THE PRIVATE SECTOR AND THE SDGS – IMPLICATIONS FOR CIVIL SOCIETY

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SETTING THE SCENE

"I am counting on the private sector to drive success. Now is the time to mobilise the global business community as never before. The case is clear. Realising the Sustainable Development Goals will improve the environment for doing business and building markets. Trillions of dollars in public and private funds are to be redirected towards the SDGs, creating huge opportunities for responsible companies to deliver solutions."

Ban Ki-moon, UN Secretary-General from 2007 to 2016

The United Nations Sustainable Development Goals (SDGs) have set out to shape and transform the global development landscape over the next 15 years. Compared to their predecessors, the Millennium Development Goals (MDGs), the SDGs lay out a more comprehensive approach in terms of the goals' scope and the actors responsible for delivering them. Most strikingly, the SDGs set out a substantial role for the private sector and assume its ability to make contributions to the achievement of the SDGs.

The elevation of business in the context of the SDGs represents both a significant opportunity and a challenge for civil society. It is an opportunity insofar as it allows us to benefit from the private sector's finance, technology, skills, reach and innovation to support the SDG efforts. But it is a challenge because the SDGs bestow unprecedented power and expectations on the private sector as a development agent. This raises the risk that the private sector will conduct 'business as usual', but under the reputational mantle of the SDGs.

[1] The arguments in this essay are in part based on an Oxfam discussion paper on the private sector and the SDGs to be published in 2017.

Civil society's ambivalence regarding the role and responsibility of the private sector is not new. It builds on decade-long debates about what to do with multinational corporations (MNCs) as powerful actors in global politics, human rights and sustainable development. This debate was largely triggered by the concerted efforts of civil society organisations (CSOs) that started to push back globally against unsustainable business practices and impacts during the 1980s and 1990s.

Both civil society and the private sector actors have come a long way since their contentious encounters during that era. Their early engagement not only expanded the traditional responsibilities of business to avoid negative impacts but also gradually brokered discussions on the positive contributions that business could and should make towards sustainable development. Today we are seeing a much more diverse set of interactions between civil society and the private sector, including an increasing number of collaborative arrangements, ranging from formal partnerships to policy dialogues.

This more diverse universe of engagements with the private sector has presented a test for civil society. Opportunities to engage have exposed different theories of change and complicated civil society's ability to coalesce around certain positions or initiatives. From labour rights to climate change, and from global health to fair trade, CSOs have taken different approaches about how to engage with the private sector. This is the terrain that the SDGs' agenda, with its reliance on private sector contributions, enters. The SDGs are triggering new debates among civil society about the appropriate role of the private sector. They will force the need for an open conversation about the opportunities, limits and risks associated with greater business influence within the SDG agenda. This contribution to the 2017 State of Civil Society Report argues that civil society has to start having this conversation, given the shortcomings in the way the role of business in the SDGs is currently promoted.

THE SDGS AS NEW DEVELOPMENT PARADIGM

The central role of the private sector in the SDGs highlights the shift towards a new development paradigm: one in which the private sector is no longer only a development tool but rather a development agent.[2] This paradigm attributes a more proactive sustainable development role to the private sector than under the market liberalisation approaches of the 1980s and 1990s. Today, the contribution of business to development is no longer confined to creating wealth and employment, the transfer of technology and the provision of goods and services, but is supposed to contribute proactively to sustainable development outcomes through core business and beyond.

[2] M Blowfield and C Dolan, 'Business as a development agent: evidence of possibility and improbability', Third World Quarterly, February 2014.

GUEST ESSAYS CIVIL SOCIETY & THE PRIVATE SECTOR

The unprecedented power of the private sector has altered the global development system. MNCs have become key development actors due to their control over global value chains, which now constitute up to 80 per cent of global trade. Private financial flows have become the dominant source of external development finance for middle income countries, and even in 30 per cent of low income countries, foreign direct investment (FDI) is now larger than Official Development Assistance (ODA).

Consequently, aid donors increasingly aim to recruit the private sector as a development partner and to mobilise private investment to invest in developing countries, by using ODA to remove investment barriers. As a result, the private sector has been able to extend its political influence in the global sustainable development agenda by having significant access to the negotiations, promoting a set of key messages in line with corporate objectives, such as a focus on growth and technology promotion, corporate sustainability and multi-stakeholder governance.

