



# Beyond the Business Case: The Strategic Role of the Private Sector in Transforming the Real Economy

## *Towards an Inclusive, Green and Circular Future*

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### **ABSTRACT**

Research suggests that achieving the Sustainable Development Goals (SDGs) can open up market opportunities worth USD 12 trillion in the four largest sectors that represent 60 per cent of real economy – food and agriculture; cities; energy and materials; and health and well-being. While the concept of the SDGs creating a win-win situation for all is growing increasingly trendy, further evidence needs to be accumulated to better chart the important discourse on the private sector's engagement with the SDGs. To this end, this paper aims to shed light on three questions: (i) How is the private sector currently engaging with the SDGs in these sectors?; (ii) What are the key areas of opportunities in which companies can foster long-term value in support of sustainable development?; and (iii) What transformations are needed to enhance the contributions of the private sector? Noting the shift towards a more inclusive, green and circular future requires policy, institutional, technological and human capabilities and political will, this paper provides concrete policy recommendations on some of the first steps required to move towards such transformations.

**JEL Classification:** F63, I11, O13, O18

**Keywords:** private sector; sustainable development; food and agriculture; cities; energy; health; well-being

**Sustainable Development Goals:** 2, 3, 7, 11, 12, 17

**Disclaimer:** The views expressed in this paper are those of the authors and do not necessarily reflect the views of the United Nations.

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Typesetter: *Nancy Settecasì*

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## I Background

The development landscape has evolved drastically since the beginning of the twenty-first century. This change has been largely driven by the rise of globalization; trade liberalization, shift of economic and geopolitical power with major emerging economies gaining significant weight in global economy and politics; and accelerated rate of technological advancement, among others. Notwithstanding a number of new opportunities presented by these changes, a very different set of inter-dependent development challenges has also emerged, demanding the harnessing of all development actors across borders.

Concurrently, development finance has been increasingly diversified in its sources and actors. The 2030 Agenda for Sustainable Development notes the important role of the “diverse private sector, ranging from micro-enterprises to cooperatives to multinationals” in the implementation of the Sustainable Development Goals (SDGs). The Addis Ababa Action Agenda (hereafter, “Addis Agenda”) further cements the crucial role of the private sector by devoting a dedicated chapter on domestic and international private business and finance. The Addis Agenda also promotes the strategic contributions of the private sector in the context of multi-stakeholder partnerships.

Against this backdrop, a number of governments are already taking lead in engaging the private sector in the implementation of the national sustainable development strategies, with the aim of incentivizing the business community to fill resource gaps – both financial and non-financial – and enhancing the innovative capacities needed for the achievement of the SDGs.

Additionally, more private sector entities have taken stock of the SDGs. According to a recent survey conducted by the World Business Council for Sustainable Development (WBCSD) and DNV GL<sup>1</sup>, companies perceive the SDGs as a strategic opportunity to enhance their license to operate, innovate and grow. Seventy-eight per cent of companies surveyed reported that they had already undertaken efforts to identify priority SDGs for their firms, while the level of integration of SDGs into actual business plans varies.

Research suggests that achieving the SDGs can open up market opportunities worth USD 12 trillion in four major economic areas – *food and agriculture; cities; energy and materials; and health and well-being sectors*.<sup>2</sup> These four sectors represent around 60 per cent of the real economy and thus are crucial for delivering on the interlinked SDGs.<sup>3</sup> Hence, the SDGs offer compelling business cases, plus opportunities to drive the transformation of markets and industries towards a more inclusive, green and circular future.

Despite increased popularity in the notion that the SDGs can create a win-win situation for both the public and private sectors, further evidence needs to be accumulated in order to better chart private sector engagement with the SDGs. To this end, this paper aims to address the following questions:

- i. How does the private sector currently engage with the SDGs in the aforementioned key economic systems?
- ii. What are the key areas of opportunities, in which companies can foster long-term value through a sustainability agenda and make tangible contributions to the implementation of the SDGs?
- iii. What transformations are needed to enhance the contributions of the private sector in these four sectors and towards the overall achievement of the SDGs going forward?

1 The survey explored the trends around how business is currently working to align activities with the SDGs. This survey drew responses from around 250 companies across 43 countries and four continents. For more information, see: <https://www.wbcsd.org/Programs/People/Sustainable-Development-Goals/Resources/A-survey-of-WBCSD-members-and-Global-Network-partners>.

2 Business and Sustainable Development Commission (BSDC), “Better Business Better World: The report of the Business & Sustainable Development Commission”, London, January 2017.

3 Ibid.

## II Food and Agriculture

Global population grows faster than crop yields. According to the latest research, the world's undernourished population has been on the rise since 2014, reaching almost 822 million (almost eleven per cent of world's population) in 2019.<sup>4</sup> The global food system faces additional environmental challenges including water scarcity, loss of biodiversity, unsustainable fertilizer use and extreme weather driven by ongoing climate change.<sup>5</sup>

Smallholder farmers in developing country context in particular, face daunting challenges in relation to productivity, growth, and sustainability — such as lack of access to affordable financial products, limited knowledge of high-quality inputs, low usage of technology and market data, and poor market links across the value chain.<sup>6</sup>

The Food and Agriculture Organization of the United Nations (FAO) notes the increasingly instrumental role of the private sector in driving the transformation of food and agriculture systems with technological, financial, managerial and knowledge-based expertise and innovation. Available data identifies the 14 largest opportunities in 2030 for companies developing business models; these opportunities address challenges facing food and agriculture and have an estimated potential value of over USD 2.3 trillion at current prices.<sup>7</sup>

There are multiple ways by which the private sector can make more value-added contributions towards enhancing sustainable food and agriculture systems. Many solutions involve market-based approaches combined with effective sectoral policies and public-private coordination mechanisms that have proven to be sustainable and effective at supporting key actors – including smallholder farmers and micro, small and medium size enterprises (MSMEs) in food system, including the informal MSMEs in developing country context.<sup>8</sup>

Firstly, companies can *invest in creating sustainable value chains and optimizing resources from a circular economy approach*.<sup>9</sup> Long-term investments can be made in agricultural inputs, equipments, sourcing, processing, packaging and marketing across the value chain. Accountability measures for all partners should be set with the intent to reduce waste and total use of natural resources. Research shows that the enterprises for reducing food waste in the value chain will be worth USD 155-405 billion a year by 2030.<sup>10</sup> Today, 20-30 per cent of food is wasted, much of it in post-harvest losses that are easy to prevent with technologies such as small metal silos or plastic crates.<sup>11</sup> In India and Rwanda, such technologies have reduced losses by over 60 per cent and in-

4 FAO, IFAD, UNICEF, WFP and WHO 2019. The State of Food Security and Nutrition in the World 2019. Safeguarding against economic slowdowns and downturns. Rome, FAO. For more information, see: <http://www.fao.org/state-of-food-security-nutrition/en/>.

5 Business and Sustainable Development Commission (n 2).

6 World Bank Group, "Private Sector Solutions to Helping Smallholders Succeed: Social Enterprise Business Models in the Agriculture Sector", Washington D.C., March 2018. For more information, see: [https://pdfs.semanticscholar.org/ff83/eb-75245449d1c4f6dabc1801fa0c830d03bd.pdf?\\_ga=2.127842125.1310489554.1580513716-1700031121.1580513716](https://pdfs.semanticscholar.org/ff83/eb-75245449d1c4f6dabc1801fa0c830d03bd.pdf?_ga=2.127842125.1310489554.1580513716-1700031121.1580513716)

7 Ibid.

8 FAO and UNCTAD. "Commodities and Development Report 2017: Commodity Markets, Economic Growth and Development." New York, 2017.

