Business & the Sustainable Development Goals

GLOBAL VALUE Monitoring Report 5 – December 2016

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1. Updates on the 2030 Sustainable Development Agenda

1.1. A relatively quiet period

Since our last progress report we have witnessed a relatively quiet period concerning the global policy cycle of the development and implementation of the 2030 SD Agenda. Certainly several formal meetings of the international community took place (such as the meetings of the UN High Level Political Forum; the Financing for Development Forum; he UN General Assembly; the World Bank; IMF and other global development agencies). However, from the perspective of the Global Value project these events did not generate much truly outstanding outputs. In this report we introduce and discuss those events, initiatives and results that we believe to have relevance to our project. Finally, at the end of the report we outline some implications to the GLOBAL VALUE project.

1.2. Updates on the development of the Global Measurement and Indicator Framework

As discussed in our earlier reports, the UN Statistical Commission (UNSC), with a grouping of UN Member States, established the Inter-Agency and Expert Group on Sustainable Development Goal Indicators (IAEG-SDGs) in 2015 at its 46th session to develop an indicator framework for monitoring the goals and targets of the 2030 Agenda for Sustainable Development. As a result of several sessions and consultations with experts and other stakeholders, in early 2016 the Group issued a list of proposed indicators. Soon, at its 47th session in March 2016, the UNSC agreed to the proposed indicator framework and requested the Group to take into account further proposals by Member States' and other interest groups for refinements of the indicators. The list of agreed indicators is available at: http://unstats.un.org/sdgs/files/meetings/iaeg-sdgs-meeting-02/Outcomes/Agenda%20Item%204%20-%20Review%20of%20proposed%20indicators%20-%202%20Nov%202015.pdf

Since the 47th meeting of the UNSC, IAEG-SDG has initiated several ways to enhance the requested further refinements of the indicator set. These initiatives include:

- Inputs by UN member states: As stated during the 47th UNSC meeting, SDG indicators should be country specific by taking into account regional, national and local circumstances. UN member states insisted that they should be the basic most important agents in the process. Member states are expected to send reflections with regards o the indicators continuously. In addition, country representatives are also expected to communicate any observations or suggestion during other UN sessions, most importantly at the sessions of the High Level Political Forum, mandated to direct the implementation of the SD Agenda;

- Inputs by experts and specific interest groups: The UN has mandated some of its subsidiary organizations to design indicator and measurement frameworks and related action plans for each specific SDG, with the involvement of relevant experts and other stakeholders. These working groups have started negotiations with interest groups and other communities as well in order to receive inputs from different actors related to specific topics. In this sequence we are aware of the work and outcomes of only one working group around SDG 4 (Education) led by UNESCO. Their report that includes analysis of country readiness to implement the SD Agenda, especially SDG 4, their definition of global and thematic indicators; and an action plan is available at: http://www.uis.unesco.org/Education/Documents/uis-sdg4-digest-2016.PDF

- Online consultations: The IAEG-SDG conducted several rounds of online consultation, open to all, to refine the selected indicators. The inputs of the consultation are reviewed ahead of the Group's meetings. The topics and results of the consultations can be followed through the following website: http://unstats.un.org/sdgs/iaeg-sdgs/open-consultation-4/

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Most recently, between 15-18 November 2016, IAEG-SDGs held its fourth meeting in Geneva, Switzerland. The first two days of the meeting were a Members Meeting, open only to IAEG governments. The second two days were a Plenary Session, with participation from representatives of 46 countries, 34 international organizations, and 41 NGOs. The Plenary Session, which took place from 17-18 November, served to engage a wider set of actors in the issues discussed during the Members Meeting on 15-16 November. Key issues discussed included:

- advancing the indicators that still require conceptual clarification;
- selecting custodial agencies to manage data collection on each indicator;
- clarifying the respective roles of national governments and UN agencies in processing data for the yearly global SDG report, and the communication between them;
- proposing a process for more comprehensive reviews of the indicator framework and refining the indicators with minor changes.

Following IAEG-SDGs 4th meeting, the Group will submit a report to the UN Statistical Commission in early December 2016, ahead of the 48th UNSC session, which is scheduled to take place in March 2017.

Further relevant outcomes of the 4th IAEG-SDGs meeting:

- As reported earlier, IAEG-SDGs initiated a three tiers system in order to classify SDG indicators. In this system, Tier I indicators are "conceptually clear," with an established methodology and data being produced regularly by countries; Tier II indicators lack regular data production; and Tier III indicators lack not only regular data production but also an established methodology, meaning that the Group has not agreed on how to define these indicator for measurement purposes. For the time of the 4th meeting Tier I contains 81 indicators, Tier II has 57, and Tier III consists of 88 indicators, and four indicators have subcomponents in different Tiers. In terms of updating the Tier system, UNSD outlined the IAEG's proposal for a once-yearly mechanism. First, at the IAEG meeting held each fall, members will review a set of indicators proposed for reclassification, based on input and updated information provided at least one month ahead of time by UN agencies. Based on these inputs, the Group will decide on any reclassification during that meeting, and the revised Tier classification will be published following the meeting. For this year only, the Group plans to "fast track" the reclassification of some Tier III indicators with well-developed work plans.

- Lidia Bratanova, Director of the Statistics Division, UN Economic Commission for Europe (UNECE), reported that UNECE is developing a regional road map on SDG statistics, in cooperation with the Organization for Economic Co-operation and Development (OECD), the EU statistical office (Eurostat) and other regional offices, to help member states prepare for global reporting on the SDGs. Concrete action will begin in 2017 and includes: assessing member states' readiness to report on SDG indicators; reporting on national strategies and plans; identifying data gaps; and clarifying the flow of data between national, regional and global levels.

