational or transnational corporations.

According to the UN Global Compact, the world’s largest corporate sustainability initiative, about 81 percent of its business participants report taking some type of action around the 2030 Agenda.

However, only 20 percent report taking action on SDG 16 specifically. In taking action, there are four broad tracks that the private sector can take to advance the SDGs. These include:

- aligning core business to the SDGs (i.e., values, strategies, operations, policies and relationships)
- philanthropy and funding; advocacy and public policy; and collective action or public-private partnerships.
- three overarching areas for private sector contribution: awareness-raising, implementation and partnership
- three overarching areas for private sector contribution: awareness-raising, implementation and partnership.

In preparing for and following from the VNR specifically Partners for Review’s 2019 VNR analysis highlighted:

While there are examples of active private sector engagement around the VNRs, such engagement is often a ‘hard sell’. This is partly due to 1) a reticence among businesses to engage in seemingly formal and bureaucratic, Member-State driven processes; 2) perceptions of skepticism on the part of some governments and UN entities about business engagement on SDG 16; and 3) questions from private sector about whether or not a VNR is the most useful way for businesses to support

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the advancement of the SDGs and SDG 16. Typically, businesses will want to engage if there is a commercial or strategic imperative to do so, including through a purpose-driven leadership angle as then manifested through external output or internal operations. Further, there may also be concerns around ethics or perceptions of collusion that could arise should businesses come together around a VNR process, making their engagement more challenging to navigate.

However, and notwithstanding the challenges above, interest in terms of how the private sector might better support, advance and gap-fill to advance the SDGs and SDG 16 is increasing on the part of businesses and governments. The clearer the link between VNRs and the advancement and implementation of national development plans and strategies, the more likely businesses will be to systematically engage.

Therefore, the question is not just how best businesses should engage with government and civil society to support SDG 16 and the SDGs, but also how to report on such engagement, including through corporate reporting.

Why Is It Important?
As we continue to wade through COVID-19, the case for SDG 16 and its application through policy, programming and organizational prioritization is being made that much more clearly, at all levels of governance and across stakeholders. This is no less true for the business community.

Given SDG 16’s broad themes of good governance and transparency; effective institutions, anchored in human rights; and leadership as driven by purpose and ethics the relevance of SDG 16, at least for many within the private sector community, is far from lost. As we witness further drops in trust in public institutions and corporations, business leaders have embraced the centrality of SDG 16 as a means of building resilience and course-correcting to address this trust deficit.

However, many businesses are still to be convinced to support SDG 16, through the VNR process or otherwise. A lack of private sector cooperation or support to advance SDG 16 makes it all the more difficult to realize, with the opportunity cost of private sector inaction arguably too abstract or too vast to quantify. This may also be applicable in ensuring responsible business practices when lobbying governments to make critical improvements to public institutions, laws and systems that will allow businesses and communities to flourish.

In advancing a whole-of-society approach, a greater focus on private sector engagement as mutually beneficial – from anti-corruption to labour rights, inclusive decision-making, and business decisions that enable more peaceful societies – is important to realizing SDG 16 and all SDGs. Responsible businesses want to operate and serve in communities where there are institutions, laws and systems that protect their rights and the rights of the individuals they employ and serve. At the same time, they recognize the need for their own values, strategies, policies and relationships to support them in respecting people, planet and prosperity.

More effectively translating the VNR to responsible businesses (as a process and opportunity linked to national development planning and priorities) would not only help bring in these perspectives for a strengthened a whole-of-society approach, but would also further support SDG 16 implementation.

How Can This Be Used?
At national and local levels, the private sector is increasingly consulted by governments on VNR processes, directly and indirectly, as part of a larger whole-of-society approach. To this end, and as mentioned, private sector engagement can take the form of national SDG Committees or Working Groups. Further and increasingly, such consultations and engagement can carry beyond the VNR itself into follow-up action. To this end, Mexico is looking at how it can better integrate the private sector, among other stakeholders, in what it aims to be its third VNR in 2021. Specifically, Mexico is hoping to better capture, support and partner on the contributions and actions of the private sector in supporting the SDGs and SDG 16 through a systematic approach and beyond the VNR.

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(GCLNs) often support VNR and post-VNR processes in country, bridging the gap among the UN, governments and businesses by providing an alternative, multi-stakeholder space for engagement. Stakeholders involved in local networks include businesses, governments and civil society, as well as the home country embassies of local businesses, as relevant, chambers of commerce and related associations, and the UN through the Resident Coordinator’s Office.

**The Global Compact Network South Africa, Incentivizing Positive Private Sector Participation**

The Global Compact Network South Africa (GCNSA) has as its principle focus private sector contributions to the SDGs, as aligned to the country’s National Development Plan (NDP) and underpinned by the application of UNGC’s Ten Principles. In 2018, South Africa’s Department of Planning, Monitoring and Evaluation, through the National Planning Commission, asked GCNSA to be its private sector institutional partner and to support the coordination of the private sector’s contribution to the NDP and SDG process. Findings from this collaboration then fed into South Africa’s VNR.