The rising influence of the private sector has gone hand in hand with a crisis in civil society space. While civil society globally is becoming more global south-driven, diverse and gender inclusive, its members are facing increasing obstacles in many country contexts. More than 100 countries are reported to have serious threats to civic freedoms. The fact that foreign aid plays a less central role than private finance for many countries has encouraged some governments to crack down on CSOs, particularly when they are seen to get in the way of deals between governments and the private sector. The parallel rise in private sector power and closing civil society space is thus no coincidence, since it is often civil society that challenges corporate interests in instances of environmental or social abuse.

CHALLENGES IN THE EMERGING PRIVATE SECTOR–SDG NARRATIVE

Considering these broader trends, it is no surprise that the SDGs have risen fast on the radars of many businesses and business associations since their adoption in 2015. Companies are increasingly recognising their potential contributions to the SDGs through their resources, reach and ability to innovate. A year into the SDGs, an overarching narrative has been crystallising around the role of business that focuses on two elements: a ‘business case’ for engaging in the SDGs and a partnership role for the private sector.

From a civil society perspective, both these elements represent a challenge. First, a ‘business case’ approach that looks to the SDGs as commercial opportunities signals alignment between business and society’s interests. Yet this may not always be the case. A ‘business case’ approach also entails the risk of business cherry picking SDGs based on their benefits to companies, not people. This does not align with the priorities of most CSOs, whose engagement with the private sector starts by ensuring that businesses’ core activities do not have a negative impact on sustainable development outcomes and do not hinder the ability of others, including governments and civil society, to contribute to the SDGs.

Second, the prioritisation of a partnership role for the private sector within the 2030 Agenda expands the influence of the private sector while side-lining its responsibility in creating and exacerbating many of the problems that the SDGs are supposed to tackle. While there is a clear need for a concerted, multi-stakeholder effort to achieve the SDGs, including from the private sector, partnerships often lack binding elements, risk greenwashing, neglect conflicts of interest and can be marked by significant resource and power imbalances that are often to the disadvantage of civil society participants. Most importantly, the proliferation of SDG partnerships involving the private sector might risk making non-cooperative behaviour appear increasingly radical, thus limiting critical civil society voices and agendas that target the private sector.

These shortcomings carry significant risks for the SDGs. They risk superficiality on the part of the private sector, with a narrow focus on growing its markets and profits and making easy win-win improvements, which disregard the need for more transformational changes in business behaviour to achieve the SDGs. They thus risk reproducing the same power asymmetries that underlie the skewed distribution of well-being and wealth that marks our world today. Business as usual will not deliver the SDGs.

A POSITIVE VISION FOR THE PRIVATE SECTOR AND THE SDGS

What should a more meaningful engagement of the private sector in the SDGs look like? Here are three recommendations.

First, companies should base their engagement on their areas of highest impact, not the areas most beneficial to their bottom line. This requires the mapping and assessment of direct and indirect impacts on the SDGs to understand the full breadth of connections with the sustainable development agenda. Before any considerations to 'do good', business should ensure that current activities do 'no harm', i.e. do not have a negative impact, and do not hinder the ability of others, including governments and CSOs, to achieve the SDGs.

Second, meaningful engagement with the SDGs by businesses requires going beyond cherry picking SDGs based on narrow win-win opportunities, and instead integrating sustainable development concerns into their core business. This requires a willingness to address how commercial practices and business functions such as sourcing, employment, tax practices and corporate strategy affect the SDGs.

Third, the private sector needs to think in more transformative ways about its future role in sustainable development. This requires challenging some of the economic paradigms that have ruled business for the past few decades and eliminating structural barriers that prevent more sustainable business behaviour and business models from flourishing. There is also a need to explore new business models that to a greater degree align business agendas with societal aims.

Across these three steps, the private sector's elevated engagement should be matched with an overriding commitment to transparency and accountability. Just as importantly, it should not distract from the fact that more, not less, government action in agenda-setting and rule-setting will be required to achieve the SDGs. Companies that truly claim to be supporting the spirit of the SDGs should change their approach and actively support greater government action in these areas.