UNECE will hold a Regional Forum on Sustainable Development on 25 April 2017, to "bring everything together" on data, statistics and monitoring ahead of the UN High-level Political Forum on Sustainable Development (HLPF).

- The High-level Group for Partnership, Coordination and Capacity-Building for the 2030 Agenda (HLG), is tasked with strategic work to address data needs. HLG is developing a Global Action Plan, which has been reviewed by stakeholders. A multi-stakeholder Programme Committee of the HLG is working to set the scope and content of the first UN World Data Forum (WDF), which will take place in January 2017, in South Africa. The Forum

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is expected to deliver concrete ideas and solutions on several topics, including: innovation and synergies across different data ecosystems; leaving no one behind; data principles and governance on validating data, and quality of data; and the way forward, which will cover the Global Action Plan and regional road maps.

- According to Francesca Perucci, UN Statistics Division, data disaggregation is the "number one priority" for data development for the 2030 Agenda.

- The UN Environment Programme (UNEP) highlighted its work to develop an SDG Interface Ontology (SDGIO). The ontology project seeks to define terms in the SDG framework that are used with varying meanings throughout the Goals and targets, such as "access" and "resilience," which currently "vex the methodology" of measuring progress. The ontology aims to "make assumed meanings explicit" and ensure coherence. UNEP reported that a peer review of the ontology will begin in December 2016, and is expected to provide further clarity, by providing operational definitions in addition to legal ones, and may help with linguistic translation of various terms.

- A stakeholder briefing took place prior to that day's plenary discussions. In this meeting civil society speakers urged the IAEG to make its modalities, including the work stream on data disaggregation, more open to civil society; reclassify indicator 5.6.2 as Tier II; and find better measures of inequality for targets in Goals 10 and 17. They also encouraged greater use of expertise and data from civil society and the private sector.

- Finally, some participants urged the Secretariat to make wordings and definitions clearer, to make the classification process more transparent, and to ensure countries do not "deprioritize" Tier II and Tier III indicators in their reporting efforts. (IISD, 21 November, 2016)

The most recent Tier classification for the global SDG indicators by IAEG-SDG is available at: http://unstats.un.org/sdgs/files/meetings/iaeg-sdgs-meeting-04/Tier%20Classification%20of%20SDG%20Indicators%20Updated%2023-09-16.pdf

1.2.1. Critical voices around the global measurement and indicator framework

As in the case of the SDG debate in general and the development of the 2030 SD Agenda, the proposed global measurement and indicator framework has also received numerous criticism. In this section we list some of the common ones:

Forced comparability

The Statistical Commission, charging the IAEG-SDGs to develop and improve the global indicators, emphasizes the importance of "guaranteeing international comparability". However, the UN Statistics Division (UNSD) has repeatedly stated that the global indicators are intended for global follow up and review and are not necessarily applicable to all national and regional contexts. (Adams & Judd, 2016) Thus, this strong emphasis on international comparability runs the risk that either the international community develops a global framework that is unable to capture regional, national and local specificities, or, that the emphasis on comparability will pressure countries (especially developing countries) to use the global framework as a ready to use etalon and implement a measurement and indicator framework that rarely reflects national and local circumstances.

Inequalities: Indicators for the rich?

As in the case of the SDGs, several articles criticize the proposed measurement framework for serving mostly the interest of the richest countries and especially to protect status quos in the current global

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economic order. The following quotation well represents this radical argument: "The level of ambition expressed in the 2030-Agenda is lowered considerably in the indicators. This is particularly true for the responsibility of rich countries." (Claudia Schwegmann, from the group Together 2030)

One of the serious problems with the IAEG indicators relates directly to the responsibility of the high-income countries. For many targets an indicator is chosen, that fails to address the responsibility of rich countries. A very good example is Target 3.3. on combatting tropical diseases. The indicators chosen are outcome indicators like number of fatal malaria cases per 1000 inhabitants. This indicator suggests that the problem is exclusively a problem of developing countries. High-income countries have no responsibility with regards to tropical diseases except maybe to provide more ODA and invest more in research. But if more medical research is undertaken by companies in high-income countries, the likely outcome is medicines with patent rights held by Northern companies. An important role of high income countries is to review its patent rights and its research policies to ensure that people in developing countries can access medicines at an affordable price. If the Secretary General is serious about his repeated warning that business as usual is no option, we also need indicators that go beyond business as usual." (Schwegmann, 2016).

In another example Adams and Judd from Global Policy Watch argue that "While the targets and indicators under Goals 5 and 8 go some way to measuring inequalities within countries, including developed countries, there is currently nothing to measure inequality between countries—or the policies that help to perpetuate these." And again, within countries, there is no measure (Gini coefficient/Palma ratio) of inequality, despite the inclusion of an indicator that measure change in real disposable income and consumption per capita income among the bottom 40 percent. Thus Adam and Judd conclude that "if the target itself addresses only the bottom 40 percent of the population, how can the goal of reducing income inequalities at least be achieved without focusing on the richest quintile, particularly the top 1 percent?" (p.3)

Finally, Adam and Judd raise a question: "Will the IAEG-SDGs' ongoing review and refinement process revisit the indicators under Goal 17 proposed by several civil society organizations in a joint statement during the consultation process including those focused on "goals for the rich"? Several of these seek to assess constraints to policy coherence, including trade and investment treaties and loan agreements as well corporate tax avoidance and drains on the public purse through outsourcing development to the corporate sector." (p.4) This question seems reasonable by knowing that a previously suggested indicator, #17.15.1 (number of constraints embodied in ODA or loan agreements) was removed from the final IAEG-SDG indicator set.