While the VNR process was viewed by many GCNSA businesses as an opportunity to build an ongoing platform to unify private sector action around the 2030 Agenda, South Africa’s NDP, the African Union’s Agenda 2063 and other public sector plans, companies interviewed largely saw the delivery of SDG 16 and its targets as outside their sphere of responsibility. However, many agreed with SDG 16 in principle, as most companies want a South Africa free of corruption and with strong institutions and a trusted economy. Further, the financial services industry saw strong interest in SDG 16, given its interest in the economic credibility of South Africa. Those within the electricity, gas and water sectors owned their responsibility for strong governance, speaking to the need for “for strong and accountable institutional leadership.” And FinTech and ICT companies saw their role in SDG 16 as translated through access to connectivity, information and financial inclusion through new marketplaces and educational tools, especially for those who have historically been the poorest, most disadvantaged and farthest left behind.

Going forward, it was suggested that the government develop mechanisms to recognize and incentivize positive private sector participation in the 2030 Agenda, potentially via further alignment and integration with Broad-based Black Economic Empowerment and the NDP. As such, this also calls for increased focus in demonstrating how companies can support SDG 16, including through the VNR, as tangibly linked to national development planning and prioritization.

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In terms of the 2030 Agenda, GCLNs raise awareness and understanding about the SDGs among the businesses with which they work, communicate to the business community how progress is reviewed through the VNR process and provide the voices of sustainable business to government. As with other stakeholder groups, this is still a two-way learning process and GCLNs are continuing to learn how do this most effectively. That being said, GCLNs often work to support VNR follow-up activities to ensure that the review serves as a milestone for enhanced policy dialogue coordination at the country level. This can also include raising the level of ambition of business action, by identifying specific actions, commitments and partnerships that are relevant to the country context, to address issues identified in the report and move the needle on the SDGs locally.

In terms of policy and advocacy, companies can also provide pro bono research for data generation for a country’s VNR (please see the chapter focused on data) and for providing input about the VNRs and SDG 16 globally. For example,

White & Case LLP

worked with the Global Alliance in

analyzing the VNRs

(2016, 2017, 2018 and 2019), highlighting the prevalence and specificity of SDG 16-related interventions and commitments. Finally, there is also an increasing push for companies to implement and report on SDG 16 themselves, a global effort pioneered and supported by the Global Compact’s Action Platform on Peace, Justice and Strong Institutions.

In terms of the private sector, companies may be consulted in terms of specific VNR follow-up action. For example, as noted in its VNR and under the auspices of its National Human Rights Institution, Ghana is implementing a National Anti-Corruption Plan that aims to engage businesses in the fight against corruption, with the purpose of institutionalizing efficiency, transparency and accountability in public and private sectors. Iceland’s governmental SDG working group initiated a partnership agreement with the Icelandic Centre for Corporate Social Responsibility which aimed to promote the SDGs among corporations.

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Launched in 2018, the UNGC Action Platform for Peace, Justice and Strong Institutions aims to develop and promote global business standards in understanding, implementing and reporting on businesses’ engagement in these areas. The Action Platform will run through 2021. It will result in, among other things, the development of the ‘Understand, Implement and Report’ Framework (expected release in 2021), which aims to highlight the importance of SDG 16 to corporate DNA, including through the values, strategies, policies, operations and relationships of a business and through supporting institutions, laws and systems. In short, the SDG 16 Action Platform seeks to translate SDG 16 for the business community and then reflect back their interest and commitment. With a focus on ‘more action, less platform’, this includes a unifying narrative and strengthened commitments, providing concrete ways for business to know how they contribute and engage to advance SDG 16 particularly with respect to anti-corruption, human rights, peace and rule of law.

Amidst this global pandemic, the Action Platform community, which comprises businesses, GCLNs and other strategic partners, believes that SDG 16 is more important than ever and that businesses should amplify the need to protect human rights and fundamental freedoms, combat corruption and illicit financial flows, uphold the rule of law, and foster peace and security. (A forthcoming Business Leadership Statement on this issue is expected September 2020.)

Key Resources:

- United in the Business of a Better World. A Statement from Business Leaders for Renewed Global Cooperation, the UN Global Compact;
- The Action Platform for Peace, Justice and Strong Institutions, the UN Global Compact;
- Edelman Trust Barometer;
- The Role of the Private Sector in Supporting Reporting on SDG 16, One Earth Future, AIM2Flourish, Concordia, Global Alliance, The International Peace Institute, UNDP, and the SDG Fund (2018);
- Voluntary National Reviews submitted to the 2019 High-level Political Forum for Sustainable Development – a Comparative Analysis; Partners for Review (2019);
- Integrating the Sustainable Development Goals into Corporate Reporting: A Practical Guide; Global Reporting Initiative and the UN Global Compact (2018);
- 10 Principles of the UN Global Compact;
- Guiding Principles on Business and Human Rights; OHCHR (2011)

Interviews: Michelle Breslauer, UN Global Compact, Christina Koulias, UN Global Compact, Felipe Morgado, UN Global Compact, Terry Jennings, LexisNexis.

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190 This case study draws on interviews with the UN Global Compact.