

Working Paper

A Fatal Attraction?

Business engagement with the 2030 Agenda



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Table of contents

1. Introduction: Business in the 2030 Agenda	3
2. Business engagement in the global implementation of the 2030 Agenda: gateways — fora — initiatives	5
3. Key messages and contradictions of business actors in the implementation of the SDGs	12
4. Conclusions: Strengthening public policy and better rules of engagement	21
References	25
Abbreviations	28
Boxes	
Box 1: German business engaging with the 2030 Agenda	10
Box 2: UN partnering with the alcohol beverage industry to achieve SDG 3 on health and well-being — any doubts?	17
Box 3: Volkswagen and its questionable commitment to sustainable development	19

1 Introduction: Business in the 2030 Agenda

Governments have dedicated a pivotal role to the private sector in the implementation and financing of the United Nations 2030 Agenda and its Sustainable Development Goals (SDGs). In the section on ‘Means of implementation and the Global Partnership’ the 2030 Agenda states,

“Private business activity, investment and innovation are major drivers of productivity, inclusive economic growth and job creation. We acknowledge the diversity of the private sector, ranging from micro-enterprises to cooperatives to multinationals. We call upon all businesses to apply their creativity and innovation to solving sustainable development challenges.”¹

To implement the 2030 Agenda and its SDGs, many in the international community have addressed the financing gap, proclaiming the need to go from “billions to trillions” of dollars. This has pushed a turn towards the private sector, the promotion of multi-stakeholder partnerships between public and private actors and ‘blended financing’ as a major way to ‘leverage’ corporate funds to meet any additional investments needed. The spectrum of these partnerships is huge. It ranges from public-private partnership projects between individual governments and companies (PPPs) to global partnerships, some of which involve hundreds of partners, including governments, international organizations and companies, as well as philanthropic foundations and civil society organizations.

Within SDG 17 on means of implementation and the global partnership, the enhancement of multi-stakeholder-partnerships was even set as a specific target. When governments negotiated the 2030 Agenda in 2015 there were strong disagreements about the nature of SDG 17. While the G77 and its members from the Global South emphasized the need for a revitalized Global Partnership among governments, the USA, the EU and their partners from the Global North pushed for all kinds of partnerships between public and private actors to implement the Agenda and its goals. At the end of negotiations on the 2030 Agenda, governments agreed on a compromise: they fully committed to a revitalized Global Partnership at the governmental level and declared that public finance “will play a vital role in providing essential services and public goods and in catalysing other

sources of finance”.² But they also acknowledged the role of the “diverse private sector, ranging from micro-enterprises to cooperatives to multinationals, and that of civil society organizations and philanthropic organizations in the implementation of the new Agenda”.³

The embrace of the private sector and public-private partnerships became more visible in the outcome document of the Third International Conference on Financing for Development from July 2015, the *Addis Ababa Action Agenda* (AAAA).⁴ This de facto funding programme for the SDGs devotes an entire chapter on the global framework for financing, highlighting the important role of private business and finance, and it contains 11 paragraphs that promote, welcome or encourage the use of multi-stakeholder or public-private partnerships (PPPs).⁵

Among the most active promoters of this turn to the private sector are—again—the USA and the EU. The USA reiterated its view, for instance, in the 2018 Operational Activities for Development (OAD) segment of the UN Economic and Social Council (ECOSOC): “We strongly encourage the UN and its agencies to not only view the private sector as a source of funding, but as a source of expertise and innovation from which the UN can learn to improve its work.”⁶ In the same meeting the EU highlighted the “need to create incentives that encourage all types of investors to bolster their commitments”,⁷ while even China noted that “the private sector and other stakeholders can play an even bigger role in implementing the 2030 Agenda”.⁸

By bringing the private sector into the policy process around SDG implementation, governments not only expect to close the financing gap but also to encourage companies to better incorporate social and environmental concerns in their business strategies and practices. However, as a recent analysis by Brot für die Welt, Global Policy Forum, MISEREOR et al. has shown,⁹ far too often there is a considerable gap between the social and environmental commitments companies make publicly in political fora like

1 UN (2015b), para. 67.

2 Ibid., para. 41.

3 Ibid.

4 UN (2015a).

5 Ibid., paras. 10, 42, 46, 48, 49, 76, 77, 115, 117, 120 and 123.

6 Adams/Mills (2018), p. 3.

7 Ibid.

8 Ibid.

9 See Abshagen/Cavazzini/Graen/Obenland (2018).

the UN and the actual effects of their production patterns and investment strategies on people and the environment. The current Volkswagen scandal is just one example of the enormous discrepancy between sustainability rhetoric and corporate reality (see Box 3). The lobbying activities by the tobacco industry provide another example. While the biggest tobacco corporations publicly commit to the implementation of the 2030 Agenda, referencing the SDGs is rather part of a broader strategy with the aim of stopping tobacco control measures.¹⁰

Even worse, tax avoidance and evasion by transnational corporations (TNCs) close off essential channels for implementing the SDGs and deprive countries of revenue they could use to tackle inequalities.¹¹ The UN Conference on Trade and Development (UNCTAD) estimates losses of US\$ 100 billion annually of potential public revenues through tax avoidance by TNCs,¹² while International Monetary Fund (IMF) economists even calculate that public revenues of US\$ 212 billion per year are lost through corporate base erosion and profit shifting (tax avoidance strategies that exploit gaps and mismatches in tax rules to artificially shift profits to low or no-tax jurisdictions).¹³ The result of such corporate tax abuse is less government revenue to redistribute towards those who badly need it, and to pay for essential public goods and services.

Time to take a closer look at the engagement of corporate actors in SDG implementation

The business sector certainly has an important role to play in the implementation process of the 2030 Agenda, as sustainable development will require fundamental changes in the way our societies produce and consume goods and services. And of course, the private sector is not a monolithic bloc. Some pioneering companies are already on the path towards sustainable development solutions, for instance in the area of renewable energies. Firms in the social and solidarity economy, social impact investors and small and medium-sized businesses are already making a positive difference, challenging the proponents of global technological solutions and the dinosaurs of the fossil fuel lobby.

Even the firm opposition to international corporate regulation in the field of business and human rights by those pretending to represent business interests is showing cracks. A survey by The Economist Intelligence Unit revealed that a significant proportion of business representatives are now in favour of an international legal instrument to regulate corporate activities.¹⁴

But, are these the firms who are shaping the discourse about the “transformation of our world” as proclaimed in the title of the 2030 Agenda? Or are the debates still being dominated by the business-as-usual actors and their lobby groups—that is, the very actors who are responsible for creating and exacerbating many of the problems that the 2030 Agenda is supposed to tackle?

Does the further strengthening of private sector involvement in the 2030 Agenda implementation process bear the risk of continuing or even reinforcing those harmful policies that primarily serve the vested interests of powerful corporations and ultra-rich individuals instead of policies in the public interest that truly lead to sustainable development?

This working paper provides an overview of the ways and means by which the UN involves business actors in the debates about the implementation of the 2030 Agenda. It describes new initiatives and alliances of business actors around SDG implementation at the international level (with a brief excursion to Germany, see Box 1), and their main messages and policy proposals. With a few selected examples it contrasts the sustainability rhetoric of corporations with their business reality. And finally, the working paper draws conclusions and formulates recommendations for policymakers on how to increase the benefits of UN-business interactions in implementing the 2030 Agenda – and how to reduce associated risks and negative side effects.

10 See Laura Graen, “Case 2, Tobacco industry: Truly transformed or using SDGs as a smokescreen for old strategies?” In: Abshagen/Cavazzini/Graen/Obenland (2018).

11 Donald (2017), p. 97.

12 UNCTAD (2015).

13 Crivelli et al. (2015).

14 The Economist Intelligence Unit (2015), p. 23.

2 Business engagement in the global implementation of the 2030 Agenda: gateways — fora — initiatives

1. Not a new phenomenon

The engagement of business actors in the UN is not a new phenomenon. Business associations (mainly U.S.-based) were already represented at the founding conference of the UN in San Francisco in 1945 and influenced actively the formulation of the UN Charter. Under the category of Non-Governmental Organizations (NGOs), international interest groups from the business sector have had formal participatory rights since the UN's inception. The International Chamber of Commerce (ICC) was one of the first 'NGOs' to receive consultative status at the UN in 1946, and the International Organisation of Employers (IOE) followed a year later.

At the UN Conference on Environment and Development in 1992, governments dedicated one of the main parts of Agenda 21 to strengthening nine so-called 'Major Groups', among them the Business and Industry Major Group. Since that time, this group has been the main channel through which business actors coordinate their inputs in all UN events related to sustainable development, including (since its first meeting in 2013) the annual High-level Political Forum on Sustainable Development (HLPF).

Among international business associations, the ICC plays a particularly prominent role. In November 2016, the Sixth Committee of the UN General Assembly (GA) granted observer status to the ICC. Until then, the list of States, entities and organizations with observer status in the GA was mainly limited to non-Member States, like the Holy See and the State of Palestine, and intergovernmental organizations like the African Union and the Organisation for Economic Co-operation and Development (OECD). With this status the ICC has gained privileged access and speaking rights at UN debates.

2. Gateways for business engagement in the UN

Initiated by then UN Secretary-General Kofi Annan in 1999, the **UN Global Compact** (UNGC) has become over the years the major gateway for business engagement in the UN. It claims to be "the world's largest corporate sustainability initiative"¹⁵ and intends to "stimulate change and to promote corporate

sustainability and encourage innovative solutions and partnerships" via a set of ten principles related to human rights, labour, the environment and anti-corruption.¹⁶

The UNGC is open to all businesses whose CEOs commit to respect these principles. The 9,800 participating companies (as of 15 June 2018) are required to annually report on their progress in implementation. Given the voluntary nature of the initiative, many companies can participate without actually changing their behaviour, although those that repeatedly fail to report on their progress over two years are expelled. On 12 September 2017, the UNGC decided to exclude tobacco companies from membership. The UNGC explained that decision with the argument that tobacco products "are in direct conflict with UN goals, particularly with the right to public health, and undermines the achievement of SDG 3".¹⁷ For other companies, as for example coal-mining companies, which are widely recognized as part of an industry that is "the single greatest threat to climate"¹⁸ such exclusion policy does not, however, exist.

Since the adoption of the 2030 Agenda, the promotion of the SDGs has become one of the main priorities of the UNGC under the campaign title "Making global goals local business". In the 2017 report on the campaign, CEO & Executive Director of the UNGC Lise Kingo declares:

"Now, it is our priority—and indeed our responsibility—to be a leading catalyst of the changes needed to become future-fit for the 2030 Agenda. We are devoting all our capacities and global network to make it happen, and building on our core strengths as a normative, principle-based and inclusive UN entity to act as the "translator" of the SDGs for businesses everywhere."¹⁹

A range of activities became part of the campaign. Ten **Action Platforms** now convene business, Global Compact Local Networks, civil society, politicians and UN staff "to solve complex and interconnected

¹⁵ See: www.unglobalcompact.org/what-is-gc

¹⁶ See: www.unglobalcompact.org/about/faq

¹⁷ See: www.unglobalcompact.org/about/faq

¹⁸ See: www.greenpeace.org/archive-international/en/campaigns/climate-change/coal/

¹⁹ UN Global Compact (2017), p. 2.

issues, explore new market opportunities and innovate around the Global Goals”.²⁰ Action Platforms exist on the following issues: Breakthrough innovation for the SDGs, Reporting on the SDGs, Pathways to Low-Carbon & Resilient Development, Financial Innovation for the SDGs, Health is Everyone’s Business, Decent Work in Global Supply Chains, Business for Humanitarian Action, Sustainable Ocean Business, Water Security through Stewardship, Peace, Justice & Strong Institutions. Activities include, inter alia, workshops, webinars, provision of tools and guidance and active participation in the relevant UN conferences and debates.