Accountability

As discussed in previous reports the 2030 Agenda rejected the concept of "accountability" in favor of "follow-up and review". In terms of the indicators many argue that without strong policies and processes on accountability the IAEG-SDG will continue the failure of member states to agree on a universal reporting and accountability framework that at the end will undermine the universal vision of the 2030 SD Agenda. In this sense, the 2030 Agenda's vision for accountability (now review and follow up) is astonishingly vague and timid and "offers no clear picture on how SDG progress will be monitored and reviewed or what the lines and channels of accountability will be." These critics seriously question that within the current political system the High-Level Political Forum on Sustainable Development (HLPF) will be able to deliver on accountability at all. (IISD, 3 February 2016) More specifically, the proposed indicator set is further criticized in the sense that it is inadequate to assess SDG programs, actions in terms of who benefits and who is accountable (Adam and Judd, 2016).

1.3. UN Launches SDGs Financing Platform

On October 10, 2016 at a high level event titled 'Financial solutions for the SDGs,' with the participation of high-level officials from ministries of finance and foreign affairs, and leaders from global financial institutions, UN Secretary-General Ban Ki-moon announced the launch of a new

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platform for "scaling up innovative finance solutions to support the achievement of the Sustainable Development Goals (SDGs)". According to the Secretary General, the Financial Innovation Platform aims to identify and pilot innovative finance instruments that can drive investment and support SDG interventions.

The concept of a multi-stakeholder platform to finance the SDGs was first introduced at the Third International Conference on Financing for Development (FfD) in Addis Ababa, Ethiopia, in 2015. Ban noted that the SDGs represent the catalyst that "can pull the global economy from its current malaise and push back against isolationism and protectionism." While the Addis Ababa Action Agenda (AAAA) set a framework to harness financial markets and provide commercial incentives to deliver on the SDGs, he explained, achieving them will require scaled up investment and reorienting existing flows to sustainable objectives. He noted that financial actors and institutions are already beginning to develop solutions for attracting private capital in support of the 2030 Agenda for Sustainable Development. Ban stressed the need for: the international community to align financial markets with sustainability; putting a correct price on systemic and interconnected risks; and aligning the value of assets with the SDGs.

On the Financial Innovation Platform, Ban said it would provide the best possible know-how to support the incoming Secretary-General for scaling up the international community's efforts and ambition. The Platform is expected to engage key development actors, including governments, civil society, philanthropic organizations, entrepreneurs, institutional investors, banks, project developers and development finance institutions. (IISD, 13 October, 2016)

Instead of the promising words, however, no additional information is available about the platform yet.

1.4. Introduction of the Total Official Support for Sustainable Development (TOSSD)

24 June 2016: The Organisation for Economic Co-operation and Development (OECD) has released, for public consultation, the Total Official Support for Sustainable Development (TOSSD) Compendium. The TOSSD measurement framework featured in the Compendium aims to promote greater transparency in officially-supported development finance in support of the 2030 Agenda for Sustainable Development, and is expected to facilitate monitoring of the Sustainable Development Goals (SDGs).

The Compendium provides a working definition of TOSSD: "all officially supported resource flows to support sustainable development at developing country, regional and global levels where benefits are destined for developing countries, including those resources that support development enablers or address global challenges." TOSSD will be composed of two measures: the recipient perspective, which will track officially supported cross-border resource flows; and the provider perspective, which will capture support provided by official providers.

In contrast to official development assistance (ODA), which only applies to members of the OECD Development Assistance Committee (DAC) and other providers who report on development cooperation following DAC-specific definitions and rules, TOSSD aims to bring together all providers of public international finance and collaborating private operators in one global statistical reporting framework. In addition, while ODA is measured by the grant equivalent (grant generated) of resource flow, TOSSD will use the full face value of the flow or the gross amount. The Compendium notes that ODA will remain the cornerstone of OECD DAC members' accountability to the international development community. According to OECD, the TOSSD Compendium is anticipated to be endorsed by the international community during several events, including the High-level Political Forum on sustainable development (HLPF) and the UN Development Co-operation Forum (DCF). (IISD, 12 July, 2016) The current draft version of the compendium is available at: http://www.oecd.org/dac/financing-sustainable-development/TOSSD%20Compendium2016.pdf

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1.5. The first year of SDG implementation: Mapping the challenges and opportunities

Challenges

Since accepting the 2030 SD Agenda and the 17 SDGs one year ago, UN member countries had to start develop and implement their own national SDG strategies. In this section we aim to present common challenges that developed and developing countries have faced, together with some opportunities that countries apply on the way to seek possible solutions. According to a recent paper by O'Connor et al., the main challenges that member countries are facing origin from the basic notions of the 2030 SD Agenda namely "universality"; "integration" and the "transformative nature" of SDGs. The three notions can be summarized as:

"The SDGs are universal: they aim to extend the benefits of development to all, and they recognize that all countries and actors must share in the responsibility for building a sustainable world.

The SDGs are integrated: they aim to achieve the balance among social, economic, and environmental dimensions that is necessary for development to be sustainable.

The SDGs are transformative: they underline that "business as usual" approaches are inadequate to promoting global sustainable development." (O'Connor, 2016 p. 1)

As discussed in earlier reports, the Millennium Development Goals (MDGs) were intended to address the urgent problems facing developing countries. In this previous settlement, development partners (developed countries) committed to provide development assistance to these needs. Instead, the SDGs apply to all countries, and go well beyond development cooperation. All countries are expected to address domestic as well as global poverty and inequality; to end gender and other forms of discrimination; to create decent employment; and to examine how their consumption and production patterns affect global resource use, the environment, climate, and the development prospects of the rest of the world, especially the poorest and most vulnerable populations.

