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Engaging the business sector in promoting sustainable development

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Note by the secretariat

Summary

The present document contains a review of current mechanisms and modalities for the United Nations, at the global level, and the Economic and Social Commission for Asia and the Pacific (ESCAP), at the regional level, to engage the business or private sector as a partner in implementing the 2030 Agenda for Sustainable Development, as well recent developments in that area. To that end, the present document also contains an update on recent developments with regard to the ESCAP Sustainable Business Network and the Asia-Pacific Business Forum as the principal mechanisms for ESCAP to engage with the private sector and proposals for enhanced private sector engagement at the regional level with ESCAP, in particular through the strengthening of these mechanisms.

I. Engaging the business sector at the global level, the Secretariat

1. Guidelines on a principle-based approach to cooperation between the United Nations and the private sector were first issued by the Secretary-General on 17 July 2000 and subsequently revised and reissued in 2009 and 2015 as requested by the General Assembly in its resolution 68/234.

* ESCAP/CTI/2019/L.1/Rev.1.

2. The principal modality for the United Nations to engage with the private sector is through the Global Compact initiative.^{1,2} The aim of the Global Compact initiative is to mobilize a global movement of sustainable companies and stakeholders to create a better world. To make that happen, the United Nations Global Compact provides a framework to support companies in their efforts (a) to do business responsibly by aligning their strategies and operations with 10 principles on human rights, labour, the environment and anti-corruption and (b) to take strategic actions to advance broader societal goals, such as the Sustainable Development Goals, with an emphasis on collaboration and innovation. More than 13,000 companies worldwide (with approximately 17 per cent from the Asia-Pacific region) are a part of the Global Compact. They are organized through Global Compact Local Networks in individual countries. As reporting to stakeholders in a transparent and public manner is fundamental for organizations committed to sustainability, the Global Compact requires participating companies to produce an annual communication on progress that details their work to embed the 10 principles into their strategies and operations as well as their additional efforts to support societal priorities.

3. In addition, the Global Compact initiative engages businesses through various other modalities, including special initiatives such as the Women's Empowerment Principles, the CEO Water Mandate, Caring for Climate, the Principles for Responsible Investment and others. Additionally, an annual private sector forum is held as part of the Global Compact Leaders Summit during the General Assembly. The forum brings business leaders together with Heads of State and senior officials of the United Nations to discuss cooperation in various areas related to the Sustainable Development Goals. It also issues a number of publications and guidance materials on how business can be sustainable and how to ensure sustainability in supply chains, among other topics.

4. To engage the business sector in achieving the Sustainable Development Goals and in implementing the 2030 Agenda for Sustainable Development, the Global Compact initiative has developed a portfolio of action platforms to establish multi-stakeholder partnerships to advance responsible business activities and engage businesses in actions to achieve the Goals in nine different areas.³ An additional aim is to create tools and resources to help companies of all shapes and sizes adopt more progressive leadership practices to tackle complex challenges.

5. In addition, several United Nations agencies also have their own initiatives to engage with the private sector in their areas of focus. For that purpose, most agencies have a dedicated private sector focal point that acts as

¹ In this document, the terms "business sector" and "private sector" are used interchangeably. While ESCAP is engaging with the business sector through established mechanisms, various other United Nations agencies refer to their engagement with businesses as engagement with the private sector.

² An important issue in engaging the private sector is promoting responsible business conduct. This issue, including the role of the Global Compact in promoting corporate sustainability or responsible business conduct is reviewed in Committee document ESCAP/CTI/2019/5.

³ The nine areas are (a) reporting on the Sustainable Development Goals; (b) breakthrough innovation for the Goals; (c) financial innovation for the Goals; (d) pathways to low-carbon and resilient development; (e) health is everyone's business; (f) business for humanitarian action and peace; (g) decent work in global supply chains; (h) water security through stewardship; and (i) anti-corruption and good governance.

principal officer for engagement of the agency with the private sector. A meeting of the United Nations private sector focal points network is convened annually to develop a common and coherent approach to partnerships with the private sector among all United Nations agencies. The Economic and Social Commission for Asia and the Pacific (ESCAP) regularly participates in these annual meetings.

6. In this context, to support the repositioning of the United Nations development system, the United Nations has set up the Results Group for Strategic Partnerships, co-chaired by the United Nations Children's Fund and the International Labour Organization, to explore how the United Nations can strengthen partnerships to implement the 2030 Agenda and achieve the Sustainable Development Goals. The Results Group for Strategic Partnerships, through a private sector task team, is currently finalizing a common approach to due diligence for private sector partnerships, which would be used across the United Nations Sustainable Development Group, including the regional commissions. The private sector task team is also looking at shared research services and the development of a common platform for enhanced coordination.