Since 2016, each year the UN Global Compact celebrates a group of **SDG Pioneers**—business leaders who are considered to be particularly active in advancing the SDGs.²¹ A multi-stakeholder “external election group” votes on the nominees. The SDG Pioneers are announced and celebrated at the annual UN Global Compact Leaders Summit, usually taking place around the high-level week of the UN General Assembly in September. Among the selected SDG Pioneers have been leaders of big corporations such as Microsoft and Total, as well as from smaller business enterprises of the Philippines, Nigeria or India.

The **UN-Business Action Hub** is an online platform that was set up by the UN Global Compact and 20 UN entities. It aims to foster greater collaboration and partnerships between companies and the UN to advance the SDGs. The platform provides information on the different UN entities, their current needs and requests, and concrete project opportunities so that companies can offer in-kind or financial support.²² The list of potential business partners includes such companies as DHL, Bank of America, BASF and Ikea.²³

In order to coordinate specific business sector inputs into the formulation of the 2030 Agenda, the UNGC, together with the ICC (coordination) and several other international business associations, including IOE, World Business Council on Sustainable Development (WBCSD) and Business at OECD (BIAC), set up the **Global Business Alliance for 2030** during the 2013 UN General Assembly. Their proclaimed vision was “that market-based solutions are essential to move toward a more sustainable and

equitable world”.²⁴ After its last intervention during the third meeting of the Inter-Agency Expert Group (IAEG) on the Sustainable Development Goal Indicators 2016,²⁵ the alliance has no longer been active.

3. Proliferation of UN-business fora

Within the last decade, the UN has established a number of specific fora for business engagement and the promotion of UN-business partnerships, focused in particular on the implementation of the SDGs after 2015.

Since 2008, an annual **UN Private Sector Forum** hosted by the UN Secretary-General and organized by the UNGC has taken place around the high-level week of the General Assembly. In 2017, the Forum, titled *Financing the 2030 Agenda: Unlocking Prosperity* was attended by more than 300 representatives from business, governments, international organizations and civil society.²⁶ It had a strong focus on the SDGs and featured pledges to support the SDGs with concrete measures by transnational corporations, among them Anglo American, Facebook, MasterCard, Nestlé and Siemens.²⁷ On the occasion of the 2018 Forum, UN Secretary-General António Guterres urged the participating business community to push governments to speed up in their activities for achieving the SDGs: “We count on the private sector to be a driving force to push governments to assume their responsibilities in this very important aspect of our commitments.”²⁸

In addition, since 2016, an **SDG Business Forum** has been convened during the HLPF in New York. The one-day event, co-organized by the UN Department of Economic and Social Affairs (UN DESA), UNGC and ICC, is another example of a joint venture between the UN and business interest groups. Its objectives include “fostering public-private dialogues, catalysing new partnerships and alliances, and exploring innovative business solutions to accelerate sustainable development”.²⁹ In 2017, more than 1,000 business leaders met in the hall of the General Assembly, which is usually reserved only for GA plenary sessions and state representatives. Speakers at the 2016, 2017 and 2018 forums included rep-

20 See: www.unglobalcompact.org/docs/publications/AP_brochure_2018.pdf

21 See: www.unglobalcompact.org/sdgs/sdgpioneers

22 See: https://business.un.org/en/browse/companies_entities

23 See: https://business.un.org/en/browse/companies_entities?page=8

24 See: www.gbafor2030.org/about.html

25 See: www.gbafor2030.org/third-meeting-of-the-iaeg-sdgs.html

26 See: www.unglobalcompact.org/take-action/events/1051-united-nations-private-sector-forum-2017

27 See: www.unglobalcompact.org/docs/issues_doc/development/PSF2015Announcements.pdf and www.unglobalcompact.org/docs/news_events/PSF2017/2017-PSF-Commitments.pdf

28 See: <https://www.un.org/sg/en/content/sg/statement/2018-09-24/secretary-generals-remarks-united-nations-private-sector-forum>

29 See: www.sdgbusinessforum.org/

representatives of large corporations such as Cargill, Vale, Pfizer, Johnson & Johnson, Citigroup, KPMG, BASF, Danone and Nestlé.³⁰

The main message of both the 2017 and 2018 forums was the need to build partnerships, emphasized by both speakers and participants. The newsletter produced by the forum focused on how to communicate and engage SMEs and the value of creating partnerships on the local level.³¹ According to then GA President Peter Thomson, partnerships (in and between different sectors) are “the essential ingredient” and “the prime movers” of SDG implementation as long as they adhere to a clear understanding on what the delivery points are and who is carrying out the delivery, accountability, transparency and accepted standards of governance, ethics, and financial practices.³² Under-Secretary-General Wu Hongbo, head of UN DESA, called business “our indispensable partner,” which is at the front line of actions towards the implementation of the SDGs.³³

Another one-day event that is annually convened during the HLPF is the **Partnership Exchange** organized by UN DESA in collaboration with the UN Office for Partnerships (UNOP). It serves as a platform to discuss and showcase the role of multi-stakeholder partnerships and voluntary commitments in supporting the implementation of the SDGs.³⁴

4. The UN as investment broker

The UN has increased its efforts not only to engage business actors at the global policy level but also to promote SDG-related private investments on the ground in developing countries.

In advance of the ECOSOC Forum on Financing for Development follow-up (FfD Forum) 2018, an **SDG Investment Fair** was convened for the first time. Organized by UN DESA, in collaboration with the UNGC, the Principles for Responsible Investment (PRI), the United Nations Environment Pro-

gramme Finance Initiative (UNEP-FI) and the ICC, the fair brought together representatives from the investment community and governments, mainly from emerging market countries, “to explore new opportunities for SDG investment ... and discuss specific projects in the pipelines of national governments.”³⁵ It featured presentations of public-private partnership projects in Kenya, Brazil and Nigeria and discussions focused on how to reduce risks for private investors.

In a similar way, UNCTAD has organized the bi-annual **World Investment Forum** since 2008 as the “pre-eminent global platform for investment and development”.³⁶ According to UNCTAD, “The Forum offers a unique opportunity to influence investment-related policymaking, shape the global investment environment, and to network with global leaders in business and politics.”³⁷ More than 6,000 participants attended the 2018 Forum in Geneva. Politicians, ranging from parliamentarians and ministers to heads of international organizations, debated with business executives among other issues the means in which legislators can work with the private sector to help channel investment into sustainable sectors.

The United Nations Development Programme (UNDP) hosts the **Business Call to Action (BCtA)** which aims to accelerate progress towards the SDGs by challenging companies to develop inclusive business models that engage poor communities³⁸ as consumers, producers, suppliers, distributors of goods and services and employees. The BCtA is supported by several donor governments, including the Dutch Ministry of Foreign Affairs, the Swedish International Development Cooperation Agency (SIDA), the Swiss Agency for Development and Cooperation, the UK Department for International Development (DFID), and the US Agency for International Development (USAID).³⁹ The more than 200 companies considered as BCtA members have pledged to improve people’s lives in developing countries through access to markets, financial services, affordable healthcare, water and sanitation, education and other services, and to ensure decent work by including low income communities in company value chains.⁴⁰ All member companies are request-

30 See: www.businessfor2030.org/bizfor2030blog/2016/7/25/the-2016-sdg-business-forum-a-recap; https://sustainabledevelopment.un.org/content/documents/14260SDG_Business_Forum_Programme_preview.pdf and https://www.sdgbusinessforum.org/uploads/1/9/6/4/19640823/2018_sdg_business_forum_programme_web.pdf

31 See: <https://3blmedia.com/News/SDG-Business-Forum-Urged-Do-Business-Responsibly-and-Accelerate-Sustainable-Development>

32 See: <http://webtv.un.org/search/peter-thomson-general-assembly-president-at-the-partnership-exchange-event-high-level-political-forum-hlpf-2017/5510310062001/?term=%28Part%201%29%20SDG%20Business%20Forum%202017&sort=popular>

33 See: <http://webtv.un.org/search/part-1-sdg-business-forum-2017/5511740626001/?term=%28Part%201%29%20SDG%20Business%20Forum%202017&sort=popular>

34 See: <https://sustainabledevelopment.un.org/hlpf/PartnershipExchange>

35 See: www.un.org/esa/ffd/ffdforum/2018-ffd-forum/sdg-investment-fair.html

36 See: <http://worldinvestmentforum.unctad.org/homepage/about-wif/>

37 Ibid.

38 People with less than US\$ 10 per day in purchasing power parities in 2015 US\$.

39 See: www.businesscalltoaction.org/about-bcta

40 See: www.businesscalltoaction.org/members

ed to report annually on the progress with regard to the achievement of their set targets. In addition, 21 member companies so far make more comprehensive impact assessments. Both the reports and the impact assessments, however, focus only on the commitments made as members of the initiative, not on the sustainability impacts of their overall business activities.

In 2014, the UNDP established the **SDG Fund** (with the main contribution from the government of Spain), a multi-donor and multi-agency mechanism to support sustainable development activities through joint programmes, with a particular focus on partnerships with the private sector: “Convening public-private partnerships for SDGs is in the SDG Fund’s DNA.”⁴¹ In 2015, the SDG Fund established a **Private Sector Advisory Group**, formed by business leaders of major companies from the oil, food, media, consultancy, microfinance, infrastructure, energy and clothing industries, including, for instance, H&M and Intel.⁴² The Advisory Group’s tasks include providing guidance to the SDG Fund on public-private partnerships and further methods of UN-private sector engagement, also at the country level. In 2015 and 2016 it launched two reports on how business and the UN could better work together to achieve the SDGs.⁴³

However, the direct impact of the Advisory Group on fundraising efforts from private companies remained very limited. The SDG Fund received only two contributions from the private sector of US\$ 132,874 (0.2% of all contributions);⁴⁴ in addition, during 2016 and 2017 only around 13 percent of allocations for joint programmes with the private sector were derived from private sector matching funds.⁴⁵ In December 2017, the Steering Committee of the SDG Fund decided to start winding down the Fund by the end of 2018 and transfer the remaining resources to the new Joint Fund for the 2030 Agenda.

5. Business associations are discovering the SDGs

Among the main drivers of UN-business partnerships around the 2030 Agenda have been Western governments and senior UN staff together with major global business associations and individual business leaders.