Over the past one year, the world had to start implementing the highly ambitious 2030 Agenda and the SDGs. Based on publicly available country reports and other analyses to date, below we list some of the crucial challenges that the world and particularly UN member states (developed and developing countries alike) have faced in this process:

- National governments face the challenge of securing broad ownership of the agenda across the whole of government, which will be crucial to sustaining political will going forward.

- In many countries, foreign ministries are expected to have a strong hand in initial follow-up of the SDGs, given their central role in negotiating it. However, if this agenda is to resonate across government it must not be perceived as exclusively the preserve of international relations. One risk is that the SDGs are perceived largely as a new development cooperation agenda, to be confined mostly to development cooperation agencies and ministries of foreign affairs. Another risk is that the 2030 Agenda is treated, effectively, as two discrete agendas: one for domestic action, one for international cooperation.

- Coordinating implementation between those bodies that focus mostly on domestic policy and those dealing with international policies is a vital issue.

- Prioritization of the enormous number of goals and targets in the face of limited resources and limited political capital is another major challenge.

- Another common challenge that O'Connor et al discuss is the complexity of the 2030 Agenda: It contains a large number of interrelated goals and targets. Governments are accustomed

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to working in “silos” and, while there are reasons for the durability of this model, there is also recognition of the risks from failing to account for key interdependencies across sectors, or across goals and targets.

- As countries adapt the SDGs and the 2030 Agenda to national realities, they will need to decide how to organize the national follow-up and review process based on the Global Measurement and Indicator Framework. This involves resolving a number of questions:
    - Who will lead the process and who else will be engaged from government and from society at large?
    - In what format will they report on progress against the SDGs and targets?
    - Who will receive the reports and how will they act upon them?
    - What indicators and other measures will be used at national level, assuming that each country will choose to adapt the global indicator set to its own needs, while endeavoring to ensure global comparability? (O’Connor et al, 2016)

- While pursuing equality is one of the main objectives of the 2030 Agenda, in several countries even basic rights are ignored by the political elite. In the case of these fragile or highly controversial political settlements critics seriously questions whether their commitments to SDG implementation can be taken seriously at all. In such countries the principle of equality is ignored or breached by political classes that simply serve the interest of the upper and elite social class.

- Especially in the case of poor and the so called Least Developed Countries (LDC’s), another major challenge is to find or create adequate resources (both financial and well educated human resources) for the needs of the highly ambitious SDG implementation. (Ghaus et al, 2016)

- As discussed in earlier reports one of the crucial bottlenecks in SDG implementation is the poor availability, reliability, accessibility and utility of data. More than 200 development indicators need to be tracked to assess the status of each of the 17 goals. However, even after one year of the acceptance of SDGs, there are still many issues to be managed. For instance, it is still not clear, how countries will be able to strengthen the capacity of National Statistics Offices (NSOs). In addition, many governments utilize national surveys for framing policies, but these data are often out of date because they still rely on traditional data collection methods that involve pencil and paper interviewing. The process of data collection, encoding and generation of results takes a long time, which means that policies are designed based on an outdated social or economic picture. To address this problem, one suggestion is to use computer-assisted personal interviewing or CAPI. This improves the accuracy of results and reduces the time and money spent on field data collection. In this case, the interviewer uses a handheld device, such as a tablet or a mobile phone, with the survey questions preloaded. The answers can be quickly sent back to the national statistics office via the internet and can also integrate the location, time, photographs, and audio and video recordings. The system automatically checks for data errors, irregularities, and gaps while the interview is being conducted. (ADB, 17 August, 2016)

Seeking solutions

Analyses of early implementations detected common paths that both developed and developing countries can take while seeking solutions to cope with the enormous challenges that the SDGs pose on member states:

- How the integration of goals and targets is being accomplished sheds light on how governments view the 2030 Agenda, whether as an agenda pertaining largely to

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development cooperation or as one with relevance also to domestic policy challenges;

- Strong political will and faith in the importance of the 2030 SD agenda is crucial. Governments have to represent this will all the way down of their policy institutions;

- Build a specific governance architecture to guide implementation. The universal and integrated nature of the 2030 Agenda requires overarching governance approach at the national level. In this process some countries introduced a high-level coordination body at the center of government, while others have charged one or a few key ministries with that role;

- Many countries already have national sustainable development policies and strategies in various shapes and forms. It seems natural that existing strategies or other planning instruments should be the first point of reference when considering how to "nationalize" the SDGs;

- Countries are suggested to undertake gap analyses to identify which of the SDGs and targets raise the biggest concerns and require the most work at the national level (O'Connor et al., 2016);

- It is important to engage non-state actors in implementation, including civil society and the private sector. While there are good practices and arrangements at regional and international levels (e.g. among OECD and EU countries), each country has to develop own ways to support grass-root initiatives of non-state actors and to enhance the required partnership for SD;

- It is expected that parliaments will have an important oversight role in reviewing progress;

- Crucial to effective follow-up is motivating non-state actors to engage in robust reviews and reporting on their own contributions to advancing the SDGs. However, truly useful advices and good practices are scarce at this early stage of implementation;

- The use of non-traditional data resources can enhance the availability of useful data, one of the bottlenecks in SDG implementation: The daily use of mobile phones and social media, as well as the routine checking of equipment, such as cars or home appliances, generate continuous streams of electronic data. These data sources, commonly referred to as Big Data, can potentially be used in the compilation of official statistics for SDGs. The UN Statistical Commission therefore established a Global Working Group (GWG) in 2014, which was mandated to provide strategic vision, direction and coordination on the use of Big Data for Official Statistics. (UNSTATS, 2016)

2. Latest outcomes of the post-2015 process for business

2.1. What would be the role of companies?

As discussed at the beginning of this report, the first year of the 2030 SD Agenda can be described as the quietest period of the SDG policy cycle yet. This is even more true when it comes to the issue of private sector involvement. Neither the international community, nor the business sector issued clear-cut narratives or truly useful practical advices about the future tasks of companies in the achievement of the SDGs. It is still not clear at all what *would be* the role of companies in the achievement of the SDGs, despite several official, mostly UN-affiliated, statements on what *should be* the role of business. Nevertheless, in this section we summarize some of the relevant inputs derived from different actors, including public policy and business sector entities.