9 The circular economy is a model of production and consumption, which involves sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products as long as possible to extend the life cycle of products. For more information, see: <https://www.europarl.europa.eu/news/en/headlines/economy/20151201STO05603/circular-economy-definition-importance-and-benefits>.

10 World Bank (n 8).

11 Available at: <http://www.fao.org/docrep/014/mb060e/mb060e.pdf>.

creased smallholder farmers' incomes by more than 30 per cent.<sup>12</sup> The private sector can also help smallholder farmers to increase post-harvest value through offering general and sector-specific storage solutions targeting different agricultural produces.<sup>13</sup>

Secondly, the private sector can *help improve the access to capital for smallholder farmers, MSMEs, rural women and entrepreneurs and pursue investments and cross-sectoral partnerships to build physical infrastructure that connects rural communities.*<sup>14</sup> In order to address the high credit risks and incompatibility of financial products with such vulnerable groups, including in the context of developing countries, the private sector companies can devise more cost-effective and customized financial solutions to unlock credit and manage risk. Such solutions include creating alternative finance providers, specialized financial intermediaries, index-based agricultural microinsurance and risk management products such as insurance (see Box 1).<sup>15</sup>

Thirdly, the private sector can *strengthen the productivity and capacity of smallholder farmers, rural agri-food MSMEs and entrepreneurs and promote their participation in value chains and enact a supplier diversity programme.* This can be done through provision of research, training and knowledge-sharing with small-scale producers and retailers, including women-owned businesses, with the goal of enhancing their access to user-friendly information and communications technology (ICT) applications and non-ICT consulting services on yield-enhancing strategies and solutions to improve logistics and market efficiency of their operations.<sup>16</sup>

#### Box 1

#### Innovative financial intermediary for smallholder farmers in Kenya

Currently, only one per cent of commercial loans in East Africa go to agriculture. FarmDrive, a company based in Kenya, builds risk assessment models for financial institutions to evaluate farmers for making lending easier and less risky through pioneering an innovative way to use data. FarmDrive provides a simple record-keeping platform that allows farmers to input their financial information via SMS and an Android app and build a credit profile. The farmers' data combined with existing agricultural data is used to develop a comprehensive credit profile, to be used for the farmers' credit assessment by financial institutions when they need funding. In addition, FarmDrive also uses the records to understand each farmer's specific financial requirement and provide tailored information via SMS.

FarmDrive works with 15 farmer youth leaders from the local community to spread awareness about its services. These leaders also provide training to the farmers on how to use mobile phones and educate them about the risks of borrowing.

**Source:** [https://pdfs.semanticscholar.org/ff83/eb75245449d1c4f6dabc1801fa0c830d03bd.pdf?\\_ga=2.127842125.1310489554.1580513716-1700031121.1580513716](https://pdfs.semanticscholar.org/ff83/eb75245449d1c4f6dabc1801fa0c830d03bd.pdf?_ga=2.127842125.1310489554.1580513716-1700031121.1580513716)

#### Equipping farmers in Sub-Saharan Africa with risk-management tools

Swiss Re, through the Grow Africa Partnership initiative, is committed to giving farmers in Sub-Saharan Africa access to tools such as weather and yield index insurance products. The company invests about USD 2 million per year to support the development of sustainable agricultural risk management markets and provides agricultural insurance for up to 1.4 million smallholder farmers. Swiss Re announced that by 2020 it would have advised 50 sovereigns and sub-sovereigns on climate risk resilience offering them USD10 billion capacity against this risk.

**Source:** [https://www.unglobalcompact.org/docs/issues\\_doc/development/SDGMatrix-ConsumerGoods.pdf](https://www.unglobalcompact.org/docs/issues_doc/development/SDGMatrix-ConsumerGoods.pdf)

<sup>12</sup> Kitinoja, L. and Cantwell, M., "Identification of appropriate postharvest technologies for improving market access and incomes for small horticultural farmers in Sub-Saharan Africa and South Asia. Part 2: Postharvest Loss Assessments", World Food Logistic Organization (WFLO), 2010.

<sup>13</sup> World Bank Group (n 8).

<sup>14</sup> United Nations Global Compact and KPMG International, "SDG Industry Matrix: Food, Beverage and Consumer Goods", New York, February 2016.

<sup>15</sup> World Bank Group (n 8).

<sup>16</sup> Ibid.

Fourthly, the private sector can *enhance access to markets for smallholder farmers as well as access to food by the public including vulnerable groups. A direct-to-market model can help remove the middlemen from distribution chains and directly impact farmers' income.*<sup>17</sup> The digitalization of agricultural value chains also provides new opportunities for growing agribusinesses. New technologies have the potential to allow vital information to be shared in real time which creates markets for local products; minimizes post-harvest losses; facilitates climate-resilient and disaster-informed agricultural systems; and streamlines transaction costs. The firms can also invest in food innovations to enhance access to food for poor and vulnerable groups (see Box 2).

#### Box 2

##### Creating direct-from-farm market linkage for smallholder farmers

Go4Fresh enables smallholder farmers to directly sell their fresh produce to buyers. The company transports the produce from farm gate to end customers, thereby streamlining the supply chain. It caters to diverse customer segments such as export companies, resellers, grocers, supermarkets and individual retail customers who prefer premium grade produce; and hotels, restaurants, canteens (HoReCa segment) and processors who are price-conscious, but not averse to buying produce that have physical defects as long as it is fresh and edible. The model eliminates the presence of middlemen in the procurement process, reduces the burden on farmers to arrange for transport to reach government operated auction houses or 'mandis', enables farmers to realize prices upfront and reduces post-harvest losses stemming from lengthy procurement and distribution activities. Go4Fresh sources produce from individual smallholder and marginal farmers, farmer cooperatives and farmer producer organizations.

**Source:** [https://pdfs.semanticscholar.org/ff83/eb75245449d1c4f6dabc1801fa0c830d03bd.pdf?\\_ga=2.127842125.1310489554.1580513716-1700031121.1580513716](https://pdfs.semanticscholar.org/ff83/eb75245449d1c4f6dabc1801fa0c830d03bd.pdf?_ga=2.127842125.1310489554.1580513716-1700031121.1580513716)

##### Using technology to maximize agricultural yields and margins

AIS is using digital technology to support agriculture and trade via Farmsuk Shop, an application helping farmers cut distribution costs and gain agricultural knowledge. AIS Digital for Thais program focuses on building a communication tool and provide agricultural knowledge for farmers to increase agricultural yields. Farmsuk Shop has been downloaded 7,500 times and gained over 300,000 baht sales since its launch in July 2017.

