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# **Foreign Ministries, SDG Diplomacy and the Private Sector<sup>12</sup>**

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## Abstract

Public–private partnerships that are necessary to reach the targets of the UN’s 2030 Agenda and its Sustainable Development Goals pose a test for Ministries of Foreign Affairs. Government policies supporting the SDGs and sustainability criteria, as well as commercial goals, aim at an enabling multi-actor environment. They do however not prevent friction, lack of mutual understanding and cultural clashes with the private sector. This issue deserves more attention. We identify three main SDG partnership puzzles for government: the contested appreciation of the use of actor resources, especially time, in governance dialogues; the transformation of diplomatic practice across the public–private divide; and the point of private-sector organizations combining the seemingly paradoxical roles of lobbying in the interests of realizing business interests and partnering in a process aimed at joint goals. We suggest that diplomatic effectiveness of the SDGs hinges on officials’ better understanding of their corporate counterparts, their engagement in the inclusive SDG negotiation process as boundary spanners, and their development of cross-cultural brokering skills.

## Introduction

The transnational debate on the United Nations’ Sustainable Development Goals (SDGs) can be described as a process – including associations of it being something large and even unwieldy, with multiple actors and stakeholders, involving 17 distant goals and 169 challenging targets, and with campaign-style negotiation going hand in hand with multilateral diplomacy in familiar fora. The SDG business is by no means mainstreamed within Ministries of Foreign Affairs (MFAs) and there is little that is traditional about the kind of diplomacy needed to grease the wheels of heterogeneous SDG partnerships that are necessary to realize the SDGs.

This paper contributes to the understanding of the SDG debate by focusing on the practical dilemmas of relations between the public and private sectors. In the context of policy-making, we have a particular interest in making government practices more effective. From this association perspective, our main question is then: what do governments need to consider when developing SDG-related policies? Clearly, the normatively laden term ‘partnership’ has all too often been adopted without much attention to a shared definition or common criteria underpinning the partnerships. This mirrors earlier findings in conceptual and prescriptive studies about PPPs in the field of development cooperation, which contain lessons that are relevant to the SDG debate. There is plenty of reference to SDG relationship issues in the emerging (policy) literature on SDGs, but little sustained reflection.

International Relations (IR) literature does not come to the rescue, to the extent that it unwittingly contributes to downplaying this issue. Mainstream IR basically shares a substantialist perspective on international politics that is essentially actor-oriented. Paradoxically as it may seem, most IR literature has little affinity with socialization processes and finds it hard to focus on the relationship as the key unit of analysis. While diplomats perceive their professional ecosystem in terms of relations, the dominant ontological and epistemological perspectives guiding IR scholars push them towards studying everything about actors and other social phenomena rather than starting with the relationships between them. This matters for our discussion of SDGs and public–private collaboration, because practitioners perceive relationship-management issues as one of the first hurdles in the

realization of SDGs. The interdisciplinary diplomatic studies literature is more helpful in focusing on the relationship as a moving target, but only to the extent that it addresses diplomacy in post-Westphalian settings, involving multiple actors. If anything characterizes the early 21<sup>st</sup>-century diplomatic process, it is that it is fundamentally networked. MFAs and their diplomats therefore need to figure out how to improve their working relationship with multiple stakeholders – particularly those that are further removed from officials' governmental comfort zone. The diplomatic network environment is increasingly about the trading of resources between different actors and stakeholders whose interests are converging in policy networks. Non-governmental actors are viewed less as 'targets or consumers of government-generated messages but as possible partners and producers of diplomatic outcomes'. All of this has consequences at the more practical level of diplomatic skills in a diplomatic environment in which networking has become the basis of contemporary diplomacy, and these observations hence apply directly to multi-stakeholder diplomacy in the context of the SDG debate. Focusing on public-private relations in SDG policy processes is in the direct interests of improving global policies. Government officials are advised not to see SDG-oriented collaboration with the private sector as exceptional, but to welcome it as diplomatic innovation that is in sync with broader patterns of change in diplomacy.

### **The rise of (SDG) partnerships**

Since the 2002 Johannesburg Summit on Sustainable Development, the private sector has become much more visible in PPPs, and it has acquired greater legitimacy as a co-creator in other participatory policy arrangements. Government policy needs to provide an enabling environment that supports both the private sector and SDGs. In other words, SDG policies have the best chance of becoming successful if they are based on the principle that sustainability criteria are tied to commercial viability. SDG 13 on climate action is often seen as a policy area that demonstrates the feasibility of working partnerships with multiple stakeholders and with concrete results in terms of their engagement in shaping policy. Campaign-style diplomacy has gone global with initiatives such as the Road Map for Global Climate Action (2015), the Marrakech Partnership for Global Climate Action (2016) and the 'High Level Climate Champions' (2016). These initiatives aim to catalyse climate action by stimulating partners from all countries and sectors. Below the state level, an interesting development in the climate case is that institutional arrangements with the participation of stakeholders from different segments of society have played a key role in the adoption of regional and local climate policies.