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2.1.1. Unchanged expectations by the UN

The UN and its subsidiary organizations keep repeating the same narrative: The business sector should play a major role in the implementation of the 2030 SD Agenda, both as a new source of financing and as a key player in the so called "revitalized" global partnership. As a reminder here we list the basic messages of this approach:

- Responsible business conduct is a minimum requirement: Business contributions should go well beyond philanthropy and the compliance with laws and social norms. Responsible companies, as a minimal requirement, are expected to align their operations to protect labor rights, comply with relevant international environmental and health standards and agreements and other related on-going initiatives (e.g. the Guiding Principles on Business and Human Rights, the labor standards of ILO, the Convention on the Rights of the Child, etc.);

- Business as usual is not enough: SDGs should be turned into corporate strategies. Companies must use the 2030 Agenda as their framework for investment and the basis for monitoring impacts;

- Private sector investment and innovation should advance SD; green investments, SD financing and innovation are expected to grow rapidly;

- Business as new source of financing: Private sector funding is vital to finance the 2030 SD Agenda.

2.1.2. A typical business argument

We, however, still do not know how business reacts to the above expectations in action. Private sector reflections are still extremely scarce, which is understandable by knowing that, except the list of SDGs, the 2030 SD Agenda and its implementation are full with unresolved questions and ambiguous areas at both international and national levels. However, based on some of the publicly available feedbacks, we can already conclude that a major part of the business sector seems to ignore the transformative nature of the SDGs and expected to conserve their 'business as usual' approach. As a typical illustration of this approach we quote the following communication by CEOs of major companies quoted by the Global Compact Network, one of the central body to promote the Agenda in the private sector:

"Our businesses are already contributing to the SDG agenda in many ways. The products, services and resources we provide drive economic growth through investment, employment and innovation. We are striving to reduce our environmental footprints, strengthen relationships with communities and create positive impact through our activities and supply chains. We recognize the power of gender equality, diversity and inclusiveness and are supporting reconciliation with Indigenous peoples. We are forging partnerships to strengthen our contributions and outcomes for both business and the community." (UN Global Compact, 2016)

While in their statement these executives also recognize that they "can do more" to advance the Agenda, this statement is probably meant to justify their companies' existing "responsible" business conduct. In fact it means that these companies misunderstand and/or ignore the transformative nature of the Agenda that requires private sector entities to turn SDGs into corporate strategies, and use them as their framework for investment and the basis for monitoring impacts.

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2.1.3. More constructive private sector feedbacks

In addition to the typical business approach discussed above we may identify more constructive feedbacks as well. From these communications we can observe that there is a growing awareness among company representatives of the 2030 SD Agenda and the SDGs. Many of the executives expressed willingness to contribute to SDGs but because they are not sure how to do it, there seems to be a real demand for centralized practical guidance, frameworks and tools.

According to a particular study, The United Nations Global Compact-Accenture Strategy CEO Study 2016, more than four-fifth of the interviewed chief executive officers say the (SDGs) represent an essential opportunity to rethink approaches to sustainability. This study was based on more than 1,250 survey responses across business, academia, civil society and NGOs, including 1,012 CEOs of UN Global Compact participant companies in 108 countries and across 26 industries. In addition, in-depth interviews were conducted with more than 50 CEOs, including those of the world's largest companies. From the feedbacks of these already committed CEOs (committed in the sense that they all joined the UN Global Compact), here we list a few interesting findings:

- To accelerate progress, CEOs identify three critical requirements. First, an urgent need to expand coalitions and partnerships across business, government and civil society to drive greater ambition and achievement on key sustainability issues, including human rights, labor standards, the environment, and anti-corruption. Second, more action at the local level, working with national governments to develop and implement action plans to achieve the SDGs. And third, innovation in new digital technologies and new business models that can enable business to have a greater impact on global challenges;

- Despite progress in embedding sustainability into corporate strategy and operations, executives still see significant challenges in bringing about the changes that can reshape global markets for sustainability. In particular, business leaders find it difficult to align market incentives to accelerate action. While 88 percent of CEOs believe that greater integration of sustainability issues will be essential to make progress on sustainability, just 10 percent say investor pressure is a top factor driving SD action in their company;

- CEOs call for more local collaboration with national governments on SDG action plans that include clear incentives and accountability frameworks for business;

- Standardized metrics are needed so companies can measure and track their impact on global goals (Accenture, 2016).

2.2. Selected relevant initiatives

2.2.1. SDGF, Universality and the SDGs: A Business Perspective

The Sustainable Development Goals Fund (SDG Fund) is an international, multi-donor and multi-agency development mechanism established in 2014 by the United Nations Development Programme to work across the UN System. The SDG Fund builds on the experience, knowledge, lessons learned and best practices of the Millennium Development Goals (MDG), while expanding its activities towards sustainable development and a stronger focus on public-private partnerships. It brings together UN agencies, national governments, academia, civil society and businesses to support sustainable development activities through integrated and multidimensional joint programs. In April 2015, the SDG Fund established a Private Sector Advisory Group (PSAG), formed by business leaders from various industries worldwide. The PSAG bi-annual meeting brings companies together to collaborate and discuss practical solutions pertaining to the common challenges of contemporary sustainability. Their most recent report (SDG Fund 2016) aims to explore what the universal dimension of

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sustainable development means for business actors, why the 2030 Agenda is relevant and how it could provide guidance to businesses.

