HARVARD Kennedy School
Corporate Social Responsibility Initiative

BUSINESS & SUSTAINABLE DEVELOPMENT COMMISSION

EXECUTIVE SUMMARY




PARTNERSHIPS FOR SUSTAINABLE DEVELOPMENT:

Collective action by business, governments and civil society to achieve scale and transform markets

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I. The need for collective action

The leadership challenge is clear. It will be impossible to achieve the Sustainable Development Goals without accelerating and scaling private sector engagement and collective action by business, government and civil society. Action by individual companies is necessary but not sufficient to drive transformational and systemic change toward sustainable development. Collaboration will be essential. It will be needed among companies themselves, on a precompetitive basis in specific industry sectors, issues and locations. It will also be needed on a cross-sector or multi-stakeholder basis between companies, governments and civil society organizations.

There will be business benefits for the companies that understand this agenda and align their core business activities to addressing the economic, social and environmental risks and opportunities material to their business and salient in terms of their potential impacts on people. Despite these likely business benefits, the ability of companies to spread responsible practices and deliver market-based solutions for the SDGs at scale is undermined by a variety of market failures, governance gaps, and cultural and trust impediments.

Partnerships and coalitions can play a vital role in helping to overcome some of these obstacles. They will be particularly important in addressing the following four imperatives:

- Improving the impact of all business activities, to support growth that is more responsible, inclusive and sustainable;
- Increasing the level of new private sector investment and innovation in sustainable development;
- Achieving systemic transformation of markets to work better for people and the environment; and
- Building mutual trust, accountability and a new social contract between business, governments and civil society.

II. Collaborative pathways to scale business engagement in sustainable development

A growing number of partnerships have emerged over the past two decades. They vary widely in terms of their scope, participants, governance models, purpose, and levels of activity. Most are still at a nascent stage, especially given the long-term nature of partnership building and system change. Rigorous analysis of their impact and what works is also at an early stage, but useful lessons and good practices are emerging.

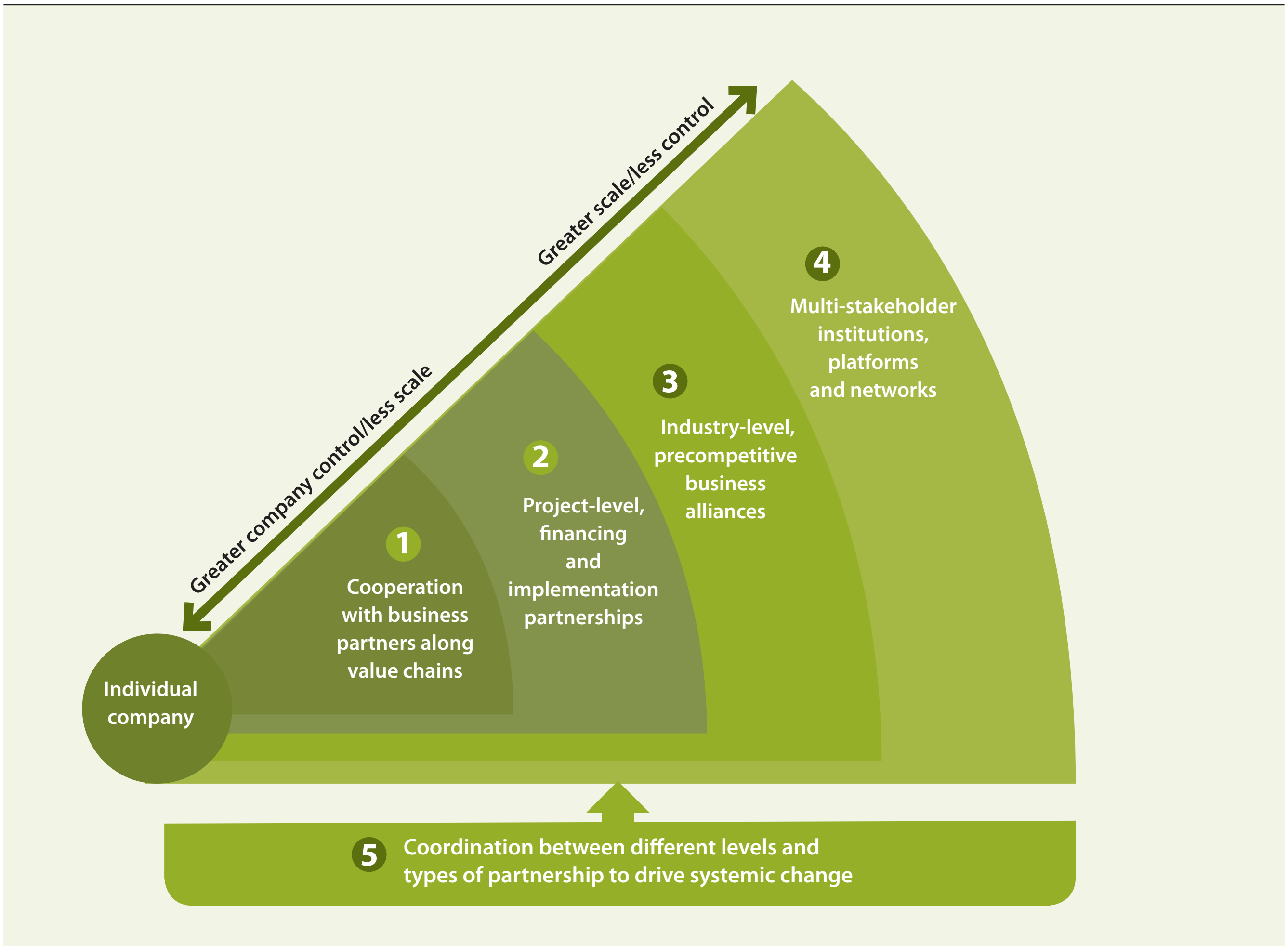
Based on experience to-date, the following five types of collaboration offer particularly high potential for accelerating and scaling up business engagement in sustainable development:

- **Cooperation with business partners along value chains:** Most large companies have thousands of commercial business partners in their value chains. They include suppliers, distributors, retailers, investors, investees, clients and joint venture partners. By setting standards, creating incentives, and providing financing and capacity building opportunities for their business partners, companies can have substantial leverage in driving change towards more responsible, inclusive and sustainable growth along their own value chains.

- **Project-level, financing and implementation partnerships:** These usually involve one or a few companies partnering with NGOs, government entities, research organizations or each other to share risks or costs and/or to catalyze resources to develop new technologies, products, services or business models. They range from multi-billion dollar infrastructure projects to inclusive business models aimed at including low-income producers and consumers in corporate value chains to joint community investments and humanitarian partnerships.

- **Industry-level, precompetitive business alliances:** These involve a group of companies working together on a precompetitive basis within or across industries to drive sector-wide change. This can include spreading responsible industry standards, scaling and replicating promising innovations and models, and undertaking joint research or public policy advocacy. Some of these alliances are part of established trade and industry associations and demonstrate the potential to mobilize more associations toward sustainable development. Others have been created in recent years by smaller groups of business leaders as corporate responsibility coalitions with a dedicated focus on spreading responsible business practices and achieving sustainability goals.
- **Multi-stakeholder institutions, platforms and networks:** These involve collaboration among groups of companies alongside other actors such as governments and/or civil society organizations aimed at overcoming systemic market failures or governance gaps to achieve transformational change. They include independent institutional arrangements and funds with their own formal, governance and accountability structures. They also include more informal and dynamic networks and technology-enabled open collaboration platforms.
- **Coordination between different levels and types of partnership to drive systemic change:** In most cases of successful scaling there are mutually reinforcing linkages between the different levels and types of partnership outlined above. Individual companies are increasingly part of an ecosystem of sustainable development partnerships, some led by business, others by governments or civil society. Business leaders need to understand and be more actively engaged in shaping this ecosystem, and its relationship to their own corporate strategies, cultures and performance.

Collaborative pathways to scale business engagement in sustainable development



III. An Agenda for Action

The paper reviews examples of over 100 partnerships in these different levels of engagement and assesses some of their lessons to-date. It then proposes the following five-point Agenda for Action to strengthen existing coalitions or build new ones that offer high potential for achieving scale and transforming markets:

