

Lou Pingeot

# Corporate influence in the Post-2015 process



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# Introduction

In the last quarter-century, the globalization of the world economy and waves of deregulation and privatization have facilitated the emergence and increased the power of large transnational corporations. Companies with activities in dozens of countries and billion-dollar turnovers have acquired both great influence on the global economic system and significant political clout. According to data from the World Bank and Fortune Magazine, 110 of the 175 largest global economic entities in 2011 were corporations, with the corporate sector representing a clear majority (over 60 percent) over countries. The revenues of mega-corporations Royal Dutch Shell, Exxon Mobil and Wal-Mart were larger than the GDP of 110 national economies, or more than half the world's countries. The revenues of Royal Dutch Shell, for instance, were on par with the GDP of Norway and dwarfed the GDP of Thailand, Denmark or Venezuela.<sup>1</sup>

At the same time, increasing market concentration has put great power in the hands of a small number of corporations. A recent investigation of the relationships between 43,000 transnational corporations has identified a small group of companies, mainly in the financial industry, with disproportionate power over the global economy. According to the study by the Swiss Federal Institute of Technology in Zurich, "transnational corporations form a giant bow-tie structure and [...] a large portion of control flows to a small tightly-knit core of financial institutions."<sup>2</sup> At the center of the bow-tie, a core of 147 companies control 40 percent of the network's wealth, while just 737 control 80 percent.

As they grow larger and increasingly powerful, transnational corporations have become an actor to be reckoned with in international policy debates on poverty eradication, development, the environment and human rights. At a time when governments seem unable and unwilling to resolve pressing challenges in multilateral settings, business is positioning itself as an alternative solution, more flexible, efficient and un-bureaucratic than states. Corporations, governments and various civil society organizations (CSOs) are promoting multi-stakeholder initiatives and public-private partnerships as innovative models to tackle global issues.

As the world is set to define the future development agenda, powerful actors are advocating for a shift to multi-stakeholder governance beyond individual partnerships. The World Economic Forum's report on the future of global governance, "Global Redesign," posits that a globalized world is best managed by a coalition of multinational corporations, nation-states (including through the UN system) and select civil society organizations. The report argues that states no longer are "the overwhelmingly dominant actors on the world stage"<sup>3</sup> and that "the time has come for a new stakeholder paradigm of international governance."<sup>4</sup> Written before the Rio+20 Conference 2012, the report stresses the "opportunity to achieve a step change in global environmental governance by focusing not on the traditional agenda (UN structure, new legal frameworks) but on a new agenda to build the kind of practical, often public-private, mechanisms."<sup>5</sup>

The World Economic Forum's vision includes a "public-private" UN, in which certain specialized agencies would operate under joint state and non-state governance systems, such as the Food and Agriculture Organization through a "Global Food, Agriculture and Nutrition Redesign Initiative."<sup>6</sup> This model also assumes that some issues would be taken off the agenda of the UN system to be addressed by "plurilateral, often multi-stakeholder, coalitions of the willing and able."<sup>7</sup>

Similarly, the "Oxford Martin Commission for Future Generations," an initiative designed to "identify ways to overcome today's impasse in key economic, climate, trade, security, and other negotiations"<sup>8</sup> and chaired by former Director-General of the World Trade Organization Pascal Lamy, proposes to establish a "C20-C30-C40 Coalition" made up of G20 countries, 30 companies, and 40 cities that would work together to "counteract climate change". Although this "coalition of the working," based on "inclusive unilateralism," would report to the UN Framework Convention on Climate Change, it would not rely on binding commitments.<sup>9</sup>

3 World Economic Forum (2010), p. 8.

4 Ibid. p. 9.

5 Ibid. p. 10.

6 Ibid. p. 367.

7 Ibid. p. 8.

8 [www.oxfordmartin.ox.ac.uk/commission/about/](http://www.oxfordmartin.ox.ac.uk/commission/about/).

9 Cf. Oxford Martin School (2013), p. 57.

1 Cf. White, D. Steven (2012): The Top 175 Global Economic Entities, 2011. August 11, 2012 <http://dstevenwhite.com/2012/08/11/the-top-175-global-economic-entities-2011/>.

2 Vitali/Glatfelder/Battiston (2011).

The trend towards an increased role of corporate actors in global governance through various models of multi-stakeholder initiatives is also reflected at UN level. Already in 2002, the World Summit on Sustainable Development endorsed “the concept of voluntary, multi-stakeholder initiatives to facilitate and expedite the realization of sustainable development goals and commitments.”<sup>10</sup> Several high-profile initiatives gathering governments, the UN, CSOs and the business sector are currently underway, addressing issues ranging from women and children’s health (“Every Woman Every Child”) to sustainable energy (“Sustainable Energy for All” – SE4All). This trend is supported by member states, as demonstrated by the resolutions of the General Assembly “Towards global partnerships,” which invites governments “to continue to provide support to United Nations efforts to engage with the private sector.”<sup>11</sup>

There are diverging views among governments, UN institutions and civil society organizations (CSOs) about the legitimacy and effectiveness of the growing interaction between the UN and business actors. While some maintain that “there is no alternative” to this new model, others have raised concerns about the limits and risks associated with public-private partnerships (PPPs) and multi-stakeholder initiatives. The UN Research Institute for Social Development (UNRISD) noted that “whereas the donor discourse emphasizes the potentials of PPPs to create win-win situations [...] more critical academic work has emphasized the limitations of PPPs in relation to possible cooptation of NGOs, state, and UN agencies; a weakening of efforts to hold transnational corporations accountable for their actions; and the development of an internal culture of censorship in non-profit organizations.”<sup>12</sup> Some CSOs argue that corporate influence at the UN diverts the organization from tackling the root causes of environmental, social and economic problems, and puts its credibility and legitimacy at risk.<sup>13</sup>

Against this background, this working paper examines the role and influence of business actors in the process towards the Post-2015 agenda of the UN, with particular attention to the influence of large transnational corporations.

The business sector certainly has an important role to play in the implementation process of the Post-2015 agenda, as sustainable development will require large-scale changes in business practices. Some pioneering companies are

already on the path towards sustainable development solutions (for instance in the area of renewable energies). However, acknowledging corporations’ role must not mean giving them undue influence on policymaking and ignoring their responsibility in creating and exacerbating many of the problems that the Post-2015 agenda is supposed to tackle.

This working paper starts with a brief overview of the current process towards the Post-2015 agenda and assesses its political relevance.

The second part maps out the key business players involved in various processes surrounding the post-2015 consultations, including the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda (HLP), the Global Compact, the Sustainable Development Solutions Network (SDSN), the Open Working Group on Sustainable Development Goals (OWG) and the High-Level Political Forum (HLPF) on Sustainable Development. The paper examines which sectors and geographical regions the main corporate players represent, and the interlinkages among them. It finds that a small number of corporations are involved in multiple processes, giving them a significant channel for influence. The paper also looks at players that are not corporations but are closely linked to business interests, including business associations and private philanthropic foundations. It provides an overview of which governments and which parts of the UN system have been particularly supportive of the corporate sector and most active in promoting a multi-stakeholder model of governance.

The third part of the paper analyzes the key messages and policy recommendations of business actors in the post-2015 process. The analysis focuses on reports submitted by corporate-led or corporate-oriented processes to feed into the Post-2015 agenda – *inter alia* reports by the Global Compact and the SDSN’s thematic group on the role of business. The paper highlights four key messages: the focus on growth and new technologies as a means of decoupling growth and resource use; the emphasis on corporate sustainability as a vector of sustainable development; the reduced role of governments as creators of “enabling environments;” and the need for multi-stakeholder governance.

Chapter IV explores the problems, risks and side-effects of the corporate influence on the Post-2015 agenda. They relate, on the one hand, to the key messages, on the other hand to the promoted governance models.

The final part draws some conclusions, provides policy recommendations for the UN, member states, civil society and academia, and highlights potential paths for future research and policy work.

10 UN-DESA (2013), p. 4.

11 Cf. e.g. UN General Assembly (2012).

12 “Public-Private Partnerships for Sustainable Development,” Conference organized by UNRISD, August 2006 [www.unrisd.org/80256B3C005BD6AB/%28httpEvents%29/A18968F76304FE9DC12571CA0038B790?OpenDocument](http://www.unrisd.org/80256B3C005BD6AB/%28httpEvents%29/A18968F76304FE9DC12571CA0038B790?OpenDocument).

13 Cf. Friends of the Earth International (2012b).

# I. The process towards the Post-2015 agenda

After the Millennium Summit in the year 2000, the UN established the Millennium Development Goals (MDGs) to give a targeted push to international development work in several central areas such as poverty, hunger, education and health. The goals were set to be reached by 2015.<sup>14</sup> In anticipation of the end of the MDG phase, member states gathered at the UN Millennium Development Goals Summit in 2010 and requested UN Secretary-General Ban Ki-Moon to initiate the process of creating a post-MDG agenda.<sup>15</sup>

Two years later, the outcome document of the Rio+20 Conference, "The Future We Want," called for the creation of a new set of "Sustainable Development Goals" (SDGs), which are meant to build upon the MDGs and converge with the post-2015 development agenda. "The Future We Want" mandated the creation of an inter-governmental Open Working Group (OWG), tasked with submitting a report to the 68th session of the General Assembly with a proposal for new goals. The OWG was officially established in January 2013 by decision of the General Assembly. The Rio outcome document also mandated the creation of an intergovernmental High-Level Political Forum (HLPF) to provide political leadership, guidance and recommendations on sustainable development. The General Assembly adopted a resolution defining the format and organizational aspects of the forum in June 2013.<sup>16</sup> Its inaugural meeting took place on 24 September 2013 in New York.

The UN is aiming to integrate the various work streams stemming from the post-MDG and post-Rio processes and is promoting convergence towards one universal Post-2015 agenda with sustainable development at its core. These work streams include the OWG; the HLP; the UN System Task Team on the Post-2015 UN Development Agenda; national, regional and thematic consultations; the SDSN; the UN Global Compact; and the Expert Committee on Financing for Development.<sup>17</sup>

Two of these work streams, the HLP and the SDSN, have been initiated by the Secretary-General. Their reports fed into his report "A life of dignity for all," presented to the General Assembly at its September 2013 Special Event on

the MDGs and Post-2015.<sup>18</sup> In addition to these reports, reports of the UN Development Group and the UN Global Compact have been officially considered by the Secretary-General in the run-up to the Special Event.<sup>19</sup>

As the post-MDG and post-Rio processes converge, intensive debate and negotiations have started at the UN and beyond to determine the future of sustainable development. The UN has engaged wide-ranging consultations with "stakeholders," and the Post-2015 process is high on the agenda of many governments, CSOs, businesses and academics.

The Post-2015 development agenda is expected to be a major shaper of future development activities globally, with important implications not only for the Global South (which has traditionally been at the center of "development" policies) but also for the Global North. In his report "A life of dignity for all," the UN Secretary-General underlines that "defining the post-2015 development agenda is [...] a daunting yet inspiring and historic task for the United Nations and its Member States" and will be a test of multilateralism.<sup>20</sup>

As part of the Post-2015 process, the UN organized consultations in nearly 100 countries and global thematic consultations on 11 issue areas, as well as global online consultations, which actively involved civil society. The preliminary outcome of these consultations was reflected in the report of the UN Development Group, "The Global Conversation Begins,"<sup>21</sup> which was one of the four reports officially considered by the Secretary-General for his own report to the General Assembly 2013. The HLP similarly conducted "stakeholder" consultations in New York, London, Monrovia and Bali, in which many CSOs participated.<sup>22</sup> The UN Non-Governmental Liaison Service (NGLS) also organized a dialogue between civil society, governments and UN representatives ahead of the UN General Assembly Special Event on the Millennium Development Goals in September 2013.<sup>23</sup> The event concluded a four-month regional consultation process conducted in writing and via teleconferences with 120 civil society networks.<sup>24</sup>

18 Cf. UN Secretary-General (2013a).

19 Cf. UN Development Group (2013) and UN Global Compact (2013).

20 Cf. UN Secretary-General (2013a) para. 119.

21 Cf. UN Development Group (2013).

22 Cf. [www.post2015hlp.org/outreach/](http://www.post2015hlp.org/outreach/).

23 Cf. [www.un-ngls.org/spip.php?article4335](http://www.un-ngls.org/spip.php?article4335).

24 Cf. UN Non-Governmental Liaison Service (2013).

14 For more information, see for example: [www.un.org/millenniumgoals/](http://www.un.org/millenniumgoals/).

15 Cf. UN General Assembly (2010) para. 81.

16 Cf. UN General Assembly (2013).

17 Cf. UN Sustainable Development Knowledge Platform: Post-2015 Process <http://sustainabledevelopment.un.org/index.php?menu=1561>.

## II. Post 2015 on the business agenda – key actors and institutions

### 1. Business participation in Post-2015 processes

Business, and in particular the corporate sector, has been active in several processes and initiatives influencing the Post-2015 agenda, including the High-Level Panel, the Global Compact, the Sustainable Development Solutions Network and, to a lesser extent, the Open Working Group and the High-Level Political Forum.

#### High Level Panel

Secretary-General Ban Ki-moon established the HLP in July 2012 to advise on the global development framework beyond 2015. The panel, composed of 27 individuals, has been co-chaired by President Susilo Bambang Yudhoyono of Indonesia, President Ellen Johnson Sirleaf of Liberia, and Prime Minister David Cameron of the United Kingdom. It includes “leaders from civil society, private sector and government.”<sup>25</sup> Business has been represented by Paul Polman, CEO of Unilever, and Betty Maina, CEO of Kenya’s Association of Manufacturers.

In June 2013, the HLP released its report on “A New Global Partnership: Eradicate Poverty and Transform Economies through Sustainable Development.” The report followed a series of consultations with “stakeholders” in New York, London, Monrovia and Bali (as well as online consultations). Extensive outreach to the private sector was conducted by Paul Polman of Unilever for the HLP, including ten thematic consultations and twelve country meetings.<sup>26</sup> In its report, the HLP notes that it consulted “the chief executive officers of 250 companies in 30 countries, with annual revenues exceeding \$8 trillion.”<sup>27</sup> In late June 2013, two members of the HLP, former President of the Federal Republic of Germany Horst Koehler and Betty Maina, hosted an event gathering African and European entrepreneurs, entitled “Making the Most of Investment – Towards

a new global agenda.”<sup>28</sup> The event, held in Ghana, was organized by the German Investment and Development Corporation (Deutsche Investitions- und Entwicklungsgesellschaft), a subsidiary of the German government-owned KfW banking group.<sup>29</sup> These examples of outreach to the private sector suggest that business (along with civil society) had an important role in feeding into the HLP report.