**Source:** <https://cdn.iccwbo.org/content/uploads/sites/3/2018/07/un-hlpf-2018-business-review.pdf>

##### Providing action-oriented, climate-smart adaptation information using analytical software

ClimateEdge, a UK-based company, provides farmers with the information they need to adapt to climate change through its tropical agriculture-specific weather stations (NEXOs) monitoring conditions on-farm. Its analytical software takes the data, analyses it and turns it into actionable climate-smart adaptation information for smallholder farmers. The company's objective is to improve smallholder farmer yields through frequent climate and weather alerts in Nicaragua, Honduras, Tanzania and Uganda. It is also planning to support the adaptation to Climate Smart Agriculture (CSA) for smallholder coffee farmers through the use of on-farm and remote climate monitoring in Nicaragua and Tanzania.

**Source:** Business Call to Action, Climate Edge Member Application form, November 2018.

##### Food preservation technology for people with limited access to food

COVESTRO, through its "Sunrise Initiative for Inclusive Business", seeks to develop business models that allow food preservation technology to be used to benefit those who would normally not have access to it. The initiative provides cold storage and solar drying technologies to under-served communities in need, dramatically improving income. The initiative is currently being piloted in the Indian sub-continent and Southeast Asia and provides opportunities to deliver new business models in food preservation, sanitation and housing.

**Source:** <https://www.unglobalcompact.org/docs/publications/MGGLB-2017-UNGA.pdf>

<sup>17</sup> Ibid.

Finally, the private sector should *partner with the government for sustainable rural infrastructure projects and engage in public-private dialogue (PPD)* involving multi-stakeholder actors throughout the project cycle (see Box 3). The private sector can invest in infrastructure, such as roads, bridges, irrigation schemes, storage facilities and markets, among others, to enable farmers to capitalize on their investments. It is critical for the private sector to actively engage in PPD process involving local actors including vulnerable groups early on and throughout in the public-private partnerships (PPP) project cycle and ensure the risks and benefits of the projects are shared fairly. This point is especially critical given that while a number of private sector firms are playing a vital role in driving sustainable agriculture with their large-scale farming models, a body of research shows that outcomes are mixed and success factors are highly context-specific.<sup>18</sup>

Looking beyond the agricultural system, the rural non-farm economy also needs to address the inherent inequities in assets and capacities across the stakeholders including women.<sup>19</sup> In this regard, the important role of coherent cross-sectoral policies of government as a whole, together with innovative local solutions of social enterprises, should be further promoted.

Box 3

**Facilitating regional public-private dialogue platforms for food and nutrition security**

The Food Security Programme of the European Centre for Development Policy Management (ECDPM) contributes to the establishment of regional public-private dialogue platforms for food and nutrition security. The programme aims to mobilise the political and business interests to remove the policy barriers to intra-regional trade and investments along the regional agricultural value chains, particularly in sub-regions of the Common Market for Eastern and Southern Africa (COMESA). The programme analyses the impacts of public-private initiatives on various operators in agricultural value chains, particularly on vulnerable groups. The programme also promotes long-term investment and regional integration in support of sustainable agriculture and food security.

Source: <https://ecdpm.org/topics/role-private-sector-food-security/>

### III Cities

Cities have emerged as an engine for growth that boosts capital flows, job creation, digitization and trade. Today, 55 per cent of the world's population lives in urban areas, a proportion that is expected to increase to 68 per cent by 2050.<sup>20</sup> As the world is rapidly urbanizing, the challenge to meet the basic needs for growing urban populations – including transportation, energy, employment, education and health care – also increases. Rapid urbanization will particularly affect low-income and lower-middle-income countries where the pace of this change is projected to be the fastest.<sup>21</sup>

According to the United Nations Human Settlements Programme (UN-Habitat), urbanization is currently taking place within the context of a relatively weakened global economy following the 2008 global financial

<sup>18</sup> For instance, the green revolution in Asia was mostly driven by government-led participatory initiatives and more pro-poor in nature, which may suggest that the role the private sector plays in transforming agricultural system should vary and thus be tailored to local contexts.

<sup>19</sup> S. Omamo. IFAD Research Series, “Why food and nutrition security matters for inclusive structural and rural transformation”, Rome, 2016.

<sup>20</sup> United Nations Department of Economic and Social Affairs, “World Urbanization Prospects: The 2018 Revision”, New York, 2018.

<sup>21</sup> Ibid.

crisis, characterized by the deteriorated fiscal positions of local governments, collapsed tax revenues, high unemployment, higher operational costs for addressing social needs, difficulties gaining access to borrowing and collapsed public-private partnership activities.<sup>22</sup>

To build resilient and sustainable cities, it is critical to ensure effective urban governance that promotes inclusive stakeholder engagement and efficient financing. The municipal governments in both developed and developing country contexts are increasingly looking for new and innovative ways to finance sustainable urban projects and this has led to more partnerships with the private sector.<sup>23</sup>

The private sector also has a key stake in ensuring that cities prosper and are on a sustainable pathway, as cities provide tons of opportunities to innovate, develop and expand businesses. This context presents both opportunities and responsibilities for the private sector in realizing market potentials and social impacts, in line with SDG 11 on sustainable cities and communities as well as other interlinked Goals.<sup>24</sup>

The areas in which the private sector can find business opportunities with the greatest urban economic, environmental and social impacts lie in, among others: the housing and construction sector to promote renewable energies and affordable green buildings (see Box 4); transportation infrastructure to increase energy efficiency, accessibility and safety and reduce pollution (see Box 5); and water, sanitation and health industry to achieve closely inter-linked SDGs.

#### Box 4

#### Providing affordable green apartments in Vietnam

Capital House is improving resource efficiency and creating environmentally friendly sustainable homes in Vietnam through energy-smart architectural design. The company built the first condominium that meets international green certification standards in the Long Bien district of Ha Noi. EcoHome Phuc Loi providing more than 640 affordable green apartments intelligently designed to maximize ventilation and natural light. The project is predicted to save over 500GWh of electricity and 5 trillion litres of water over the life of the programme.

**Source:** <https://cdn.iccwbo.org/content/uploads/sites/3/2018/07/un-hlpf-2018-business-review.pdf>

While the private sector is playing an increasingly important role in social sector, including education and health care fields in particular, the common views note that the contributions of firms need to be well aligned with government priorities and local demands besides business interests; be based on longer-term strategy to ensure its sustainability; and have robust check and balance system in place making the information on impacts accessibly by the public.

The private sector is especially well positioned to provide concrete solutions for smart cities development aimed at harnessing technologies for social good, since most of the products and services mobilized are directly manufactured or provided by the private sector (e.g. sensors, early warning systems, cloud computing,

<sup>22</sup> United Nations Human Settlements Programme (UN-Habitat), “World Cities Report: “Urbanization and Development: Emerging Futures”, Nairobi, 2016.

<sup>23</sup> Ibid.

<sup>24</sup> For instance, while urbanization is often perceived as having negative impacts on agriculture, with rapidly growing rural-urban interactions, urban demands can create sustained supply chain and provide access to markets for agricultural producers including smallholder farmers. As such, the engagement of the private sector in urban development also has significant implications in efforts towards achieving sustainable agriculture and food security as well.



Box 5

**Sustainable mobility management to reduce CO<sub>2</sub> emissions**

CEiiA, the Centre of Engineering and Product Development, has developed **Yes. mobi.me** - a solution for better and more sustainable mobility management that monitors CO<sub>2</sub> emissions in real-time. Working in collaboration with local authorities and communities, Yes. mobi.me allows city managers to monitor and promote mobility behaviours that are more sustainable and helps users become more aware of their carbon footprint.