One of the key actors in the global SDG implementation process is the **ICC**. The self-titled “World Business Organization” plays a leading role as co-organizer of various global events, such as the above mentioned SDG Business Forum. The ICC has raised its voice at many occasions related to sustainable development, for instance at the World Water Day on 22 March 2018, and the World Environment Day on 5 June 2018 by highlighting member companies’ actions on sustainable water stewardship and beating plastic pollution.⁴⁶

The ICC has established partnerships with various UN entities, including the UNGC and UNCTAD. On the occasion of the World Economic Forum in January 2016, then ICC Secretary-General John Danilovich together with UNCTAD Secretary-General Mukhisa Kituyi pledged to work together on the 2030 Agenda and laid out plans for new collaborative efforts to advance the SDGs.⁴⁷

The ICC has been organizing the private sector input into the Financing for Development discussions by chairing the **Finance for Development Business Sector Steering Committee** and organizing the International Business Forum, which was part of the Third Financing for Development Conference in Addis Ababa 2015.⁴⁸

In June 2018, Paul Polman, then CEO of consumer goods company Unilever, was elected Chair of the ICC. Polman is the most prominent business leader in the discussions around the SDGs and the 2030 Agenda. Together with ICC Secretary-General John Denton he also joined the UNGC Board in June 2018, giving the ICC a key role in shaping the strategy and policy of the UNGC.

Polman served also as chairman of the **World Business Council for Sustainable Development (WBCSD)**. The WBCSD, established in 1995, is a global, CEO-led business organization of over 200 corporations “working together to accelerate the transition to a sustainable world”.⁴⁹ Its global network comprises almost 70 national business councils. With the adoption of the 2030 Agenda, the WBCSD has initiated a range of activities aiming to support business in the integration of the SDGs, including

41 See: www.sdgfund.org/who-we-are

42 See: www.sdgfund.org/sdg-fund-private-sector-advisory-group

43 Torres-Rahman et al. (2015) and SDG Fund (2016).

44 See: http://mptf.undp.org/factsheet/fund/SDG00?fund_status_month_to=6&fund_status_year_to=2018

45 SDG Fund (2017), p. 48.

46 See: <https://cdn.iccwbo.org/content/uploads/sites/3/2018/03/waterday-paper-web.pdf> and <https://iccwbo.org/media-wall/news-speeches/business-commits-beat-plastic-pollution/>

47 See: <http://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=1192>

48 See: www.businessfor2030.org/2030explained-1-1

49 See: www.wbcd.org/Overview/About-us

through publications such as its *CEO Guide to the SDGs*,⁵⁰ the *SDG Business Hub*,⁵¹ and guidelines to align industry sectors around the SDGs.⁵² Its declared vision is “to create a world where more than 9 billion people are all living well and within the boundaries of our planet, by 2050.”⁵³

During the World Economic Forum in 2016, Paul Polman and Mark Malloch-Brown, former Deputy Secretary-General of the UN and former Administrator of UNDP, launched the **Business & Sustainable Development Commission (BSDC)**. Their goal was “to make a powerful case—supported by sound evidence, rigorous research and compelling real-world examples—for why business leaders should seize upon sustainable development as the greatest opportunity of a lifetime.”⁵⁴ Mark Malloch-Brown served as Chair of the Commission, whose 37 members included CEOs from Ericsson, Aviva, Olam, Mars, Alibaba Group and Merck as well as Directors or Secretary-Generals of WBCSD, ICC and UNGC.⁵⁵

Among the funders of the Commission were the Bill & Melinda Gates Foundation, the Rockefeller Foundation and the governments of Australia, Denmark, the Netherlands, Sweden and the United Kingdom. Its partners included the UN Foundation, the WBCSD, the Overseas Development Institute (ODI) and The B Team, a business initiative to make business “a driving force for social, environmental and economic benefit.”⁵⁶

The Commission’s main outcome was the report *Better Business, Better World*, which was published in January 2017 (see Chapter 3 below). In January 2018 the Commission itself was formally closed, while the initiatives it set up, among them Food and Land Use Coalition,⁵⁷ Blended Finance Taskforce,⁵⁸ World Benchmarking Alliance⁵⁹ and WomenRising2030 continue working on the implementation of the report.⁶⁰

In addition to the activities of global business organizations and initiatives, a growing number of business associations have begun to engage with the 2030 Agenda and the SDGs at the national level. In Canada, for instance, Global Affairs Canada and the UN Global Compact Network Canada have conducted several roundtable events on the role of the private sector in implementing the 2030 Agenda,⁶¹ while in Germany, a host of business associations are strongly engaged in various national policy processes on implementation (see Box 1). The **US Council for International Businesses (USCIB)** created, inter alia, the website **Business for 2030**, supported today also by ICC, Business Call to Action, the Center for International Private Enterprises and the International Federation of Pharmaceutical Manufacturers & Associations.⁶² The website’s declared goal is

“to stimulate a more productive partnership between the public and private sectors at the UN and at national levels and to demonstrate the need for a proportionate role for business in the negotiations, implementation and follow-up mechanisms of the 2030 Development Agenda at both the UN and at national levels.”⁶³

50 See: <https://sdghub.com/ceo-guide/>

51 See: <https://sdghub.com/>

52 See: <https://www.wbcsd.org/Programs/People/Sustainable-Development-Goals/SDG-Sector-Roadmaps/Resources/SDG-Sector-Roadmaps>

53 See: <https://www.wbcsd.org/Overview/About-us>

54 See: <http://businesscommission.org/about>

55 See: <http://businesscommission.org/commissioners>

56 <http://www.bteam.org/about/>

57 See: www.foodandlandusecoalition.org/

58 See: www.blendedfinance.earth/

59 See: www.worldbenchmarkingalliance.org/

60 See: <http://businesscommission.org/news/the-business-sustainable-development-commission-closes>

61 See: <https://www.globalcompact.ca/category/gcnc-news/>

62 See: www.businessfor2030.org/about/

63 See: www.businessfor2030.org/about/

Box 1: German business engaging with the 2030 Agenda

In 2016, the German Global Compact Network (DGCN), econsense—Forum for Sustainable Development of German Business and Fountain Park published a survey among 380 companies on their engagement with the SDGs. The survey showed that, while 72 percent of the participating companies perceived the SDGs as relevant for their company, and 52 percent were already engaging with the SDGs, they clearly prioritized five SDGs in the following order: SDG 8 (decent work and economic growth), SDG 9 (industry, innovation and infrastructure), SDG 13 (climate action), SDG 4 (quality education), and SDG 7 (affordable and clean energy).⁶⁴

The German government takes the highly promoted call for multi-stakeholder partnerships seriously and provides several opportunities for German business actors to participate in and exchange information about national policy processes on the implementation of the SDGs.

In November 2016, the sustainability initiative of three major German business and trade union associations for the chemical industry (VCI, IG BCE and BAVC) Chemie³ organized a high-level event, titled “Innovation for sustainable development—Chemie³” in dialogue with the German Council on Sustainable Development. In addition to high-ranking representatives of the chemical industry, Peter Altmeier, at that time head of the Federal Chancellery and Günther Bachmann of the German Council of Sustainable Development, an advisory body to the German government, were among the keynote speakers.⁶⁵

Among the German private sector, the Federation of German Industries (BDI) especially has been engaged in the implementation of the 2030 Agenda.

In its 2016 dossier on the 2030 Agenda, “UN Sustainable Development Goals: International Compass for Politics and Industry,”⁶⁶ the BDI claims to take sustainability very seriously. German industries—with their important role in innovation and technological progress—would play a pivotal role in creating a more just and sustainable future. To mobilize the additional financial resources needed the private sector would be crucial. Similar to its international representatives, the BDI calls therefore for policies that do not overburden industry and ensure it remains competitive. Furthermore, it states that the “primary political task is to create a framework that enables and secures investments through good governance, security, capable administration, anti-corruption measures, and the enforcement of tax legislation. In such a framework, German industry will be able to make its contribution to a successful implementation of the SDGs.”⁶⁷

Beside its financial contributions, the private-sector is meant to play a major role in sustainable development by creating jobs, infrastructure, innovation and opening business opportunities (investments) in developing countries. Therefore, the BDI calls

for including the private sector in the process of developing policies and instruments of cooperation.⁶⁸

The BDI not only provided a comprehensive comment on the review process of Germany’s National Sustainable Development Strategy in 2016, saying that the draft strategy would need to more closely rank the economic dimension of sustainability alongside social and ecological aspects,⁶⁹ it was also invited to a hearing in the German Bundestag on the state of the implementation of the SDGs in November 2016.⁷⁰

Furthermore, during the German presidency of the G20 in 2017, the BDI chaired the B20, together with the German Chambers of Commerce and Industry (DIHK) and the Confederation of German Employers Associations (BDA). Several passages of the B20 recommendations refer to the 2030 Agenda, claiming that economic growth, free trade, foreign direct investments, green finance, technology and innovation as well as digitalization would be main drivers of sustainable development.⁷¹

In addition to the association of mechanical and systems engineering industry (VDMA) and the German Steel Federation, the BDI also provided input into the peer review process on Germany’s National Sustainable Development Strategy. Its three main messages were: (1) digitalization as catalyst for sustainable development should be advanced; (2) the regulatory frameworks on national and EU-level should enable the strengthening of circular economy; and (3) the role of economic growth for sustainable development should be further specified, the German industry would need adequate national, European and global frameworks to develop innovative, competitive and sustainable technologies.⁷²

The BDI was not only involved in national policy processes but also at the UN level, participating in the HLPF 2016 and 2017 as part of the German delegation.

In September 2017, the BDI established an ad-hoc working group on sustainable development policy, in order to strengthen its ability to actively shape such policies at national, European and international levels. As Holger Lösch, Deputy Director of BDI, said at the opening, “Through this working group, German industry will be able to play an even more active role in the discourse on sustainability policy.”⁷³

Since March 2017, the business association BDI collaborates with the German Federal Ministry on Economic Cooperation and Development (BMZ) in offering a series of workshops on the implementation of the SDGs, issuing sustainable supply chains, infrastructure and innovation, protection of environment and natural resources.⁷⁴

64 See: https://www.globalcompact.de/wAssets/docs/Weitere-Themen/Leaflet-zur-SDG-Umfrage_DE.pdf

65 https://www.chemiehoch3.de/fileadmin/user_upload/Veranstaltung_18112016/Dokumentation_18.11.2016.pdf, p. 3.

