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Sustainable Development, Corporate Influence and Private Finance

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Crucial to the achievement of the Sustainable Development Goals (SDGs) of the 2030 Agenda is SDG 17, "Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development". Increasingly, discussions now take the form of multistakeholder partnerships and engagement with the business sector as a tool to mobilize finance for the SDGs or generate needed capacity - often to develop a pipeline of bankable projects. This partnership orientation has become a regular feature of the UN agenda, from the Economic and Social Council (ECOSOC) Operational Activities Segment in May 2022 to the High-Level Political Forum (HLPF) in July 2022.

On 17-19 May 2022, the ECOSOC Operational Activities Segment (OAS) highlighted the work of the UN, its funds and programmes, and their work towards implementing the 2030 Agenda and the SDGs in UN Country Programmes. Part of this discussion involves the implementation of the United Nations Development System (UNDS) Reform. Ushered in by A/RES/72/279, the reform seeks to improve how the UNDS delivers programming through its various UN Funds and Programmes in UN country activities. A highlight of these discussions was the chronic underfunding of the UN System, which has opened doors for private sector donors, and their interests and priorities. As Official Development Assistance (ODA) and core contributions from donor governments wane, funding to bridge the financing gap has to be sought elsewhere.

At the 2022 High-Level Political Forum, which focuses on national progress towards the SDGs, financing constraints were frequently referenced in efforts to achieve the SDGs and recover from the economic shocks of COVID-19. Since the onset of the pandemic, most countries' economies have suffered substantially, and many governments have not had the capacity to prioritize achieving the SDGs over the immediate needs of their populations. As a result, many are embracing multi-stakeholder partnerships as an opportunity to acquire critical financing.

Inadequate funding for UNDS Activities

Throughout the ECOSOC OAS, UN leadership echoed concerns regarding the inadequacy of funding. In the Opening Session, then President of ECOSOC, Collen Vixen Kelapile appealed: "We also need to seriously address the critical funding gap of the UN Development Agencies, and close the often spoken about imbalance between core and non-core resources."

Pakistan on behalf of G77 and China noted: "While the world is experiencing immediate humanitarian urgencies, we are also on the verge of a global development crisis and these cuts in core funding of the UNDS would have a lasting effect on the most vulnerable, stall the collective development trajectories over the last decades, [endanger the] well-being, and security of people in the developing world — as well as affect the institutions that are designed to deliver on the development aspirations."

Malawi on behalf of LDCs urged: "Donor countries must fulfill their commitments."

UN Secretary-General António Guterres echoed these concerns: "None of this can be achieved without adequate, predictable and sustainable funding to the UN Development System. This is indispensable to build incentives for collective work and integration."

In a session focused on the Resident Coordinator System (and subsequently the projected funding gap in years to come), Deputy Secretary-General Amina Mohammed and Assistant Secretary-General Robert Piper reiterated the role of Member States in the Funding Compact, an agreed set of commitments between the UN and Member States which holds governments to financing the reforms being implemented by the UN agencies.

In an informal dialogue with Member States, Amina Mohammed urged: "We need the same scrutiny and interrogation of the Funding Compact because it's a deal, it's a handshake. We'll do what you've asked us to do, and you'll do what we've asked you to do so that we can get it done. That hasn't happened. And it needs to happen."

Robert Piper acknowledged that: "a fundamental shift is needed to the way the UN system is resourced – meaning that Member States need to take a deep look at the funding decisions, mechanisms, modalities and expectations they have, if they want to see the requested reforms become a reality".

ECOSOC Vice President for OAS and Chargée d'Affaires of Finland Miia Rainne highlighted: "All of our development ambitions and efforts to save the SDGs are dependent on adequate, flexible and predictable funding for the UN Development System. This is also at the heart of the Funding Compact and includes a fully funded Resident Coordinator System."

In the closing session, the ECOSOC President stressed the responsibility of Member States: "It is also up to us - the Member States - to undertake some transformative actions in our interactions with UN system entities and in our funding patterns."