Source: <https://www.unglobalcompact.org/library/4321>

**“Owl Bus” based on big data technology and public-private consensus**

Owl bus is intra-city night buses in Seoul that run exclusively from midnight to 5:00 am. Seoul Metropolitan City partnering with KT Corporation designed the optimal night bus routes using big data. KT Corporation collected data on mobile phone call history and taxi rides across the city to visualize the moving pattern of citizens on a map. The information systems connected inside the vehicles enable comprehensive control of bus operations and efficient adjustment of intervals, while providing users and drivers with real time operation information. The Owl Bus was designed to accommodate city’s late-night commuters and lessen financial burdens on the economically disadvantaged, such as self-employed small business owners.

Source: <https://www.citiesalliance.org/sites/citiesalliance.org/files/Seoul-Owl-Bus-11052014.pdf>

etc.). The UN system can actively work with the private sector to source and customize these solutions. While overreliance on technologies and electronic service delivery has made cities more vulnerable to hacking and cyberattacks, the deployment of ICTs in cities supports innovation and promotes efficiencies in urban infrastructure leading to lower the cost of city services<sup>25</sup> (e.g. electric and hybrid vehicles, ride-sharing apps, etc.).

The private sector can also share its technical expertise, including for enhancing the disaster response capacity of urban infrastructure and institutions, especially for countries that are vulnerable to extreme climatic events such as small island developing states (SIDS) (see Box 6).

Box 6

**Digital humanitarian aid with mobile technology**

Groupe Spéciale Mobile Association (GSMA) aims to accelerate the delivery and impact of humanitarian assistance through mobile technology. Over 147 mobile operators are committed to the **GSMA Humanitarian Connectivity Charter**, an initiative which strengthens the disaster risk reduction capability of connectivity systems in over 106 countries. The Charter consists of a set of shared principals adopted by key players in the mobile industry to support improved access to communications and information system for those affected by crisis in order to save lives and contribute to efforts for disaster risk reduction.

Source: <https://www.gsma.com/mobilefordevelopment/mobile-for-humanitarian-innovation/>

In order for companies to readily supply such technical expertise, the governments and cities, together with inter-governmental organizations such as the UN, should promote better “market signaling” system at all levels to articulate and broadcast the key issues facing the cities in both developed and developing contexts. This enables the private sector – including start-ups, incubators and accelerators – to receive clearer market signals on some of the pressing issues the city is grappling with, including the issues that are closely related to

<sup>25</sup> Ibid.

climate change (e.g. water scarcity, renewable energy, flood control, early warning, etc.) and help develop the types of solutions that are applicable and context-specific<sup>26</sup> (see Box 7).

Additionally, companies can play a critical role in building safer and more inclusive cities and communities, especially for women, youth and vulnerable populations, through implementation of inclusive and innovative business operations and financing strategies among others (see Box 8).

#### Box 7

##### Matching platform for cities and companies for urban solutions

UNDP Bangkok Regional Hub has launched the matching platform for cities and the private sector companies at the 2018 World Urban Forum in Kuala Lumpur. As part of this platform, UNDP offers 'process innovation' that helps identify urban issues (of a particular city) using a design-thinking approach entailing: 1) conducting workshops for key stakeholder; 2) organizing challenge competition; 3) matching the private sector solutions to identified needs; and 4) offering metrics for SDGs impact measurement. UNDP is already a key partner of the ASEAN Smart Cities Network that seeks to deploy this platform across the 26 ASEAN cities, engaging cities, companies and trade organizations.

Source: <https://us17.campaign-archive.com/?u=bd6c3dc210902d33a8defa781&id=159e61deb9>

#### Box 8

##### Promoting safer and more inclusive cities through sport in Brazil

IWC International Watch Co. AG, known as IWC Schaffhausen, supports the development of the Laureus National Foundations and nationwide Sport for good charitable activities, including the Instituto Reacao in Brazil, which promotes human development and social inclusion through sports and education, benefiting 1,200 children. The Fight for Peace programme in Rio de Janeiro combines boxing and martial arts with education and personal development to support disadvantaged youth living in areas affected by extreme poverty, drugs and violence. The programme benefited 2,000 participants, 60 per cent of whom stated they were less likely to carry a gun as a result of the programme, 75 per cent reported improved family relationships and 80 per cent experienced improved self-esteem.

Source: <https://cdn.iccwbo.org/content/uploads/sites/3/2018/07/un-hlpf-2018-business-review.pdf>

##### Providing free temporary accommodations for 100,000 displaced people by 2020

Airbnb has already provided free temporary accommodations for 11,000 refugees from over 52 different countries thanks to its Open Homes platform, which encourages hosts to offer housing to those displaced by natural disasters, conflicts or illness. Through partnerships with different organizations such as the International Rescue Committee, Airbnb is helping improve the lives of many asylum seekers and facilitating their integration into communities across Europe and North America. Currently, there are 6,000 zero-dollar listings available on the platform for those in need and Airbnb aims to provide housing for 100,000 people by 2022.

Source: <https://cdn.iccwbo.org/content/uploads/sites/3/2018/07/un-hlpf-2018-business-review.pdf>

##### Real time information to help the homeless to find shelter in adverse weather

When temperatures drop below -7°C, Stockholm makes sure to look after those in need. By utilizing its network of digital billboards and in collaboration with local nonprofit relief organizations, outdoor media company Clear Channel has created an information system that in real-time informs the homeless where to find the nearest shelter. By informing, organizing and inspiring others to help, Clear Channel's aim is that all citizens can find warm place to stay for the night to promote inclusive cities and leave no one behind.

Source: <https://www.clearchannel.se/en/>

26 Interview with Taimur Khilji, Economist and Urban Development Lead of Bangkok Regional Hub for United Nations Development Programme, Bangkok, 4 December 2018.

In order to optimize the potential contributions of the private sector towards advancing a sustainable urban agenda, several points should be considered.

First, it is critical for the private sector to *align their business plan across the value chain in line with environmental and public concerns towards systems transformation*. For instance, in the housing and building sector, the design and construction process decisively impact the amount of energy and materials used during their operations. The World Business Council for Sustainable Development (WBCSD) is working on a new approach that enables the companies to work across value chains to align their emissions reduction strategies using Science-Based Targets (SBT).<sup>27</sup> Also, as the housing crisis is typically supply driven, the private sector can play a meaningful role in ensuring equitable access to affordable homes by the public. Also, it is critical for the private sector entities, such as banks, developers, mining companies and parastatals such as electricity utilities, to take stock of the consequences of their activities on the housing rights of the public and to take appropriate actions where necessary to prevent any mass forced evictions.<sup>28</sup>

Second, systems transformations should be initiated and carried out based on a *broad-based ownership and grassroots consensus through robust and consistent public-private dialogue (PPD) mechanisms*. The dialogue platform should include governments, the private sector, local institutions, academia, UN organizations and public, including vulnerable populations such as youth, older persons, persons with disabilities, indigenous peoples, migrants and refugees, among others. Such dialogue mechanisms should aim to build trust, shared values and mutual accountability. The private sector should add value by informing the city development strategies and contributing to co-designing of development plans.