66 See BDI (2016b)

67 Ibid.

68 See BDI (2016a), p. 4.

69 See: <https://bdi.eu/publikation/news/nationale-nachhaltigkeitsstrategie/>

70 See: https://www.bundestag.de/blob/482636/d3f06cb77aa6165ad9e34d18f0d7b333/stellungnahme_bdi-data.pdf

71 See: https://www.b20germany.org/fileadmin/user_upload/documents/B20/b20-summary-doc-en.pdf

72 See: <https://bdi.eu/artikel/news/deutsche-nachhaltigkeitspolitik-muss-zukunftsfest-gemacht-werden/>

73 See: <https://bdi.eu/artikel/news/bdi-gruendet-ad-hoc-arbeitsgruppe-nachhaltigkeitspolitik/>

74 See: <https://bdi.eu/artikel/news/sustainable-development-goals-faire-arbeit-innovative-produkte/>

6. Engagement of private foundations

In addition to providing increased engagement of business associations and individual companies the opportunity to influence development policy, the 2030 Agenda has enabled the increased engagement of private foundations. The Bill & Melinda Gates Foundation and the UN Foundation, in particular, were actively involved in the debates on what a future UN development agenda could look like. They are now influencing the implementation process not only through their funding but also through their advocacy activities and direct interventions.⁷⁵

In order to engage the philanthropic sector even more effectively in the 2030 Agenda and its implementation, UNDP, together with several foundations, led by the Rockefeller Philanthropy Advisors, created the **SDG Philanthropy Platform**, supported by the Conrad N. Hilton Foundation, Ford Foundation, Brach Family Charitable Foundation and the UN Foundation. Established in 2014, this initiative provides information on the SDGs and partners with foundations in order to better align their work to the SDGs.⁷⁶ It claims it is serving “as a bridge between philanthropies and governments to accelerate our path to achieve the SDGs”.⁷⁷

In a press release of January 2017, the platform announced that “It intends to give grantees and donors a greater voice in the national plan for SDG implementation, offering an avenue to identify and apply innovative methods from the private sector to UN and government programmes.”⁷⁸

As part of this initiative, the website **SDGfund.org** was created by Foundation Center, and has been funded by the Conrad N. Hilton Foundation, Ford Foundation, and the MasterCard Foundation. It provides data on philanthropic foundations’ giving and official development assistance (ODA) aligned with the SDGs.

7. SDGs as reference for corporate strategies and business practices

Despite all these activities, events and new initiatives by global and national business associations and private foundations, the extent to which individual companies have incorporated the aspirations of the SDGs into their business practices, has remained very limited.

A survey of the WBCSD from 2017 found that while 79 percent of the 157 analysed member companies’ non-financial reports refer to the SDGs, only 6 percent of the companies have aligned their strategy and targets to specific SDG criteria.⁷⁹ Research by KPMG among the world’s 250 largest companies reveals that only 40 percent of these companies mention the SDGs in their corporate reporting.⁸⁰ Of those, most are located in Germany (83%), France (63%) and the UK (60%), followed by Japan (46%) and the USA (31%). The report highlights that it is mostly large companies in consumer-facing sectors such as utilities, cars, retail operations, technology, media & telecommunications as well as health care that are more likely to report on the SDGs than those in industry sectors such as manufacturing and oil and gas. Only 8 percent of companies in these sectors have set specific and measurable business performance targets related to the SDGs.

And even the demonstrated support for the SDGs does not mean necessarily that practices and policies of business associations and companies are coherently in line with the spirit and the goals of the 2030 Agenda. Very often, there is a considerable gap between the commitments companies and business associations make publicly in political fora like the UN and their actual production and investment patterns and lobbying strategies (see for example Volkswagen, Box 3).

75 See Adams/Martens (2018) and Martens/Seitz (2015).

76 See: <https://avasant.com/press-release/sdg-philanthropy-platform-launched-india-aims-catalyze-partnerships-goals/>

77 See: <https://www.sdgphilanthropy.org/Contact>

78 See: <https://avasant.com/press-release/sdg-philanthropy-platform-launched-india-aims-catalyze-partnerships-goals/>

79 WBCSD (2017).

80 KPMG (2018).

3. Key messages and contradictions of business actors in the implementation of the SDGs

The private sector is not a monolithic block and business statements on the 2030 Agenda and the SDGs reflect a broad range of perspectives. Paul Polman, former CEO of Unilever and newly elected Chair of the ICC, can certainly be counted among the more forthright voices about what is needed, including moving beyond incremental strategies to transformational ones. In an interview with the Harvard Business Review of November 2017, he calls for fundamental changes to the current business model:

“The challenge we face is more about the system in which we operate. Like all businesses, we are impacted by the increasingly short-term focus of financial markets and political systems. We need a reform of the financial system, with greater focus on serving the long-term needs of society. The challenges are especially acute in the areas where you need governments to help implement frameworks or where industries as a whole need to change.

“(…) This goes right to the heart of the transformational—not incremental—change we need to see. Not more projects, but system change. Not CSR, but whole new business models.

“(…) However, it goes beyond that, as this alone will not deliver the transformational systems change we require. We also need government to put in place the right infrastructure, regulations, and systems, and business has a role to play in actively championing better policies. This includes things like pricing externalities such as carbon, encouraging a move to sustainable procurement, and creating the right financial instruments. And businesses play a crucial role in de-risking the political process to encourage these shifts.”⁸¹

The key document on the role of business in the implementation of the 2030 Agenda is the 2017 report *Better Business, Better World* by the Business & Sustainable Development Commission (BSDC).

According to the Commission, the main reason why business should engage in the 2030 Agenda and its SDGs pertains to the *business case* for implementation of the SDGs and the competitive advantages of ‘first

movers’. In their preface to the Commission’s report, Mark Malloch-Brown and Paul Polman, co-founders of the BSDC, acknowledge that “big business and major financial institutions are increasingly perceived as detached and rootless”. They anticipate more pressure on business “to prove itself a responsible social actor” that creates good, properly paid jobs. Business corporations would need to demonstrate that they pay taxes in the country where revenue is earned; respect national environmental and labour standards as well as the national politics and customs where it operates; integrate social and environmental factors into their investment decisions; and engage as a partner with others to build a just economy. The SDGs could thus provide the opportunity for business actors to regain society’s trust, attract employees, consumers and investors, and secure their license to operate by working with governments, consumers, workers and civil society to achieve the SDGs.⁸² These partnerships would also provide a response to the perceived phenomenon of “unaccountable globalization”.⁸³

The Commission warns that a revoke of business’ social license to operate and increasingly drastic regulatory responses from governments are most likely if social and environmental indicators don’t improve in the next 5–15 years.⁸⁴

Their six key recommendations for business leaders are therefore:⁸⁵

1. Build support for the SDGs as the right growth strategy
2. Incorporate the SDGs into company strategy
3. Drive the transformation to sustainable markets with sector peers
4. Work with policymakers to pay the true cost of natural and human resources
5. Push for a financial system oriented towards longer-term sustainable investment
6. Rebuild the Social Contract

In listening to these messages, one may wonder “what’s the problem?” But a closer look behind the

81 See: <https://hbr.org/2017/11/the-future-economy-project-qa-with-paul-polman>

82 BSDC (2017), p. 8.

83 Ibid.

84 BSDC (2017), p. 17.

85 Ibid. pp. 97ff.

flowery language reveals that corporate engagement in and influence on the SDG discourse entail considerable risks and side-effects in different countries. These relate to the messages, problem analyses and proposed solutions, as well as to the promoted governance models. The following aspects are of particular concern:

1. The SDGs as ‘business case’: Obsession with economic growth, neglecting the planetary boundaries

In his concluding remarks to the HLPF 2017, ICC Secretary-General John Danilovich stated,

“There can be no doubt that the private sector means business when it comes to the SDGs. Since their inception, I’ve said the SDG’s should be known as the BDG’s, the Business Development Goals, and that’s because their achievement represents a clear economic imperative. Business engagement on the UN SDG’s is not only a powerful way to enhance society’s trust but also a great business opportunity. Achieving the SDGs opens up \$12 trillion in market opportunity in sectors such as food, energy, health and cities.”⁸⁶

The WBCSD and the Ethical Corporation promoted their “Responsible Business Summit Europe” in June 2018 with the following words: “Effective strategic integration of the SDG agenda can help business unlock potentially historic market opportunities, manage operational and regulatory risks and build an enduring license to operate.”⁸⁷

The *Better Business, Better World* report emphasizes particularly the ‘business case’ for the SDGs, saying “this is about return on capital, not just responsibility”.⁸⁸ The authors underline: “Business really needs the Global Goals: they offer a compelling growth strategy for individual businesses, for business generally and for the world economy”.⁸⁹

The BSDC lists 60 opportunities, in food and agriculture, cities, energy and materials, and health and well-being, that could, according to the Commission, generate almost 380 million jobs. The Commission calculates additional US\$ 8 trillion a year of value created from business opportunities opened up by pursuing the SDGs. The BSDC report cites

research from the McKinsey Global Institute which claims that achieving gender parity alone would add at least US\$ 12 trillion to global growth by 2025.⁹⁰ The Commission explains these gains with the following arguments: “Better health and education will increase labour productivity. Reduced social inequality and environmental stress will reduce political uncertainty, lowering business risks and multiplying returns on investment.”⁹¹

Interestingly, the Commission argues that the economic opportunities could be even higher if subsidies in areas like food will be removed and resources such as carbon and water properly priced, taking into account their externalities. It estimates the value of these resource subsidies globally to be over US\$ 1 trillion a year.⁹² The Commission further highlights the need for fiscal and regulatory policies more in line with the SDGs and propose that “[t]his could include fiscal systems becoming more progressive through putting less tax on labour income and more on pollution and under-priced resources.”⁹³

While the BSDC report reflects a differentiated view of economic growth and regards the protection of human rights as “a business imperative”,⁹⁴ it does not question the primacy of economic growth. Other business actors, led by the ICC, continue to follow an even more blunt growth paradigm. Although it has been shown that economic growth does not translate automatically into prosperity and sustainability, business associations like the ICC are continuing preaching economic growth as a panacea for prosperity and development: “The most important source of revenue for funding the SDGs is economic growth.”⁹⁵ The ICC even claims that “[t]he aim of the SDGs is to relieve poverty and improve economic growth, and the private sector can be viewed as a key driver to achieving this goal”.⁹⁶

While making the ‘business case’ and promoting the long-term financial gains for business may encourage corporate actors to engage in the implementation of the SDGs, this risks shifting the discourse on the rationale of the SDGs away from a human rights perspective and leads to a selective focus on actions that are only profitable for business. Thus, the case has to also be made that the claim of the 2030 Agenda “to

86 See: www.businessfor2030.org/bizfor2030blog/2017/9/8/sustainable-development-goals-are-business-development-goals

87 See: <http://globalsustain.org/en/story/13323>

88 Business and Sustainable Development Commission (2017), p. 7.

89 BSDC (2017), p. 11.

90 See Woetzel et al (2015).

91 BSDC (2017), p. 29.

92 Ibid., pp. 36 ff.

93 Ibid., p. 16.

94 Ibid., p. 82.

95 See: <https://cdn.iccwbo.org/content/uploads/sites/3/2018/02/icc-position-paper-on-tax-and-the-un-sdgs.pdf>, p. 7.

96 Ibid., p. 3.

leave no one behind” will not be undermined by only taking action in areas where a market opportunity and return on investment are expected. This risks neglecting needed action, like improving access to medicines in low-income countries that are not profitable for business but would be of utmost importance particularly for the poorest and most marginalized groups in society.

In addition, as long as there is no absolute decoupling of growth and resource consumption, greenhouse gas emissions will continue to rise and the planetary boundaries will be further transgressed.

