

TOWARDS MEANINGFUL PRIVATE SECTOR ENGAGEMENT

WHAT IS IT?

Engagement by the private sector in VNRs is markedly and understandably less as compared to CSOs and other stakeholders.

That said, the [number of private sector mentions in VNRs is increasing](#), reflecting growing acknowledgement of its contributions to the SDGs and to sustainable business, including as related to SDG 16.

According to [Partners for Review, 30% of the 2021 VNRs](#) mentioned private sector participation in SDG institutional frameworks (i.e. coordination bodies, mechanisms, etc.), with an even greater number reporting on private sector consultation in the VNR process.

Given the more nascent stage of private sector engagement, this module 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](#), in 2020, about [81 percent of its business participants took some type of action around the 2030 Agenda. Twenty percent reported taking action on SDG16 specifically.](#)

Tracks of engagement 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.](#)

* [While private sector initiatives do provide funding, more systematic and creative approaches to SDG financing and greater transparency around financial flows is needed to spurn additional private sector contributions.](#)

Regarding the [VNR](#) specifically, overarching areas of contribution seem to include the following:

- Consultation and policy engagement,
- Awareness-raising and advocacy,
- Data and Reporting, and
- Collective Action, Implementation, and Partnership.

For its [2018 VNR, Sri Lanka](#) sought input from the private sector, in addition to various other stakeholders, through its Stakeholder Engagement Plan, holding several workshops and developing an outline platform to support engagement.

Engagement Channels include national SDG Councils and relevant Working Groups; technical committees on SDG Business Councils; workshops or consultations; public-private partnerships, including as related to financial support for SDG-related projects; and support in research and data collection.

WHY IS IT IMPORTANT?

COVID-19 has made the case for SDG 16 and the need for its application through policy, programming, and organizational prioritization, at all levels of governance and across stakeholders. This is no less true for the business community.

Given SDG 16's 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 captured by the 2020 [Statement from Business Leaders for Renewed Global Cooperation](#), signed by over 1,000 business leaders in over 100 countries, "...peace, justice and strong institutions are beneficial to the long-term viability of our organizations.

With drops in trust in public institutions and corporations, many business leaders have embraced SDG 16 as a means of building resilience and course-correcting to address this trust deficit.

The clearer the link between VNRs and NDPs, the more likely businesses will systematically engage.

CHALLENGES:

While active private sector engagement around the VNR exists, it's often a 'hard sell'. Businesses need to be convinced to support SDG 16, through the VNR process or otherwise.

This is partly due to:

- A reticence among businesses to engage in seemingly formal, bureaucratic, member-state driven processes,
- Perceptions of skepticism on the part of some governments and UN entities about business engagement on SDG 16,
- Possible concerns around ethics or perceptions of collusion should businesses come together around a VNR process, and
- Questions from the private sector about whether or not a VNR is the most useful way for businesses to support the advancement of the SDGs and SDG 16.

Businesses would typically wish to engage if a commercial or strategic imperative to do so is clear, such as demonstrating purpose-driven leadership manifested through external output or internal operations.

NEXT STEPS

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.

However, while interest is growing on the part of businesses and governments in how the private sector might better support, advance and gap-fill to advance the SDGs and SDG 16, greater engagement is needed to accelerate progress on the SDGs.

In advancing a whole-of-society approach, intentional emphasis on private sector engagement as mutually beneficial – from anti-corruption to labor rights, inclusive decision-making, and business decisions that enable more peaceful societies – is important to realizing SDG 16 and all SDGs.

In addressing private sector engagement with governments and CSOs to support SDG 16 and the SDGs through VNR processes, it is also important to address corporate reporting on such engagement.



Bottom Line: More effectively translating the VNR to responsible businesses as a process and opportunity linked to NDP and priorities would not only help bring in these perspectives for a strengthened whole-of-society approach but would also further support SDG 16 implementation.

HOW IS IT APPROACHED?

SDG COMMITTEES OR WORKING GROUPS

At national and local levels, the private sector is increasingly consulted by governments on VNR processes, directly and indirectly.

This includes through **SDG Committees or Working Groups**, with such engagement carrying beyond the VNR in certain cases.



Mexico, for example, established the National Council on the 2030 Agenda in 2017, which coordinates the implementation of the 2030 Agenda and includes different branches of government, in addition to CSOs, business representatives and other stakeholders.