Third, governments should *develop long-term solutions for cities and communities from the perspective of circular economy and enhance policy coherence*. The solutions should incentivize the companies to develop new business models in line with the SDGs. Such solutions should include measures to enhance access to affordable urban public goods for all and leave no one behind. Government regulations should be developed or adjusted in such a way to engage the youth and vulnerable groups and support the innovative start-ups, entrepreneurs and informal MSMEs in developing countries that are aspiring to solve urban challenges.

Fourth, *city-to-city development cooperation should be further enhanced* to facilitate knowledge-sharing and transfer of technologies. Such cooperation should engage the cities of both developed and developing countries and the private sector firms including innovative start-up ecosystems around the world (see Box 9).

#### Box 9

#### Citypreneurs, the urban innovation challenge competition for city entrepreneurs

Among the 150 start-up teams from 36 countries that participated in the Citypreneurs' urban innovation challenge, winners include: **Alt-A**, a start-up that uses real-time data and smart safety beacon technology to pre-detect and notify on potential targets of collision on the road for a safer traffic environment; **Nice Visions** specializing in household solar energy tiles that increase the efficiency of solar energy use in the city; **WeavAir** using sensors and AI to measure real-time air quality inside buildings, and **Dot Inc.** stylish wearable gears with multi-layered braille display for persons with impaired vision, foreigners, children, etc. to provide easy access to public information including real-time information on public transits.

**Source:** <https://www.citypreneurs.org/blog/congratulations-to-our-2018-winners>

<sup>27</sup> For more information, see: <https://www.wbcSD.org/Programs/Cities-and-Mobility/Sustainable-Cities/Science-based-targets>.

<sup>28</sup> J. Plessis, "The growing problem of forced evictions and the crucial importance of community-based, locally appropriate alternatives", *Environment and Urbanization* Vol 17, No 1., April 2005. Available from: <https://journals.sagepub.com/doi/pdf/10.1177/095624780501700108>.

## IV Energy and Materials

Access to affordable and reliable sustainable energy solutions lies at the heart of sustainable development. With an estimated one billion people living without access to electricity today and the demand for energy projected to increase by an additional one-third by 2035, universal access to affordable, reliable and sustainable energy services is more crucial than ever before.<sup>29</sup>

To fuel efforts towards sustained economic growth, inclusive society and environmental sustainability, it is necessary to end energy poverty especially in developing countries and promote clean and efficient energy. Providing universal access to electricity can positively influence the achievement of other SDGs such as health, given that 4 million people die from exposure to smoke from cooking every year.<sup>30</sup>

More governments are recognizing the pressing need for integrated policy frameworks that can competently guide companies and investors toward long-term investment and market opportunities in sustainable energy.<sup>31</sup> For instance, there is a rising trend towards carbon pricing, including cap-and-trade policies, carbon taxes and smart subsidies that target the redirection of funds to clean energy technologies. According to the World Bank, governments raised about USD 33 billion in carbon pricing revenue in 2017, which is a 50 per cent increase from 2016.<sup>32</sup>

Increasing numbers of governments are also taking extended producer responsibility (EPR) policy approaches, which extend the producer's responsibility for products through the management of their product's packaging after the product has been used by consumers. This evolving policy environment provides opportunities for the private sector to gain access to new markets and increase shareholder value.

Simultaneously, the growing demand for decentralized energy solutions, such as mini-grids and off-grids, rely primarily on private investments either from enterprises or households.<sup>33</sup> Such market trend has also contributed to increasing participation of the private sector companies in energy sector in the last decade, particularly in developed country context.

In the context of growing consensus as to increasingly important role of the private sector in sustainable energy agenda, the companies can make significant contributions both on their own and through partnership efforts in the following four areas, among others:<sup>34</sup>

First, the private sector can *develop and deploy business models that add value to sustainable energy solutions*. Companies can design products that reduce the consumer's use of energy. Firms can require their suppliers

<sup>29</sup> International Chamber of Commerce (ICC), "Business Action for Sustainable and Resilient Societies", report prepared for the 2018 United Nations High-Level Political Forum on Sustainable Development, New York, 2018.

<sup>30</sup> United Nations Department of Economic and Social Affairs (UNDESA), Summary of Expert Group Meeting on SDG 17, New York, 12 June 2018. Available at: [https://sustainabledevelopment.un.org/content/documents/19937Summary\\_of\\_EGM\\_on\\_SDG\\_17.pdf](https://sustainabledevelopment.un.org/content/documents/19937Summary_of_EGM_on_SDG_17.pdf).

<sup>31</sup> Global Economic Forum, "Global Future Council on Energy 2016-2018 - Policy Recommendations", Geneva, January, 2018.

<sup>32</sup> For more information, see: <https://www.worldbank.org/en/news/press-release/2018/05/22/more-governments-taking-up-carbon-pricing-and-seeing-big-benefits-in-revenues-world-bank-report>.

<sup>33</sup> United Nations Department of Economic and Social Affairs (UNDESA), "Report of the Inter-agency Task Force on Financing (IATF) for Development - Financing for Development: Progress and Prospects 2018", New York, March 2018.

<sup>34</sup> These policy recommendations were broadly based on: Secretary-General's High-level Group on Sustainable Energy for All, "Sustainable Energy for All: A Framework for Action", January 2012; and United Nations Global Compact and KPMG International, "SDG Industry Matrix: Energy, Natural resources & Chemicals", New York, January 2017.

to measure, report and reduce their energy consumption and source an increasing share of their energy consumption from renewable sources. The private sector can establish supply chains and deployment models for delivering sustainable electrification and modern cooking facilities in developing countries (see Box 10).

Box 10

**Hybrid energy systems powered by locally sourced renewable energy in Tanzania and India**

Husk Power Systems is providing clean energy in India and Tanzania thanks to its hybrid power systems powered by locally sourced agricultural waste, such as rice husks, corn cobs and solar energy. The power generated through this activity reduces about 15,000 tons of CO<sub>2</sub> per year. The company avoids contaminating water during the cooling process through a dry gasification system for hot biogas used to generate power. The service improves the livelihoods of over 120,000 people and has a 100 per cent theft-proof, flexible pay-as-you-go system.

MSME providing renewable energy solutions and distributing clean cooking stoves in Rwanda.

Neseltec established the first solar photovoltaic manufacturing facility in Rwanda, and recently completed the construction of a mini-grid that connects 40 businesses and 140 households to solar power. The startup has sold over 5,000 solar systems to households and is now launching 'Pay As You Go' liquefied petroleum gas canisters to provide energy and appliances for clean cooking stoves in Kigali.

**Cross-border public-private partnerships (PPP) regenerating electricity across Iraq**

General Electric, J.P. Morgan and the Government of the United Kingdom have committed to improving the power supply in Iraq. The project, which aims to repair Iraq's power grid, will regenerate electricity to several millions of homes and businesses across the country. Iraqi households currently receive power for less than eight hours a day and are forced to pay for expensive generators. Through their public-private financing scheme, General Electric will be able to implement new gas turbine technology, which in turn will significantly boost access to electricity across the country.

**Source:** <https://cdn.iccwbo.org/content/uploads/sites/3/2018/07/un-hlpf-2018-business-review.pdf>

Second, the private sector can *build new financing and market-based mechanisms in support of energy efficiency and renewable energy*. Companies should develop a broad portfolio of investment options which include carbon markets and also make direct investments in projects supporting sustainable energy solutions within their operations and other relevant philanthropic projects. Firms providing financial services can apply their expertise to renewable energy pricing models which meet the objectives of financial viability, energy efficiency and universal access. Companies can also underwrite renewable energy developments such as wind farms and solar power arrays.