2. Push for deregulation and investor interests

During the SDG Business Forum 2017, the Business Council for the UN, GSMA, International Agri-Food Network, ICC, International Fertilizer Association, International Finance Corporation, International Road Transport Union, UNGC, USCIB and WBCSD “invited” UN Member States in a joint statement to “create an enabling policy environment in favour of the innovation that the SDGs require. Long-term policy clarity, stable legal frameworks and the reduction of investment risk will be key towards incentivizing sustainable business models.”⁹⁷

Creating business-friendly ‘enabling environments’ for private actors to engage in the SDGs is an often-raised demand from the private sector to governments.⁹⁸

While fostering good governance, regulation with minimal bureaucracy, rule of law, well-functioning institutions to reduce corruption and informality are vital prerequisites for sustainable development and the democratization of societies, the private sector’s demands go much further than merely creating an ‘investor-friendly’ business environment.⁹⁹

In the opinion of most business actors, a more narrowly defined ‘enabling environment’ for corporate activities would be based on the need for strong investment promotion and protection regimes for private capital. In the run-up to the Financing for Development Forum 2018, the ICC published a position paper on taxes and the SDGs, stressing the need for governments “to maintain and strengthen investment promotion and protection agreements to help

realize the vision of driving foreign direct investment in sustainable development”.¹⁰⁰

In its publication *Foreign Direct Investment—Promoting and protecting a key pillar for sustainable development and growth* the ICC describes eight policy principles that would leverage the investment needed to eradicate poverty, combat climate change and ensure inclusive growth. The eight principles are:

- » “Create an investment policy climate by adopting a holistic policy environment which nurtures private investment;
- » “Protect investment by supporting international investment agreements, which are important tools to protect foreign direct investment (FDI) flows;
- » “Include dispute resolution mechanisms in all investment agreements to ensure investors have direct access to effective and independent dispute settlement;
- » “Avoid sectoral discriminations in the negotiation of investment treaties which have a direct impact on the inflow of FDI;
- » “Devote greater attention to state-owned enterprises which can enjoy a range of preferential benefits and compete with the private sector in investment and trade areas;
- » “Refrain from abusing “national security” provisions in agreements and treaties for protectionist purposes. Such procedures should be applied in a transparent, fair and non-discriminatory manner if they are to be exceptionally used;
- » “Avoid forced localization provisions which have negative repercussions on both the investor and on the host country’s attractiveness as an investment destination;
- » “Work towards a high-standard multilateral framework on investment that would provide a clear set of rules for investors, governments and relevant stakeholders.”¹⁰¹

Almost all of these demands regarding investment protection can undermine the ability of governments to achieve the SDGs. Particularly controversial are the investor-state dispute settlement (ISDS) provisions, which give transnational corporations the right to sue host governments for alleged discriminatory practices, leading to lost profits. ISDS are executed by private arbitration tribunals behind

97 See: <https://iccwbo.org/media-wall/news-speeches/business-stepping-transformational-partnerships>

98 See: www.businessfor2030.org/bizfor2030blog/2017/9/8/sustainable-development-goals-are-business-development-goals

99 See: www.gbafor2030.org/shared-business-messages.html

100 See: <https://cdn.iccwbo.org/content/uploads/sites/3/2018/02/icc-position-paper-on-tax-and-the-un-sdgs.pdf>

101 ICC (2016).

closed doors and potentially restrict the policy space of governments to pass legislation addressing public health, environmental protection and labour rights. Critics argue that the tribunals give priority to investors' rights over human rights. In his 2015 report, Alfred-Maurice de Zayas, Independent Expert of the UN Human Rights Council on the promotion of a democratic and equitable international order, referred to

“... numerous cases where ISDS arbitrations have penalized States for adopting regulations, for example to protect food security, access to generic and essential medicines, and reduction of smoking, as required under the WHO Framework Convention on Tobacco Control, or raising the minimum wage. This is partly because of outrageously expansive interpretations by specialized corporate sector arbitrators of terms like ‘investment’, ‘indirect expropriation’ and ‘fair and equitable treatment’.”¹⁰²

The ICC, which routinely calls on governments to incorporate strong ISDS provisions in trade and investment agreements, such as the Comprehensive Economic and Trade Agreement (CETA) between Canada and the EU, the Trans-Pacific Partnership (TPP), or the proposed/stalled Transatlantic Trade and Investment Partnership (TTIP) between the EU and the United States, is itself one of the leading international institutions that provide these dispute settlement services.¹⁰³

3. Innovation as solution: Overemphasis on technological approaches

According to corporate interest groups such as the USCIB, innovation is “the best source of solutions for sustainability”.¹⁰⁴ Ahead of the third annual UN Multi-stakeholder Forum on Science, Technology and Innovation for the SDGs in June 2018, USCIB, the U.S. Department of State and the ICC organized a roundtable titled “Together for Impact: Business Innovation for the SDGs,” bringing together UN Missions, UN agencies, and USCIB member companies “to discuss opportunities to partner and scale up the deployment of innovation to deliver progress on the SDGs”.¹⁰⁵ Participant discussions focused on the operationalization of private sector

innovations through “enabling” regulatory frameworks and “inclusive” international cooperation.¹⁰⁶ Companies such as Monsanto, Ferrero, Pfizer, Novozymes, LexisNexis and CropLife International presented their experiences.

The USCIB complains that innovation still faces obstacles due to a lack of proper incentives for researchers, inventors and investors. During the 72th General Assembly in September 2017, it thus called on the UN to do better “in creating a fully welcoming environment and institutional framework for technology innovation that is genuinely involving business experts.”¹⁰⁷

The companies that participated in the USCIB roundtable discussion are among those that promote technological solutions, such as fortified food, genetically modified organisms, or development of new vaccines to the complex global problems of health challenges, hunger and malnutrition. In the agriculture and nutrition sector this is reflected in their push for “modern” farming technologies, including genetically modified seeds and the extensive use of agrochemicals.

Strong promotion of technological solutions by companies can also be observed in the debates on how to fight climate change, including carbon capture and storage, geo-engineering and nuclear fusion technologies.

However, by focusing only on the alleged benefits of these kinds of technological solutions their potential risks and the underlying root causes of the development problems are neglected. Experts and civil society organizations such as the ETC Group therefore call for a “technological re-think”, the strict application of the precautionary principle, and transparent and participatory forms of technology assessment.¹⁰⁸

UN Secretary-General António Guterres recognized in a recent speech, “Technology is transforming how we live and work—from bio-engineering to synthetic biology to artificial intelligence to data analytics and to many other aspects.”¹⁰⁹ Yet, he added, “as much as technology is a vector of hope, it is also a source of fear.” In acknowledging this, Guterres also called on UN Member States to “address the dark side of innovation”. This is a signif-

102 See: www.ohchr.org/SP/NewsEvents/Pages/DisplayNews.aspx?NewsID=16745&LangID=S#sthash.NywCulbo.pdf.

103 See: www.iccwbo.org/about-icc/organization/dispute-resolution-services/.

104 See: www.uscib.org/uscib-gathers-stakeholders-on-margins-of-un-science-technology-innovation-forum-for-sdgs/

105 Ibid.

106 Ibid.

107 See: www.businessfor2030.org/bizfor2030blog/2017/9/18/business-makes-it-happen-american-business-at-the-un-general-assembly

108 See: www.etcgroup.org/issues/technology-assessment

109 UN Secretary-General (2018).

icant shift, since new technologies have until now appeared in the business driven discourse on sustainable development only as embodying progress and encouraging optimism.

4. Preferential treatment for business actors—hiding behind the disguise of multi-stakeholder-partnerships

It the 2016 report *Making Global Goals Local Business*, Lise Kingo, Executive Director of the UN Global Compact, highlighted the need for partnerships for the implementation of the 2030 Agenda and called for

“alliances and partnerships between businesses and all relevant stakeholders—both private and public—to demonstrate the huge potential of a values-driven market approach. It is all about connecting the best ideas and people, co-creating new solutions and communicating them to the world.”¹¹⁰

Similarly, the SDG Business Forum 2017 was dominated by one message: The call for partnerships between the public and the private sector. In a communiqué, published at the closing of the SDG Business Forum, nine business organizations and networks expressed their support for the implementation of the SDGs and reiterate the call on the UN system and its member states to foster further collaboration in putting the appropriate political incentives and frameworks in place.¹¹¹

The ICC and their business partners are not only promoting partnership approaches to the implementation of the SDGs, they are also portraying themselves more fundamentally as partners of the UN and its Member States in all aspects of policymaking and global governance. During the UNGA in September 2018, Norine Kennedy, USCIB vice president for environment, energy and strategic international engagement, called for a practical approach to “inclusive multilateralism” in order to engage business enterprises to further develop and provide technologies, know-how and investment for the SDGs.¹¹²

Already in May 2016, Louise Kantrow, ICC Permanent Representative to the United Nations complained about the limited access of business to the UN in the implementation process of the 2030 Agenda and requested preferential treatment. She complained that the then participation mode “lumps business in with all other so-called ‘major groups’” which in practice means that:

“all of global business—with its diversity across industries and geographies—must often be reduced to only a few representatives, and is often expected to join consensus messaging with other stakeholder representatives, some of whom have substantial differences of view with business. This model persists even while it is widely acknowledged that business will shoulder an amount of the implementation burden disproportionate to the aggregate efforts of these other vital stakeholders, whose opinions and concerns must also be heard by Member States.”¹¹³

On the occasion of the 72th General Assembly in September 2017, the USCIB pointed out further details of what it means by an “inclusive” UN:

“It is already clear to USCIB that one element of success towards efficiency and effectiveness in the reform of the UN is to create the most open and inclusive institutional structures to consult with representative business bodies, and then to recognize and include those inputs. We have seen time and again how the ILO, the OECD and other inter-governmental forums have demonstrated that including business in a recognized manner is a value add because it brings on board those societal partners that invest, innovate and implement.”¹¹⁴

Business actors have taken key positions in many of the global partnerships established to implement first the MDGs and now the SDGs, including Every Women Every Child, Sustainable Energy for All and Scaling up Nutrition.¹¹⁵ But even though business actors have often enjoyed far better access to UN deliberations and decision-making processes than civil society organizations and trade unions (see Box 2), they continued to insist on a more formalized relationship. As a result in November 2016, the UN General Assembly granted formal observer status to

110 UN Global Compact (2016), p. 3.

111 Business Council for the United Nations et al. (2017).

112 See: https://www.uscib.org/uscib-members-highlight-business-role-in-sdgs-during-un-general-assembly/?utm_source=USCIB+eNewsletter&utm_medium=Informz%2FnetFORUM&utm_campaign=COMM%2Fenewsletter%2F2018%2D10%2D09%2FOctober+9%2C+2018+e%2Dnewsletter&zbrandid=4050&zidType=CH&zid=59192505&zsubscriberId=1070218568&zbdom=http://uscib.informz.net

113 See: www.iccwbo.be/attracting-business-expertise-and-action-for-sustainable-development-on-the-road-to-2030/

114 See: www.businessfor2030.org/bizfor2030blog/2017/9/18/business-makes-it-happen-american-business-at-the-un-general-assembly

115 Adams/Martens (2015), ch. 6.

Box 2: UN partnering with the alcohol beverage industry to achieve SDG 3 on health and well-being—any doubts?

On July 14th, during the HLPF 2018, the UN Office of Partnerships together with the International Alliance for Responsible Drinking (IARD) and GBC Health, a coalition of private sector companies engaged in global health, co-organized a reception titled “Changing Attitudes”. This appeared to be a direct response to the recent IARD call for a multi-stakeholder partnership approach to implementing SDG target 3.5 on strengthening the prevention and treatment of substance abuse, including the “harmful use of alcohol”.

