

5. The Sustainable Development Goals, the Private Sector and Evaluation

INTRODUCTION

According to the 2030 Agenda for Sustainable Development, this “journey will involve Governments as well as parliaments, the United Nations system and other international institutions, local authorities, indigenous peoples, civil society, business and the private sector, the scientific and academic community—and all people.”¹⁶⁹ The Agenda further recognizes that “private business activities, investment and innovation are major drivers of productivity, inclusive economic growth and job creation” and calls “upon all businesses to apply their creativity and innovation to solving sustainable development challenges.”¹⁷⁰ The United Nations General Assembly resolution includes a section on follow-up and review of the implementation of the Agenda, and with respect to national reviews, notes that “such reviews should draw on contributions from indigenous peoples, civil society, the private sector and other stakeholders...”¹⁷¹

The European Evaluation Society (EES) has recognized the central role that private sector entities play in the economy and in society, but has also observed that private sector interventions are not routinely subjected to systematic evaluation scrutiny. The EES Thematic Working Group on Private Sector Evaluation unites evaluators working in this field, and examines what makes private sector evaluation different from evaluating public sector entities.¹⁷² The United Nations Development Programme (UNDP) Istanbul International Center for Private Sector in Development (IICPSD), established in partnership with the Government of Turkey, supports the private sector and foundations to become transformative partners for development through research, advocacy and facilitation of public-private dialogue and partnerships. The National Evaluation Capacities (NEC) Conference 2017 brought together evaluation experts from the EES Thematic Working Group, development practitioners from the IICPSD, and private sector actors to introduce a new theme: the Sustainable Development Goals (SDGs), the private sector and evaluation.

169 A/RES/70/1, para. 52.

170 A/RES/70/1, para. 67.

171 A/RES/70/1, para. 78.

172 <https://europeanevaluation.org/community/thematic-working-groups/twg-3-private-sector-evaluation>.

THE SDGs AND THE PRIVATE SECTOR: HOW ARE COMPANIES MEASURING THEIR CONTRIBUTION TO DEVELOPMENT?¹⁷³

According to Marcos Neto, Director of IICPSD, the estimated “price tag” of the 2030 Agenda is in the range of \$5 trillion to \$7 trillion. This means that the SDGs cannot and will not be successfully implemented and achieved without the private sector. This is not only because of financial resources, but also the innovation, dynamism, technology and innovative methods offered by the private sector. However, while business is essential to the SDGs, business models need to adapt. Over the past 20 years, business has been linked to development primarily through corporate social responsibility or through charity. While these approaches will continue, it is through core business operations that a maximum contribution can be made. Thus, for a truly transformative agenda, businesses need to become profitable, socially inclusive and environmentally sound, all at the same time. To do so, the private sector needs to see the SDGs as a business opportunity. Many companies are starting to do so.

Business Call to Action (BCtA)—a multilateral alliance including the Ministry of Foreign Affairs of the Netherlands, the Swedish International Development Cooperation Agency, the Swiss Agency for Development and Cooperation, the United Kingdom Department for International Development, the United States Agency for International Development (USAID) and UNDP (which hosts the BCtA secretariat)—comprises over 200 member companies committed to improving the lives and livelihoods of millions of people in developing countries through access to markets, financial services, affordable health care, water and sanitation and other services.¹⁷⁴ BCtA challenges its members to develop inclusive business models, i.e., businesses that provide benefits through their core business activities to people living at the base of the pyramid, as consumers of their services and products or as partners in their value chains as producers, suppliers, distributors or employees.

This leads to a question about measuring the actual impact of businesses on progress towards the SDGs. If businesses are essential, and many are already claiming to play this critical role, how do we know that they are achieving these social goals? Where is the evidence that can be given to governments to encourage appropriate tax incentives or other measures that would further incentivize private companies? How can data be collected simultaneously to improve business processes and be used to show progress towards the SDGs or to influence government policy? The SDGs have increased the demand for data to demonstrate how businesses are impacting sustainable development. The BCtA working hypothesis is that impact measurement, or evidence of contribution to development results, has to be integrated into regular business models.

173 This section summarizes messages from the panel discussion at the NEC Conference with Mr. Marcos Neto, Director, UNDP, Istanbul International Center for Private Sector in Development; Mr. Asher Hasan, Founder & CEO, Naya Jeevan, Pakistan; Mr. Prateek Ahuja, Regional Manager, Medtronic, India; Ms. Gonca Ongan, Managing Director, Koç University Social Impact Forum, Turkey; and Mr. Tomohiro Nagasaki, Impact Team Lead, Business Call to Action.

174 For more information about BCtA, see <https://www.businesscalltoaction.org/about-bcta>.

Two examples of how this can happen were provided at NEC 2017 by Naya Jeevan in Pakistan and Medtronic in India, both engaged in the field of health. Naya Jeevan partners with large corporations and multinational companies to identify low-income stakeholders in their value chains, such as small-holder dairy farmers providing milk to dairy companies, or small or medium-sized enterprises (SMEs) retailing goods on behalf of a large company, or even domestic workers employed by an executive. Naya Jeevan creates a pool of these low-income people and negotiates with large health insurance companies to obtain the best possible health plan coverage. In addition, recognizing that most of Naya Jeevan's clientele need good quality health care close to their places of work or residence, the organization also engages in delivering health care through primary care physicians and community health workers.