#### Global Compact

The UN Global Compact is a voluntary corporate responsibility initiative designed to “mainstream” a set of ten principles related to human rights, labor, the environment and anti-corruption in corporate activities.<sup>30</sup> It is open to all businesses that commit to respect these principles, and the 7,000 participating companies are required to report on their progress in implementation. Given the voluntary nature of the initiative, many companies can participate without actually changing their behavior, although those that repeatedly fail to report on their progress are expelled.

In early 2011, the Compact launched a new initiative with a select number of companies, the Global Compact LEAD, which currently has 55 participants (including Bayer AG, Heineken, Lafarge, Tata, Coca-Cola, and Vale). LEAD is a group of active Global Compact members committed to “lead[ing] the Global Compact with strong engagement at the local and global levels,”<sup>31</sup> and to implementing the “Global Compact Blueprint for Corporate Sustainability,” a roadmap to achieve the ten principles. The initiative gives LEAD participants access to international fora and political processes. For example, LEAD organized a luncheon attended by the UN Secretary-General at the World Economic Forum Annual Meeting in January 2013.<sup>32</sup>

The Global Compact fed directly into the post-2015 process through its report to the Secretary-General.<sup>33</sup> In addition, the Compact supported the work of the HLP’s busi-

25 [www.post2015hlp.org/about/](http://www.post2015hlp.org/about/).

26 Cf. Unilever (2013).

27 High-Level Panel of Eminent Persons on the post-2015 Development Agenda (2013) p. 2.

28 [www.accra.diplo.de/Vertretung/accra/en/09\\_Development\\_20Cooperation/K\\_C3\\_B6hler\\_20in\\_20Ghana\\_en\\_Seite.html](http://www.accra.diplo.de/Vertretung/accra/en/09_Development_20Cooperation/K_C3_B6hler_20in_20Ghana_en_Seite.html).

29 Cf. Verfürth (2013).

30 Cf. [www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html](http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html).

31 [www.unglobalcompact.org/HowToParticipate/Lead/participation.html](http://www.unglobalcompact.org/HowToParticipate/Lead/participation.html).

32 Cf. [www.unglobalcompact.org/news/294-01-25-2013](http://www.unglobalcompact.org/news/294-01-25-2013).

33 Cf. UN Global Compact (2013).



ness representatives and promotes the active participation of its LEAD initiative members in the post-2015 discussions. The Global Compact is considered one of the official “work streams” of the Post-2015 process, which gives member companies a significant channel for influence.

### Sustainable Development Solutions Network

The Secretary-General launched the SDSN in August 2012 as an initiative to mobilize “scientific and technical expertise from academia, civil society, and the private sector in support of sustainable-development problem solving at local, national and global scales.”<sup>34</sup> The SDSN is supposed to help overcome the gap between technical research and policymaking and works with UN agencies as well as other organizations. It is one of the official “work streams” in the post-2015 process and the source of one of the four official reports considered by the Secretary-General for his MDG/Post-2015 report in 2013.

The SDSN has 12 Thematic Groups of experts, who “work to identify common solutions and highlight best practices.”<sup>35</sup> One of the SDSN Thematic Groups focuses on “Redefining the Role of Business for Sustainable Development.”<sup>36</sup> This Thematic Group is led by Peter Bakker of the World Business Council for Sustainable Development and Klaus Leisinger of the Novartis Foundation; a full list of members has not yet been made public at the time of publication. In January 2013, the Group’s leadership submitted a background paper to the High-Level Panel.<sup>37</sup>

Business representation in the SDSN is not limited to the Thematic Group on the role of business. The background paper prepared by the group for the HLP stresses that “business will play a role in almost all of the 12 identified thematic working groups.”<sup>38</sup> Representatives of large corporations are present in other Thematic Groups and in the network’s Leadership Council. With twenty-one representatives of corporations and business associations in the Leadership Council (including Anglo American, Citigroup, Siemens and Unilever), the SDSN’s findings are heavily shaped by views from the corporate sector – though the SDSN was actually launched to mobilize global scientific and technological knowledge.

### Open Working Group and High-Level Political Forum

Although the corporate sector has not been prominently involved in the OWG and HLPF until now, business participates in consultations around these processes through the Major Groups format. The Major Groups were established by the outcome document of the 1992 UN Conference on Environment and Development (“Agenda 21”), which recognizes nine groups of actors in society, including Indigenous Peoples, Farmers, Women and Business and Industry. As the interface for civil society engagement with the Commission on Sustainable Development (CSD), the Major Groups format was taken up by the CSD’s successor, the HLPF.<sup>39</sup>

The Major Groups format has also been used to facilitate interaction between civil society and the OWG. Starting with the third session, the co-chairs organized morning meetings with “Major Groups and other stakeholders,” during which Major Group representatives and others made presentations and participants intervened from the floor. Major Group representatives were also able to make statements during the official sessions of the OWG. During the third session on food security and nutrition, sustainable agriculture, desertification, land degradation and drought, for instance, a representative of Aquafed gave a statement on behalf of the Business and Industry Major Group.<sup>40</sup> Aquafed is the “International Federation of Private Water Operators” and an active member of the World Business Council on Sustainable Development’s water team.

The International Chamber of Commerce, one of the “Organizing Partners” for the Business and Industry Major Group, spoke several times on behalf of the group, sometime delivering joint statements with other Major Groups (in particular the Local Authorities and Science and Technology Major Groups).<sup>41</sup> Statements for the Business and Industry Major Group were also delivered by Norwegian fertilizer company Yara International (a member of the Global Compact LEAD group) on behalf of the Farming

39 Cf. UN General Assembly (2013) para. 16.

40 Cf. Contribution from the Major Group Business and Industry to the Third Session of the General Assembly of the Open Working Group on Sustainable Development Goals, 24 May 2013 <http://sustainabledevelopment.un.org/content/documents/3618business2.pdf>.

41 Cf. “Joint Statement,” Intervention delivered by Louise Kantrow, Permanent Representative of the International Chamber of Commerce to the United Nations on behalf of: Business and Industry, Scientific and Technological Community, and Local Authorities, First session of the OWG, 14-15 March 2013 [http://sustainabledevelopment.un.org/content/documents/34392013\\_03\\_15\\_Joint%20Statement\\_BI\\_LA\\_ST.pdf](http://sustainabledevelopment.un.org/content/documents/34392013_03_15_Joint%20Statement_BI_LA_ST.pdf).

34 [www.unsdsn.org](http://www.unsdsn.org).

35 Ibid.

36 Cf. <http://unsdsn.org/thematicgroups/tg12/>.

37 Cf. Leisinger/Bakker (2013).

38 Ibid. p. 1.

**Table 1: Members of Global Compact LEAD by sector**

Mining, oil and gas producers and oil equipment	11	Chemicals, pharmaceutical and biotechnology	8
Beverages and food	5	Technology hardware and equipment	4
Telecommunications	4	Electricity, Gas, water, utilities	4
Banking, finance and investment	3	Automobiles and parts	3
Industrial transportation	2	General retailers	2
Software and computer services	2	Personal goods	2
General industrials	2	Support services	1
Construction and materials	1	Alternative energy	1

First Coalition (a multi-stakeholder initiative),<sup>42</sup> and by One Acre Fund, an NGO which takes “a business approach to helping 130,000 smallholder farmers in East Africa increase their incomes and reach household food security.”<sup>43</sup>

## 2. Corporations involved

A majority of companies involved in UN processes related to the Post-2015 agenda are large transnational corporations. Many of them are active in the resource extraction, technology, chemical and pharmaceutical, and food and beverages sectors. A table in Annex I of this report lists the corporations and business associations involved in the Global Compact LEAD group, the SDSN and consultations around the HLP and the OWG.

A breakdown of participants in the Global Compact LEAD group by sector shows that the mining, oil and gas industries are well represented, with companies including Total, Vale and ENI (see table 1). This pattern is also present in the SDSN Leadership Council and Thematic Groups, which include representatives from companies such as Anglo American and AngloGold Ashanti (mining) or BG East Africa (oil and gas). The food and beverages industry is represented in these processes by Unilever, Nestlé and Heineken, and the pharmaceutical and chemicals industry by BASF, Bayer, Novartis and others.

Although these companies’ activities tend to be multinational and many have offices in several countries, a geographical breakdown of the corporate headquarters of Global Compact LEAD participants shows that US, German and Chinese companies are prominent (see table 2). With 26 out of 55 participants, companies based in Europe almost constitute a majority of LEAD members. This pattern is also apparent in the SDSN Leadership Council, where 8 of the 18 corporate participants represent companies based in Europe.

The table in the annex of this report shows that some companies are actively engaged in several processes at the same time. Italian oil and gas producer ENI, German conglomerate Siemens, Anglo-Dutch food and personal goods producer Unilever and Brazilian mining company Vale are participants in both the Global Compact LEAD group and the SDSN Leadership Council. Many SDSN participants are also members of the Global Compact, including Anglo American, Citi, EDF and Ericsson. Norwegian chemicals company Yara International is a member of the Global Compact LEAD group and has also participated in sessions of the OWG.<sup>44</sup>

Some companies are particularly active in certain processes. For instance, three individuals associated with AngloGold Ashanti are participating in the SDSN: Richard Duffy (Executive Vice President – Continental Africa, AngloGold Ashanti, South Africa) is part of the SDSN Leadership Council, and David C. Noko (Executive Vice President : Social and Sustainable Development at AngloGold Ashanti) and Sheila Khama (a member of the sustainability panel of AngloGold Ashanti) are members of the SDSN

42 Cf. Statement on The Post 2015 Development Agenda and the Sustainable Development Goals on Food Security and Agriculture by the Business & Industry Major Group, Delivered by Natalia Federighi, Yara International on behalf of Farming First Coalition, Third session of the OWG session 22-24 May 2013 <http://sustainabledevelopment.un.org/getWSDoc.php?id=754>.

43 Cf. UN Intervention – OWG on Sustainable Development Goals for Food Security, Third session of the OWG session 22-24 May 2013 <http://sustainabledevelopment.un.org/getWSDoc.php?id=751>.

44 Cf. Yara International delivered a statement at the third session of the OWG: “Statement on The Post 2015 Development Agenda and the Sustainable Development Goals on Food Security and Agriculture by the Business & Industry Major Group,” Delivered by Natalia Federighi, Yara International on behalf of Farming First Coalition, Third session of the OWG session 22-24 May 2013 <http://sustainabledevelopment.un.org/getWSDoc.php?id=754>.

**Table 2: Headquarters of Global Compact LEAD member companies**

United States	6	Germany	6
China	5	Denmark	4
Japan	3	United Kingdom	3
Spain	3	Italy	3
Korea	2	India	2
Switzerland	2	France	2
Colombia	1	Egypt	1
South Africa	1	Netherlands	1
Israel	1	Indonesia	1
Nigeria	1	Belgium	1
Kenya	1	Russia	1
Ukraine	1	Canada	1
Brazil	1	Norway	1

Thematic Group on “Good Governance of Extractive and Land Resources.”<sup>45</sup>

Unilever, and in particular its CEO Paul Polman, stand out as one of the most prominent figures in the corporate community around the Post-2015 process. Polman has been a member of the HLP, the SDSN Leadership Council and the board of the Global Compact.<sup>46</sup> Gavin Neath, Senior Advisor to Paul Polman, is a member of the SDSN Thematic Group on agriculture. Unilever participates in the Global Compact LEAD group and led the “private sector outreach for the post-2015 development agenda,” the outcome of which fed into the HLP report.<sup>47</sup> In addition, Unilever is a member of both the World Business Council on Sustainable Development (of which Paul Polman is the vice-chairman) and of the World Economic Forum, two business associations involved in the post-2015 process.

Both Josette Sheeran, chairman of the World Economic Forum (WEF) (and formerly Executive Director of the World Food Programme), and Peter Bakker, President of the World Business Council for Sustainable Development (WBCSD), participate in the SDSN Leadership Council. The WBCSD and the Global Compact submitted a joint report to the HLP on the role of business in the Post-2015 development agenda, which was supported by the WEF and by the business representatives of the HLP.<sup>48</sup> As co-chair

of the SDSN Thematic Group on “Redefining the Role of Business for Sustainable Development,” Peter Bakker of WBCSD is also the co-author (with Klaus M. Leisinger of the Novartis Foundation) of a background paper for the HLP on the “key challenges to 2030/2050.”<sup>49</sup>

As shown in the table in the annex of this report, many companies individually involved in post-2015 processes are also members of the WBCSD and/or the WEF. Acciona of Spain and Infosys of India, for instance, are both members of the Global Compact LEAD group and also participate in the WBCSD and the WEF. There is significant overlap between the membership of these various processes and business associations, allowing companies to “double-dip” by participating in several inter-related fora.

### 3. Other relevant actors

When mapping out corporate involvement in the Post-2015 process, the focus should not only be on corporations in the narrow sense but also on other private sector actors who, although not labeled as “corporate,” may represent the concerns and interests of the corporate world or facilitate their participation. These include “non-profit” business associations and philanthropic foundations. In addition, it must be noted that many UN institutions and governments play an active role in promoting the increased involvement of business actors in the UN.

45 <http://unsdsn.org/thematicgroups/tg10/tg10members/>.

46 Cf. [www.unglobalcompact.org/AboutTheGC/The\\_Global\\_Compact\\_Board/bios.html](http://www.unglobalcompact.org/AboutTheGC/The_Global_Compact_Board/bios.html).

47 Cf. Unilever (2013).

48 Cf. UN Global Compact & World Business Council for Sustainable Development (2013).

49 Cf. Leisinger/Bakker (2013).

### Box 1: World Business Council for Sustainable Development

The World Business Council for Sustainable Development (WBCSD) is a business CEO-led organization whose stated goal is to promote sustainable development in the global business community through thought leadership, advocacy and its networks. The regional network of the WBCSD covers about 60 other similar business-led organizations, which promote corporate sustainability.

Membership of WBCSD is “open to companies committed to sustainable development and to promoting the role of eco-efficiency, innovation and corporate social responsibility”<sup>i</sup> and is issued by invitation of the WBCSD Executive Committee. The organization “seek[s] a shared commitment to sustainable development, together with a geographical and sectoral balance among the membership [...]”<sup>ii</sup>

The membership of the organization is only for businesses and restricted to parent companies. Other criteria for membership are stated rather vaguely on the organizations website:

“Member companies pledge their support and contribution to the WBCSD by making available their knowledge and experience, and appropriate human resources. They are asked to publicly report on their environmental performance and to aspire to widen their reporting to cover all three pillars of sustainable development – economic, social and environmental.”<sup>iii</sup>

No binding commitments are apparently required of members. Members gain access to a network enabling them to share information, create connections, participate in policy development and engage in various initiatives. The CEOs of the member companies play a central role and act as Council Members who participate in the annual Council Meetings.

i [www.wbcsd.org/about.aspx](http://www.wbcsd.org/about.aspx).

ii [www.wbcsd.org/newsroom/faq.aspx#7](http://www.wbcsd.org/newsroom/faq.aspx#7).

iii [www.wbcsd.org/about/members/member-benefits.aspx](http://www.wbcsd.org/about/members/member-benefits.aspx).