The IARD is the business association of the world’s biggest alcohol beverage companies, including Anheuser-Busch InBev, Diageo, Heineken, Bacardi Limited, and Carlsberg.¹¹⁶ In various statements it claims to acknowledge “the UN’s Sustainable Development Goals’ (SDGs) call to reduce the harmful use of alcohol”.¹¹⁷ Commenting on the Draft Report of the WHO Independent High-Level Commission on Non-Communicable Diseases of May 2018, the IARD called especially for “robust partnerships amongst government, private sector and civil society” and an enabling regulatory environment that “considers co-regulatory approaches, and does not unduly curtail private sector growth”.¹¹⁸

Such partnerships, however, which are expressly designed to engage producers of alcohol in the regulation of its harmless use, raise serious concerns about the role of government in the implementation of SDG 3: “Ensure healthy lives and promote well-being for all at all ages”. Alcohol consumption is a major risk to health in all regions.

The most recent World Health Organization report on alcohol and health indicated that alcohol consumption was responsible for approximately 6 percent of all deaths and 139 million disability-adjusted life years worldwide in 2012, making it a leading contributor to death and disease globally.¹¹⁹ Alcohol consumption is considered to contribute to more than 200 acute and chronic health problems, most commonly alcohol dependence, liver cirrhosis, cancers, and injuries.¹²⁰ Even occasional drinking is harmful to health, according to the 2018 Global Burden of Diseases study, the largest and most comprehensive research carried out on the effects of alcohol. Among its conclusions is that governments should consider advising people to abstain from drinking completely.¹²¹ It points out that alcohol consumption led to 2.8 million deaths in 2016. It was the leading risk factor for premature mortality and disability for people between 15 and 49 years old, accounting for 20 percent of all deaths. Research by scientists from the University of Oxford shows that even moderate alcohol consumption increases the likelihood of breast cancer and changes in the brain.¹²² In the face of this evidence, the alcohol beverage industry, including IARD

members, continue to promote an ‘alcohol-is-good-for-you’ message.

The HLPF partnership event was announced just a few weeks after the US National Institutes of Health (NIH) announced its decision to discontinue a study that was intended to demonstrate the health benefits of alcohol consumption and test the hypothesis that one drink a day is better for one’s heart than none.¹²³ An internal investigation discovered that the leading researchers were in close contact with major players of the beer and liquor companies in the design of the study. The study was designed in such a way that it would not have picked up harmful associations with alcohol, such as an increase in cancers or heart failure. The internal investigation was conducted after *The New York Times* discovered that more than half of the US\$100 million budget for the NIH study came from donations from big players in the alcohol industry, including IARD members Diageo, Anheuser-Busch InBev, Carlsberg Breweries, Heineken and Pernod Ricard.¹²⁴

The seriousness of the IARD’s commitment to global health and SDG 3 is also called into question by an examination of the companies’ marketing practices. In its 2014 status report on alcohol and health, the WHO stated, “Numerous longitudinal studies have found that young people who are exposed to alcohol marketing are more likely to start drinking, or if already drinking to drink more.”¹²⁵ Advertisements for alcohol, however, still very often explicitly target young people, less than 18 years of age, as researchers from several universities in Australia recently found out.¹²⁶ In Canada, the Institut National de Santé Publique du Québec considers online advertising for sugary, high-alcohol drinks to be a veritable “wild west,” that very often explicitly targets minors.¹²⁷ In January 2018, a Snapchat advert for Diageo’s Captain Morgan rum was banned after the UK’s Advertising Standards Authority (ASA) ruled that the ad was of particular appeal to under 18 year olds.¹²⁸

In light of this evidence, the fact that the UN Office for Partnerships does not see any problems in partnering with the alcohol beverage industry to prevent the harmful use of alcohol is surprising, and shows the need for strong UN conflict of interest policies. In a letter criticizing the event, civil society organizations stated: “Harmful industries should have no place at discussions about solutions to the problems that their products, business models and business practices are causing in the first place.”¹²⁹

116 See: <http://www.iard.org/about/members/>

117 IARD (2018) and www.iard.org/press/new-campaign-calls-for-shared-solutions-to-combat-harmful-drinking/

118 See <http://www.who.int/ncds/governance/high-level-commission/IARD.pdf>, p. 2.

119 World Health Organization (2014).

120 Ibid.

121 GBD 2016 Alcohol Collaborators (2018).

122 See: <https://www.bmj.com/content/357/bmj.j2353>

123 See: <https://www.nytimes.com/2018/06/18/health/nih-alcohol-study.html>

124 See: <https://www.nytimes.com/2017/07/03/well/eat/alcohol-national-institutes-of-health-clinical-trial.html>

125 WHO (2014).

126 See: <https://medicalxpress.com/news/2018-04-alcohol-adverts-breach-advertising-code.html>

127 See: <http://montrealgazette.com/news/local-news/publicity-for-sugary-high-alcohol-drinks-targets-youth-ottawa-told>

128 See: <https://www.beveragedaily.com/Article/2018/01/03/Diageo-halts-all-Snapchat-advertising-after-watchdog-rules-Captain-Morgan-lens-appealed-to-kids>

129 See: <http://iogt.org/press-release/joint-statement-of-concern-on-shrinking-civil-society-space-and-increasing-private-sector-exclusivity-at-un/>

The event was held in the UN Secretariat Building, where only few civil society organizations can afford to rent meeting rooms. The civil society organizations criticized further the fact that while they are facing shrinking space for participation, industry lobby groups get privileged access to UN meeting rooms and decision-makers.¹³⁰ Only about 20 percent of all

side events on the official HLPF programme were primarily organized by civil society groups. Many CSO applications for officially registered side events were rejected and CSO groups therefore had to find affordable space outside of the UN building.

the ICC.¹³¹ Granting this privileged status to the ICC gives the world's largest business association a direct voice in UN decision-making and risks widening the imbalance between corporate interests and civil society in global policymaking.

5. Public rhetoric versus corporate practice

While a rising number of companies publicly commit to the implementation of the 2030 Agenda and list their Corporate Social Responsibility (CSR) activities in their sustainability reports according to the individual SDGs, their corporate practices often look very different.

Based on public information, Oxfam analysed 76 of the world's largest companies with regard to the level of ambition of their commitment to the SDGs. The authors summarize the findings as follows:

“Overall, the report's findings are sobering in terms of companies (not) translating their commitment to supporting the SDGs into meaningful changes and new ambitions Instead of sparking more ambitious efforts, the SDGs appear to have so far largely remained a communications tool. ... [O]ur findings appear to confirm a broader trajectory of the corporate sustainability agenda, which over the years has become increasingly company-driven (vs. stakeholder-driven) and focused on a narrow 'business case' as primary motivator for companies to engage in sustainability issues.”¹³²

About two thirds of the analysed companies had made a public commitment to supporting the SDGs. Climate action and growing support for gender equality were found to be among the companies' priorities. Issues like inequality or strengthening of political institutions were rather sidelined. Many of the contributions companies list in support of the SDGs are not new but rather pre-date the adoption of the 2030

Agenda. Only half of the companies appeared to be doing anything new and only two companies in the sample adopted new targets in line with the 2030 timeline. In addition, the report found that only a few companies aligned their human rights commitment with their contribution to the SDGs.

Human rights abuses and environmental pollution along the supply chain of transnational corporations are occurring regularly. At the same time, business interest groups have lobbied successfully for years against further national and international regulation in the area of business and human rights. Whether it be their successful opposition to the proposed UN Norms on the responsibilities of transnational corporations (2003) or its ongoing opposition to the work of the open-ended intergovernmental working group to elaborate a legally binding instrument (since 2014), the ICC, IOE and BIAC most prominently pushed back against such regulation.¹³³

In Germany, the BDI was successful in lobbying against the inclusion of mandatory human rights due diligence requirements in the German National Action Plan on Business and Human Rights.¹³⁴ One of the most obvious examples of the discrepancy between public rhetoric and corporate practice is that of the Volkswagen Group. For years, the German car manufacturer has publicly subscribed to social and environmental responsible business practices, while at the same time cheating on the real nitrogen oxide emissions of their diesel-powered vehicles, not respecting the set limits (see Box 3). Furthermore, the company makes huge efforts to avoid stronger environmental and CO₂ emission regulations on the national and EU levels that would be necessary to stop climate change and ensure healthier lives for all.

130 See: <http://iogt.org/press-release/joint-statement-of-concern-on-shrinking-civil-society-space-and-increasing-private-sector-exclusivity-at-un/>

131 See: www.globalpolicywatch.org/blog/2016/12/19/direct-voice-decision-making/

132 See: <https://oxfamblogs.org/fp2p/are-big-companies-walking-their-talk-on-the-sdgs-new-report-digs-into-the-evidence/>

133 See: Martens/Seitz (2016) and <https://cdn.iccwbo.org/content/uploads/sites/3/2018/10/icc-joint-business-response-zero-draft-2018.pdf>

134 See: Kerkow/Seitz (2018)

Box 3: Volkswagen and its questionable commitment to sustainable development

“By 2018, the Volkswagen Group is aiming to be the world’s most environmentally compatible automaker. In order to achieve this goal, we have set ourselves some ambitious targets, particularly with regard to environmental protection. In 2014 we continued our consistent pursuit of these goals. Our Environmental Strategy embraces all of our brands and regions, and extends throughout every stage of the value chain.”¹³⁵

After the diesel emissions scandal, this objective envisioned in the sustainability report 2014 of the major German car manufacturer Volkswagen Group reads like a parody.

On 18 September 2015, half a year after the report was published, the *dieselgate* was set to light. Since the revelations, Volkswagen has pled guilty in US courts for defrauding the U.S. government on the actual nitrogen oxide emissions of their diesel cars. Having programmed the software to activate emission controls only during laboratory testing, the car’s nitrogen oxide output appeared to meet US standards but in fact emitted up to 40 times more emissions in real-world driving. Volkswagen agreed to pay a US\$ 4.3 billion fine. In addition, former top Volkswagen manager Oliver Schmidt and James Robert Liang were arrested while six VW executives have been criminally charged.

For decades, the Volkswagen Group has committed itself to initiatives on sustainable development and corporate social responsibility. It has been member of the German UN Global Compact Network since 2002, and at the 2002 World Summit on Sustainable Development in Johannesburg, it formulated its Sustainability Model with three main objectives:

- » lasting balance of the economic, ecological and ecological social systems and the pursuit of a long-term balance of diverging interests;
- » responsibility for its actions at regional, national and global level; and
- » transparent communication and fair cooperation.¹³⁶

The car manufacturer has set itself a number of voluntary principles and uses international guidelines as the basis for their strategic sustainability objectives. In addition to the Sustainability Model, it has an Anticorruption Guideline, a Tax and Duty policy, and most recently a Slavery and Human Trafficking Statement.¹³⁷ The company further acknowledges several internationally agreed standards, such as the UN Human Rights Charter, the Agenda 21 on Sustainable Development, the 10 Principles of the UN Global Compact and the SDGs.

It is also member of the Global Reporting Initiative (GRI), the Extractive Industries Transparency Initiative (EITI), and the European Business Network for Corporate Responsibility (CSR Europe). Due to the emissions scandal, in 2015, it temporarily suspended its position on the Board of econsense—Forum for Sustainable Development of German Business, as well as

its membership of the WBCSD, the UNGC, the Biodiversity in Good Company initiative, and the German Global Compact Network (DGCN).