7. While a common due diligence approach among United Nations agencies is an important step towards promoting more effective engagement with the private sector, there may be a need to review current rules and regulations, including legal and ethics standards that in their current form may be an obstacle to more effective engagement by the Secretariat with the private sector, in particular in areas such as the sharing of intellectual property rights, liability and the use of logos, among others. It is understood that the private sector should view the United Nations as a credible partner that can overcome bureaucratic obstacles in order to forge strong partnerships to achieve the Sustainable Development Goals. At the same time, the United Nations needs to maintain strong ethics standards that ensure that the Organization is not promoting a particular business product or service and to maintain the integrity, impartiality and independence of the Organization.

II. Engaging business at the regional level, the Commission

A. ESCAP Sustainable Business Network

8. At the regional level, the role and importance of the business sector in implementing the 2030 Agenda and achieving the Sustainable Development Goals are recognized and have been covered comprehensively in documentation on this issue for previous Committee meetings. ESCAP has been unique among the United Nations regional commissions in having established modalities to engage the business sector.

9. Following the establishment of the Global Compact initiative at the global level, ESCAP engaged the business sector at the regional level through the ESCAP Business Advisory Council. However, with the establishment and expansion of the ESCAP Sustainable Business Network, duplications and overlap between the Council and the Network started to emerge. In order to streamline and consolidate the mechanisms for the Commission's business sector engagement into one body, it was decided to merge the Council and the Network into one body under the Network name, while a new Executive Council of the Network would be established as a much smaller body. This body would continue the advisory role of the ESCAP Business Advisory Council but would also be the guiding and decision-making body of the Network and the Asia-Pacific Business Forum. This proposal was presented to

the Committee on Trade and Investment at its fifth session in document E/ESCAP/CTI(5)/5 and was also endorsed by the Network at its fifth meeting on 9 April 2018 in Hong Kong, China.

10. The ESCAP Sustainable Business Network currently has approximately 140 members and six task forces focusing on the following topics: (a) green business; (b) disaster and climate risk reduction; (c) banking and finance; (d) the digital economy; (e) innovation and competitiveness; and (f) youth and women's entrepreneurship. New members of the Network are nominated by the Network members or the secretariat and undergo a due diligence process after which they are observers for at least one meeting before membership is confirmed. Members participate in their own capacity and not necessarily as a representative of their company. Their membership and engagement in Network activities are at their own cost and all activities of the task forces are funded by task force members. The costs to the secretariat are staff time for backstopping and organizing Network meetings twice a year.

11. At its sixth meeting in Bangkok on 3 December 2018, the ESCAP Sustainable Business Network elected its Executive Council members, including the President and Vice-President. The Chairs of the Network task forces are all members of the Executive Council. Background information on the Network and an overview of the activities of the task forces are available on the Network's website (<https://esbn.unescap.org/>).

12. The challenges related to business engagement and strengthening the Network were presented in document E/ESCAP/CTI(5)/5 at the fifth session of the Committee. The main challenges are still the expansion of membership to represent all subregions and member States of ESCAP and the achievement of gender parity. For that purpose, each Government could consider establishing a national private sector focal point for the Network that coordinates and mobilizes business support for and membership in the Network and its task forces.

13. To maximize impact, the secretariat is improving the alignment of the task forces with the Sustainable Development Goals on the one hand and between the task forces and the Commission's programme of work on the other hand. Thus, at the moment, ESCAP Divisions have been asked to appoint focal points for the task forces relevant to their work. This is expected to increase the synergies between the work of the task forces and that of the secretariat. Divisions are further encouraged to utilize the Network as the principal modality for ESCAP to engage with the business sector and also to involve the Network, through its Executive Council, more closely in their work and associated intergovernmental meetings, in particular of the Committees and the Asia-Pacific Forum on Sustainable Development.

14. In the meantime, reform of the task forces is necessary to make them fit for purpose to aid in the achievement of the Sustainable Development Goals. In particular, there is a need to strengthen the linkage between the Network and the Global Compact Office and in particular the Global Compact Local Networks. Asia-Pacific Global Compact Local Network members are invited to join the ESCAP Sustainable Business Network while existing ESCAP Sustainable Business Network members are encouraged to become a Global Compact member if they are not yet a member. Global Compact Local Network focal points were invited to various meetings of the ESCAP Sustainable Business Network in the past, but the response was varied and many Global Compact Local Networks remain rather loosely organized. Five years ago, ESCAP implemented a multi-year project helping the Global

Compact Office to strengthen the Global Compact Local Networks. It was then proposed that ESCAP could assist the Global Compact Office at the regional level through a regional support office. Alternatively, it was suggested the Global Compact Office could appoint regional focal points in the regional commissions as it does not have regional offices. As ESCAP was not successful in securing follow-up funding after the conclusion of the project in 2012, cooperation with the Global Compact Office has been limited since then, partly due to budget constraints, though efforts are ongoing to strengthen the cooperation, including through the ESCAP Sustainable Business Network. In this context, the role of ESCAP in supporting the Global Compact Office could be further reviewed.