### Business associations

A number of business associations are involved in consultations around post-2015 processes, including the WBCSD (see box 1), the WEF (see box 2), Business Action for Africa, Business Fights Poverty, BIAC (“The voice of OECD business”), Business in the Community, International Business Leaders Forum, International Chamber of Commerce, and the International Organization of Employers. Although business associations are often incorporated as “non-profit” organizations, they do represent the interests of their corporate members. In March 2013, a group of these organizations sent a joint letter to the High-Level Panel reaffirming that “business has a critical role to play in the design and delivery of the Post-2015 Development Agenda.”<sup>50</sup>

As mentioned above, there is considerable overlap between the members of these associations and individual corporate participants in Post-2015 processes. For instance, EDF, Veolia, Siemens, BASF, Bayer, Eni, DSM, Unilever, China Ocean Shipping, China Petrochemical Group, Infosys Technology, Petrobras, Vale, and Accenture are all

members of the WBCSD and also involved in UN processes.<sup>51</sup> Anglo American and Unilever are two of the ten “supporters” of Business Action for Africa,<sup>52</sup> and “global partners” of the International Business Leaders Forum include Accenture, BG Group, Nestlé and Unilever.<sup>53</sup>

### Philanthropic foundations

Philanthropic foundations are important players in the Post-2015 process. The Bill and Melinda Gates Foundation has been engaged in the Post-2015 process directly<sup>54</sup> but also indirectly, by providing funding to many other participants. Media mogul and founder of the UN Foundation

51 Cf. [www.wbcsd.org/about/members/members-list-region.aspx](http://www.wbcsd.org/about/members/members-list-region.aspx).

52 Cf. <http://businessactionforafrica.org/sponsors/>.

53 Cf. [www.iblf.org/about-IBLF/corporate-partners/companies-engaging-with-iblf.aspx](http://www.iblf.org/about-IBLF/corporate-partners/companies-engaging-with-iblf.aspx).

54 For instance, a representative of the Foundation participated in the High Level Dialogue on Health in the Post-2015 Development Agenda in Botswana in March 2013 and the High Level Consultation on Hunger, Food Security and Nutrition in the Post-2015 Development Agenda in Spain in April 2013, and delivered a statement in both occasions (statements available here: [www.gatesfoundation.org/Media-Center/Speeches](http://www.gatesfoundation.org/Media-Center/Speeches)).

50 The letter is available as Annex 3 of the Unilever report on private sector outreach.

## Box 2: World Economic Forum

The World Economic Forum is an independent international organization “engaging business, political, academic and other leaders of society” in order to shape international policies.<sup>i</sup> It is non-profit and funded by membership, partnership and participation fees. Headquartered in Geneva, the organization states that it is not tied to political, partisan or national interests.<sup>ii</sup> The Forum has around 1,000 member companies with a “leading role in shaping the future of [their] industry or region, a solid projected growth potential and a turnover of a minimum of US\$ 5 billion”.<sup>iii</sup> This participation criterion suggests that the WEF is a platform meant exclusively for big business.

The WEF states that it is “committed to improving the state of the world,”<sup>iv</sup> and associates its goals with the UN, the IMF and the World Bank, but underlines the central role of business in its activities.

The WEF has identified the Post-2015 agenda as an important theme in current international politics, raising it as one of the central issues in its Global Agenda Outlook 2013.<sup>v</sup> At its Annual Meeting in 2013, the WEF organized a panel discussion on “the global development outlook” with several prominent figures in the international sustainability debate, including Secretary-General Ban Ki-Moon, Bill Gates and members of the HLP David Cameron and Queen Rania of Jordan.<sup>vi</sup> A session entitled “Shaping the Post-2015 Development Agenda” also featured Jeffrey Sachs of the SDSN and Peter Bakker of the WBCSD.<sup>vii</sup>

The World Economic Forum has also established a Global Agenda Council, which is working under the title of “Poverty and Sustainable Development 2013.” The council is designed to “formulate policy recommendations on how best to transition from the MDGs to beyond the 2015 targets for poverty eradication and sustainable development” as well as inform the work of High Level Panel on the Post-2015 Development Agenda. It also aims to define a vision for the Post-2015 agenda.<sup>viii</sup>

i Cf. [www.weforum.org/content/leadership-team](http://www.weforum.org/content/leadership-team).

ii Cf. [www.weforum.org/content/leadership-team](http://www.weforum.org/content/leadership-team).

iii [www.weforum.org/faq](http://www.weforum.org/faq).

iv Ibid.

v Cf. [http://www3.weforum.org/docs/WEF\\_GAC\\_GlobalAgendaOutlook\\_2013.pdf](http://www3.weforum.org/docs/WEF_GAC_GlobalAgendaOutlook_2013.pdf).

vi Cf. The Global Development Outlook, a video record of the event is available here: [www.weforum.org/sessions/summary/global-development-outlook](http://www.weforum.org/sessions/summary/global-development-outlook).

vii Cf. Video with the commentary of the moderator available here: [www.weforum.org/sessions/summary/shaping-post-2015-development-agenda](http://www.weforum.org/sessions/summary/shaping-post-2015-development-agenda), as well as a short discussion about the session: [www.weforum.org/videos/insight-shaping-post-2015-development-agenda](http://www.weforum.org/videos/insight-shaping-post-2015-development-agenda).

viii Cf. [www.weforum.org/content/global-agenda-council-poverty-sustainable-development-2013](http://www.weforum.org/content/global-agenda-council-poverty-sustainable-development-2013).

Ted Turner played a key role in the creation of the SDSN, according to an interview by Jeffrey Sachs’ mentioning a “brainstorming session” between the UN leadership and a group of individuals, including Turner.<sup>55</sup> The press release for the launch of the SDSN also acknowledged the important role to be played by Turner within the network.<sup>56</sup>

A July 2013 report of the Secretary-General also acknowledged that the Turner Foundation, with support from the Gates Foundation, had provided the initial funds (through the United Nations Fund for International Partnerships) to support the position of the Special Adviser on Post-2015 Development Planning, Amina Mohammed in 2012.<sup>57</sup>

Although usually thought of as “non-profit,” foundations can sometimes have close links with the corporate sector. For instance, a significant number of the foundations

participating in the SDSN Leadership Council were set up as “public-private partnerships,” such as the Foundation for the National Institutes of Health (FNIH)<sup>58</sup> or the Public Health Foundation of India (PHFI).<sup>59</sup> Both foundations receive money from the Bill and Melinda Gates Foundation. FNIH received more than \$5 million (the amount is not specified) in 2012<sup>60</sup> and PHFI has received around \$11.5 million from the Gates Foundation since its creation in 2006.<sup>61</sup> Both foundations also receive funding from large corporations.

Some of the foundations involved in these processes have close links to corporations participating in the same processes. The Brazilian Foundation for Sustainable Development, one of the members of the SDSN Leadership Council, was established through the association of 24 companies

58 Cf. [www.fnih.org/about/how-we-work](http://www.fnih.org/about/how-we-work).

59 Cf. [www.phfi.org/about-us/about-phfi](http://www.phfi.org/about-us/about-phfi).

60 Cf. Foundation for the National Institutes of Health (2012) p. 24.

61 Cf. [www.phfi.org/about-us/financial-information](http://www.phfi.org/about-us/financial-information).

55 Cf. Gilbert (2012).

56 Cf. UN Press Release (2012).

57 Cf. UN Secretary-General (2013b) para. 35.

“concerned about the implementation of an efficient model of sustainable development.” Its board includes Vale S.A (a Global Compact board member and an active participant in the SDSN) and Petrobras (a Global Compact board member), as well as other oil and gas producers and paper producers.<sup>62</sup> The President of the Foundation, Israel Klabin, is also a member of the Board of Directors of Klabin Irmãos & Co., a family holding that controls one of the largest pulp and paper companies in Latin America, Klabin S.A.<sup>63</sup>

In a similar example, the Chairperson of the board of Public Health Foundation of India (a SDSN Leadership Council member) happens to be Mr. N R Narayana Murthy, the Founder and Executive Chairman of Infosys Technologies,<sup>64</sup> which is a Global Compact LEAD participant and Global Compact board member. The board of the Foundation also includes the Director of the Family Health – Global Health Program at the Bill & Melinda Gates Foundation.

## UN institutions

In the past few years, UN agencies, funds and programs have established many UN-led public-private partnerships and multi-stakeholder initiatives seeking to involve business (and in particular large corporations) in their development cooperation.

In 2008, UNDP, in partnership with several governments and other organizations, launched the “Business call to Action” (BCtA), an initiative aimed at engaging business in achieving the MDGs.<sup>65</sup> Partners include companies that are involved in the Post-2015 process through the Global Compact and/or the SDSN, including Anglo American, Citigroup, Ericsson, Novartis and Yara International.<sup>66</sup> UNDP’s Private Sector Division, which hosts the BCtA, is also leading the “Growing Inclusive Markets” initiative, a “global multi-stakeholder research and advocacy initiative that seeks to understand, enable and inspire the development of more inclusive business models around the globe.”<sup>67</sup> Members of the advisory board include the International Business Leaders Forum, the International Chamber of Commerce, the Global Compact, the UN Foundation, the WBCSD and the WEF.<sup>68</sup> In addition to UNDP-led initiatives, other parts of the UN have set up bilateral partnerships with corporate partners. WFP project partners include

Cargill, DSM, Unilever, and PepsiCo,<sup>69</sup> while UNICEF partners with Barclays, Gucci, H&M and Veolia (Environment Foundation).<sup>70</sup>

Already in 1998, the UN Secretary-General set up the United Nations Fund for International Partnerships (UNFIP) to serve as the interface between the UN and the UN Foundation, following Ted Turner’s pledge to give \$1 billion through the Foundation to support UN projects. Since then, UNFIP has established many other partnerships with civil society, government agencies, foundations and the private sector, including some of the corporations involved in the Post-2015 process such as Citigroup, Coca-Cola, Ericsson and Nestlé.<sup>71</sup>

Most UN agencies have a private sector focal point, as Secretary-General Kofi Annan requested in July 2000 that all UN organizations nominate one.<sup>72</sup> The Global Compact facilitates the yearly meetings of the private sector focal points,<sup>73</sup> which also include representatives of the private sector. For instance, the 2013 meeting of private sector focal points was attended, inter alia, by representatives of BASF, Eni, and Unilever.<sup>74</sup> The meeting was co-hosted by ILO, OCHA, UNDP, the Global Compact, UNICEF and UN Women.

The UN Secretary-General has played a key role in promoting partnerships between the corporate sector and the UN. It was under Kofi Annan’s leadership that the Global Compact was established, and Ban Ki-Moon has repeatedly expressed support for the initiative – in his speeches or by being present at many of the Compact’s key events.<sup>75</sup> For instance, the Secretary-General chaired a luncheon organized at the 2012 WEF to celebrate the one-year anniversary of the LEAD initiative<sup>76</sup> and a similar meeting in 2013 to mark the closing of the “pilot phase” of the initiative.<sup>77</sup> Ban Ki-Moon, as chair of the Global Compact board, also participates in its board meetings.<sup>78</sup> He has been one of the featured participants at the Global Compact Leaders

62 Cf. [http://fbds.org.br/fbds/article.php3?id\\_article=1002](http://fbds.org.br/fbds/article.php3?id_article=1002).

63 Cf. <http://unsdsn.org/leadership-council/israel-klabin/>.

64 Cf. [www.phfi.org/about-us/governing-body](http://www.phfi.org/about-us/governing-body).

65 Cf. [www.businesscalltoaction.org/about/about-us/](http://www.businesscalltoaction.org/about/about-us/).

66 Cf. [www.businesscalltoaction.org/our-members/company-initiatives/](http://www.businesscalltoaction.org/our-members/company-initiatives/).

67 [www.growinginclusivemarkets.org/about/](http://www.growinginclusivemarkets.org/about/).

68 Cf. [www.growinginclusivemarkets.org/partners/gim-advisory-board/](http://www.growinginclusivemarkets.org/partners/gim-advisory-board/).

69 Cf. [www.wfp.org/about/partners/companies/meet-our-partners](http://www.wfp.org/about/partners/companies/meet-our-partners).

70 Cf. [www.unicef.org/corporate\\_partners/index\\_24649.html](http://www.unicef.org/corporate_partners/index_24649.html).

71 Cf. [www.un.org/partnerships/YUNSystemPartners.htm](http://www.un.org/partnerships/YUNSystemPartners.htm).

72 Cf. UN Secretary-General (2002) para. 42.

73 Cf. [www.unglobalcompact.org/Issues/Business\\_Partnerships/meetings\\_workshops.html](http://www.unglobalcompact.org/Issues/Business_Partnerships/meetings_workshops.html).

74 Cf. List of participants, United Nations System Private Sector Focal Points Meeting 2013, Featuring Joint Programming with the UN Global Compact ALNF, “Strengthening Partnership Synergies for Local Impact,” Geneva, Switzerland, 24-25 April 2013 [www.unglobalcompact.org/docs/issues\\_doc/un\\_business\\_partnerships/UNPSFP2013/PSFP\\_Participants\\_List.pdf](http://www.unglobalcompact.org/docs/issues_doc/un_business_partnerships/UNPSFP2013/PSFP_Participants_List.pdf).

75 For a more detailed description of the “leadership” role played by Kofi Annan and Ban Ki-Moon, see: Kell, Georg (2013) pp. 31-52.

76 Cf. [www.unglobalcompact.org/docs/news\\_events/9.1\\_news\\_archives/2012\\_01\\_27/Agenda\\_LEAD\\_Luncheon\\_27Jan12.pdf](http://www.unglobalcompact.org/docs/news_events/9.1_news_archives/2012_01_27/Agenda_LEAD_Luncheon_27Jan12.pdf).

77 Cf. [www.unglobalcompact.org/news/294-01-25-2013](http://www.unglobalcompact.org/news/294-01-25-2013).

78 Cf. [www.unglobalcompact.org/AboutTheGC/The\\_Global\\_Compact\\_Board\\_meetings.html](http://www.unglobalcompact.org/AboutTheGC/The_Global_Compact_Board_meetings.html).