Third, the private sector can *invest in R&D to identify and support the key enablers to a low carbon future and develop innovative technologies* to increase carbon capture and storage. Firms can also aim to improve the integration of renewables into grids and electricity markets (see Box 11).

Fourth, the private sector should *inform and support government's efforts to develop or adapt policies and regulations that spur innovation*. Banks and financial institutions can provide the technical inputs for developing financial models and instruments to reduce the risks associated with sustainable energy investments, while also helping to strengthen the capacities to properly assess such projects. Companies can also participate in the development of energy efficiency standards for countries, industrial sectors and product categories. Such standardization assistance from companies will expedite product development to make the technologies catch up and promote renewable energy solutions. This can be done, ideally in close collaboration with relevant line ministries within government (e.g. Ministry of Health), with a view to ensuring policy coherence.

## Box 11

**Inventing technologies that reduce energy consumption**

Merck KGaA, a leading science and technology company in healthcare, life science and performance materials, helps its customers and end users save energy. For example, it has developed innovative liquid crystal technologies for displays which utilize 15 per cent more light from the display's backlighting, thus reducing the device's energy consumption by up to 30 per cent. In 2015 Merck acquired the start-up Qlight Nanotech, headquartered in Jerusalem, which is developing a quantum material technology that will help further enhance the color spectrum and energy efficiency of displays.

Source: [https://www.unglobalcompact.org/docs/issues\\_doc/development/SDG-industry-matrix-enrc.pdf](https://www.unglobalcompact.org/docs/issues_doc/development/SDG-industry-matrix-enrc.pdf)

**Using machine learning to reduce overall energy overhead**

Google's leading artificial intelligence research group, DeepMind, has developed a machine learning technology that reduces the amount of energy used for cooling data centres by 40 per cent and 15 per cent for overall energy overhead. Using historical data and a system of neural networks trained on different operating scenarios and parameters within Google's data centres, the company uses the ratio of building energy usage to IT energy usage to ensure that energy consumption does not exceed its operating constraints. Google aims to publish its findings to enable other data centres to make the same energy savings in the future

Source: <https://cdn.iccwbo.org/content/uploads/sites/3/2018/07/un-hlpf-2018-business-review.pdf>

## V Health and Well-being

The demand for healthcare is rapidly growing worldwide. This growth is attributed to a combination of various factors including aging populations, in particular.<sup>35</sup> In the context of rising inequality among and within countries and with uneven access to healthcare services persisting across the globe, there is a growing consensus for urgent need to ensure equitable access to affordable and quality healthcare for all.

While healthcare is generally considered a public good, the private sector can play a strategic role in expediting progress and removing barriers for ensuring healthy lives and promoting well-being for all at all ages (SDG 3). Available data suggests that shifting to more equitable and affordable healthcare models and developing sustainable well-being services for all will open up business opportunities worth USD 670 billion in Asia; USD 223 billion for the Latin American and Caribbean; USD 259 billion in Africa and USD 133 billion in the Middle East and North Africa by 2030.<sup>36</sup>

There are a number of areas where the private sector can engage and bring value-added contributions. For example, the private sector can:<sup>37</sup>

- Collaborate with governments, civil society, technology providers and the UN system to *improve communities' health knowledge, attitudes and practices* in order to reduce mortality, morbidity and other indicators of the disease burden.

35 United Nations Department of Economic and Social Affairs (UNDESA) Population Division, "World Population Ageing 2017 – Highlights", ST/ESA/SER.A/397, New York, 2017.

36 Based on four reports of the Business and Sustainable Development Commission (BSDC): "Better Business Better World: Sustainable Development Opportunities in Asia", London, June 2017; "Better Business Better World: Sustainable Development Opportunities in Africa", London, February 2017; "Better Business Better World: Sustainable Development Opportunities in the Middle East and North Africa", London, December 2017; "Better Business Better World: Sustainable Development Opportunities in Latin America and the Caribbean", London, October 2017.

37 United Nations Global Compact and KPMG International, "SDG Industry Matrix: Health & Life Sciences", New York, July 2016.

- Collaborate across the healthcare industry and with research organizations, governments and other stakeholders to *develop innovative low-cost preventive and curative treatments* for communicable and non-communicable diseases, considering variants in low- and middle-income countries, including in treatment for multi-drug resistant tuberculosis.
- Collaborate with governments and other healthcare providers to develop a rigorous strategy and plan to *address growing anti-microbial resistance* (see Box 12).
- *Adopt low-price, high-volume pricing models* to expand access to pharmaceuticals and nutritional supplements in low- and middle-income countries. Train health workers and *engage them in technical cooperation* to build financial, technical and institutional capacities of healthcare systems and workers in developing countries.
- *Invest in the development of low-cost medical devices* for low-income countries, which are easy to operate and maintain (see Box 12).
- *Improve working conditions for employees across the value chain* (e.g. providing support for breastfeeding mothers) and provide employees and their families with healthcare services and insurance.
- *Develop robust disaster risk reduction and preparedness plans* in locations with high disaster risk and provide those affected with physical and psychosocial support after disasters.

Box 12

**Innovative antiretroviral treatment for HIV/AIDS with royalty-free licensed agreements**

ViiV Healthcare, a specialist HIV company owned by GSK, Pfizer and Shionogi is contributing to the global effort to tackle HIV/AIDS. In 2014, the company was granted approval in the EU for its innovative antiretroviral treatment – an integrase inhibitor used in combination with other antiretroviral medicinal products for the treatment of adults and adolescents living with HIV – and secured approval in the USA and Europe for a new single pill treatment. ViiV Healthcare applies a uniform approach to all its medicines with the goal of supporting people in 135 countries affected by HIV. Royalty-free voluntary licenses are offered in all low-income, least-developed and sub-Saharan African countries. In middle-income countries a flexible pricing policy is applied that factors in GDP and the impact of the epidemic on the country. Fourteen royalty-free license agreements with generic manufacturing companies enable international manufacturers to produce and market low-cost versions of all ViiV Healthcare’s antiretrovirals for donor agency and public-sector programs.

**Manufacturing low-cost medical devices for low-income countries**

Siemens Healthineers designed, manufactured and marketed a brand new CT scanner in China, which can be used in clinics by health professionals who are not doctors. This was in recognition of the shortage of qualified doctors and hospitals in China. The scanner is smaller and more efficient than alternatives – it processes images more quickly and uses less energy – cutting the cost of treatment by 30 per cent and curbing radiation by up to 60 per cent. This lower cost, lower energy CT scanner has been commercially successful in the United States and other major markets outside of China.

**Source:** [https://www.unglobalcompact.org/docs/issues\\_doc/development/SDGMatrix-Healthcare.pdf](https://www.unglobalcompact.org/docs/issues_doc/development/SDGMatrix-Healthcare.pdf)

In addition, the accelerating advancement of emerging technologies presents potential opportunities for the private sector to *develop innovative technological solutions for universal access to healthcare as well as healthcare facilities and equipment with increased accessibility for persons with disabilities*.