15. The secretariat is currently reviewing how partnerships between the ESCAP Sustainable Business Network and other regional and global business group and forums, in particular the World Business Council for Sustainable Development and the International Chamber of Commerce, can be strengthened. Already, various members of the Network and its Executive Council are representatives from national chapters of the International Chamber of Commerce, but there is room to formalize partnerships.

16. Another issue relates to deeper involvement of the business sector in providing funding for ESCAP projects, in particular in view of declining resources from public funds. While a funding role for the business sector is desirable in principle, the main challenge remains the conflict of such a role with the neutrality of the United Nations, which requires that the United Nations and its agencies cannot be seen as promoting a particular business interest. From the business point of view, engagement with the United Nations should benefit its business model and at least should deserve due recognition. Businesses also demand results and would be reluctant to contribute to administrative costs. Already, the secretariat is working with selected task forces of the ESCAP Sustainable Business Network in developing joint projects for funding by task force members or through private sector funding with government financial support. In this regard, Governments are encouraged to explore how to engage the business sector at the national level in mobilizing funding for development purposes, including funding of extrabudgetary projects of United Nations bodies such as ESCAP.

B. Asia-Pacific Business Forum

17. The Asia-Pacific Business Forum has been convening since 2004 on an annual basis. The Forum is a place for consultations with the private sector and other relevant stakeholders on business-related policy issues of importance to Asia and the Pacific. It is the first and only region-wide multi-stakeholder dialogue forum with the objective of establishing a meaningful network among stakeholders. Its participants comprise representatives of the business community, international agencies and civil society organizations, as well as academics and government officials. Hong Kong Cyberport Management Company Limited, in cooperation with the Government of Hong Kong, China, hosted the most recent Forum, which was held in Hong Kong, China, on 10 and 11 April 2018, with the full support of the Innovation and Technology Bureau of Hong Kong, China. The Forum was attended by almost 600 participants from government, business, civil society, academia and other sectors. The report of that meeting was distributed as an information document at the Commission at its seventy-fourth session in May 2018.⁴

⁴ ESCAP/74/INF/6.

18. As was detailed in document E/ESCAP/CTI(5)/5, the Forum has been largely successful in terms of organization but perhaps less in terms of impact. The ESCAP Sustainable Business Network has played a large and constructive role in organizing the Asia-Pacific Business Forum, as mandated in its terms of reference. However, Network members have expressed the concern that the Forum is not effectively linked to the formal policy formulation process, as its outcomes and recommendations are not routinely discussed at the sessions of appropriate legislative bodies and the intergovernmental processes and conferences of ESCAP. In addition, the Forum often faces budget constraints as it has no dedicated budget under the regular budget of ESCAP and relies on external financial support. There is also a need for enhanced government participation in the Forum to advance it into a meaningful government-business or multi-stakeholder dialogue platform. In addition, given the existence of various other business forums in the region, the Asia-Pacific Business Forum needs to find its own niche.

19. The Government of Papua New Guinea is hosting the Forum in Port Moresby on 20 and 21 June 2019 in cooperation with various partners. The tentative theme is “Global Goals, Local Opportunities”. The Forum will focus on the business needs and priorities of Pacific island countries.

III. Issues for consideration by the Committee

20. The Committee is invited to review country experiences of government engagement with the private sector at the national level for implementing the 2030 Agenda and to discuss how to improve such engagement. In particular, the Committee may wish to identify appropriate ministries or institutions that should or already do act as national focal points for engagement by Governments with the private sector.

21. The Committee is further invited to discuss ways to scale up private sector engagement for sustainable development at the regional level and in particular engagement with ESCAP. In this regard, the Committee may wish to review the following proposals and topics:

(a) Expansion and strengthening of the ESCAP Sustainable Business Network into a truly regional representative body of the private sector with improved engagement with ESCAP in achieving the 2030 Agenda. In particular, it is recommended that each member State appoint a private sector focal point at the national level to coordinate private sector engagement with ESCAP. Such focal points automatically would be a member of the Network. Such focal points could be (i) the focal point of the Global Compact Local Network; (ii) the president or chief executive of a national chamber of commerce or industry; (iii) the local affiliate of the World Business Council for Sustainable Development or of a local chapter of the International Chamber of Commerce; or (iv) any other suitable prominent private sector representative that already has strong engagement with the Government at the national level;

(b) Enhanced commitments from Governments to send representatives at the senior level to the Asia-Pacific Business Forum (including established national focal points) to evolve the Forum into a meaningful regional multi-stakeholder forum that helps to strengthen the role of the private sector in implementing the 2030 Agenda at the regional level;

(c) Improved approaches and legal provisions of the United Nations to allow for more effective engagement of the Organization at the global, regional and national levels with the private sector while maintaining the integrity, impartiality and independence of the Organization;

(d) The desirability and feasibility of engaging the private sector, including through public-private partnerships, for funding of ESCAP projects aimed at achieving sustainable development.