By its third VNR in 2021, and building off of previous VNR recommendations, Mexico had invested further in multi-stakeholder input and collaboration, drafting its VNR in dialogue with various partners and sectors, including businesses. To this end, individual companies and trade unions provided input in terms of actions, analysis, and strategy articulation, including through the creation of 19 working groups, to advance the 2030 Agenda beyond the VNR process and improve monitoring and public awareness within the sector.

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AWARENESS-RAISING

Private sector actors and related networks have also been engaged in raising awareness around the SDGs and the VNR, more specifically.

For example, UN Global Compact Local Networks (GCLNs) often support VNR and post-VNR processes in-country, helping to bridge 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, CSO representatives, home country embassies of local businesses, and, as relevant, chambers of commerce and related associations, and the UN through the Resident Coordinator's Office.

GCLNs **raise awareness and increase understanding** about the SDGs among businesses, communicate to the business community how progress is reviewed through the VNR process, and provide the voices of sustainable business to governments.

- Follow-up activities can then include supporting ongoing policy dialogue, coordination, and raising the level of ambition of business action by identifying specific actions, commitments and partnerships that are relevant to the country's context.

Case Study: Incentivizing Private Sector Participation, the Global Compact Network South Africa

The Global Compact Network South Africa (GCNSA) has as its principle focus private sector contributions to the SDGs, as aligned to the country's 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.¹

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.

Take-Aways and 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 calls for increased focus on demonstrating how companies can support SDG 16, including through the VNR, as linked to NDP and priorities.

RESEARCH, INPUT, AND PARTNERSHIPS

On **research**, companies can also provide pro bono research and data generation for a country's VNR (please see the chapter focused on data), while contributing input at the VNRs and SDG 16 globally. For example, [White & Case LLP](#) worked with the Global Alliance in [analyzing the VNRs](#) (2016, 2017, 2018, 2019 and 2020), highlighting the prevalence and specificity of SDG 16-related interventions and commitments.

In terms of [implementation and partnerships](#), and as noted by Partners for Review, the private sector may provide feedback, input or advice on specific VNR follow-up action, as well as partner with governments and others in working to promote the SDGs among businesses.

As noted in its 2020 [VNR](#), Ghana is implementing a National Anti-Corruption Plan under the auspices of its NHRI that aims to engage businesses in the fight against corruption. This, in turn, is intended to institutionalize efficiency, transparency and accountability in public and private sectors.

On partnerships, 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.

¹ The private sector was one of five stakeholder groups engaged: the national government, provincial and local governments, parliament, civil society, private sector and academia, and the UN, AU, SADC and development partners. Global Compact Network South Africa (2019). Private Sector Contribution to South Africa's 2019 Voluntary National Review on Sustainable Development Goals. <https://globalcompactsa.org.za/wp-content/uploads/2019/07/GCNSA-VNR-July-Report-2019-20190711-digital-version.pdf>

CORPORATE REPORTING

Finally, there is a growing push for companies to themselves report on the SDGs and SDG 16, i.e. corporate reporting.

While there is no overarching consensus yet on how to do so, there is growing interest and opportunity, with different models available.

- According to a 2020 survey by Engageability and Swisspeace, 84 percent of participating investors and ratings agencies believed that “[reporting on SDG 16 is ‘very relevant.’](#)”
- While the [same survey](#) found that other SDGs were viewed as more important, it also found that the SDGs were seen as complementary to ESG/sustainability reporting frameworks and that businesses were aware of SDG 16 and its targets.

Case Study: The UN Global Compact’s SDG 16 Business Framework | Inspiring Transformational Governance

To this end, the UN Global Compact’s [SDG 16 Business Framework | Inspiring Transformational Governance](#) approaches corporate reporting on SDG 16 as “a means of generating, and making available to stakeholders, information necessary to understand and mitigate risks and to capture opportunities. It is also a vehicle for transparency and a key means of holding businesses to account and, as such, is intrinsic to good corporate governance. Beyond the businesses themselves, expanded corporate reporting on SDG 16 would generate value for a range of stakeholders, including investors, government, and civil society.”

- The Framework is a tool for businesses to embrace transformational governance by:
- Deepening understanding of the targets of SDG 16,
- Strengthening cross-functional engagement across these targets,
- Encouraging businesses to assess where they are on the transformational governance journey and to identify opportunities for improvements, and
- Incorporating into board and management oversight, values and culture, strategies, policies, operations and relationships.

[SDG Corporate Tracker Colombia \(SDG CT\) | Department of Economic and Social Affairs \(un.org\)](#)