These include, among others, risk pooling to extend health insurance coverage; remote patient management, such as tele-health, to reach more under-served populations and those with limited mobility (see Box 13); and activity services to tackle and prevent non-communicable diseases (see Box 14).

The private sector should also *partner with governments in developing plans for epidemic and pandemic risk reduction, preparedness and response* using advanced technologies (see Box 14).

#### Box 13

##### Access to virtual clinics and virtual diagnostics

Accuhealth is a Latin American remote-monitoring company and the pioneer of the Virtual Clinical Hospital, a unique telehealth business model, the first in Chile and South America. With the latest technology, the company provides remote care management with emphasis on prevention and close monitoring of patients, particularly in hard-to-reach areas without access to traditional hospitals.

Sevamob, USA based company, is transforming the delivery of primary healthcare and insurance to the bottom of pyramid consumers in India by providing primary healthcare to hard-to-reach areas via mobile clinics, 24x7 medical consultation call center and video consultations through tele-health marketplace. Sevamob is also increasing awareness among the population about the need for regular primary care and thus contributes to improving healthcare indicators in the long term.

**Source:** Business Call to Action, Accuhealth and Sevamob member pages, 23 November, see [www.businesscalltoaction.org/members](http://www.businesscalltoaction.org/members)

#### Box 14

##### Data-aggregation tools for data-filled disease: remote diabetes management platform

Managing diabetes takes careful monitoring of a number of variables, including blood sugar, medication and direct impact of food and exercise. By leveraging big data and analytics, Glooko developed remote monitoring and management platform for diabetes sold directly to healthcare systems and insurance providers. Patients use the system to tap into information about their food intake or exercise to make informed decisions. Physicians and diabetes counselors can track and analyze a patient's real-time progress using the platform, making them better equipped to adjust prescriptions and instructions.

Patients can access the Glooko mobile app on their smartphones, while healthcare professionals use a kiosk to access analytics and create a road map for optimal care. The app has functions such as hypoglycemia monitoring, one of the most expensive aspects of diabetic care. Glooko's real-time responsive module prompts a user to answer a series of questions to best determine what might have caused an incident and how to avoid a similar situation in the future. The company expects that over time, on-the-spot analysis of an incident or pattern can dramatically reduce care costs.

**Source:** <https://www.glooko.com/landing/diabetes-software/>

##### Mitigating health emergencies using emerging technology

Telefonica Research in Madrid (Spain), in close collaboration with the **ISI Foundation** in Turin (Italy) and UN Global Pulse, is currently investigating the human mobility patterns relevant to the epidemic spread of Zika at a local level, within Colombia, mainly focusing on the potential benefits of harnessing mobile phone data as a proxy for human movements to prevent the spread of the epidemic. Specifically, mobile phone data are defined as the information elements contained in call detail records (CDRs) created by telecom operators for billing purposes and summarizing mobile subscribers' activity, i.e. phone calls, text messages and data connections. Such "digital traces" are continuously collected by telecom providers and thus represent a relatively low-cost and endless source for identifying human movements at an unprecedented scale. Thus, emerging technologies are utilized to explore different epidemic scenarios and help public health authorities in planning timely interventions. In Mexico, Telefonica partnered with the government to tackle the spreading of H1N1 influenza by monitoring the mobility patterns of citizens' cell phones.

**Source:** <https://cdn.icwbo.org/content/uploads/sites/3/2018/07/un-hlpf-2018-business-review.pdf>



## VI Policy Messages

This paper has explored the state of play of the private sector's engagement with the SDGs in the four largest, interlinked economic sectors – food and agriculture; cities; energy and materials; and health and well-being. The key observations and general policy recommendations on how the private sector may best seize business opportunities while at the same time make positive impacts on the SDGs implementation are summarized as follows:

**More work is needed to clearly articulate the business opportunities presented by the SDGs to engage the strategic internal stakeholders**, particularly the CEO offices and strategy departments. The global survey conducted by the WBCSD and DNV GL finds that almost half (48 per cent) of companies list the lack of understanding of the business case among internal stakeholders as a key barrier to SDG integration. The findings also suggest that there is currently a degree of mismatch between the departments that are considered most strategic in helping advance the SDG agenda and those that are responsible for the SDGs within the company. Awareness of the SDGs should be embedded across a wider range of corporate functions to best target business opportunities and risks.

**Companies should further integrate the SDGs into corporate strategic planning across the value chain.** Ways to further integrate include: appointing board members and senior executives who will prioritize the SDGs in key decision-making; aiming strategic planning and innovation at sustainable solutions; marketing products and services that inspire consumers to make sustainable choices; integrating SDGs into corporate reporting frameworks at target level; and using SDGs to guide capital allocation, leadership development, labour relations, women's empowerment, etc.<sup>38</sup>

**Circular economy principles must underpin corporate strategies to address challenges facing the four largest economic systems** (food and agriculture; cities; energy and materials; and health and well-being). With resource gaps widening across these interconnected sectors, it is critical for the private sector to have a more circular approach in order to optimize resources, minimize systemic leakages and preserve values in all investment and business decisions. Given that these four systems and overall SDGs are cohesively interlinked, taking a nexus approach for identifying integral business solutions will always pay off.

**A fundamental shift is needed in the perception of the private sector to view the SDGs as a risk-management tool, which will drive companies to align their long-term investment decisions and business practices with the SDGs.** Addressing the excessive short-term oriented investments is one of the biggest challenges encountered in the implementation of the SDGs today.<sup>39</sup> The regulatory, operational and normative risks associated with misalignment with the SDGs can further substantiate the environmental, social and governance (ESG) risks framework.

**Blended finance is one instrument for strengthening private sector engagement, while further evidence should be accumulated on when and how it should be used.** It is critical for governments to have solid regulatory and monitoring frameworks in place to effectively incentivize companies to align with public goals or developing country priorities (in the cases of cross-border financing); share risks and rewards fairly; and benefit citizens including those furthest left behind.

<sup>38</sup> Business and Sustainable Development Commission (n 2).

<sup>39</sup> United Nations Department of Economic and Social Affairs (UNDESA), "Report of the Inter-agency Task Force on Financing (IATF) for Development - Financing for Development: Progress and Prospects 2018", New York, March 2018.

**Creating shared value through robust public-private dialogue (PPD) mechanisms helps to identify timely and scalable investments.** PPD mechanisms can also help develop sound labour market plans to address skills gaps. The private sector can be invited as a valuable partner to help governments assess progress in SDGs implementation in preparation of countries' voluntary national reviews (VNR) for the High-level Political Forum (HLPF), which can lead to more investment opportunities.

**Government policies should be clear, long-term oriented and coherent to enable companies to make informed decisions.** The WBCSD and DNV GL survey shows 41 per cent of companies perceives the lack of clarity regarding regulatory implications as a key barrier in taking additional actions for the SDGs. More systematic links between national economic, social and environmental policies can create conducive policy environments including for MSMEs. For example, there are a number of economically viable opportunities for energy and water savings that can relieve pressures on both sectors if considered in an integrated manner.

**It is vital for the private sector to invest in long-term trust and partnership building with local communities.** This can be done by sourcing and hiring locally and building business infrastructure in line with the community's priorities. For instance, member companies of the Global Impact Sourcing Coalition (GISC) have adopted inclusive procurement policies to prioritize suppliers that deliberately hire and provide career development opportunities to vulnerable populations in their local communities, thus contributing to the social and economic development of the communities that they source from.