According to SDGF, the SDGs call for collaborative partnerships between all countries and stakeholders, ensuring that none are excluded. It is an inclusive and universal agenda, built on the co-ownership of all actors and on the understanding that these shared common goals will only be achieved through collaboration and collective action in a transparent, interlinked, universal space. Finally, it is a worldwide goal, requiring international cooperation and joint responsibility. In their report they refer to universality as declared by the United Nations Environment Programme (UNEP) and the United Nations Human Rights Office of the High Commissioner (OHCHR) in four points: 1) universality requires the recognition of universal principles, standards and values applicable to all countries and all peoples; 2) universality means recognizing the interconnectedness of national and global development challenges, and therefore universal commitments to address them; 3) universality means recognizing that sustainable development issues exist in all countries; and 4) a universal commitment to leaving no-one behind means shared concerns for reaching everyone, including the most vulnerable, marginalized and excluded populations.

To explore the concept of universality in the context of what it means for the private sector, and to communicate the necessity of understanding the universality perspective of SDGs for companies, the SDG Fund has conducted five workshops in Nigeria (Abuja), the United States (Houston), Spain (Madrid) and Colombia (Bogotá and Medellín) involving around 100 private sector participants. The workshops aimed to involve companies that differed in terms of size, sector and regions of operation. Background information on universality and the SDGs was sent to workshop participants ahead of time. All workshops were moderated by United Nations Global Compact representatives, utilizing their expertise and experience interacting with the private sector. In addition, the report introduces 10 case studies from SDG Fund's PSAG member companies in order to emphasize how the SDGs can be incorporated into a company's core business activity, the crucial importance of establishing diverse partnerships to bring about sustainable and targeted change, as well as the business opportunities these sustainable development projects can create.

Based on the workshops, questionnaires and case studies the report highlights the following conclusions:

- Due to the universal nature of the SDGs, the 2030 SD Agenda does not simply allow a space for the private sector to become involved, but it also requires strategic business participation to tackle global challenges.

- There is significant interest within the private sector to engage with a common framework that will guide sustainable development practices, which up to this point have often been considered under the general umbrella of Corporate Social Responsibility or environmental initiatives.

- A common thread throughout this project has been an acknowledgement on the part of businesses that regardless of size, sector, geographic presence or any other differentiating factor, every company has a role to play within the 2030 Agenda.

- The study suggests that while companies face a number of challenges in becoming involved with the Sustainable Development Agenda, they should simply start with a better understanding of the SDGs, because in many times their current initiatives already contribute to the achievement of one or more of the Goals.

- In response to questionnaires regarding current practices or measures put in place to ascertain the impacts of development initiatives, many companies admitted that they were yet to implement these, but now have a clearer idea of how to go about it. This result, we believe, should serve as eye opener for global policy makers by considering that workshop

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participant companies were among the responsible ones in their particular sectors or regions. One can ask, if selected committed companies have no clear idea about the implementation of the SDGs within their own operational space, how can the UN expect that the private sector in general will play crucial role in the 2030 SD Agenda. Or even more, that companies will soon exceed business as usual approaches in their strategic planning and day-by-day operations.

- The study highlights the need to develop indicators that will be truly meaningful for businesses. As they put, companies need to be able to quantify the impact of their activities and investments and, more generally, it is important to see what progress is being made towards achieving the SDGs and related targets. However, specific suggestions are not discussed in the report.

- The SDGs provide significant opportunities for the private sector, and it is clear that businesses are realizing this. Numerous CSR and sustainability initiatives are now commonplace but businesses have welcomed the SDGs as an overarching framework that can lead to more coordinated initiatives, working with a common language and a common set of targets, and resulting in a more effective use of the resources and energy that companies expend on sustainability and development.

- Finally, in terms of key incentives that drive private sector engagement, participant companies listed the followings: securing the longevity of key resources; creating more engaged workforces; discovering new markets and driving innovation. (SDGF, 2016)

2.2.2. UN Global Compact's 4 new initiatives

Attendees of the 2016 UN Private Sector Forum highlighted the role of business in achieving the 2030 Agenda for Sustainable Development and preventing global instability. In addition, representatives of the private sector announced more than 30 commitments in support of the SDGs at the event. The list of announced private sector commitments is available at:

https://www.unglobalcompact.org/docs/news_events/PSF2016/PSF2016Announcements.pdf

Among these commitments, the UN Global Compact announced four platforms to shape the next generation of partnerships for business on achieving the SDGs. The four initiatives are:

- The Global Solutions Platform: which will map and monitor sustainable solutions across sectors and around the world;
- Catalyzing Financial Innovation: which will identify innovative financial products with the potential to redirect finance towards infrastructure and sustainable solutions;
- SDG Leadership through Reporting: which will promote corporate reporting on the Compact's Ten Principles and the SDGs; and
- Project Breakthrough: which aims to help companies understand the potential of disruptive technology clusters to enable more sustainable, circular business models. (IISD, 20 September, 2016)

Except these short descriptions, no additional information is available yet on the practical meanings of these new initiatives.

2.2.3. ABCs: a new partnership approach for the SDGs

As discussed earlier, the 2030 Agenda for Sustainable Development calls for "revitalized global partnership for sustainable development". Goal 17 includes targets to enhance Global Partnership for Sustainable Development complemented by multi-stakeholder partnerships to encourage and promote effective public, public-private and civil society partnerships, building on the experience and

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resourcing strategies of partnerships. In addition, the chapter on 'Means of Implementation' asserts that the entire 2030 Agenda will be judged on the success of partnership constructs and their implementation of every goal.