### Box 3: The new UN Partnership Facility

In his report “A life of dignity for all” the Secretary General notes that “multi-stakeholder arrangements have proven successful” and that he has “put forward a proposal to Member States for a new United Nations Partnership Facility.”<sup>i</sup> The Partnership Facility was first introduced in the Secretary General’s Five-Year Action Agenda as an initiative to “scale up UN capacity to engage in transformative multi-stakeholder partnerships with the private sector, civil society, philanthropists and academia.”<sup>ii</sup>

The Global Compact provided input into the design of the Partnership Facility, notably through a report of the Global Compact’s LEAD Task Force on “Catalyzing Transformational Partnerships Between the United Nations and Business” to which Accenture, BASF, DSM, GlaxoSmithKline, Intel, KPMG, NovoNordisk, Shell, Telefonica, Coca-Cola and Unilever contributed.<sup>iii</sup> A meeting of the “LEAD Task Force on UN-Business Partnerships” was convened in March 2012 to “refine the purpose and vision for the UN Partnership Facility.” It involved representatives of UN entities and companies including Accenture, BASF, Eni and Unilever.<sup>iv</sup> The Facility was apparently originally set to be launched at Rio+20.

The Secretary-General introduced the possibility of a Partnership Facility to the member states not through a specific report but as one of many items in the proposed budget for 2014-2015. The regular budget cost of the new Partnership Facility is estimated at \$1,525.3 million dollars, with an extra \$12,855.9 million coming from extra-budgetary sources.<sup>v</sup> An organizational chart of the new facility shows that it would involve the creation of the position of an Under-Secretary-General and a total of 23 staff positions, 18 of which funded by extra-budgetary resources.<sup>vi</sup>

i UN Secretary-General (2013a) para. 69.

ii The Secretary-General’s Five-Year Action Agenda, 25 January 2012, p. 11. [www.un.org/sg/priorities/sg\\_agenda\\_2012.pdf](http://www.un.org/sg/priorities/sg_agenda_2012.pdf).

iii Cf. UN Global Compact LEAD (2011).

iv Cf. LEAD Task Force on UN-Business Partnerships Meets to Refine UN Partnership Facility, 29 March 2012 <http://unglobalcompact.org/news/206-03-29-2012>.

v Cf. UN Doc. A/68/6 (Sect. 1), 21 May 2013, p. 71.

vi Ibid. p. 83.

Summit, which takes place every three years.<sup>79</sup> The Secretary-General has expressed support for the role of business in achieving sustainable development in many of his remarks. At the first meeting of the Global Compact board in 2013, the Secretary-General stated that “the Global Compact Leaders Summit in September is an opportunity to show the world how business and the UN can work together towards common goals in critical areas, such as climate change, energy, water, food, women’s empowerment, children’s rights, decent jobs, and education.”<sup>80</sup>

Since 2008, the Secretary-General has convened the UN Private Sector Forum during the opening session of the General Assembly in order to “bring the voice of the private sector to inter-governmental negotiations on key topics.”<sup>81</sup> Past meetings focused on food sustainability, climate change, the MDGs, Sustainable Energy for All, and the 2013 event on Africa.<sup>82</sup>

The Secretary-General’s most recent initiative with regards to the private sector is the proposal to establish a UN Partnership Facility (see box 3).

### Governments

Some governments have supported the growing involvement of business actors in UN activities, either through funding for specific initiatives or general political support. In 2011, funders of the Global Compact included Denmark (\$644,006), Sweden (\$547,289), Spain (\$457,415), Switzerland (\$455,062), Norway (\$375,236), Germany (\$338,825), Finland (\$281,700), France (\$142,140), the United Kingdom (\$124,120), Italy (\$107,865), Turkey (\$100,000), China (\$10,000), and Chile (\$4,000).<sup>83</sup> As these numbers show the Global Compact is mostly funded by European countries (in addition to funding from the private sector). Some governments have also supported the initiative through the “Friends of the UN Global Compact” group, led by Switzerland.<sup>84</sup>

79 See for instance the agenda for the 2013 meeting: [www.leaderssummit2013.org/agenda](http://www.leaderssummit2013.org/agenda).

80 [www.unglobalcompact.org/news/327-05-07-2013](http://www.unglobalcompact.org/news/327-05-07-2013).

81 According to the website of the Global Compact 2013 Leaders Summit [www.leaderssummit2013.org/agenda](http://www.leaderssummit2013.org/agenda).

82 Cf. [www.leaderssummit2013.org/private-sector-forum](http://www.leaderssummit2013.org/private-sector-forum).

83 Cf. 2011 UN Global Compact Financial Report [www.unglobalcompact.org/docs/about\\_the\\_gc/2011\\_financial\\_report.pdf](http://www.unglobalcompact.org/docs/about_the_gc/2011_financial_report.pdf).

84 Cf. Kell, Georg (2013), p. 38.

Following the creation of the Global Compact and in response to G77 criticism that the initiative lacked inter-governmental oversight, European governments, led by Germany, introduced a new plenary item at the General Assembly (“Towards Global Partnerships”) in 2000,<sup>85</sup> leading to a bi-annual resolution. The resolution of December 2011, which deals with partnerships but especially focuses on the role to be played by the private sector (paragraph 6 recognizes “the vital role that the private sector plays in development”),<sup>86</sup> was overwhelmingly supported by European countries. The draft of the resolution was introduced by Poland on behalf of a coalition of mostly European states.<sup>87</sup>

Some governments have also demonstrated support for UN-business relations by engaging with public-private partnerships and multi-stakeholder initiatives for development at the UN. For instance, governments participating in UNDP’s “Growing Inclusive Markets” initiative

include France (Agence Française de Développement), the US (USAID), Japan (Japan International Cooperation Agency) and the Netherlands (Netherlands Development Organisation).<sup>88</sup> Meanwhile, the Australian Agency for International Development, the Dutch Ministry of Foreign Affairs, the Swedish International Development Cooperation Agency, the UK Department for International Development, and USAID are all supporters of UNDP’s “Business Call for Action.”<sup>89</sup> France, Sweden, Finland, Switzerland and the UK also participated in the most recent meeting of UN private sector focal points.<sup>90</sup>

85 Cf. Kell, Georg (2013), p. 38..

86 UN General Assembly (2012).

87 Cf. UN General Assembly (2011).

88 Cf. [www.growinginclusivemarkets.org/partners/gim-advisory-board/](http://www.growinginclusivemarkets.org/partners/gim-advisory-board/).

89 Cf. [www.businesscalltoaction.org/about/about-us/](http://www.businesscalltoaction.org/about/about-us/).

90 Cf. List of participants, United Nations System Private Sector Focal Points Meeting 2013, Featuring Joint Programming with the UN Global Compact ALNF, “Strengthening Partnership Synergies for Local Impact,” Geneva, Switzerland, 24-25 April 2013.



### III. Key messages and policy recommendations of business actors in the Post-2015 process

To analyze the key messages and recommendations of business actors in the post-2015 process, this paper focuses on reports submitted by business-led processes (Global Compact report, joint report of the WBCSD and the Global Compact to the HLP, report of the SDSN Thematic Group on business to the HLP). It also highlights cases where these ideas and recommendations are echoed by other reports (SDSN report and HLP report), which originated from processes in which business actors have played an important role.

#### 1. Vision for sustainable development: focus on growth and technology

All of the reports emphatically stress the need for “transformative” change (the HLP report uses the word “transformative” in 22 instances), “paradigm shifts”<sup>91</sup> or “shifts to a new paradigm.”<sup>92</sup> In response, they put growth at the center of their vision for the future of sustainable development. Goal 1 of the Global Compact report proposes to “end poverty and increase prosperity via inclusive economic growth,”<sup>93</sup> while the joint report of the Global Compact and the WBCSD notes that “it is recognized that development objectives cannot be achieved without economic growth,” with the caveat that “economic growth does not ensure sustainable development.”<sup>94</sup> In the HLP and SDSN reports, the focus is on “economic growth based on equity and inclusiveness”<sup>95</sup> and growth that “benefits all citizens.”<sup>96</sup> The HLP report presents growth as a condition for sustainability, as “without building prosperity, we cannot tackle environmental challenges; we need to mobilise massive investments in new technologies to reduce the footprint of unsustainable production and consumption patterns.”<sup>97</sup> This vision is echoed in the report of the Secretary-General to the General Assembly, which states

that “inclusive economic growth with decent employment and decent wages has proven to be a prerequisite for achieving”<sup>98</sup> the MDGs.

In this vision, growth is assumed to be both inclusive and sustainable. Most of these reports acknowledge that the world economy has to operate within the framework of “planetary boundaries.” The concept is used in the report of the SDSN Thematic Group, the SDSN report and the joint Global Compact/WBCSD report, while the Global Compact mentions that “limits on mineral and biodiversity resources all have planetary settings.”<sup>99</sup> Interestingly, the HLP report seems to be the weakest on this issue, using the vaguer concept of “a world of limited natural resources.”<sup>100</sup>

Sustainability and growth are reconciled in all the reports through new technologies, to be provided by the private sector. Technology is supposed to allow what the SDSN report refers to as a “decoupling” of growth and living standards from resource use,<sup>101</sup> which implies that there need not be any trade-offs between growth and sustainability.<sup>102</sup> The SDSN report states that “businesses will develop and deliver many of the new technologies [...] that are needed for sustainable development,”<sup>103</sup> while the HLP report similarly notes that “much of the new technology and most of the new products will come from business.”<sup>104</sup> The Global Compact report stresses that “corporations and investment institutions are needed to design green technologies” and “facilitate public-private partnerships,”<sup>105</sup> and the SDSN Thematic Group report reaffirms that “business has and will be the major provider of solutions for many of the sustainability challenges.”<sup>106</sup>

91 High-Level Panel of Eminent Persons on the post-2015 Development Agenda (2013) pp. 1 & 7.

92 UN Global Compact (2013) p. 3.

93 Ibid. p. 1.

94 UN Global Compact & World Business Council on Sustainable Development (2013) p. 4.

95 UN Global Compact (2013) p. 6.

96 Sustainable Development Solutions Network (2013) p. 10.

97 High-Level Panel of Eminent Persons on the post-2015 Development Agenda (2013) p. 5.

98 UN Secretary General (2013) para. 34.

99 UN Global Compact (2013) p. 9.

100 High-Level Panel of Eminent Persons on the post-2015 Development Agenda (2013): executive summary.

101 Cf. Sustainable Development Solutions Network (2013) p. 2.

102 Cf. High-Level Panel of Eminent Persons on the post-2015 Development Agenda, p. 8.

103 Sustainable Development Solutions Network (2013) p. 8.

104 High-Level Panel of Eminent Persons on the post-2015 Development Agenda (2013) p. 17.

105 UN Global Compact (2013) p. 12.

106 Leisinger/Bakker (2013) p. 3.

## 2. Emphasis on corporate sustainability as the main vector of sustainable development

Given the central role of business in these reports' vision for the future of sustainable development, it is not surprising that "sustainable development" often becomes synonymous with "corporate sustainability." The term is omnipresent in the Global Compact report and the joint Global Compact/WBCSD report, which defines corporate sustainability as "a company's delivery of long-term value in financial, social, environmental and ethical terms."<sup>107</sup> This puts the emphasis on the role of the corporate sector, rather than the public sector, in delivering sustainable solutions.

The report of the SDSN Thematic Group on Business states that "the transformation that capitalism has to go through to align with a sustainable development of the economy will not be achieved through mere incremental change, but requires a radical transformation of the way markets work."<sup>108</sup> But the steps towards this transformation are limited to getting more companies to strive towards sustainability (e.g. through the Global Compact), integrating sustainability to core business strategies and long-term risk assessments for business and finance, and to creating a systemic change in order to better "measure and value true performance of business."<sup>109</sup>

## 3. Role of governments: creating "enabling environments"

In the Global Compact report, governments become adjuncts whose main role is to allow the private sector to deliver sustainability. The report notes that "the full potential of business to advance sustainable development is only fulfilled when supportive policy frameworks are in place."<sup>110</sup> While the role of the private sector is seen as transforming markets from within, governments "have a key role to play in realizing more inclusive and sustainable markets."<sup>111</sup> In this vision, governments are called on to establish a business-friendly trade system, pricing incentives, transparent procurement, and to encourage and support responsible business.<sup>112</sup>

107 UN Global Compact and World Business Council for Sustainable Development (2013) p. 3.

108 Leisinger/Bakker (2013) p. 2.

109 Ibid. pp. 2-3.

110 UN Global Compact (2013) p. 23.

111 Ibid.

112 Ibid. pp. 23-25.

The notion of an "enabling environment" (a context that allows "corporate sustainability" to thrive) is used in many of the reports. In the Global Compact report, an "enabling environment" encompasses peace and stability, infrastructure and technology, good governance and human rights.<sup>113</sup> The report emphasizes that "market disturbances, civil unrest, social deprivations or ecological destruction" ultimately affects business' bottom-line.<sup>114</sup> The HLP report also stresses the role of governments in creating an "enabling environment for business."<sup>115</sup>

The role of governments in creating incentives for business to move towards sustainability is particularly emphasized. The SDSN report stresses the need for "clear government policies and rules that align private business incentives with sustainable development,"<sup>116</sup> while the HLP report notes that "with the right incentives, and some certainty about the rules, many of the world's largest companies are prepared to commit themselves to moving to sustainable modes of production on a large scale."<sup>117</sup>

These incentives include pricing of externalities,<sup>118</sup> phasing out of "harmful" subsidies and "a reorientation of subsidies towards clean and renewable energy."<sup>119</sup> The SDSN report calls for adequate pricing of energy, including an end to fossil-fuel subsidies and a social price on carbon.<sup>120</sup> The HLP report notes that environmental destruction happens because "natural resources are often used as if they have no economic value," and concludes that "because we 'treasure what we measure', an important part of properly valuing the earth's natural abundance is to incorporate it into accounting systems."<sup>121</sup>

## 4. Need for multi-stakeholder governance

The reports note that "our world's most critical global challenges are too large and too complex for any one segment of society to solve alone,"<sup>122</sup> and that "the scale and complexity of the sustainable development challenges of

113 Ibid. p. 12.

114 Ibid. p. 16.

115 High-Level Panel of Eminent Persons on the post-2015 Development Agenda (2013) p. 10.

116 Sustainable Development Solutions Network (2013) p. 8.

117 High-Level Panel of Eminent Persons on the post-2015 Development Agenda (2013) p. 8.

118 Cf. Leisinger/Bakker (2013) p. 3.

119 UN Global Compact (2013) p. 23.

120 Cf. Sustainable Development Solutions Network (2013) p. 20.

121 High-Level Panel of Eminent Persons on the post-2015 Development Agenda (2013) p. 48.

122 UN Global Compact and World Business Council for Sustainable Development (2013) p. 1.

our planet are such, that it is clear that no single group of actors or institutions can make a decisive difference.”<sup>123</sup> They affirm the need for collaboration between stakeholders and for “the international community, multi-lateral institutions, national governments, academia, civil society and business [...] to work together towards a common agenda.”<sup>124</sup>