An Agenda for Action: Recommendations for coalitions to achieve scale and transform markets		
#1	**Strengthen precompetitive business alliances to leverage industry-wide standards and joint action**	There is substantial untapped potential to raise the bar on sustainability leadership in all trade and industry associations and through sector-focused corporate responsibility coalitions. This can be achieved by establishing industry-wide standards, setting shared goals or roadmaps for investing in the sustainable development goals, agreeing on common metrics, reporting and benchmarking members' performance against these, sharing lessons and good practices, supporting precompetitive research and development consortia, and undertaking joint policy advocacy. CEO-level leadership and champions will be essential for success.
#2	**Participate in joint financing and innovation platforms to deliver specific goals**	Companies should focus their engagement on issue, sector or commodity specific financing mechanisms and innovation platforms that most closely align their core business priorities and capabilities with specific SDGs. In particular, there are opportunities to create blended finance partnerships among companies, investors, development finance institutions, donor agencies, research institutes and philanthropic foundations with the goal of developing and scaling new technologies, products, business models and sustainable infrastructure.
#3	**Support collective initiatives to harmonize sustainability data and reporting**	Collaboration is needed among providers and users of corporate sustainability data and reporting to drive greater convergence and harmonization. This is necessary to make information more comparable, consistent and useful to investors, regulators and other stakeholders as well as to companies themselves in order to improve decision-making, performance and accountability.
#4	**Expand coalitions that are integrating sustainability criteria into capital markets**	Coalitions can accelerate and scale the integration of sustainability criteria, longer-term horizons and greater financial inclusion into the decision-making and impact of capital market institutions. Concerted efforts are needed to expand the membership and influence of existing coalitions focused on scaling responsible, inclusive and sustainable finance, such as the Sustainable Stock Exchanges Initiative, Principles for Responsible Investment and Global Impact Investing Network, among others. In particular, there is a need to increase the participation and leadership of major asset owners such as pension funds, sovereign wealth funds, endowments and insurance companies.
#5	**Coordinate policy dialogue and investment in key cities, landscapes and countries of operation**	Spatial and location-specific coalitions that bring together companies, investors, governments, civil society and citizens to agree on shared priorities and develop common plans for action offer high potential to achieve scale and systemic impact. In particular, there is a need to increase business participation and collective action in: • City-based alliances dedicated to increasing urban sustainability and resilience • Integrated landscape management initiatives, especially in vulnerable watersheds, biodiversity and ocean ecosystems; • Country-level multi-stakeholder platforms, chaired by government ministers that systematically engage leading companies, business associations and NGOs in setting national priorities for the SDGs.

IV. Conclusion

Partnerships are a valuable tool to drive change toward more responsible, inclusive and sustainable growth. They can help to address some of the market failures, governance gaps and trust deficits that undermine the acceleration and scaling of business engagement in sustainable development. They can also serve as a platform for convening and coordinating the diverse actions of numerous actors and for building mutually reinforcing linkages between different sectors and sustainable development goals.

Yet, they are not a panacea. Most partnerships are difficult to build and challenging to sustain and scale. They often entail high transaction costs, and there is a need in many cases to strengthen partnership governance and accountability, as well as operational efficiency and effectiveness.

The success factors summarized in the table below are a synthesis of over forty academic and practitioner studies exploring what works in building partnerships, ranging from global multi-stakeholder institutions to more traditional public-private infrastructure partnerships. Effective partnership building, especially across sectors, requires new mindsets and skill sets on the part of individuals and new capabilities and incentives on the part of institutions. It requires patience, persistence and a long-term commitment in an era of short attention spans, accelerating and disruptive change and short-term performance pressures on companies and governments alike.

None of this is easy. Yet, it is essential work if we are to make progress at the scale and systemic impact that are required. Simply put, without more – and more effective – business-to-business alliances and cross-sector collaboration it will not be possible to mobilize the resources and capabilities needed to achieve the Sustainable Development Goals. The ability to galvanize and convene other stakeholders to co-create effective partnerships has become one of the essential leadership imperatives for the 21st Century.

Success factors in building partnerships		
SHARED PURPOSE and UNDERSTANDING OF THE ECOSYSTEM and its STAKEHOLDERS	1	A compelling **agenda for change led by strong champions** who are leaders in their own organizations and are able to take decisions, allocate resources, motivate and mobilize others, and support a long-term commitment.
	2	Jointly agreed **public commitments and a strategic plan** for achieving them, based on rigorous consultation and relevant baseline evidence, with clearly defined roles and responsibilities for every participant.
	3	Understanding of the **full value chain or ecosystem required for transformation** and ability to either holistically coordinate activities or stakeholders across this system or target specific interventions that mutually reinforce those of others.
RIGOROUS PROCESS and OPERATIONAL ALIGNMENT	4	Effective **implementation capability**, enabled by dedicated and well-resourced ‘backbone support’, committed practitioners from participant organizations who have the necessary authority and skills to engage, and effective communication and conflict resolution processes that enable regular and rigorous dialogue and feedback.
	5	Strong alignment with and leverage of partners’ **core competencies** and interests.
GOOD GOVERNANCE and MUTUAL ACCOUNTABILITY for PROGRESS	6	Mutually agreed **metrics and governance mechanisms to track performance and ensure rigorous oversight and accountability**, both within the partnership itself and externally with relevant stakeholders, including beneficiaries and vulnerable groups where relevant.
	7	**Participatory monitoring and independent evaluation** approaches that facilitate shared learning and better decision-making in addition to ensuring transparency and accountability.
	8	Flexibility to **“course correct” and be adaptive** based on evolving circumstances, disruptive events, failures, stakeholder feedback and lessons learned.

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