Competing Funding Priorities

Beyond the insufficient funding in general, UN leadership and Member States have highlighted the added complexity of a system-wide imbalance between humanitarian and development funding.

This was addressed by Malawi on behalf of the LDCs:

> "The overall funding of the United Nations Development System is rising. However, regrettably, the share of the development funding has dropped to 30 percent in 2020. While humanitarian assistance is important, it should in no way be at the expense of development assistance. This will jeopardize the balance between the three pillars of sustainable development. Similarly, the core resources have dropped down to only 17 percent. We rely on you Mr. Secretary-General

> and our partners to secure the balance between the three pillars of sustainable development and between core and non-core resources."

In the closing session, the ECOSOC Vice President highlighted: "While many Member States are struggling with fiscal constraints during these challenging times, addressing urgent humanitarian needs cannot come at the expense of funding for development. Less funding towards development activities today means more funding will be required to address humanitarian crises tomorrow."

At the 2022 HLPF, Member States also emphasized the need for more funding dedicated specifically to environmental protection and increasing biodiversity. This was underlined during a special session dedicated to SDGs 14 and 15 – covering life below water and life on land respectively – by Switzerland:

> "To have an impact, it is essential that this framework contains relevant, clear and measurable goals, targets and indicators, including a global goal of protecting and conserving 30 percent of the world's ocean floor by 2030. Given the scale of the challenge, action by all sectors and actors is needed. The new framework for biodiversity must therefore be comprehensive and promote synergies, notably among all biodiversity-related agreements and relevant multilateral institutions."

The need to involve a variety of sectors in this search for funding was especially emphasized by Finland:

> "We need everybody to get on board. The private and public sectors, Indigenous peoples and local communities, academia, civil society and the landowners. By fulfilling the whole of society approach and to find new forms and measures to minimize harmful impacts on biodiversity is essential."

The growing emphasis on humanitarian funding due to COVID-19, impacts of the climate crisis, the war in Ukraine, and the subsequent social, economic and food crises already developing, contribute to the scramble to sufficiently fund the development agenda.

Calls-to-action for the private sector

Despite widely documented concerns about inadequate funding, consensus is lacking with regard to how the problem should be addressed. Across the OAS sessions, some highlighted the role of donor governments, whereas others stressed the need to diversify donor bases and engage the private sector. In informal dialogue with Member States during the opening session of the ECOSOC OAS, the Secretary-General highlighted his envisioned role for the private sector:

> "Now the private sector. First of all, one of the elements of this theme is on partnerships. So exactly to give the Resident Coordinator capacity to enhance partnerships of different sorts with, namely, the private sector. On the other hand, we have the Global Compact, and we are linking more and more the Global Compact to the UN Development System and are aware of the Group of Investors on Sustainable Development, which again, we are bringing more and more into support of the Resident Coordinator System. So, the partnership with the private sector is absolutely crucial."

This connects to the Secretary-General's focus on multistakeholderism and "networked multilateralism" within his [*Our Common Agenda*] report and process. Member States also favoured a diversification of the donor base and, in some cases, named the private sector and philanthropy directly.

During the OAS, the Permanent Representative of Oman noted the potential within the private sector, but also called for greater coordination and engagement with International Finance Institutions (IFIs):

> "We need to think of how to build a more diversified donor base and to have equal and unconditional access to adequate funding, especially given the financial difficulties facing many developing countries which became more dire due to COVID-19 crisis. While noting, with appreciation, the increase of contributions from the private sector, we call for closer collaboration and engagement from the international financing institutions especially with the developing and the Least Developed countries that are mostly affected by recent challenges."

Additionally, as inputs to the ECOSOC OAS included reports from Heads of UN Funds and Programmes, Member States received updates from several agencies that are conducting comprehensive private sector fundraising programmes. This topic is explored further in a previous briefing.

In a session on the Development Coordination Office (DCO), the Permanent Representative of New Zealand on behalf of the Corrections Association of NZ (CANZ) noted the success of some UN entities in attracting private finance and asked: "How can their experience help inform efforts by DCO to attract investment?"