Not surprisingly, reports originating from business-led processes particularly emphasize the role to be played by the private sector. They note that business was not a main actor in the lead up to the creation of the MDGs, as “the international business community was essentially absent from the deliberations” and the role of business was “discounted.”<sup>125</sup> The SDSN Thematic Group report also mentions that business had a marginal presence at the first Rio summit<sup>126</sup> (although Agenda 21 deals expressly with the positive contribution of business and industry to development, stressing that “governments, business and industry, including transnational corporations, should strengthen partnerships to implement the principles and criteria for sustainable development”).<sup>127</sup> The reports admit that this was partly because business had not demonstrated “any real interest in broad development issues,”<sup>128</sup> but stress that “a genuine shift in the minds of many business leaders” has occurred,<sup>129</sup> with the private sector now having a “built-in motivation to see development succeed.”<sup>130</sup> This is justified by references to the ethical and commercial interests of business<sup>131</sup> and a vague formula stating that “healthy societies and healthy markets go hand-in-hand.”<sup>132</sup> The Global Compact report notes that corporations have become aware that “sustainability issues affect the bottom-line.”<sup>133</sup>

Consistently with their focus on the need for multi-stakeholder initiatives to achieve sustainable development, the reports stress the role of “partnerships,” with particular emphasis on the role of the private sector. “Forging a new global partnership” is one of the five “transformative shifts” advocated by the HLP report, which notes that “this partnership should involve governments but also include others: people living in poverty, those with disabilities, women, civil society and indigenous and local communities, traditionally marginalised groups, multilateral institutions, local and national government, the business community, academia and private philanthropy.”<sup>134</sup> The joint Global Compact/WBCSD report to the HLP notes that “the Post-2015 Development process presents an historical opportunity to engage the international business community to an extent never before realized,”<sup>135</sup> while the SDSN Thematic Group report calls for more partnerships between UN and business to achieve the SDGs.<sup>136</sup>

123 Leisinger/Bakker (2013) p. 1.

124 Ibid.

125 UN Global Compact and World Business Council for Sustainable Development (2013) p. 2.

126 Cf. Leisinger/Bakker (2013) p. 1.

127 Agenda 21, Chapter 30, Para. 7 UN Doc. A/CONF.151/26 (vol. III), 30.7 [www.un-documents.net/a21-30.htm](http://www.un-documents.net/a21-30.htm).

128 UN Global Compact and World Business Council for Sustainable Development (2013) p. 2.

129 Ibid. p.2.

130 UN Global Compact (2013) p. 3.

131 Cf. UN Global Compact and World Business Council for Sustainable Development (2013) pp. 2-3.

132 UN Global Compact (2013) p. 1.

133 Ibid. p. 16.

134 High-Level Panel of Eminent Persons on the post-2015 Development Agenda (2013): executive summary.

135 UN Global Compact and World Business Council for Sustainable Development (2013) p. 6.

136 Cf. Leisinger/Bakker (2013) p.4.

## IV. Risks and side-effects of growing corporate influence

In listening to the key messages of corporate actors in the Post-2015 process one may wonder “what’s the problem?” But the growing corporate engagement and corporate influence on the Post-2015 discourse entail considerable risks and side-effects. They relate, on the one hand, to the messages, problem analyses and proposed solutions, and on the other hand to the promoted governance models.

### 1. Problems with the message

#### A self-serving, partial analysis of the issues to address

The reports of the corporate-led processes, and to a large extent the reports of the HLP and the SDSN, are characterized by a lack of historical perspective on what caused the problems that the Post-2015 Agenda is meant to tackle. Although the reports identify and describe many of the key issues for sustainable development, they say almost nothing about their root causes and the role of business in causing or exacerbating them. The SDSN report, for instance, notes that “growing regulatory competition among countries may lead to a ‘race to the bottom’,” and that “the challenge of ending hunger has proven the most difficult,”<sup>137</sup> but does not dwell on why this may be the case. The role of corporations in pushing for “the race to the bottom” and the food crisis of 2008 (which stemmed, *inter alia*, from rising food prices, in part due to financial speculation), do not figure in the SDSN report’s analysis. As the Women’s Major Group has pointed out in its critique of the HLP report, the report similarly lacks an analysis of the role that transnational corporations play in food insecurity (through the promotion of genetically-modified organisms and seed patenting).<sup>138</sup>

Ironically, while these reports stress the paramount role to be played by the private sector in the future of sustainable development, they almost simultaneously deny the influence and impact of the corporate sector until now. Although the reports highlight the positive contributions of business, in particular its role in fostering growth, it paints the private sector in a passive light and minimizes its (negative) influence on global developments in recent years. The SDSN report, for instance, notes that “the business-as-usual (BAU)

trajectory is marked by a failure of international coordination and cooperation.”<sup>139</sup> Blaming the “BAU trajectory” on a lack of cooperation does not acknowledge that powerful economic actors have a strong interest in preventing any kind of structural transformation towards sustainability, as is illustrated by cases, in which corporations sued governments for implementing policies meant to protect the environment, health or social equality.<sup>140</sup>

This approach also does not consider that the BAU model has worked very well in the interest of few. A 2008 study of the UN University’s World Institute for Development Economics Research (UNU-WIDER) found that the richest 1% of adults alone owned 40% of global assets in the year 2000, and that the bottom half of the world adult population owned barely 1% of global wealth.<sup>141</sup> The divide is likely to be even higher in the wake of the financial and economic crisis that has increased inequalities, as the number of billionaires continues to grow worldwide. The magazine *Forbes*’s 2013 list of the world’s richest people included a record number of 1,426 billionaires, with a total net worth of \$5.4 trillion, up from \$4.6 trillion in 2012.<sup>142</sup> Clearly some are getting an increasingly bigger share of the pie. In 2012, corporate profit margins in the US hit an all-time high, while wages as a percent of the economy were at a historical low.<sup>143</sup>

The reports feeding into the Post-2015 discussions uncritically promote the positive role of business in development. The Global Compact report to the Secretary-General, for instance, claims that “business is at the heart of virtually any widespread improvements in living standards,”<sup>144</sup> which ignores the pivotal role of governments in providing public goods and the role of unions and social movements in pushing for policies that have significantly improved livelihoods, including labor rights, health and environment regulation and social protection measures. At the same time, this claim negates instances where corporate interests have negatively impacted livelihoods and human rights. The examples are numerous and range from the obesity epidemics (largely fueled by the food industry, including through scientific research to create products that, although calorie-rich,

137 Sustainable Development Solutions Network (2013) pp. 4 and 9.

138 Cf. Women’s Major Group (2013).

139 Sustainable Development Solutions Network (2013) p. 4.

140 Cf. page 27 of this working paper.

141 Cf. Davies/Sandström/Shorrocks/Wolff (2008).

142 Cf. Reuters (2013): Factbox: Record number of billionaires make *Forbes* 2013 list: 4 March 2013 [www.reuters.com/article/2013/03/04/us-billionaires-list-factbox-idUSBRE9230EJ20130304](http://www.reuters.com/article/2013/03/04/us-billionaires-list-factbox-idUSBRE9230EJ20130304).

143 Cf. Blodgett (2012).

144 UN Global Compact (2013) p. 16.

leave consumers un-satiated so they can consume more)<sup>145</sup> to land grabbing by large corporations (and states) that deprive small farmers of their land and push them into poverty.<sup>146</sup>

The corporate sector's interest in making sustainable development possible is presented as a given and often justified in vague terms as business's "built-in motivation to see development succeed."<sup>147</sup> The joint report of the Global Compact and the WBCSD to the HLP notes that "in recent years, increasing numbers of companies [...] have come to understand that there are both commercial and ethical imperatives in relation to the global sustainable development agenda," including the fact that "business cannot possibly prosper over the long run in a world of ever-increasing pressures on natural resources and the environment."<sup>148</sup> In some instances, however, the report acknowledges more concrete commercial interests in the sustainable development agenda, in particular in increasing living standards in the Global South. The Global Compact report notes that higher standards of living in the developing world "would provide the developed world with badly needed market expansion,"<sup>149</sup> while Unilever's report on the private sector outreach for the HLP argues that "the bottom of the pyramid represents 4 billion people globally, with an estimated \$5 trillion in purchasing power. It is a huge opportunity for the private sector if companies can create the goods and services relevant for this market."<sup>150</sup>

### Problematic focus on growth

The reports present growth as the main solution for poverty eradication and a *sine qua non* condition to the realization of sustainable development. The HLP report notes that "continuing on current growth trends, about 5% of people will be in extreme poverty by 2030" and adds that "with slightly faster growth and attention to ensuring that no one is left behind we can eradicate extreme poverty altogether."<sup>151</sup> This suggests that the promise of "zero poverty in our generation" is not really a commitment but rather a prediction of what is bound to happen through the current model, in which wealth is supposed to

trickle down to the poorest segments of society.<sup>152</sup> Therefore, poverty eradication does not require any action from governments or the international community, except for minor tinkering at the edges to ensure that "no one is left behind," a vague formula that does not explicitly address the need for redistributive policies.<sup>153</sup> Although the Global Compact report similarly acknowledges that growth must be "based on equity and inclusiveness,"<sup>154</sup> it is just as silent on how this could be achieved.

Various CSOs have criticized the HLP report's focus on growth as the main driver of development. The "Participate" initiative, for instance, underlines that its research "is full of examples and stories of the ways in which growth, even as it benefits some, seriously harms the poorest."<sup>155</sup> Participate stresses that "growth as a panacea for poverty fails to understand that inequality and distorted power relations prevent the dividends of economic growth from reaching the very poorest. Development cannot be compartmentalised and separated from trade and business; economic democracy is as important for poverty eradication as political democracy."<sup>156</sup>

### Business-centric view of development

Putting business, and in particular the corporate sector, at the center of the new development agenda can lead to strange results, where corporations become just as important as individuals. For instance, target 1B of the HLP report, "increase by x% the share of women and men, communities, and businesses with secure rights to land, property, and other assets,"<sup>157</sup> puts the rights of individuals and communities on par with those of business. As several organizations responding to the HLP report noted, this does not take into account the unfair distribution of assets among social actors<sup>158</sup> and can potentially serve to legitimize corporate land grabbing.<sup>159</sup> In response to the HLP report, the "Participate" initiative stresses that "governments, businesses, academics, civil society and the people should not be seen as equal partners," but rather "citizens should be at the centre of this partnership."<sup>160</sup>

145 See for instance this article: Moss (2013).

146 Cf. See, for instance, the work of Special Rapporteur on the Right to Food Olivier de Schutter on this issue [www.srfood.org/en](http://www.srfood.org/en).

147 UN Global Compact (2013) p. 3.

148 UN Global Compact and World Business Council for Sustainable Development (2013) p. 2.

149 UN Global Compact (2013) p. 7.

150 Unilever (2013) p. 26.

151 High-Level Panel of Eminent Persons on the post-2015 Development Agenda (2013) p. 32.

152 Cf. Social Watch (2013b).

153 Cf. Development Alternatives with Women for a New Era (DAWN) (2013).

154 UN Global Compact (2013) p. 6.

155 Participate (2012) p. 2.

156 Ibid. p. 3.

157 High-Level Panel of Eminent Persons on the post-2015 Development Agenda (2013) p. 32.

158 Cf. Development Alternatives with Women for a New Era (DAWN) (2013).

159 Cf. Social Watch (2013b).

160 Participate (2013).

In a vision in which the corporate sector takes a central role in the future of development, the market-led economic system becomes the only way for individuals to relate to the world. Individuals are considered as consumers and entrepreneurs, but more rarely as citizens. In the HLP report, for instance, rural people are framed as workers and consumers, and not as full rights holders.<sup>161</sup> When the HLP report mentions individual aspirations, it is by stressing “the potential for individual entrepreneurs to fulfill their dreams” and how government “must give people the assurance of personal safety (and) make it easy for them to follow their dreams and start a business.”<sup>162</sup> The report only mentions “dreams,” a powerful word, in the context of entrepreneurship, suggesting that these are the only “dreams” of value in the new development agenda.

Making the “business case” for sustainable development, although potentially defensible as a pragmatic approach, conveys a vision of the world in which everything becomes an instrument to achieve growth and productivity. The reports, for instance, sometimes promote an instrumental view of women’s rights, education and health, although their “intrinsic value” is at times reaffirmed. The HLP report suggests that gender discrimination should be abolished so that “women can inherit and own property and run a business.”<sup>163</sup> And in a list of what women should have access to, “financial services” come first, before “infrastructure” and “the full range of health services.”<sup>164</sup>

Business language permeates the evaluation of progress towards sustainable development, strongly suggesting that progress must be monetarily quantifiable and provide a good “return on investment”<sup>165</sup> to justify efforts. The HLP report, for instance, notes that “every dollar invested in stopping chronic malnutrition returns \$30 in higher lifetime productivity. Expanded childhood immunization improves health in later life, with benefits worth 20 times the cost. The value of the productive time gained when households have access to safe drinking water in the home is worth 3 times the cost of providing it.”<sup>166</sup> While this can be seen as a pragmatic way to approach the issue, it begs the questions of what to do when necessary efforts do not constitute a “good investment.”