However, as many argue, the envisioned revitalized global partnerships should be fundamentally different from the most popular existing arrangement, namely the public-private partnerships (PPP). As a better alternative, Meuleman et al. (2016) introduced a new partnership arrangement, the "ABC" partnerships, where Administration, Business and Civil society are partners on equal footing. They believe that "involving civil society in partnerships between governments and private sector on an equal basis will change not only how partnerships are understood, but also how they are implemented."

PPPs are About Cost-efficiency

Meuleman et al. argue that a PPP is a contractual collaboration between public and private actors, generally to provide what are traditionally public-sector services. The World Bank has promoted PPPs for more than 30 years. PPPs foster innovation and fill financing gaps for public infrastructure projects. Ideally in a PPP public and private actors are complementing each other, and the cooperation leads to cost-effective ways to deliver public services. However, the focus on cost-efficiency is important but not the main objective of the 2030 Agenda's vision of partnership, which emphasizes effectiveness (i.e. reaching the objectives) and inclusiveness.

From PPP to ABC

According to Meuleman and associates, the term public-private partnership defines who owns the partnership – public actors and private actors – and not what its purpose is. Partnerships for the SDGs should instead be described in a way that reflects the actors as well as their purposes. They call such partnerships 'Administration-Business-Civil society (ABC) Partnerships.' The administrative partners strive for solutions that serve the commons. The business partners strive to create added value, in a context of corporate social responsibility (CSR) and sustainable development. Civil society organizations (CSOs) strive to maximize the interests of the groups/people/topics they represent, in a context of social responsibility and sustainable development. In terms of different roles, the authors argue that SDG partnerships should have the serious and operational involvement of civil society. ABC partnerships therefore would require a goal-reorientation of all three parties. For administrative partners, the goal could be achieving concrete targets in alliance with societal partners while achieving mutual gains, instead of cost-saving or downsizing government. For business partners, corporate social responsibility could become an integrated objective, in addition to creating added value. For CSO partners, the goal could be taking co-responsibility for solving societal challenges. Usually, however, CSOs interact with governments and businesses as advocates for the common good. Advocacy includes lobbying, convincing, fund-raising, campaigning, protesting, as well as being a "watch dog." Engaging in partnerships on equal footing with their classical "opponents" will be a new challenge. CSOs who could see a role for themselves in ABC partnerships should be encouraged to learn from existing good practices in development programs, where more experience has been gathered than, for example, in environmental programs.

Finally, Meuleman et al. argue that PPPs and MSPs (Multi-Stakeholder Partnerships) have traditionally been implemented on a "North-South axis," within the aid-development paradigm. Dedicated CSOs have been involved in carrying out such "North-South" development projects. However, as the SDGs call for universal application, there is a need to develop a new implementation basis, with a new partnership philosophy and narrative, which will be different from those in the past with regards to purpose (better, not just cheaper results), vision (keep implementation holistic, inclusive and long-term oriented), scope (not only North-South, but also North-North and South-South), and roles (each of the partners could take leadership role). (Meuleman et al. 2016)

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2.2.5. The Global Goals Business Navigator (PWC)

In September 2016 PricewaterhouseCoopers (PWC) introduced its so called *Global Goals Business Navigator*. According to PWC its research reveals that just 13% of the companies surveyed have identified tools that would help them assess their impact on the SDGs, and only 30% think they will have such tools even in five years. With this diagnostic tool PWC aims to help companies:

- identify the global goals that are most relevant within their countries and sectors of operation to identify the significant risks (i.e. where business activities could rather hinder governments than help) in relation both to core products and activities and, more broadly, across the supply chain, on a country by country basis;

- identify the potential opportunities (i.e. where business activities could help significantly more) in relation to core products and activities and the wider supply chain, on a country by country basis.

As it is a market-based product, only little information is available about the tool itself. One is that the Navigator is the combination of PWC's earlier product, the *Total Impact Measurement and Management* framework and the final set of SDGs. Another publicly available detail is a schematic figure below showing the very basic steps of the navigator:

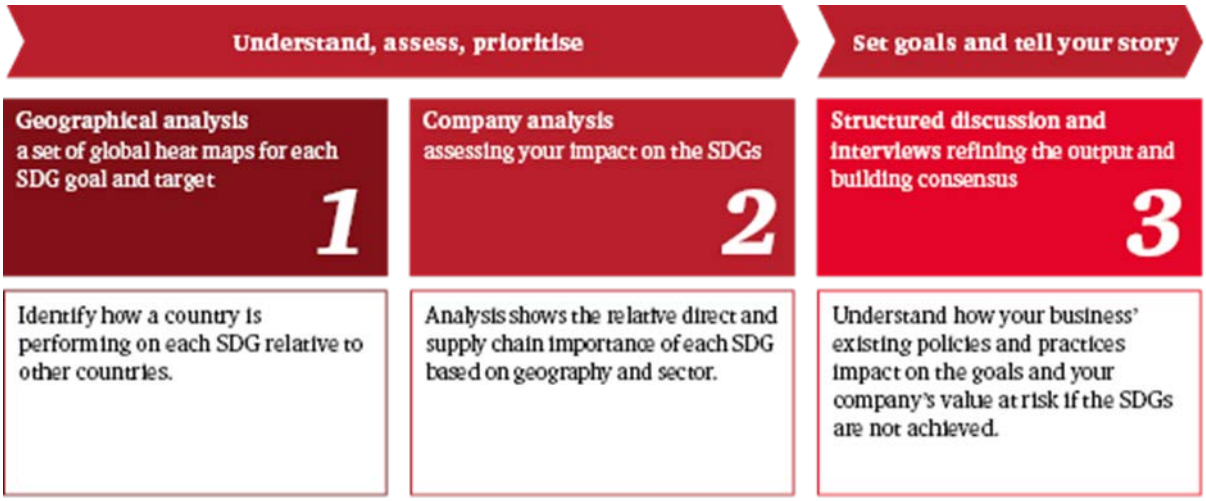

Figure 1 (PWC, n.d.)