Government policy for the SDGs is, broadly speaking, to ensure an environment that contributes to employment, livelihoods and well-being, while ensuring sustainable practices with regard to people, planet and prosperity. Yet consultations have shown that the private sector seeks more clarity from government on what all of this means in practice, and it calls for a regulatory and legal roadmap for SDG implementation. For government, collaborative diplomacy on SDGs means that the 'enabling' and 'regulating' roles of the national administration need to be balanced, and it implies a noteworthy stepping up of the more familiar game of policy coordination within the public sector.

## **Balancing interests**

SDG partnerships are a development in international policy with unique features. The experiences of partnerships add to existing knowledge on effective cooperation in other multi-stakeholder contexts. The partnerships need to balance understanding and critique of the corporate sector.

First, one should bear in mind that the SDGs ask for universal solutions instead of a more straightforward North–South transfer of aid and technology, as was the practice during the Millennium Development Goals (MDGs). As a result, the SDG Agenda applies worldwide and requires international cooperation and joint responsibility. Two conspicuous and practical differences with earlier UN agendas and partnerships are that the goals cannot be reached without domestic action and policy in affluent countries, and that the private sector is expected to do more than ‘pay up’ or transfer technology.

Second, the ambition level of the SDGs and targets for 2030 is so high that even in a highly developed country such as Sweden, over 75 per cent of the ‘non-development cooperation’ targets require at least some work. The SDGs are in no way a marginal modification of current practice and ask for real transformative change and systemic innovation that will affect government regulations and private-sector supply chains. The interlinkages between separate SDGs mean that action on one could have a (negative) effect on other goals. For example, action on SDG 7 (energy) will require a shift away from fossil fuels in order to meet SDG 13 (climate action). This is a difference with the MDGs, which have been criticized for treating symptoms of under-development rather than ‘addressing complex social systems’, and for aiming at quick impact.

Third, the SDG partnerships deal with public goods and multiple (private) stakeholders. The ‘public’ role of the private sector is already recognized in concepts such as Shared Value, Corporate Social Responsibility and Responsible Business Conduct, as well as in narratives emphasizing the international agency of companies, such as Business Diplomacy. Companies have the potential to bring a variety of resources and strengths to sustainable development, while becoming active participants in multi-stakeholder diplomacy. Sustainability becomes an integral part of the commercial strategies of, for example, Unilever, Philips, DSM, IKEA, SABMiller (AB InBev), AIG, Siemens AG, BBVA and H&M, and these companies have a long-term strategy in which natural and human capital have distinct value. In the interests of these aims and strategies, they have an obvious – although often not openly stated – interest in developing an improved capability for stakeholder and network diplomacy.

## **Governmental challenges**

SDG partnerships stand or fall with converging interests, which are a prerequisite of objective-driven relationships between government and business. Our field research indicates that there are at least five hurdles of which governments need to be aware. First, in the process of forging SDGs, it is clear that time is a much scarcer resource for business than for government, which results in a different intuitive appreciation of what is ‘too much governance’. Time-consuming consultation processes may be seen by corporations as evidence of little action, which strengthens the case for a light touch when it comes to SDG governance structures in which business actors are taking part.

Second, it is pertinent for national diplomats to realize that the more democratic ‘interface cultures’ of SDG networks are very different from hierarchical environments that are historically more familiar to them. Public–private networks are environments with sui generis rules of engagement in which traditional diplomatic norms are not being accepted at face value. Government is not perceived as the self-evident centre of such networks, and diplomats lose their distinctiveness in an environment where knowledge and capacity for action, rather than actor provenance, count.

Third, as far as the SDGs are about long-term aims and objectives, it is important for government officials to understand the business perspective on strategic action. Big companies are into scenario planning, but they are also lobby organizations with business models geared towards profit-making, and their long-term sustainability aims are therefore not supposed to stand in the way of short-term commercial objectives. The widening Volkswagen emissions scandal in 2016–2017 illustrates that the competing demands of the long term and the short term can apply a great deal of pressure on the highest levels of management.