## Calls for “transformative” change, but no transformative solutions

While the reports stress the need for “transformative change” and “paradigm shifts” (thus hijacking the language and narrative supported by progressive CSOs and social movements), the solutions they propose are far from radical. Not surprisingly, many of the goals proposed in these reports are limited or so vaguely defined and abstracted from the reality of the current economic system as to be useless. The Women’s Major Group, in its comments on the HLP report, points out that there is a “lack of coherence between the current economic paradigm, which the report does not question, and the illustrative goals that are to be developed.” For instance, how will target 5-A (“End hunger and protect the right of everyone to have to food”) be consistent with target 12-A (“Support an open, fair and development-friendly trading system”)? The Women’s Major Group notes that developing local agriculture, consistent with target 5-A, can require fiscal support and sometimes protectionist measures, which are not consistent with target 12-A.<sup>167</sup>

Key challenges that should be addressed to seriously consider a “paradigm shift” are left out of the business reports. Although inequality or tax evasion, for instance, are mentioned by the HLP report<sup>168</sup> and the SDSN report,<sup>169</sup> these two issues are conspicuously absent from the business-led reports. And even in the HLP and SDSN reports, little attention is paid to the causes of these two phenomena. The SDSN report vaguely attributes inequality and social exclusion to “rapid worldwide technological change and the forces of globalization.”<sup>170</sup>

While some issues are ignored, other proposed solutions are particularly friendly to the corporate sector. For instance, the HLP report notes “the huge potential to use public money to catalyse and scale up private financing for sustainable development.”<sup>171</sup> The Global Compact report similarly promotes “the leveraging of development assistance for private sector development”<sup>172</sup> and “development assistance that is designed to leverage corporate sustainability and business-led solutions.”<sup>173</sup> But channeling aid through the private sector is a controversial trend. The use of public resources to leverage private sector investment is sometimes promoted as a way of channeling

161 Cf. Development Alternatives with Women for a New Era (DAWN) (2013).

162 Cf. High-Level Panel of Eminent Persons on the post-2015 Development Agenda (2013) pp. 3 and 7.

163 Ibid. p. 7.

164 Ibid. p. 17.

165 Ibid. p. 37.

166 Ibid. p. 6.

167 Cf. Women’s Major Group (2013) p. 3.

168 Cf. High-Level Panel of Eminent Persons on the post-2015 Development Agenda (2013) pp. 4 and 5.

169 Cf. Sustainable Development Solutions Network (2013) pp. 3 and 25.

170 Ibid. p.3.

171 High-Level Panel of Eminent Persons on the post-2015 Development Agenda (2013) p. 11.

172 UN Global Compact (2013) p. 6.

173 Ibid. p. 24.

funding to innovative sectors of the economy, especially in countries where credit is hard to come by. However, a 2012 report by Eurodad found that, in cases of international funding from the European Investment Bank and the World Bank going to the private sector, almost half of the money spent went to support companies based in OECD countries and tax havens, and only 25 percent of all companies supported were domiciled in low-income countries. Eurodad also noted that using public resources to try to leverage private sector investment meant those resources cannot be used elsewhere.<sup>174</sup>

### Market-based solutions for sustainable development

Many of the solutions proposed in the reports rely on a supply and demand analysis, in which consumers are supposed to “vote with their dollars” and make rational choices to contribute to achieving sustainable development. The Global Compact report, for instance, notes that food processing and distribution companies should “help consumers around the world avoid problems associated with obesity, diabetes and chronic diseases,”<sup>175</sup> a weak formula that puts the burden of preventing non-communicable diseases on consumers’ choices, rather than on changing the business model of the food industry. Although the SDSN report states that “public policies can help in promoting healthy behaviors,” it also stresses the importance of “healthy life choices by individuals.”<sup>176</sup>

The HLP report similarly argues that “if sustainable consumption is to be a part of everyday life, as it must, tomorrow’s consumers will need to be socially aware and environmentally conscious.”<sup>177</sup> The focus on consumers suggests that production (supply) is dependent on demand, and the consumer choices will drive sustainable business practices. However, as economist John Kenneth Galbraith and others have pointed out, the way we consume in our modern economy is largely dependent on the way we produce (and what we produce), and not the other way around.<sup>178</sup> Even in cases where consumer demand can influence production (for instance in the food and garment industries), this requires government regulation to ensure that consumers have the necessary information on the products they are buying to make informed decisions.

And, not surprisingly, the corporate sector has a long track record of attempting to prevent such government regulation.<sup>179</sup>

The reports’ view of the direct link between the role of education (in preparing a workforce with adequate skills) and unemployment levels can also seem to reverse causes and consequences. The Global Compact report, for instance, notes the prospect for “better coordination between employers and education, so that graduates are prepared to fill job opportunities, with a payoff in lower rates of unemployment and higher productivity.”<sup>180</sup> This is echoed by the SDSN report’s comment that “workers with inadequate education find themselves without marketable skills and as a result face unemployment or wages at or near poverty level.”<sup>181</sup> This analysis puts the burden on employees to have the adequate qualifications, rather than considering that the economic system is responsible for producing jobs “at or near poverty level.” In Germany, often presented as a model, the number of so-called “mini-jobs” has exploded in the wake of the financial crisis. In 2013, about one in five German jobholders was employed in a mini-job, with a maximum pay of €450 per month and no access to the core benefits of regular employment, such as pension claims.<sup>182</sup>

Likewise, in the US jobs created as part of the crisis recovery were mostly in low-wage areas of retail, leisure, travel and dining. Mid-wage occupations constituted 60 percent of recession losses, but only 22 percent of recovery growth, while lower-wage occupations constituted 21 percent of recession losses, but 58 percent of recovery growth.<sup>183</sup> And, as the economic crisis and the Arab Spring have made amply clear, a highly educated workforce does not necessarily translate into full employment. According to the WEF Global Competitiveness Report for 2013-2014, Spain has the world’s 8th highest enrollment rate in tertiary education, the 2nd highest enrollment rate in secondary education, and 4th highest quality of management schools.<sup>184</sup> And yet in mid-2013 youth unemployment in Spain reached a staggering 56.1%.<sup>185</sup>

174 Cf. Kwakkenbos (2012).

175 Ibid. p. 6.

176 Sustainable Development Solutions Network (2013) p. 16.

177 High-Level Panel of Eminent Persons on the post-2015 Development Agenda (2013) pp. 17-18.

178 Galbraith (1958).

179 See, for instance, Corporate Europe Observatory (2011) and the example of the California “Coalition Against the Costly Food Labeling Proposition” below.

180 UN Global Compact (2013) p. 8.

181 Sustainable Development Solutions Network (2013) p. 13.

182 Cf. <http://statistik.arbeitsagentur.de/Navigation/Statistik/Statistik-nach-Themen/Beschaefigung/Beschaefigung-Nav.html> and Blankenburg (2012).

183 Cf. National Employment Law Project (2012).

184 Cf. Schwab (2013) pp. 460, 461 and 464.

185 Cf. Burgen (2013).

## Letting corporations off the hook, limiting the role of government

The reports' recommendations adopt a business-friendly view of corporate regulation, noting that governments should "encourage" the private sector to move towards sustainability through appropriate "incentives" but stopping short of legally binding regulations. They promote a soft approach to corporate accountability, relying on the willingness of large corporations to report on their impact and the voluntary commitments they have made. As ACORD International points out in its review of the HLP report, "the report argues that many of the goals and targets can be met by the actions and efforts of the private sector, but has very little on how the private sector will be genuinely accountable to those living in poverty."<sup>186</sup> The response of the "Participate" initiative to the HLP report similarly points out that "the private sector has been largely excluded from debates about democracy and it is time for companies to be held accountable to people, alongside other institutions."<sup>187</sup>

The HLP report states that "accountability must be exercised at the right level: governments to their own citizens, local governments to their communities, corporations to their shareholders, civil society to the constituencies they represent."<sup>188</sup> The report further argues that, with proper reporting on corporate sustainability from companies, shareholders can disinvest if firms do not adhere to industry standards and worker safety issues.<sup>189</sup> This is a limited form of accountability based on the assumption that market forces will favor companies committed to sustainability over those which are not.

The HLP report limits the role of government to building "enabling environments" in which business can thrive, without acknowledging that governments have an important role to play in holding corporations accountable. The Global Compact report similarly states that companies must "conduct due diligence to identify and address any adverse impacts their operations may have on human rights,"<sup>190</sup> without mentioning that governments also have a responsibility to exert due diligence to prevent and provide remedy for human rights abuses. The soft approach to corporate responsibility does not only let corporations, but also governments, off the hook.

<sup>186</sup> ACORD (2013).

<sup>187</sup> Participate (2013).

<sup>188</sup> High-Level Panel of Eminent Persons on the post-2015 Development Agenda (2013) p. 23.

<sup>189</sup> Ibid. p. 8.

<sup>190</sup> UN Global Compact (2013) p. 12.

## 2. Problems with the governance model

### Lack of transparency and accountability around "multi-stakeholder" processes

Some of the key channels enabling the corporate sector to influence the Post-2015 agenda were not established through regular inter-governmental processes. Both the Global Compact and the more recent SDSN were initiatives of the UN Secretary-General. As Executive Director of the Global Compact Georg Kell acknowledges, the Compact "began as a policy speech prepared for Mr. Kofi Annan"<sup>191</sup> (delivered at the WEF in Davos in 1999) and "initially lacked intergovernmental legitimacy due to the former secretary-general launching it without a mandate from the Member States of the UN General Assembly."<sup>192</sup> Although this type of process would usually be created after governments mandate the UN to do so, in the case of the Global Compact government support was granted ex post facto. The Global Compact also falls outside of regular UN processes because of its extra-budgetary funding, coming from the corporate sector and a small group of member states. A 2010 report of the UN's watchdog, the Joint Inspection Unit, noted that the Global Compact lacked a "clear and articulated mandate" and that, in light of the Compact's extra-budgetary funding, the UN was putting itself in a risky situation where "any external group or actor(s) may divert attention from the strategic goals agreed to promote interests which may damage the reputation of the United Nations."<sup>193</sup>

A lack of transparency also surrounds the creation of the SDSN, which was launched by the Secretary-General in August 2012 as an "independent global network of research centers, universities and technical institutions to help find solutions for some of the world's most pressing environmental, social and economic problems" meant to "work with stakeholders including business, civil society, UN agencies and other international organizations."<sup>194</sup> The sources of funding for the SDSN initiative are not made public. According to information from the SDSN Secretariat, the original funding was provided by Ted Turner of the UN Foundation. In addition, the Swedish and German governments have announced their support for the initiative.<sup>195</sup>

It is not clear which criteria guided the choice of the original participants of the SDSN Leadership Council, which

<sup>191</sup> Kell (2013) pp. 31-52.

<sup>192</sup> Ibid. p. 38.

<sup>193</sup> UN Joint Inspection Unit, (2010) Executive Summary.

<sup>194</sup> <http://unsdsn.org/2012/08/29/un-secretary-general-ban-ki-moon-announces-the-un-sustainable-development-solutions-network/>.

<sup>195</sup> According to information from the SDSN Secretariat.



were selected by Jeffrey Sachs under his mandate from the Secretary-General. The Leadership Council members were reportedly chosen following consultations with other stakeholders, in particular Ted Turner of the UN Foundation, who proposed several names. There were apparently no clear criteria for the selection of the corporate participants, except vague references to a “commitment” to sustainable development and the demonstration of “leadership” in this area.<sup>196</sup>

Although the initiative is supposed to represent an “academic view,” in reality it gives an important political space to the corporate sector. This challenges the depiction of the SDSN as purely representative of the “expertise of the science and technology community.”<sup>197</sup> A breakdown of the SDSN Leadership Council members shows the following representation:

UN.....	4
NGOs.....	9
Foundations and financial institutions.....	10
Corporations and business organizations.....	21
Education and research institutions.....	29

### Increased power imbalance between the corporate sector and civil society

Through the Global Compact (and, to a lesser extent, the SDSN), the corporate sector is benefiting from privileged channels to influence the report of the Secretary-General and the Post-2015 process more generally. The Global Compact report by definition reflects the views of the business community and, given the significant representation of corporations within the SDSN, it is not surprising that the SDSN report would reflect similar concerns and recommendations. As mentioned above, many of the ideas from both of these reports have been taken on-board by the HLP, which received many inputs from the corporate sector. Some have questioned why one of the four “official” reports to the Secretary-General should be devoted to the views of business leaders when there is no equivalent report for the views of unions, workers or people living in poverty.<sup>198</sup>

At the UN, the lack of clarity around the concepts of “civil society” and “stakeholders,” which come to encompass both non-profit and for-profit entities, can also exacerbate power imbalances. Because of the UN accreditation

system, business organizations such as the International Chamber of Commerce and the WBCSD participate in UN processes as “non-profit organizations,” when in fact they represent the interests of their corporate members. The role of philanthropic foundations also remains ill-defined. At the Special Event of the GA on the MDGs and Post 2015 in September 2013, the only “civil society” representatives to speak in the plenary were a representative from the Latin American & Caribbean Network of Young People Living with HIV along with Bill and Melinda Gates.<sup>199</sup>

### Lobbying power of corporations at the regional, national and local levels is not acknowledged

Direct participation in policy processes is, of course, only one of the many ways in which influence can manifest itself. Access to policymakers, officially or behind-the-scenes, is also a key element of political influence. Through contributions to political campaigns and lobbying, some corporations have built tight connections with local and national policymakers, which can translate into influence in global policy processes. According to Friends of the Earth International, mining company Vale has actively engaged in the international climate process by lobbying the Brazilian government, both in the run up to UNFCCC climate talks in Copenhagen in 2009 (COP15) and as part of the Brazilian official delegation to Cancun in 2010 (COP16).<sup>200</sup> Corporations can also significantly influence national processes through donations and lobbying. In 2012, Unilever US gave more than \$450,000 to the “Coalition Against the Costly Food Labeling Proposition,”<sup>201</sup> which lobbied against a California proposition that would have forced companies to label food containing genetically-modified ingredients. Unilever US also spent more than \$2,4 million on lobbying that year.

Debates on the Post-2015 agenda cannot be abstracted from debates at the national and regional level, in which corporate interests can affect and influence governments’ positions, sometimes in opaque ways. Many observers, for instance, have criticized the lack of transparency around lobbying in the European Union, where an estimated 3,000 lobbying entities target European institutions to influence legislation.<sup>202</sup> According to self-reported data, Global Compact LEAD member Bayer AG spent about 2,8

199 Cf. Bissio (2013).

200 Cf. Friends of the Earth International (2012a) p. 6.

201 Cf. <http://influenceexplorer.com/organization/unilever/0b99117b81d049d08c1ffd5985f2b563?cycle=2012>.

202 See, for instance, Transparency International’s page on this issue: [www.transparencymonitoring.eu/focus\\_areas/lobbying-the-eu/](http://www.transparencymonitoring.eu/focus_areas/lobbying-the-eu/) and Alliance for Lobbying Transparency and Ethics Regulation (ALTER-EU)(2013).

196 According to information from the SDSN Secretariat.

197 UN Secretary-General (2013a) para. 78.

198 Cf. Social Watch (2013a).

million Euros to “represent its interests to EU institutions” in 2012,<sup>203</sup> while Unilever spent 500,000 to 600,000 Euros.<sup>204</sup>

Although workers’ unions and non-profit organizations can also lobby policymakers, large corporations usually benefit from vastly more important resources to do so. In the US, labor unions spent about \$46 million on lobbying in 2012, compared to \$489 million for the health industry and \$139 million for the agribusiness industry.<sup>205</sup>

### A platform for *big business*

Although UN processes tend to refer to the participation of “business” or “the private sector,” which include Small and Medium Enterprises (SMEs), in reality transnational corporations with billion-dollar turnovers are the primary representatives of “business” in the post-2015 process.

The Global Compact does offer some channels for SME participations. In the Global Compact Local Networks, which are an important part of the organization’s activities, small and medium-sized businesses are well represented.<sup>206</sup> However, the Compact gives big business special access to the Post-2015 process through its LEAD initiative. When the Global Compact LEAD organizes a luncheon with the Secretary-General it provides a privileged access to political processes, where small enterprises have no place at the table.