In the aftermath of the diesel emissions scandal, Volkswagen has established a set of sustainability measures. Since September 2016, an international Sustainability Council advises the Volkswagen Group on topics of sustainability and social responsibility. With its programme TOGETHER—Strategy 2025, Volkswagen seeks to become “a world-leading provider of sustainable mobility”.¹³⁸

Commitment to the SDGs

In its sustainability report of 2016, Volkswagen claims: “As a global corporation, Volkswagen is committed to the SDGs and is actively contributing to the actualization of these global development goals through its innovative vehicles, intelligent mobility solutions and wide-ranging activities in support of sustainability.”¹³⁹

The 2016 report further presents each SDG individually and attaches a list of 256 global projects which it claims will help to fulfill the goals.

In its 2017 sustainability report again, Volkswagen states:

“Climate change, resource availability and urbanization are among the major global challenges facing us in the Volkswagen Group. Our TOGETHER—Strategy 2025 aims to make a significant contribution to ensuring that mobility has less impact on the environment. We also want to help attain the United Nations Sustainable Development Goals (SDGs). Our aim is to become a role model for environmental protection. We believe the transformation of our core business is the right way to meet these objectives.”¹⁴⁰

However, in the three years since *dieselgate*, Volkswagen has been dragging its feet on the internal investigation and public disclosure of the proceedings, making its sustainability reporting appear as solely PR-activity without the actual aim of incorporating sustainability objectives into their daily corporate practice.

The company’s 2017 report cuts the investigation of the diesel emissions scandal short, mentioning that information on the “diesel issue” can be found in its sustainability magazine *Shift*, which is basically a promotional brochure.¹⁴¹

Instead of calculating the nitrogen oxide balance on the ‘real life’ emissions of the vehicles under operation, the company—as other competitors—chose to report exclusively on the pollutant emissions that occurred during the production process.

135 See http://sustainabilityreport2014.volkswagenag.com/sites/default/files/pdf/en/Volkswagen_SustainabilityReport_2014.pdf, p. 89.

136 See https://www.volkswagenag.com/presence/nachhaltigkeit/documents/VW_Sustainability-Report_2016_EN.pdf, p. 17.

137 See <https://www.volkswagenag.com/en/sustainability/policy.html>

138 See: <http://annualreport2016.volkswagenag.com/group-management-report/sustainable-value-enhancement/environmental-strategy.html>

139 See: <http://sustainabilityreport2016.volkswagenag.com/facts-and-figures/sustainable-development-goals.html>

140 See https://www.volkswagenag.com/presence/nachhaltigkeit/documents/sustainability-report/2017/Nonfinancial_Report_2017_e.pdf, p. 49.

141 See https://www.volkswagenag.com/presence/nachhaltigkeit/documents/sustainability-report/2017/Nonfinancial_Report_2017_e.pdf, p. 3 and http://shift.volkswagenag.com/en/wp-content/uploads/sites/3/2017/11/Shift-2017_Licht-und-Schatten_EN.pdf

Its ambition of a real change of behaviour also raises doubts when one reads that the company aims to reduce pollution causing emissions but fails to set a quantitative target.

In addition to the environmental goals, key requirements of the SDGs for business actors are transparency, anti-corruption and the incorporation of respect for human rights into their value chains.

The company's human rights record

In November 2017, Amnesty International criticized major electronics and electric vehicle companies for not doing enough to stop rights abuses in their cobalt supply chains. Almost two years earlier, an Amnesty International investigation exposed how batteries used in these companies' products could be linked to child labour in the Democratic Republic of Congo (DRC). Along with companies such as Sony and Samsung Electronics, the German automotive companies Volkswagen and Daimler were ranked as having taken minimal action and were still failing to take even basic steps like verifying declarations or other information with which they were provided by suppliers in the Democratic Republic of Congo.¹⁴²

Perhaps in response to Amnesty International's critique, in December 2017, Volkswagen announced it was improving the sustainability of its supply chain, especially for raw materials used in electric vehicles. The company has strengthened its corporate guidelines and now requires greater transparency in raw material procurement from its suppliers in order to ensure vehicles that have been produced with respect to human rights and in accordance with environmental and social standards.¹⁴³

Dr. Francisco Javier Garcia Sanz, Member of the Board of Management of the Volkswagen Group responsible for Procurement, said:

"For us, sustainability and social responsibility do not start at our production plants but already in the raw material supply chain. This is why we are not limiting our activities to ourselves and our direct suppliers but are engaging in intensive discussions with all the parties concerned along the entire value stream. We will only succeed in eliminating irregularities in cooperation with our partners in industry. Transparency is an essential prerequisite."¹⁴⁴

Strong lobbying against environmental regulation in Brussels

It is not only since the diesel emissions scandal that German car manufacturers have been criticized for their extensive lobbying, both in Berlin and particularly in Brussels. In 2017, Volkswagen spent 2.66 million Euro on lobbying in Brussels and met over 50 times with the European Commission. In addition, the company is represented in Brussels by the German Association of the Automotive Industry (VDA), which spent another 2.5 million Euro in lobby activities.¹⁴⁵

Volkswagen is also highly successful in recruiting former high-level politicians with close ties to Berlin and Brussels: Thomas Steg (SPD), former deputy government spokesman and deputy chief of the Chancellery (under Gerhard Schröder) is currently chief lobbyist at Volkswagen. Michael Jansen (CDU), former manager of Angela Merkel's office, is now chief lobbyist at the company's Berlin office.

Furthermore, close ties to some of the highest political decision-making levels are secured not only by former but also by active politicians. The Federal state of Lower Saxony is Volkswagen's largest shareholder by approximately 18 percent. Each prime minister of the state is thereby a member of the Volkswagen board of supervisors. In the past, various prime ministers of Lower Saxony have been accused of conflicts of interest using their political power to lobby for the car manufacturer's interests, including Gerhard Schröder, Sigmar Gabriel, Christian Wulff and most currently Stephan Weil. A comprehensive and detailed report of the most important German car lobbyists and their connections to political decision makers is provided in the Greenpeace report: *Schwarzbuch Autolobby*.¹⁴⁶ This report also documents several successful cases of influencing EU regulations by the German automotive lobby, such as for the "Fuel Efficiency Label" of 2012.

142 See: <https://www.amnesty.org/en/latest/news/2017/11/industry-giants-fail-to-tackle-child-labour-allegations-in-cobalt-battery-supply-chains/>

143 See: https://www.volkswagenag.com/en/news/2017/12/volkswagen_group_raw_material_procurement.html

144 Ibid.

145 See: https://lobbypedia.de/wiki/Volkswagen_AG#cite_note-6

146 Ibid.

4. Conclusions: Strengthening public policy and better rules of engagement

The implementation process of the 2030 Agenda is seen by a growing number of business actors as a welcome opportunity to engage with political decision makers, to shape their discourse, and influence their policy choices.

While the purpose, activities, size and functioning varies among the different business actors and platforms their approaches to the implementation of the 2030 Agenda and their messages to governments are often similar. Their main messages are: The need to foster economic growth as condition for prosperity and development; the establishment of an enabling and business-friendly environment for private investors as the main drivers of growth; the elimination of what business groups perceive as inefficient regulation or overregulation, while strengthening trade and investment agreements that give priority to investor rights; the promotion of PPPs as a preferred model to fill the global funding gap in infrastructure and mitigate actual and perceived risks for the private sector; the promotion of innovation and technological approaches as solution for global challenges; and the promotion of partnerships between the public and private sector as key mechanisms for the implementation of the SDGs, including better access and participation of business actors in policy formulation.

The business sector certainly has an important role to play in the implementation process of the 2030 Agenda. However, companies that operate sustainably only on paper or impede government regulation by political lobbying are not driver, but rather preventer of the necessary transformation. Some business leaders seem to have realized now that the proclaimed “transformation of our world” will require large-scale changes in business practices and regulation.

However, acknowledging corporations’ role should not mean promoting the further accumulation of wealth and economic power, giving them undue influence on policymaking and ignoring their responsibility in creating and exacerbating many of the problems that the 2030 Agenda is supposed to tackle.

Calls for a stronger role for business actors in the implementation of the SDGs are sometimes based on the assumption that global problems are too big and the public sector too weak to solve them alone. What is often ignored, however, is the question of if the

public sector is weak, why has it become so. A weakened public sector is actually a result of decades of neoliberal ideology, deregulation, business-friendly fiscal policies, tax avoidance, increased market concentration, accumulation of individual wealth, and lobbying by powerful corporations that has emptied public coffers and left the public sector unable to provide essential goods and services.

Instead of further promoting the misleading discourse of ‘multi-stakeholderism’ and partnerships between inherently unequal partners, a fundamental change of course is necessary. This includes, *inter alia*, the following steps:

1. Strengthening public policy and finance

Widening public policy space requires, among other things, the necessary adjustments in fiscal policies. This includes proactive tax policies to achieve environmental and social policy goals and simultaneously fulfill human rights obligations. The fiscal policy space can be broadened by the elimination of corporate tax incentives (including tax holidays in export processing zones), and the phasing out of harmful corporate subsidies. If the priorities are properly defined, fiscal policies can become a powerful instrument to reduce social inequalities, eliminate discrimination and promote the transition to sustainable production and consumption patterns.

The necessary fiscal and financial reforms should not be limited to the national level. The strengthening of public finance is necessary at all levels, from the development of municipal fiscal systems and sufficient financial support for local authorities, to the provision of predictable and reliable funding to the UN system at a level sufficient to enable it to fulfill its mandates. A basic prerequisite for the strengthening of national fiscal systems is the strengthening of global tax cooperation to counter harmful tax competition and various schemes of tax avoidance and evasion.

Furthermore, strengthening public policies requires governments to tackle their shrinking policy space to implement sound social, environmental and development policies, brought about largely by business-friendly investment policies. Governments should fundamentally rethink their approach towards trade and investment liberalization and should

place mandatory human rights assessments and the principles of sustainable development at the core of all future trade and investment agreements.

2. Questioning the multi-stakeholder partnership concept

Multi-stakeholder partnerships and cooperation projects between public and private actors in form of public-private partnerships are themselves not a problem-free approach to the implementation of the 2030 Agenda and do not automatically add value to development efforts.

In order to improve potential benefits of public-private interactions and avoid risks and negative side effects, several aspects have to be considered, ranging from their operation and accountability to impact. This will require a reexamination of the current ‘business mentality’ in parts of the UN to ensure partnerships are:

» **Value-centered:** The UN system must demonstrate where a proposed or existing partnership adds value as measured against the goals and targets of the 2030 Agenda; and show that the UN values espoused by the partnership are communicated and internalized.

» **Coherent:** The partnership must promote a holistic approach to SDG implementation, so that it supports and is assessed by its contributions to integrated SDG outcomes, and safeguards against collaboration that advances a particular goal at the expense of another.

» **Balanced:** The overall approach to partnerships must find the right balance between mechanisms and processes that are streamlined and system-wide to promote coherence and consistency, including common standards and guidelines, and those that allow for and reflect the differentiated needs, capacities and external environments of a particular country or region.