Fourth, as already mentioned above, it is crucial for governments to understand that corporate engagement with the SDGs will only become ‘for real’ when their key components can be commercialized. Fundamental corporate concerns with the potential for commercialization are likely to move to the centre of debates once partnership talks move to the detailed stage. As one would expect, in countries with a close structural nexus between government and business, whether an authoritarian state like China or democratic powers such as Japan and South Korea, this operational principle is more readily accepted. On a more practical level, it became clear in our collective expert discussion that the issue of diplomatic skills’ needs is begging attention. As diplomats operate on the cusp of the international and national spheres, they are dealing with business actors both abroad and at home. Skills that are needed in the context of SDG debates and that need to be developed in a whole-of-government setting are: dialogic competences; network learning and knowledge sharing; dealing with the kinds of uncertainties that are inherent in the SDG debate; and awareness of the context of global issues that have contrasting economic, ecological and social dimensions. The paradox for national governments in SDG networks with diverse stakeholders is that they may have to operate under the constraints identified above, but simultaneously they have the asset of their convening power when inviting companies to the table. On the SDGs, there is no short-term alternative for the current form of state-led governance. Foreign ministries can also harness other strengths: as policy machineries, their public relations capacity to promote SDG goals is aimed at much broader constituencies than those of companies; and as boundary spanners, they are better placed to shape a cohesive approach that will help to unite all stakeholders.

Finally, government efforts aimed at realizing the SDGs are not taking place in a political void. Some criticism levelled against the SDGs is that the whole enterprise is essentially carried forward by ‘believers’. National politicians may not see the promotion of SDGs at home as electorally risk free, as political opponents may reject this as an elitist agenda. Prioritizing SDGs in public diplomacy policies has also become more complicated in a polarized political environment. In the present ‘post-fact’ epoch, elite opinion and scientific expertise cannot be assumed to stand above politics, as illustrated by the transnational controversy about fake news. Especially in the United States, but also in Europe, there is evidence that ‘facts’ are becoming ‘relativized’, and professional authority challenged, by a new style of political rhetoric. In some quarters, the very idea of SDGs is itself under challenge, which is an international political trend that diplomats cannot ignore.

## Conclusions and recommendations

Focusing on the relationship between government and business – with their disparate professional cultures – deserves more attention in the interests of realizing SDGs and the global policy agenda in general. Socialization between the two sectors as a condition of policy effectiveness appears to be more important than is generally realized. The governance of SDGs will continue to be a state-led process, while the UN ‘acknowledges’ the role of the private sector in implementation. Governmental capacity to remain successful in evolving public policy networks, however, does require empathy and a deep understanding of the identity, concerns, norms and habits of the corporate sector. This matters a great deal: individual companies would, after all, make a much smaller contribution to the SDGs if the process was not mediated by governments. Less effective governance would make SDG goals and targets increasingly unrealistic. As a result, the task of working with the private sector needs to be mainstreamed within MFAs. It must be addressed on multiple levels, from practitioners gaining a good conceptual understanding of their own profession, to improving skills and the tools needed in mixed-actor environments with an inevitable degree of dissonance in behavioural standards. Ultimately, in terms of government practice, the SDG process gives more of a chance of getting modern diplomatic work processes right. The whole experience can, in fact, be seen as a timely trial for governments on the threshold of a world in which the corporate sector may enjoy greater agency. Each generation of diplomats meets their own set of specific challenges. Maximizing their relations with the corporate sector should rank high on the list of requirements for diplomatic effectiveness. Specifically, we recommend:

1. Lessons can be learned from early 21<sup>st</sup>-century public–private partnerships (PPPs), but government actors should be aware that SDG partnerships are different: they are universal in scope, more intrusive in terms of their impact on the diplomatic process, and openly aim at transformations and systemic innovation.
2. SDG multi-stakeholder partnerships pose specific challenges for hierarchical work in foreign ministries. They call for a more explicit whole-of-government approach, horizontal knowledge sharing and greater context awareness of global issues. MFAs should welcome the SDG process as an opportunity for experimentation with innovation in networked diplomatic practice, based on the principle of trading resources within complex policy networks, which is of much broader relevance for diplomacy today.
3. Foreign ministries are advised to keep an eye on the changing environments in which SDGs are being debated: recent transnational trends associated with anti-elitism and protectionism challenge the SDGs, while progressive digitization and the rise of information and communication technologies (ICTs) call for more government dialogue with the technology sector.
4. Input from experts and practitioners suggest that the private and public sectors evaluate SDG partnerships differently, creating the risk of a gulf between them when it comes to agreeing on details rather than general policies. Both should aim at improving qualitative partnership-effectiveness indicators.
5. Government representatives need to be aware of the double-hatted role of private-sector companies combining their ‘public’ shareholder role with lobbying interests and practices that run counter to sustainable development principles.

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