The private sector outreach conducted by Unilever for the HLP demonstrates a similar bias towards large corporations. Unilever’s report acknowledges that “although the consultation covered companies as small as a Liberian fashion designer there has been a strong bias towards big multi-nationals. We attempted to counterbalance this by getting inputs on SMEs from the International Organisation of Employers (IOE) and the International Finance Corporation (IFC) but this report probably reflects the views of big business rather than small.”<sup>207</sup>

In its report, the HLP notes that these private sector consultations involved “the chief executive officers of 250 companies in 30 countries, with annual revenues exceeding \$8 trillion,”<sup>208</sup> or an average of \$32 billion per com-

pany. With \$8 trillion representing one tenth of the global GDP in 2012,<sup>209</sup> this clearly demonstrates that the views of the “private sector” are primarily the views of a select group of extremely large and powerful multinational corporations.

### Lack of diversity, narrowing of the debate?

Corporate sector involvement in the Post-2015 process also reflects an imbalance between different types of industries. The mining industry is particularly over-represented in both the Global Compact LEAD and the SDSN. Out of more than 30 corporate representatives involved in the SDSN Leadership Council or thematic groups,<sup>210</sup> six have ties to the mining industry, accounting for about one in five business representatives in this process.

Some argue that these companies are precisely the ones that should be involved because of their important impact on development, human rights and the environment. However, it is also likely that the mining and oil and gas sectors have the most incentive in ensuring that the transition to “sustainable development” stretches over as long a period as possible to protect their profit sources and existence. Contrary to most of the reports feeding into the Post-2015 process, the WBCSD’s report on “Changing Pace”<sup>211</sup> is more honest when it comes to the fact that “change, particularly rapid change, creates pressure and hardship on potential losers at all levels, from countries, to corporations and households,” and that transition strategies should be designed to help potential losers adapt to “hardships.”<sup>212</sup>

There is also a lack of diversity in geographical representation among corporate participants, with the prominence of European and North American corporations. Sixty percent of Global Compact LEAD participants are based in Europe or in the US and Canada. This imbalance is reflected in the composition of business associations involved in post-2015 processes. For instance, the WBCSD notes on its website that 39 percent of its members are based in the EU,

203 Cf. <http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=3523776801-85&isListLobbyistView=true>.

204 Cf. <http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=6200524920-25&isListLobbyistView=true>.

205 Cf. According to data from OpenSecrets: <https://www.opensecrets.org/lobby/top.php?showYear=2012&indexType=c>.

206 Cf. [www.unglobalcompact.org/NetworksAroundTheWorld/index.html](http://www.unglobalcompact.org/NetworksAroundTheWorld/index.html).

207 Unilever (2013) p. 4.

208 High-Level Panel of Eminent Persons on the post-2015 Development Agenda (2013) p. 2.

209 Estimated at \$84.97 trillion (using purchasing power parity) by the CIA’s World Factbook <https://www.cia.gov/library/publications/the-world-factbook/geos/xx.html>.

210 Using numbers available on the SDSN website, which are incomplete as some of the thematic groups have not published their full list of members.

211 Which builds on the WBCSD’s vision for a new development agenda presented in its report “Vision 2050”.

212 Cf. World Business Council for Sustainable Development (2012) p. 31.

9 percent in Europe outside of the EU, and 20 percent in NAFTA countries,<sup>213</sup> representing 68 percent of all participants.

The over-representation of certain types of players also raises questions about the diversity of the views present in these processes. For example, the private sector outreach conducted by Unilever for the HLP only included a relatively small number of participants. The thematic consultation on energy, for instance, only included Shell, while the one on education only involved Pearson.<sup>214</sup> In addition, the significant overlap between individual companies participating in the Global Compact and the SDSN and the membership of the WBCSD and the WEF similarly suggests that, ultimately, only a limited number of powerful voices are heard. This can potentially lead to a narrowing of the debate, as UN processes become an echo chamber promoting the same ideas.

### A governance model that negates vested interest and conflicts between stakeholders

Inputs by the corporate sector in the post-2015 process actively promote the shift to a “multi-stakeholder” model of global governance, where business is expected to play a key role. This vision relies on the assumption that the interests of governments, business and civil society ultimately align. This is apparent in the reports and background papers submitted by business-oriented processes. The joint report of the Global Compact and the WBCSD, for instance, states that “the international community, multi-lateral institutions, national governments, academia, civil society and business have got to work together towards a common agenda.”<sup>215</sup> Common interests and goals are also stressed in the Global Compact’s report, which notes that “healthy societies and healthy markets go hand-in-hand,”<sup>216</sup> and in the background paper prepared by the SDSN Thematic Group on “Redefining the Role of Business for Sustainable Development,” which argues that “business does better when the world does better.”<sup>217</sup>

Multi-stakeholder initiatives and global partnerships promote a governance model where all stakeholders work together to achieve common goals. Such a model, with its emphasis on partnerships and consensus, can negate the existing conflicts between stakeholders, in particular between large multinational corporations on the one hand

and CSOs and social movements on the other hand. Labeling all participants “stakeholders,” as if all were equal and had the same interests, can obscure the power imbalances between various sectors and the vast differences between their agendas. This creates the illusion that “win-win” solutions can be found if only all stakeholders sit at the table for a rational debate,<sup>218</sup> and promotes a depoliticized model of governance that does not address the power structures inherent in the global economic system. By favoring big business as the voice of the “private sector,” UN processes also seem to assume that the interests of “business” as a whole are aligned, when in fact the interests of large corporations are rarely the same as those of SMEs. There are also wide differences in the interests of various sectors, for instance between the fossil fuel industry and the renewable energy industry.

Conflicts are apparent in reality, and sometimes point to glaring discrepancies between the stated values and the actual behavior of corporate actors. The focus on cooperation and common goals among governments, civil society and the corporate sector is belied by numerous examples. Corporate spying on activists protesting the environmental impact of corporate activities, as in a case allegedly involving Vale (a Global Compact LEAD member and SDSN participant) and the Landless Workers’ Movement in Brazil<sup>219</sup> or a case involving EDF (a SDSN participant and Global Compact member) and Greenpeace in France,<sup>220</sup> clashes with promises of “cooperation” and “partnership.”

The numerous cases in which corporations have sued governments for trying to implement regulation that could “harm” private profits also challenge the notion that “we are all in this together.” On the basis of bilateral investment treaties, many multinational corporations have sued governments for introducing new regulations, often related to health or environmental concerns. In 2009, Swedish energy multinational Vattenfall (a Global Compact member and a company wholly owned by the Swedish government) sued the German government, seeking €1.4 billion (US\$1.9 billion) plus interest in compensation for environmental restrictions imposed on one of its coal-fired power plants. The case was settled out of court after Germany agreed to water down the environmental standards. In similar cases, Uruguay and Australia were sued by tobacco companies for introducing compulsory health warnings on cigarette packets. South Africa was sued by two Italian mining firms over its Black Economic Empowerment Act, which aims to redress some of the injustices of the apartheid regime by requiring mining companies to transfer a portion of their shares into the hands of black investors.<sup>221</sup>

213 Cf. [www.wbcsd.org/about/members.aspx](http://www.wbcsd.org/about/members.aspx).

214 Cf. Unilever pp.16 and 18.

215 Leisinger/Bakker (2013) p. 1.

216 UN Global Compact and World Business Council for Sustainable Development (2013) p. 1.

217 UN Global Compact (2013) p. 3.

218 Cf. Garsten/Jacobsson (2007) p. 150.

219 Cf. International Federation of Human Rights (FIDH) (2013).

220 Cf. Gersmann (2011).

221 Cf. Corporate Europe Observatory and Transnational Institute (2012).

Another recent example is the lobbying by the American Petroleum Institute (API), the trade association for the oil and natural gas industry in the US, to which Petrobras America and Total E&P USA belong (Petrobras is a Global Compact board member and Total is a Global Compact LEAD member). In late 2012, the API filed a lawsuit against the US Securities and Exchange Commission (SEC) seeking to strike down Section 1504 of the Dodd-Frank Wall Street Reform Act, which requires oil, gas, and mining companies to disclose the payments that they make to governments for all extractive projects. In July 2013, a US-District Judge vacated the SEC rule, a major victory for the oil industry. As Global Witness argued in a press release critical of the API lawsuit, “these companies hypocritically

claim to support natural resource revenue transparency by participating in the Extractive Industries Transparency Initiative (EITI), while at the same time working aggressively to dismantle this transparency requirement.”<sup>222</sup>

The interests of governments, civil society and the corporate sector do not always clash, but neither do they automatically align. The multi-stakeholder model proposed by these reports often negates this reality by refusing to examine the power structures and vested interests that motivate players.

## V. Conclusions and recommendations

This paper highlights the significant role played by business – in particular large transnational corporations – in the process towards the Post-2015 development agenda and the issues it raises. Many initiatives set up around the new agenda have given a space to corporate actors and actively sought their participation and input. Sometimes, they provided corporate representatives with privileged access to UN policymaking.

The influence of the business discourse is felt in the types of solutions that have been put forward in various Post-2015 reports. They primarily rely on growth to eradicate poverty and on technology to decouple growth from resource use. The business discourse promotes a market-based approach to sustainable development, which assumes that corporations are pivotal for sustainable development and voluntary commitments have a comparative advantage over “command and control” approaches.

Calls to abandon “business as usual” models and to achieve a “transformative shift,” which are rife in many of the reports that have originated from corporate-led processes, should not be discarded as mere posturing. On the contrary, numerous corporations and business associations active in the Post-2015 Agenda are indeed proposing a radical transformation, by putting business at the centre of sustainable development and redesigning global governance on voluntary, multi-stakeholder terms. They are advocating for change, but not the fundamental change in consumption and production patterns that many in civil society have been calling for. The business sector certainly has an important role to play in the implementation process of the Post-2015 agenda. Some pioneering companies are already on the path towards sustainable development solutions (for instance in the area of renewable energies). However, the mainstream statements and reports from the business sector are shaped by a lack of self-criticism and ignore the role that corporations play in creating and exacerbating many of the problems that the Post-2015 agenda is supposed to tackle.

At the very least, the UN should take steps to make business participation in UN processes and UN-business partnerships more transparent and accountable. From the High-Level Panel and SDSN to the UN Secretary-General, many are calling for a new global partnership (or new global partnerships) to be at the centre of the Post-2015 agenda. If this is going to be the case, governments have to adopt much more stringent criteria and rules for those who will enter these partnerships and how these actors will be held accountable. Basically, participants in all multi-stakeholder

initiatives of the UN should be subjected to screening and monitoring by the UN and member states.

These are policy steps that can ensure that the UN will not become associated with corporations that are at odds with the organization’s values and mandate, and that business participation at the UN will occur in a transparent and open way. However, the problem is not limited to participation of corporations in UN processes and UN-business partnerships. It is also that their discourse and values – embraced and promoted by a number of member states – have permeated UN language and policies. What does it mean, for instance, when the UN promote education, health and women’s equality as good “returns on investment,” and thereby look at human rights through an economic lens? Changes in practical policies must be accompanied by changes in discourse and politics. This will require leadership from member states and advocacy from civil society.

### 1. Recommendations for the UN and member states

In order to avoid the “corporate capture” of the UN and undue influence of business actors on the Post-2015 Agenda, the UN and member states should take action with regard to institutional reforms and governance, norm setting, operational activities and the transparency of UN funding. The following recommendations are based on the experiences in the Post-2015 process but are relevant for all other areas of the UN system as well.

#### Governance and institutional reform

**Building an intergovernmental framework for partnership accountability in the Post-2015 Agenda.** In the current system, guidelines for UN-business interaction are generally formulated and adopted in the secretariats of the relevant UN organizations. In contrast to the participatory rights for NGOs, governments have neither adopted the guidelines nor are they responsible for their implementation and monitoring. More accountability of UN partnerships with the private sector requires governments to build the intergovernmental structures required for monitoring and oversight.

The High-Level Political Forum (HLPF) could become the hub for the monitoring and oversight of partnerships in the post-2015 development agenda. If the Partnership Facility proposed by the Secretary-General will be adopted by the General Assembly, it could report to the HLPF.

**More debate on the UN partnership approach.** Many governments have supported the UN's outreach to the corporate sector while others have remained silent, even though they are uncomfortable with recent developments. Some have adopted double-standards, letting the business sector in while keeping civil society at bay on the grounds that the inter-governmental nature of the organization should be preserved. It is time for member states to speak out on the role they envision for the business sector in the Post-2015 agenda and the UN system at large, and what risks current practices and attitudes may pose. The recent initiative spearheaded by Ecuador (and supported by several member states) in the Human Rights Council to advance a binding instrument to regulate transnational corporations may be signaling that the discourse is shifting towards a much stronger recognition of business responsibilities towards human rights.<sup>223</sup> The initiative was supported by more than a hundred civil society organizations.<sup>224</sup>

### Norm and standard setting

**One standardized system-wide set of guidelines for partnerships with corporations, adopted by the member states.** The UN should adopt one standardized system-wide set of guidelines for its interaction with the private sector. This could take the form of a General Assembly resolution, comparable to the ECOSOC resolution on the regulation of the consultative relationship with NGOs. Such a resolution should set minimum standards for the shape and composition of initiatives involving the private sector. This should prevent undue influence of business actors on public policies, any distortion of competition, and a lack of representation of affected populations

To minimize the risk to the UN's reputation, this resolution should define standardized partner selection and exclusion criteria, which apply to the whole UN system. It should prevent companies and private actors who violate internationally agreed environmental, social and human rights conventions or otherwise violate UN principles (for

223 Cf. "Declaración en nombre de un grupo de países en la 24<sup>a</sup> edición de sesiones del Consejo de Derechos Humanos Debate General," Artículo 3: "Empresas Transnacionales y Derechos Humanos," September 2013 <http://cancilleria.gob.ec/wp-content/uploads/2013/09/DECLARACION.pdf>.

224 Cf. Statement to the Human Rights Council in support of the initiative of a group of States for a legally binding instrument on transnational corporations. 13 September 2013 [www.fian.org/fileadmin/media/publications/Statement\\_in\\_support\\_\\_\\_List\\_of\\_Signatories\\_EN\\_ESP.pdf](http://www.fian.org/fileadmin/media/publications/Statement_in_support___List_of_Signatories_EN_ESP.pdf).

example through corruption, breaking UN sanctions, proven lobbying against international UN agreements, evading taxes, etc.) from entering into collaborative relationships with the UN.

**Mandatory conflict of interest and disclosure policies.** The United Nations should adopt a system-wide conflict of interest policy. Corporate partners should disclose to the UN any situation that may appear as a conflict of interest. They should also disclose if an UN official or professional under contract with the UN may have any kind of economic ties with the corporate partner.