» **Comprehensive:** Assessment of partnership relevance and risk must be based on a broad analysis covering the full set of SDGs. In addition to ensuring that proposed gains for one SDG are not at the expense of others, this would include factors such as the measurement of externalities, responsible investing, tax and decent work contributions, compliance with human rights, labor laws and environment treaties.

» **Differentiated:** The new approach to partnerships must ensure differentiation of functions and reporting on partnership engagement at national, regional and global levels, including the role of the UN Resident Coordinator Offices (UNRCOs), UN Country Teams (UNCTs), Regional Economic Communities of the UN, UN Development Assistance Framework (UNDAF) and so on.

To the extent that multi-stakeholder partnerships are promoted to generate funding, the UN system must be able to demonstrate impact in financial terms. Partnerships are hailed as a critical source of financial support for UN mandates and programmes, but this is not borne out in practice and data on existing UN partnerships is not systematically collected and made available. System-wide information on total resources—including in-kind—generated and for which purpose, including partnership-related expenditures are needed.

3. Establishing rules of engagement between the UN and the private sector

In his December 2017 report on UN reform, the UN Secretary-General António Guterres notes that the UN “must do better to manage risks and ensure oversight in a manner that protects its values and yet allows space for innovation and expanded partnership arrangements.”¹⁴⁷ He further states:

“Due diligence standards and procedures are highly heterogeneous across the United Nations system and need to be streamlined. The lack of a system-wide approach to due diligence results in the inefficient use of financial and human resources, as multiple United Nations agencies often screen the same partners, and poses significant reputational risk to the Organization. It sometimes leads to contradictory decision-making across entities, undermining the integrity and increasing the vulnerability of the Organization.

“There is also a need for increased transparency with respect to the range and types of partnerships in which entities of the United Nations development system are engaged. Measures will be put in place to ensure the full transparency and accountability of United Nations partnership engagements.”¹⁴⁸

So far, interaction between the UN and the private sector is governed by the biannually adopted the GA

147 UN (2017), para. 132.

148 UN (2017), para. 133.

resolution *Towards global partnerships* and *The Guidelines on a principle-based approach to the Cooperation between the United Nations and the business sector*¹⁴⁹—two frameworks that are rather non-comprehensive and limited in application. The World Health Organization (WHO) has established the so called *Framework of engagement with non-state actors* (FENSA), the only UN entity to do so. The framework is more comprehensive, in that it covers all types of interaction with non-State actors, including nongovernmental organizations, private sector entities, philanthropic foundations, and academic institutions.¹⁵⁰ It has however serious shortcomings, such as misapplying the conflict of interest concept, in that it does not distinguish between conflicts between and within an institution or actor. It is considered by many civil society organizations as legitimizing and opening the door to corporate influence rather than being a fence to vested interests.

Therefore, the UN General Assembly should adopt system-wide rules on engaging with the private sector in order to set minimum standards for the engagement of the UN with the private sector. These standards should prevent undue corporate influence on UN policies and prevent companies that violate internationally agreed environmental, social and human rights standards or otherwise violate UN principles (via corruption, breaking UN sanctions, lobbying against UN global agreements, evading taxes, etc.) from participation in UN events, participation on expert or high-level panels and from eligibility for UN procurement contracts. Any new rules on the relationship between the UN and the private sector should be:

» **Rooted in the 2030 Agenda:** A strengthened, streamlined set of partnerships guidelines and criteria—both positive and negative—must be firmly anchored in existing UN norms and standards, in particular those articulated in the 2030 Agenda and the SDGs.

» **Principles-based:** Existing principles and guidelines must recognize Member State decisions such those laid out in the Guiding Principles on Business and Human Rights adopted by consensus. Other principles and guidelines, including the 10 Principles of the Global Compact, the Guidelines on a Principle-based approach to cooperation between the United Nations and the Business Sector, and the cri-

teria and guidelines of individual funds, programmes and agencies, should be revisited and assessed for relevance and reviewed holistically in the context of the 2030 Agenda.

Such rules should also reaffirm the importance of:

» **Due diligence:** System-wide due diligence processes should include a rigorous analysis of risks and envisioned benefits and an independent assessment of a potential partner's contribution to human rights standards. Standards should be strengthened to include, for example, specific criteria excluding, inter alia, companies engaged in tax avoidance, evasion and as channels for illicit financial flows. Such criteria should also extend to companies that have benefited from or used clauses in trade agreements that supersede human rights or infringe on abilities to achieve the SDGs. Due diligence processes should include an analysis of market factors, including an assessment of the long-term economic risks, domestic and external, of engaging with a particular partner in a particular context, keeping in mind the importance of aligning with countries' priorities.

» **Partner integrity:** The Secretary-General's proposal to establish a "pool of partner-ready companies" does not take into account the dynamic nature of an organization's practices, performance and impacts. Once agreed criteria are in place and an initial assessment of a potential partner has been made, how often is it reviewed and updated? Moreover, assessments should be conducted and recorded in a way that reflects the "readiness" of a partner and partnership according to its capacities to contribute to specific SDG outcomes.

» **Financial integrity:** Integrity measures should also address financing. The UN should not consider individual projects with individual companies until they have shown their intent by contributing to pooled funding, according to specific criteria that would need to be developed.

» **Participation:** Any revitalized partnerships process at the UN needs to ensure the deliberate, active engagement of beneficiaries throughout the life cycle of the partnership, from design to evaluation, including through a public comment period, and must ensure proper mechanisms for redressing negative impacts.

An institutional framework for partnership accountability will require new and additional capacity within the UN Secretariat. Staff is needed for the tasks of screening partnerships, monitoring, evalu-

149 See: www.unglobalcompact.org/docs/issues_doc/un_business_partnerships/guidelines_principle_based_approach_between_un_business_sector.pdf

150 See: Seitz (2017).

ation and impact assessments. Minimum standards and guidelines for interaction with corporate actors will remain useless if not systematically implemented. This task should be fulfilled by a new entity established within the UN Secretariat, such as an independent Office of Risk Management. It should carry out its task in an impartial manner instead of acting in a one-sided way as a promoter of partnerships with the corporate sector.

Any newly established high-level mechanism on due diligence decision-making—such as the Secretary-General’s proposed High Level Integrity Task Force—would not be able to fulfill its responsibilities without this new capacity, or without a clear delineation between oversight and implementation responsibilities. This new due-diligence function would also include the responsibility to ensure transparent reporting to Member States on a regular basis as called for in GA resolution 70/224.9.

4. Creating binding rules on business and human rights

In order to reach the vision outlined in the 2030 Agenda, it is not sufficient only to mobilize additional resources and investments; the needed investments have to respect human rights and environmental standards. A fundamental change in the way our society consumes and produces goods and services is needed, as specified in SDG 8 on employment and inclusive growth, and in SDG 12 on consumption and production. Experience, however, shows that corporate social responsibility initiatives, such as the UN Global Compact, and voluntary guidelines, such as the UN Guiding Principles on Business and Human Rights (UNGPs) have failed to hold corporations systematically and effectively account-

able for actions that violate such standards. Various governments, civil society organizations and human rights experts have concluded that there is a need for a legally binding instrument (or ‘treaty’) to regulate, in international human rights law, the activities of transnational corporations and other business enterprises. The UN Human Rights Council took an important decision in 2014 by establishing an intergovernmental working group to elaborate such an instrument. Governments should take this ‘treaty process’ seriously and engage in it actively. It offers the historic opportunity for governments to demonstrate that they put human rights over the interests of big business. This will be a critical prerequisite for implementing the 2030 Agenda, not least the goal to ensure sustainable consumption and production patterns.

Conclusion: New generation in partnership thinking

The UN practice of partner engagement is at a crossroad. Much of the UN’s work on partnerships to date has been focused on what is needed to attract and encourage private sector interest and resources. What is missing is a robust and appropriate regulatory framework and UN capacity to determine if and how to engage.

The current orientation, which encourages the adoption of a business and investor mindset by the UN, needs to be re-envisioned urgently, so that new and existing UN-business interactions are consistent with the principles and goals of the 2030 Agenda and remain grounded in and be demonstrably accountable to the UN’s values on human rights and sustainable development.

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Abbreviations

AAAA	Addis Ababa Action Agenda
BAVC	Bundesarbeitsgeberverband Chemie (Employers' Federation for the Chemical Industry)
BDA	Bundesverband Deutscher Arbeitgeberverbände (Confederation of German Employers' Associations)
BDI	Bundesverband der Deutschen Industrie (Confederation of German Industries)
BIAC	Business at OECD
BCtA	Business Call to Action
BMZ	Bundesministerium für Wirtschaftliche Zusammenarbeit und Entwicklung (German Federal Ministry on Economic Cooperation and Development)
BSDC	Business & Sustainable Development Commission
CDU	Christlich Demokratische Union Deutschlands (Christian Democratic Union of Germany)
CETA	Comprehensive Economic and Trade Agreement
CSR	Corporate Social Responsibility
DGCN	German Global Compact Network
DIHK	Deutscher Industrie- und Handelskammertag (German Chamber of Commerce and Industry)
ECOSOC	Economic and Social Council of the United Nations
FDI	Foreign Direct Investment
FENSA	Framework of Engagement with Non-State Actors
FfD	Financing for Development
HLPF	High-level Political Forum on Sustainable Development
IAEG	Inter-Agency and Expert Group
IARD	International Alliance for Responsible Drinking
ICC	International Chamber of Commerce
IG BCE	Industriegewerkschaft Bergbau, Chemie, Energie (Union for the Mining, Chemical and Energy industries)
IMF	International Monetary Fund
IOE	International Organisation of Employers
ISDS	Investor-State Dispute Settlement
NGO	Non-Governmental Organization
NIH	US National Institutes of Health
OAD	Operational Activities for Development
ODA	Official Development Assistance
ODI	Overseas Development Institute
OECD	Organisation for Economic Co-operation and Development
PPP	Public-private partnership
PRI	Principles for Responsible Investment
RECs	Regional Economic Communities of the United Nations
SDGs	Sustainable Development Goals
SIDA	Swedish International Development Cooperation Agency
SPD	Sozialdemokratische Partei Deutschlands (Social Democratic Party of Germany)
TNCs	Transnational corporations
TTIP	Transatlantic Trade and Investment Partnership
TPP	Trans-Pacific Partnership
DFID	UK Department for International Development
UN	United Nations
UNCTs	United Nations Country Teams
UNCTAD	United Nations Conference on Trade and Development
UNDAF	United Nations Development Assistance Framework
UN DESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNEP-FI	United Nations Environmental Programme Finance Initiative
UNGA	United Nations General Assembly
UNGP	United Nations Guiding Principles on Business and Human Rights
UNGC	United Nations Global Compact
UNOP	United Nations Office for Partnerships
UNRCOs	United Nations Resident Coordinator Offices
USAID	US Agency for International Development
USCIB	US Council for international Businesses
VCI	Verband der Chemischen Industrie (German Chemical Industry Federation)
VDMA	Verband Deutscher Maschinen- und Anlagebau (German Mechanical Engineering Industry Association)
WBCSD	World Business Council on Sustainable Development
WHO	World Health Organization