**More companies are shifting towards unlocking business potential of the inclusion agenda, which is no longer considered an “add-on” to corporate social responsibility (CSR) exercises nor a philanthropic venture, but as part of a core business strategy.** Firms recognize the importance of fostering win-win strategies to perform for profit-making and make impacts for social good through effective communications strategies. Implementing inclusive business models entails various challenges such as securing sustained access to capital, markets and connectivity for the base of the pyramid and vulnerable groups; finding technology-based solutions to tackle the global talent mismatch; scaling projects to enable a larger reach; including vulnerable groups in co-designing process early on; dealing with restrictive legislative frameworks and unfavorable policies; and building a long-term vision for and maintaining relationships with vulnerable populations<sup>40</sup> (see Box 15).

**Co-designing of value chain involving vulnerable groups, despite many challenges, provides companies better insights on potential needs and returns of investment.** Engaging vulnerable groups in designing products and services allows for more accurate market research and demand-driven business, which can result in decreased transaction costs and positive corporate branding. Co-developing value chains with the most vulnerable groups and communities should be imbedded not only in the planning stages, but throughout the monitoring and evaluation phases.

**Digitizing value chain can drive competitiveness and fluid communications among value chain actors, while industries still need common standards and inclusive, transparent architectures for data-collaboration.** While the innovation of technologies and digitization are largely being driven by the private sector, it is critical to put in place enabling environments, where governments and private sector partners can work together in a culture of collaboration, driven by grassroots demands and consensus, under agile global regulations that allow innovations to flourish.<sup>41</sup>

<sup>40</sup> United Nations Department of Economic and Social Affairs, *Official Summary of the 2018 ESOCOC Partnership Forum: Partnering for Resilient and Inclusive Societies: Contributions of the Private Sector*, New York, 4 April 2018 (New York, 2018).

<sup>41</sup> Ibid. Available from: <https://www.un.org/ecosoc/sites/www.un.org/ecosoc/files/files/en/2018doc/2018-partnership-forum-summary.pdf>.

Box 15

**Implementing inclusive business strategies for vulnerable groups**

Inclusion of vulnerable groups is happening at various stages of value chains. For instance, the transparent pricing mechanisms were put in place to create an inclusive cotton value chain for farmers in Kenya. Bed, Bath & Beyond included women as a part of its business value chain by having 70 per cent women among newly appointed board members; CJ Group through its “Creating Shared Value” model, train retirees to go back to workforce, creating numerous jobs for older persons with 180 per cent higher salary than those offered by the public sector for seniors and plan to expand the target employees to persons with disabilities and low-income populations; and Levi Strauss & Co. established a code of conduct for supplier factories, including labour and environmental standards for employees, to ensure decent world of work for all persons with disabilities.

**Source:** Food and Agriculture Organization (FAO), “Inclusive Business Models: Guidelines for improving linkages between producer groups and buyers of agricultural produce”, Rome, 2015.

**Gender equality should be prioritized in policies and operations of both government and corporations.** The evidence shows that companies which make efforts to ensure that women are part of the core business throughout all business processes have proven to be more innovative and profitable than those that fail to do so; for example, research suggests that achieving gender parity alone would add at least USD 12 trillion to global growth by 2025.<sup>42</sup> The Women’s Empowerment Principles, a partnership initiative of the UN Women and the UN Global Compact, provides guidance to help companies focus on key elements which are integral to promoting gender equality in the workplace, marketplace and community.<sup>43</sup>

## **VII Conclusion**

Further research will be useful to accumulate the empirical base on how the recommended actions concretely enhance sustainable development and business opportunities. A shift towards a more inclusive, green and circular future requires coherent policies as well as sufficient institutional, technological, financial and human capabilities across all domains – public, private, domestic and international.<sup>44</sup> This will require longer-term investments, sustained political wills, multi-stakeholder engagements with equal footings and fundamental shifts in the mindsets of all development actors.

## **VIII Update and Future Work**

Most recently, the global COVID-19 pandemic has been bringing unprecedented challenges to economies, communities and people across the globe. The private sector can play a significant role in support of

<sup>42</sup> International Chamber of Commerce (ICC), “Business Action for Sustainable and Resilient Societies”, report prepared for the 2018 United Nations High-Level Political Forum on Sustainable Development, New York, 2018.

<sup>43</sup> For more information, see: <https://www.empowerwomen.org/en/weps/about>.

<sup>44</sup> Closely related to such capabilities would be effective government measures. In this regard, please refer to the “Principles of effective governance for sustainable development” endorsed by the Economic and Social Council on 2 July 2018, which highlights the need for pragmatic and ongoing improvements in national and local governance capabilities to reach the SDGs.

governments' pandemic response and recovery efforts. The recent UN report<sup>45</sup> calls on all businesses and corporations to take three primary actions: (i) adhere to health and safety guidelines including through ensuring worker safety and social distancing as well as provide economic cushions to workers and secure wages for those working from home; (ii) provide financial and technical support as well as in-kind contributions to governments; and (iii) repurpose their facilities and business plans to focus on meeting the needs of the crisis.

The private sector could also make deliberate efforts to radically enhance access to finance and working capital liquidity, including for micro, small and medium-sized enterprises (MSMEs). Such promotion of financial inclusion can safeguard the most vulnerable populations such as the poor, women, young entrepreneurs and persons with disabilities, including in the context of informal economy in developing countries. Companies should also cooperate closely with the governments to find solutions to the strains on global supply chains that have been caused by the current pandemic.

In the longer term, the private sector could make essential investments in disaster risk reduction and recovery efforts, even before an event strikes, including through post- and pre-disaster finances and insurance instruments; this would prepare countries, especially LDCs and countries under special situations, to build better financial resilience and minimize adverse impacts of future crises. The contributions of the private sector in these areas should be examined in future studies.

While technological innovation, such as big data and artificial intelligence, must be utilized to generate actionable insights and facilitate cross-industry data collaboration, the issues of privacy and transparency in data usages should be carefully considered to prevent any actor from taking advantage of a grand scale crisis like COVID-19 in ways that violate human rights or implement systems for mass surveillance.<sup>46</sup> Future research could explore the options for developing smart, cross-border data governance frameworks, which need to be in place urgently to ethically and capably manage the complex data infrastructure and stakeholders.<sup>47</sup> Such work should certainly examine the possible modalities for frameworks with a view to protecting human rights and bridging widening gaps between “data haves” and “have nots” in the context of crisis relief and recovery efforts.

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<sup>45</sup> United Nations, *Shared Responsibility, Global Solidarity: Responding to the Socio-economic Impacts of COVID-19* (New York, 2020).

<sup>46</sup> Ibid.

<sup>47</sup> Issue Brief of 2018 ECOSOC Partnership Forum, “*Building Momentum for the SDGs: Role of Big Data for Public Good*” (New York, 2018). For more information, see: [https://www.un.org/ecosoc/sites/www.un.org.ecosoc/files/files/en/2018doc/2018-partnership-forum\\_issue\\_note\\_two.pdf](https://www.un.org/ecosoc/sites/www.un.org.ecosoc/files/files/en/2018doc/2018-partnership-forum_issue_note_two.pdf).

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