The theory of change underlying Naya Jeevan's approach is that for a community to emerge from poverty, there are two essential elements: the ability to generate income and the protection of income-generating assets. The most important income-generating asset is, according to Naya Jeevan's founder Asher Hasan, the human body, thus the focus on health insurance and health care. The health insurance plan is primarily hospital-based, but feedback from Naya Jeevan's customers indicated over the years that what they really need is access to good quality care close to home or their workplace. The company piloted a new service, providing 24-hour primary-health-care benefits through women doctors who work from home, providing services through video consultations. Nurses and community health workers are placed in factories, corporate offices or community centres. These health workers help patients connect to the doctors using technology. From the perspective of the SDGs, the benefits of the programme are multiple, as the community health workers had been trained through government programmes but were underemployed. Similarly, women doctors face exclusion in the workforce due to sociocultural barriers or family care responsibilities. This reintegration into the workforce of underemployed doctors and health workers also contributes to SDG 5, gender inclusion and gender empowerment.

Naya Jeevan has sought to assess the contribution of its health-care delivery programme. Using mobile phone-based technology to gather data, the company compared selected health outcomes of two populations, one being primary workers affiliated with a large company with the health programme that is also extended to spouses, children and parents, and the second being a similar group affiliated with another multinational company that did not have access to the programme. The survey showed that the members of the group benefiting from the programme have become significantly more engaged in their own health-seeking behaviour, because they had a health coach or health resource close to home or their place of work, and there was a ripple effect within their community as well. Naya Jeevan is now sharing the findings with federal and provincial governments with a view to enhancing health-care delivery in the public health-care system.

Medtronic, in India, launched a programme called Shruti in 2013 designed to provide low-cost ear health care to poor populations with limited access to or ability to pay for ear care, and for whom hearing loss can impact their capacity to earn a living. The company developed a portable otoscope and trained community health workers to screen patients

and transmit patient files to a server where an ear, nose and throat surgeon can review the file from his/her clinic or hospital and recommend a course of action. Additional services were then built around the initial model. With support from BCtA, Medtronic has been assessing if its approach to targeting communities is working, if screening and subsidizing treatment are leading to ear care that can improve the quality of people's lives in the long run. They wanted to ensure they were on track to developing a social business, and not just a social programme. Prateek Ahuja, Regional Manager of Medtronic, shared that a social business does not have to generate large margins, as even small margins can lead to sustainability, but it does need to make business sense.

Nevertheless, there are limits to private sector models for the SDGs. Beneficiaries of the Naya Jeevan programme have an average income of approximately \$10 a day, and participation in the health plan is about \$1 a month, or 1 percent of their monthly income. As the Naya Jeevan founder shared, these working poor can afford \$1 a month. However, the ultra-poor cannot even afford that, and government programmes, foundations or corporate social responsibility programmes need to address the needs of this population.

Private sector actors may also need to develop new capacities to assess and adapt social businesses. Gonca Ongan, Managing Director of Koç University Social Impact Forum, Turkey, notes that many businesses and grass-roots organizations need support to develop the knowledge and skills necessary to manage and assess social impact. The Social Impact Forum helps organizations articulate their theories of change, do outcome mapping and articulate indicators, as well as integrate social value principles into their work. Translating technical resources into local languages and simple terms is another important step to reach small businesses and organizations.

There are other challenges to impact measurement. As in the development sector, conducting rigorous randomized control trials is challenging as there are so many variables. However, as is the case for development programmes, having a theory of change to identify variables under a company's control and external factors beyond its control allows companies to understand what they can and cannot claim in terms of their contributions to results. Accounting for unintended, negative impacts is also a challenge, one that independent evaluation could help assess. In terms of opportunities, the private sector may have a much larger sample in which to test its models. Naya Jeevan and Medtronic both reach 300,000 people, still only a very small percentage of the populations of Pakistan and India, but an outreach much greater than most pilot development projects.

Finally, according to Marcos Neto, on the policy front, there is great potential for governments to point to the market place and indicate the type of business models they value.

THE SPECIFICITY AND DYNAMICS OF PRIVATE SECTOR EVALUATION

Two members of the EES Thematic Working Group on Private Sector Evaluation, Raghavan Narayanan and Fredrik Korfker, led one of the pre-conference training workshops as well as a conference session introducing participants to the specificity and dynamics of private sector evaluation. The introduction to the workshop pointed out that multilateral development

banks (MDBs) undertake interventions in developing countries through both the private and public sectors. Overall, as compared to the private sector, MDB support to the public sector is still dominant, although private sector interventions have shown steep growth in recent years. While public sector operations are often initiated by the MDBs in cooperation with national or local governments, private sector interventions involve corporate sponsors which control their project initiatives. The relationship of sponsors with the MDB is often long-term, as indicated by the current client-oriented model and strategic intent of the two MDBs that specialize in the private sector, the International Finance Corporation and the European Bank for Reconstruction and Development. The financial instruments to support the development of the private sector are mostly of a short- to medium-term nature. The workshop highlighted the methodological approaches and evaluation practices used by MDBs for this type of operation at the institutional and project levels.

Narayanan and Korfker point out that the effectiveness of the universe of private sector interventions should not be judged only by their financial return. On the one hand, investment operations certainly entail a profitability angle, but the rationale for participation of the public sector in supporting them is rather based on their broader social returns. In other words, institutions intervening in this space do so with two sorts of bottom lines in mind: (1) financial; and (2) economic/social/environmental. For a view on the first, the market may suffice but evaluation is indispensable for the combined effect.

The papers that follow provide additional insights first into how trade financing and private sector development can catalyse positive social change and second, how expanding evaluations of public-private partnerships beyond *whether* questions to assess *how and why* questions will provide a more detailed and complete representation of the success and/or failures of a project or programme.