Specific requirements in the code of ethics for UN employees could also help address the potential conflicts of interests raised by the circulation of staff between UN entities and national governments, private foundations, corporations, lobby groups and CSOs. A "cooling off" period, during which former UN officials cannot start working for lobby groups or lobbying advisory firms, could be considered.

**Distinguishing between public interest NGOs and business interest NGOs.** In the current system, international business associations can participate in UN processes as "NGOs" on the ground that they are nonprofit, even though they represent the interests of their corporate members. Public interest NGOs have long called on the World Health Organisation (WHO) to classify private-sector actors outside of its NGO category, to better make the distinction between public interest NGOs and business interest NGOs. Such distinction could be made system-wide.

### Operational activities

**Systematic Impact Assessments and Independent Evaluations.** Before the UN enters into new multi-stakeholder initiatives or partnerships with business actors, the possible impacts of these activities must be systematically assessed. This should include evaluating the added value of the initiative for the realization of the UN's goals; the relation between the risks, costs and side effects and the potential benefits; human rights impacts; and the possible alternatives to the planned activities.

Impact assessments and evaluations should be carried out by neutral bodies and not by institutions which see themselves as promoters of the partnership approach and are pursuing the rapid expansion of global partnerships (for example the Global Compact Office). The results of the investigations must be made publicly accessible and must be debated.

**Building UN institutional capacity to effectively monitor partnerships.** A UN regulatory framework for partnerships, in particular with the business sector, will require

capacity in the secretariats and at the intergovernmental level. Staff is needed for the additional duties of screening companies, legal advice, and monitoring and evaluation of partnerships. Minimum standards and detailed partnership selection and exclusion criteria will remain useless if not systematically implemented. This task could be fulfilled, for instance, by the existing Joint Inspection Unit of the UN, if its financial resources and mandate were extended accordingly.

## Funding

**More transparency on funding and contributions from the corporate sector.** At a minimum, the UN should disclose the funding it receives from the private sector more transparently. There is currently no systematic reporting of the funds that the UN receives in the form of “extra-budgetary resources,” and these resources are not subjected to surveillance by member states. According to UN data, extra-budgetary resources from “Major Other Organizations, NGOs, Foundations, Private Sector” increased from \$883 million in 2002-2003 to \$2.3 billion in 2008-2009.<sup>225</sup> But there is no disaggregated reporting to track the evolution of private sector funding.

Better reporting is also needed for funds committed to multi-stakeholder initiatives, such as “Every Woman, Every Child” or “Sustainable Energy for All.” While these initiatives claim billions of dollars in pledges and investments, it is usually difficult to assess where money has gone, whether it has been really new and additional to existing commitments, and which impact it had. If these initiatives are going to be part of the Post-2015 agenda, they require much more stringent reporting.

The UN seeks extra-budgetary funding in a context where member states have failed to pay their full dues and cut their contributions to the organization’s voluntary funds. Therefore, member states have a key role to play in reversing this trend, by providing adequate core funding to UN programs.

## 2. Recommendations for civil society and researchers

**Challenging the partnership euphoria in the process towards the Post-2015 agenda.** CSOs should problematize the growing influence of the business sector in the political discourse and agenda-setting in the Post-2015

process. In particular they should highlight the problems of increasing fragmentation of global governance, the weakening of representative democracy and their institutions (such as parliaments), the unpredictable and insufficient financing of public goods, and the existing lack of monitoring and accountability mechanisms. In light of these problems, CSOs engaged in partnership initiatives should carefully evaluate the impact and side-effects of these initiatives and potentially reconsider their involvement.

**Better linkages between organizations on the ground and organizations promoting corporate accountability at the UN.** Are multi-stakeholder initiatives and PPPs achieving their stated goals? Do they empower local communities and meet their needs? What are their risks and side-effects for the affected communities? CSOs advocating for effective corporate accountability rules at the UN need to be able to answer these questions. By partnering and strengthening networks with local CSOs, they can bring the experience and expertise of these communities to the global policymaking process and highlight specific cases in which projects have been challenged or failed to deliver what they promised. These links are also important to expose corporate behavior that contradicts the commitments made by corporations at the UN.

**Evidence-based research on the outcomes of PPPs.** In a context where reporting requirements and accountability standards for PPPs are low, it is difficult to assess their success or failure. There is an existing body of academic research on the outcomes of PPPs, with many specific case studies of PPPs at the local and national levels and across a wide range of areas including health, the delivery of utilities and technology. However, more general conclusions – on how much money the business sector contributes and how it is allocated, for instance – have not always been drawn from these studies. There is a need for further research in this area, as well as more comprehensive research on the political economy of UN-business interactions.

**Advocate for proper funding of UN programs.** UN finance is an area that has often been neglected by civil society. But the UN’s turn to the corporate sector and increased private funding cannot be understood without looking at the other part of the equation: the decline in public funding of UN programs. CSOs have a role to play in advocating for adequate regular funding of the UN and against the turn to extra-budgetary resources. The dearth of academic research in that area (with a few notable exceptions) should also be remedied.

<sup>225</sup> See the UN Chief Executives Board for Coordination’s website [www.unsceb.org/content/extra-budgetary-resources-trend-%E2%80%93-non-state-donors](http://www.unsceb.org/content/extra-budgetary-resources-trend-%E2%80%93-non-state-donors).

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# Annex

## List of corporations and business associations involved in the Global Compact LEAD, the SDSN and consultations around the HLP and the OWG

Name	Sector	Country	UN Processes	Other processes
A.P. Moller - Maersk	Industrial transportation	Denmark	LEAD	WEF
Abercrombie & Kent Group of Companies	Travel	USA	SDSN	
Abraaj Capital Holdings	Finance	United Arab Emirates	UNGC+	
Accenture	Support services	USA	LEAD	WBCSD, WEF
Acciona	Construction & materials	Spain	LEAD	WBCSD*, WEF
Agrium	Agriculture industries	Canada	SDSN, UNGC	
Alfa Laval AB	Industrial engineering	Sweden	UNGC+	
Anglo American	General industrials	UK	SDSN, UNGC	WBCSD, WEF
AngloGold Ashanti	Mining	South Africa	SDSN, SDSN TG, UNGC	WEF
ARM Holdings plc	Technology hardware & equipment	UK	LEAD	WEF
AVIVA plc	Finance	UK	LEAD	
AquaFed	Business organization	International/France	OWG	
BASF SE	Chemicals	Germany	LEAD+	WBCSD, WEF
Bayer AG	Chemicals	Germany	LEAD	WBCSD, WEF
BG East Africa	Oil & gas producers	Tanzania	SDSN TG	WBSCSD (BG Group)
Braskem S.A.	Chemicals	Brazil	LEAD	WEF
Carlson	Travel	USA	UNGC+	
Chamber of Commerce of Bogotá	Business organization	Colombia	UNGC+	
China Development Bank	Finance	China	LEAD	
China Enterprise Confederation/ China Enterprise Directors Association	Business organization	China	UNGC+	
China Minmetals Corporation	Industrial metals & mining	China	LEAD	
China Ocean Shipping Group - COSCO	Industrial transportation	China	LEAD	WBCSD
China Petroleum and Chemical Corporation (Sinopec)	Oil & gas producers	China	LEAD+	WBCSD*
Citi (Institutional Clients Group in SDSN & UNGC)	Finance	USA	SDSN, UNGC+	WEF

<b>Name</b>	<b>Sector</b>	<b>Country</b>	<b>UN Processes</b>	<b>Other processes</b>
Daimler AG	Automobiles & parts	Germany	LEAD	
Deutsche Telekom AG	Fixed line telecommunications	Germany	LEAD	
DSM	Health, nutrition, materials, energy	The Netherlands	SDSN, UNGC	WBCSD, WEF
EDF Group	Energy	France	SDSN, UNGC	WBCSD
Empresa de Energia de Bogota	Gas, water & multi-utilities	Colombia	LEAD	
Endesa, S.A.	Gas, water & multi-utilities	Spain	LEAD	
Enel	Gas, water & multi-utilities	Italy	LEAD	
ENI	Oil & gas producers	Italy	LEAD, SDSN	WBCSD, WEF
Ericsson Group	Electronics	Sweden	SDSN, UNGC	
Eskom	Electricity	South Africa	LEAD	WBCSD*
Flagship Ventures	Ventures	USA	SDSN	
Fuji Xerox Company Ltd.	Technology hardware & equipment	Japan	LEAD+	
GIST-Advisory	Environmental consulting	India	SDSN	
GITI Group	Manufacturing, real estate, retail, lifestyle, natural resources	Singapore	SDSN	WEF
Global Compact Network, Spain	Business organization	Spain	UNGC+	
Google Inc.	Internet	USA	SDSN	WEF
Great River Corporation	Oil equipment, services	China	LEAD	
Grupo Aeroportuario del Sureste (ASUR)	Aviation	Mexico	UNGC+	
Heineken N.V.	Beverages	Netherlands	LEAD	WEF
Infosys Technologies Ltd	Software & computer services	India	LEAD+	WBCSD*, WEF
Intel Corporation	Technology hardware & equipment	USA	LEAD	WEF
International Chamber of Commerce	Business organization	International/France	OWG, UNGC+	WBCSD* (ex officio)
International Council of Chemical Associations	Business organization	International	OWG, UNGC	
International Fertilizer Industry Association	Business organization	International/France	OWG	
International Organization of Employers	Employers' organization	International/Switzerland	UNGC+	
Kenya's Association of Manufacturers	Business organization	Kenya	HLP	
KPMG International	Finance	USA	LEAD	WBCSD, WEF
Lafarge	Construction & materials	France	LEAD	WBCSD
Mansour Manufacturing & Distribution Group of Companies	General retailers	Egypt	LEAD	
Masdar	Renewable energy	United Arab Emirates	SDSN	

<b>Name</b>	<b>Sector</b>	<b>Country</b>	<b>UN Processes</b>	<b>Other processes</b>
Nestlé S.A.	Food producers	Switzerland	LEAD	WEF
Netafim	Food producers	Israel	LEAD	
Newmont Mining Corp	Industrial metals & mining	USA	LEAD	WEF
Novartis International AG	Pharmaceuticals & biotechnology	Switzerland	LEAD	WBCSD, WEF
Novo Nordisk AS	Pharmaceuticals & biotechnology	Denmark	LEAD	WEF
Novozymes	Pharmaceuticals & biotechnology	Denmark	LEAD	WBCSD, WEF
Oando Plc	Oil & gas producers	Nigeria	LEAD	
Oil and Natural Gas Corporation Ltd.	Oil & gas producers	India	UNGC+	
Petrobras	Oil & gas producers	Brazil	UNGC+	WBCSD, WEF
Pirelli & C. S.p.A.	Automobiles & parts	Italy	LEAD	WBCSD
PricewaterhouseCoopers	Management consulting	International /UK	(HLP)	WBCSD
Principles for Responsible Investment	Investor network (UN initiative)	International/UK	UNGC+ (ex officio)	WEF
PT. Martina Berto Tbk, Martha Tilaar Group	Personal goods	Indonesia	LEAD, UNGC+	
Public Investment Corporation	Finance	South Africa	UNGC+	
Rosy Blue	Personal goods	Belgium	LEAD	
Sabancı Holding	General industrials	Turkey	UNGC+	
Safaricom Limited	Mobile telecommunications	Kenya	LEAD+	
Sakhalin Energy Investment Company Ltd.	Oil & gas producers	Russia	LEAD+	
Siemens AG	Technology hardware & equipment	Germany	LEAD, SDSN	WBCSD, WEF
SK Telecom	Fixed line telecommunications	South-Korea	LEAD	
Sumitomo Chemical Company, Limited	Chemicals	Japan	LEAD	WBCSD, WEF
Symantec Corporation	Software & computer services	USA	LEAD	
System Capital Management	General industrials	Ukraine	LEAD	WEF
Takeda Pharmaceutical Company Limited	Pharmaceuticals & biotechnology	Japan	LEAD	WEF
Tata Steel	Industrial metals & mining	India	LEAD	
Teck Resources	Industrial metals & mining	Canada	LEAD	WEF
Telefonica S.A.	Fixed line telecommunications	Spain	LEAD	WEF
The Coca-Cola Company	Beverages	USA	LEAD	WBCSD, WEF
Total	Oil & gas producers	France	LEAD	
Unilever	Food producers	UK/The Netherlands	LEAD+, SDSN, HLP, (HLP)	WBCSD*, WEF

Name	Sector	Country	UN Processes	Other processes
Vale	Industrial metals & mining	Brazil	LEAD, SDSN, SDSN TG	WBCSD, WEF
Veolia Environnement	General industrials	France	LEAD	WBCSD
Vestas Wind Systems A/S	Alternative energy	Denmark	LEAD	WEF
Volvo AB	Vehicles	Sweden	SDSN	WEF
WBCSD	Business organization	Switzerland	SDSN TG, SDSN	
WEF	Business organization	Switzerland	SDSN, UNGC+ (ex officio)	
Yara International ASA	Chemicals	Norway	LEAD, OWG	WEF

LEAD:..... UN Global Compact LEAD member  
 UNGC:..... UN Global Compact member  
 + after LEAD and UNGC:..... UNGC board member  
 (HLP):..... provided input to the HLP  
 HLP:..... member of the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda  
 SDSN:..... member of the SDSN Leadership Council  
 SDSN TG:..... member of a SDSN Thematic Group  
 WBCSD:..... WBCSD member  
 WBCSD\*:..... WBCSD executive committee member  
 WEF:..... WEF strategic partners, industry partners and young global leaders  
 OWG:..... following the OWG sessions

# List of abbreviations

API	American Petroleum Institute
BAU	Business-As-Usual
BCtA	Business Call to Action
CEO	Chief Executive Officer
CSO	Civil Society Organization
DAWN	Development Alternatives with Women for a New Era
ECOSOC	Economic and Social Council
EITI	Extractive Industries Transparency Initiative
FNIH	Foundation for the National Institutes of Health
GA	General Assembly
GDP	Gross Domestic Product
HLP	High-Level Panel
HLPF	High-Level Political Forum
IFC	International Finance Corporation
ILO	International Labour Organization
IOE	International Organization of Employers
MDG	Millennium Development Goal
NAFTA	North American Free Trade Agreement
NGLS	UN Non-Governmental Liaison Service
NGO	Non-Governmental Organization
OECD	Organization for Economic Cooperation and Development
OWG	Open Working Group
PHFI	Public Health Foundation of India
PPP	Public-Private Partnership
SDGs	Sustainable Development Goals
SDSN	Sustainable Development Solutions Network
SEC	Security and Exchange Commission
SMEs	Small-Medium Enterprises
UN	United Nations
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNRISD	UN Research Institute for Social Development
WEF	World Economic Forum
WBCSD	World Business Council for Sustainable Development

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