Rethinking the Role of Private Sector in the Sustainable Development Goals:

Raising the Bar

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Background, setting the context
The SDGs ‘seek to realize the human rights of all’ and the 2030 Agenda for Sustainable Development is explicitly grounded in the Universal Declaration of Human Rights. The Agenda emphasizes the critical role that human rights play in the achievement of sustainable development in all its three dimensions economic, social and environmental.

From an open letter to United Nations Secretary-General António Guterres and United Nations Private Sector Forum 2017
Just to note

One size does not fit all. Business is far from homogenous in the way it approaches its role and responsibility in sustainable development. Companies vary greatly in size, in terms of the type and scope of their impact, where their profits go, the nature of their products and services.

There are no silver bullet solutions.
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, former UN Secretary-General (2007–16)

The elevation of business in the context of the SDGs represents both a significant opportunity and a significant challenge.
A world in turmoil

- Inequality
- Climate change
- Political fragility

Changing corporate landscape
A bit of history

• **State-led pressure:** the early years (1970s – 80s)
  → OECD, UN, ILO

• **People-centered pressure:** the rise of corporate campaigning (1990s)
  → Anti-sweatshop, human rights, Fair Trade

• **Business takes over:** mainstreaming corporate sustainability (2000s – today)
  → Codes of conduct, MSIs, Shared Value
Gaps and limitations of the contemporary paradigm

- **Lack of scale** (with regards to companies and issues)
- **Significant impact gaps** resulting from uneven implementation of commitments
- **Failed promise of a business case** – commercial practices vs. sustainability objectives
- **Ignoring systemic causes** and structural barriers
- **Transparency and accountability gaps** and lack of stakeholder power/engagement
- **Focus on technical solutions** - sidelining politics
The Role and Responsibilities of the Private Sector
Roles and Responsibilities

“The role of business is about much more than creating jobs, paying taxes and developing technology. It is also about determining the nature and purpose of business in a world where economic growth has delivered wealth alongside inequality and prosperity alongside environmental damage and climate change” - Institute for Human Rights and Business

1. Prioritize an understanding of impact;
2. Align core business strategies with the SDGs;
3. Work towards systemic change.
4. Accountability and Transparency
5. Financing the Goals
6. Relationship with Government and Peers
Understanding Impact

• First, companies must ensure that their activities do no harm – a principle that underpins the human rights responsibilities of businesses as embodied by the UN Guiding Principles on Business and Human Rights (UNGPs).

• One cannot be offset harm.

• Does the company have a negative impact on any of the goals?

The difference between prioritization and cherry picking is the company’s full appreciation of both their negative and positive impact on collective efforts to meet SDGs.
Where is your impact?

This should be Headline News

An extra 50 million people will be at risk of hunger by 2050 due to climate change.

Share in the sales of an average chocolate bar (100g, 0.79 €)

- Cocoa and Chocolate companies: 70%
- Intermediaries: 7%
- Retailers: 17%
- Cocoa farmers (1980: 16%)
Tools that can help with Impact Assessments

- The SDG Compass
- Poverty Footprint Tool
- UN Guiding Principles on Business and Human Rights.
- Oxfam has promoted a specific tool, the community-based Human Rights Impact Assessment known as *Getting it Right*

*This not an exhaustive list, tools will also depend on size of company.*
Getting down to core business

We argue that a ‘business case’ approach that sees the SDGs primarily as a commercial opportunity brings with it important limitations.

Challenging normative commercial practice.

• Are you willing to pay a living wage throughout supply chain? If we are to end poverty it means every person in work must earn enough.

• Are you willing to increase the amount of taxes paid? Governments will carry major burden in financing the goals. Tax is key source of revenue particularly in developing countries.

OXFAM
WORK TOWARDS SYSTEMIC CHANGE

• Beyond a single factory intervention.

Spotlight on SDG 5
Gender Inequality
Accountability and Transparency

Companies should improve the quality of disclosure and reporting aligned with the SDGs in annual reports and financial reporting to strengthen transparency and accountability.

They should collectively advance global, national and regional data that is standardized, comparable, reliable, accessible and clear (including benchmarks and indices), paving the way for a truly open reporting framework.

Information must be both accessible to all stakeholders and functional.
Financing the Goals

‘Finance for Development (FfD) is not a fundraising event. It focuses on systemic issues such as illicit financial flows, sovereign debt crisis, private financial flows, trade, investment and global governance. Improving these would greatly contribute to the eradication of poverty and to financing sustainable development.’
– Tove Maria Ryding and María José Romero, Tax Justice Network
Helping Finance the Goals

JUST 8 BILLIONAIRES OWN THE SAME WEALTH AS THE POOREST 3.6 BILLION PEOPLE

IF MULTINATIONAL COMPANIES WERE TAXED FAIRLY, DEVELOPING COUNTRIES COULD RAISE AN EXTRA $242BN* TO TACKLE INEQUALITY

*Source: ActionAid USD 138bn and IF campaign USD 104bn
Relationship with Government and Peers

• Companies should play an active role in reversing the race to the bottom on public governance.

• Companies should treat tax as an investment in the communities they operate in, not as a cost to be minimized.

• Wages should be used to lift people out of poverty.
Final Thoughts

• For business to truly contribute to the achievement of the SDGs, a fundamental rethink is required of the role of business in society.
• Instead of taking a narrow, short-term and profit-focused approach in much of the current discourse, companies should base their engagement on their own impacts, align their core business strategies with the SDGs and work with others towards a system-level change and a more human economy.
• Underlying this engagement should be the fundamental notion that the health and prosperity of both businesses and societies are interdependent in the long run.
“In just 15 years extreme poverty has been halved. In 15 more we can end it for good” Oxfam 2015