2.2.6. Measuring Impact: Joint report by GRI and Business Call to Action

This year, the Global Reporting Initiative (GRI) and Business Call to Action (BCTA) initiated a joint research with the aim to look at how companies measure their contribution to the SDGs through impact measurement and sustainability reporting; and to look at how governments are considering the business contribution to the SDGs. The ultimate purpose of the report is to justify and support sustainability reporting (as understood by GRI and its partner) and to provide insights into how impact measurement and sustainability reporting can support the monitoring of the SDGs.

According to the authors, the learnings for the report were drawn from consultations with companies and governments from a variety of geographic regions and development contexts. Companies featured in the report already use sustainability reporting and/or impact measurement. It is important to highlight that "impact" is referred throughout the report as the social, economic, environmental and governance *performance* of companies.

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Here we list the most relevant findings of the report:

- This report explores two complementary trends: (1) businesses are increasingly engaged in impact measurement and sustainability reporting to capture their sustainability impact and (2) there is growing public sector interest in capturing business contribution to the Sustainable Development Goals (SDGs);

- Companies can consider forming partnerships to support measuring and reporting impact;

- Clients (especially large companies) are gatekeepers who can prioritize SDG issue areas with businesses along their supply chains;

- SMEs are critical to achieving the SDGs. Smaller enterprises are the backbone of many economies but impact measurement is still a new field for many small enterprises. SMEs that engage in impact measurement are mission-driven enterprises that have a clear interest in measuring their impact, while regular small businesses may not find it relevant. Small and medium-size enterprises need capacity building to measure and report on sustainability;

- Policies can encourage greater monitoring and measuring of business impact to environmental, social and governance (ESG) issues.

In addition, the report highlights recommendations for both governments and the private sector.

Recommendations for governments:

Governments can deepen their engagements with the private sector on policy-relevant SDG areas, and account for businesses' contribution to the global goals by following a three-step process:

Plan: Identify private sector partners and data to be captured; conduct a gap analysis between private sector and government data

Do: Raise awareness on sustainability and collect data using policy instruments; identify and develop policy instruments; form multi-stakeholder partnerships

Check: Review process and share best practices.

Recommendations for businesses:

Monitoring the SDGs is a responsibility for national governments. However, companies can take an active role in having their contributions represented at international forums like the UN and by actively engaging with governments. Companies are recommended to start their engagement with the following:

Understand the SDGs: Understand the relevance of the SDGs and consider how they can be integrated into business strategy and operations; examine the business case for measuring impact.

Define priorities: Define business sustainability and SDG impact areas; strengthen internal expertise and incentives on planning and implementing environmental and social impact measurement and monitoring

Report and communicate: Disclose performance based on social, economic, environmental and governance performance data linked to the SDGs and indicators.

Socialize: Share sustainability practices with peers, including measurement and reporting activities, to scale the effort; collaborate with national governments on how to account for the private sector's contribution to the global goals. (GRI & BCTA, 2016)

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3. Implications for the Global Value Project

3.1. Implications of the policy processes

The first year of implementation of the 2030 Agenda was characterized by the proliferation of different bodies and working groups of international governmental organizations, all dedicated to one or another aspect of the SDGs. This proliferation helped the emergence of a new sub-class of international bureaucrats using a partially new international jargon (with the characteristic creation of new acronyms). This seemingly busy stage generated many self-serving pseudo-actions (justified by a continuous reference to the entire SDG process and/or to different parts of it) with very few tangible results. Most of the actions have very little if any relevance to the GLOBAL VALUE project, but two of the tangible results should be utilized by our project:

- The *indicator and data framework* and the detailed set of indicators to measure both performance of actors and impact on achieving the SDGs. These are issues that have relevance in analyzing general problems in impact measurement and finding potential solutions;

- The proposed *financing structure* that may clarify expectations also from the private sector and may set precedents that the project could utilize in the outreach to businesses.

We recommend that we should continue monitoring these two aspects of the policy process within WP6 till the closing conference/event of the GLOBAL VALUE project.

3.2. Implications of the initial outcomes of the SDG implementation on business

First of all, to remain an authentic source of new approaches and solutions for contributing to the implementation of the SDGs by the private sector in general and MNCs in particular, we need to closely monitor and analyze all emerging new initiatives and tools. Ideally the coverage of the tool navigator could be extended to these initiatives and tools and we may need to check overlaps and complementarities between them.

Second, we observed a chaotic use and interpretation of the concept *impact* and a similarly obscure understanding of *impact measurement*. The GLOBAL VALUE project relies on the findings of previous EC funded projects, most importantly on IMPACT, and it is our responsibility to help introduce a uniform language and usage of these issues.

Third, the importance of impact measurements is still significantly underestimated both among policy makers and business leaders. Based on the outcomes of the first year several explanations may be offered. One *is ignorance* concerning the essence of impact measurement; the continuous mixing of impact measurement with performance measurement is a clear proof of it. The other - and more important – one is *reluctance* of making substantial changes and realignments in the core business strategy. The regular justification of business-as-usual as contribution to SDGs supports this explanation. A third explanation is *rejection* (sometimes implicitly as a *fear*) of being more transparent and accountable on their impact on SDGs. This is true particularly for those companies that are willing to report on their performance e.g. with GRI reporting tools but are reluctant to use effective impact measures.

In light of the above findings the best approach for the GLOBAL VALUE partners is the dissemination of best practices through relevant business cases. Our own framework, our case studies and their

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detailed analysis (primarily WP3 and WP4) should serve as the starting point in communicating new knowledge and convincingly reaching out to companies.

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