THE SDGS ARE WHAT WE MAKE OF THEM

The SDGs offer an inspiring and inclusive vision of the future: a world free from poverty, injustice and discrimination, and a healthy planet for present and future generations. Whether the SDGs will live up to their ambition will depend on how we will shape the next 15 years.

Civil society will play a critical role in determining the course of the SDGs and the role of the private sector within them. The people-centred mandate of the 2030 Agenda points to the centrality of civil society in linking the SDGs' global ambition with the realities and rights of people affected by the practices and impacts of the private sector.[3] Only an empowered civil society can elevate the voices of people living in poverty to places of political power and decision-making.

An organised and empowered civil society is also a key accountability mechanism for the private sector and the SDGs. It is up to civil society to hold the private sector's feet to the fire and to ensure that its engagement in the SDGs occurs in an accountable manner. One avenue is the SDGs' Follow Up and Review process, which is supposed to be "robust, voluntary, effective, participatory, transparent and integrated." Civil society will be a key actor to ensure that information regarding the private sector's SDG contribution is channelled into these processes at the sub-national, national and global levels.

Third, civil society plays a key role in localising the SDGs and helping to create a more balanced playing field at the national and sub-national levels. There is a real risk that the capacity of civil society to steer the SDG process will lag behind the momentum around new private sector-led initiatives and modalities to implement the SDGs. We have seen similar trends in the business and human rights arena, where a lack of local civil society capacity represents a key obstacle to the implementation of the UN Guiding Principles on Business and Human Rights.

The stakes are high for civil society. The simultaneous trends of rising private sector influence on the sustainable development agenda and closing civil society space represent significant challenges to civil society's enduring power and influence. Many of today's sustainable development challenges involving the private sector are complex, including both positive and

[3] Paragraph 52 of Agenda 2030 stresses that this is an agenda "of the people, by the people and for the people."

negative private sector contributions, and indirect linkages between corporate practice and development outcomes. Their complexity thus risks furthering disagreements on whether and how to engage the private sector.

If it is to shape the private sector's SDG contributions effectively, civil society will have to become more propositional and unified in what is stands for, rather than against, while also allowing greater space for a diverse set of tactical approaches. Tactical diversity will be needed, since the SDGs require issue, sector and context-specific civil society responses to the private sector's role and responsibilities. There is a need to develop tailored strategies that build on a principled basis of joint civil society actions.

CSOs also need to prioritise and reaffirm their commitment, communication and engagement with each other. We need to further strengthen our internal networks across specialisations and localities to narrow the gaps that have fragmented our field, such as those between global north and global south, professionalised and grassroots civil society, and campaigners and engagers. It will be civil society's collective force, based on a principled approach to sustainable development, that will bring to bear changes on the SDG agenda.

CONCLUSION

Civil society had a strong showing during the negotiations of the SDGs and the related Financing for Development (FfD) agenda. Yet many of civil society's collective efforts, such as the Beyond 2015 Campaign, ended with the adoption of the SDGs, leaving the challenge of shaping the private sector's sustainable development role and contributions unaddressed. While the question of engaging the private sector is one of the most contentious questions among civil society, it's an unavoidable one if we want to make the SDGs count.

Importantly, this is a two-way street. Business should have an interest in having a strong civil society at the table if it wants to operate in thriving societies. Business success without civil society as a counterweight of organised citizen participation will likely exacerbate the cleavages and inequities that mark many countries today. Instead, the private sector should help defend the space for civil society to act as an expression of collective citizenry. There are incipient signs of companies speaking out against governments that target civil society activists, and in support of business regulation, but the scope and frequency of these actions remains scarce.[4] However, it is this kind of action that can be one of the most powerful contributions of business to the SDGs.

[4] See, for example 'EITI supports calls for new Myanmar minimum wage to apply to garment sector', Ethical Trading Initiative, 15 July 2015, http://bit.ly/2pOd0x6; 'Why/how should corporates defend civil society space? Good new paper + case studies', From Poverty to Power, Oxfam, 19 October 2016, http://bit.ly/2q7dDDb.