The Permanent Representative of Canada echoed this:

> "We share your concern regarding the chronic underfunding of the RC system. We see this also as a major risk in terms of sustaining reform going forward, particularly as we continue to grapple with extremely challenging economic and fiscal times and insurgencies....And we would also encourage DCO to continue to find more pathways for investment with stronger engagement with philanthropies, private sector, and other partners to find a more sustainable way forward."

Similarly, Gabon acknowledged in their Voluntary National Review (VNR) at the 2022 HLPF:

> "Like the technical and financial partners, the private sector is, alongside the government, fully concerned by the implementation of the SDGs. Indeed, through growth, which is their main objective, companies distribute income, promote investment, creativity, innovation and technology that influence the modes of production and technology that influence production and consumption patterns."

The 2022 HLPF Ministerial Declaration also reiterates this call to action for the private sector:

> "We call upon multilateral development banks, other financial institutions and the private sector to enhance finance mobilization in order to deliver the scale of resources needed to achieve climate plans, particularly for adaptation, and encourage countries to continue to explore

innovative approaches and instruments for mobilizing finance for adaptation from private sources."

As the global situation becomes more complex and the lines between humanitarian assistance and development activities blur, attention must be paid to which voices count. With funding comes influence, and while funding from the private sector may solve short-term deficits, the consequence of their influence on the agenda in the long-term runs the risk of undermining, rather than implementing, key components of the 2030 Agenda.

Calling on the Global North

At the 2022 HLPF, many state and nonstate actors underlined the need for funding to flow from countries in the Global North to those in the Global South. As Dr. Bruno Oberle, General Director of the International Union for Conservation of Nature (IUCN), stated:

> "We need, of course, finance to bring the machine up to speed. We need a substantial amount of money to be transferred from the Global North to the countries that have the biggest challenges, that are the big repositories of biodiversity, the mega-diverse countries in the Global South. And we need money from a variety of sources - public money, private money, different types of instruments."

This sentiment was reiterated by Uruguay in its VNR:

> "So, the speed of the change requires that we coordinate our efforts and more financial resources on the principle of joint responsibilities, but differentiated responsibilities.… We need more commitments in terms of per capita income and we must use more of our resources for development because unless there is growth, there will be no funds for financing. Nevertheless, we do know that countries are encountering major public financing problems, particularly worsened by COVID-19 and given the increased public debt."

In its VNR, Switzerland outlined a way in which it is involving the private sector in partnership to raise funding to support global development initiatives:

> "Alleviating global poverty and advancing sustainable development are the primary aims of all of the official development assistance (ODA) funding disbursed by Switzerland. Mobilizing additional private-sector resources has now also been adopted as one of the priorities of Switzerland's International Cooperation Strategy 2021-24. The federal government supports the creation of frameworks that encourage investment and private-sector initiatives, access to markets and financial institutions, and decent employment opportunities."

As Member States and UN leadership have detailed the urgency of scaling up financing for the SDGs, humanitarian crises and climate action, it is clear that greater regulation and accountability is needed. As new financing actors are invited to the table, caution must be exercised to prevent the norms, standards and values of the United Nations from being shaped, re-shaped or undermined by new actors.

Further reading:

Barbara Adams and Jens Martens, "Fit for whose purpose? Private funding and corporate influence in the United Nations," Global Policy Forum, Bonn/ New York (2015).

Barbara Adams, "D1. MONEY TALKS AT THE WORLD HEALTH ORGANIZATION," *Global Health Watch* (2017), p.245.

Barbara Adams, "Private finance and partnerships at the UN," *Routledge Handbook on the UN and Development* (2020), Ch.12.

Barbara Adams, "D3. THE UNITED NATIONS, GLOBAL GOVERNANCE, AND THE TOLL OF FUNDING FAILURES," *Global Health Watch* (2022), p. 369.

Elena Marmo, "How the UN Opened Its Doors to Private Funding and Networked Multilateralism" Global Policy Forum and Rosa Luxemburg Stiftung-New York Office, New York, (June 2022).

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