

Private Sector Contributions to the Agenda 2030 for Sustainable Development: The Case of Italy

by Nicolò Sartori and Daniele Fattibene

In September 2015 the United Nations General Assembly formally adopted the Agenda 2030 for Sustainable Development, an action plan consisting of 17 Sustainable Development Goals (SDGs). These targets represent an expanded and updated version of a previous set of UN goals, known as the Millennium Development Goals (MDGs), which ended in 2015.

The overarching aim of the SDGs is to achieve 169 ambitious targets spanning multiple sectors, from health and education, to eradicating hunger, ensuring access to water, sanitation, energy and fighting climate change.¹ The 17 SDGs are not mere collection of goals and wishful thinking. They are meant to shape development policy and are pushing several states as well as regional and international

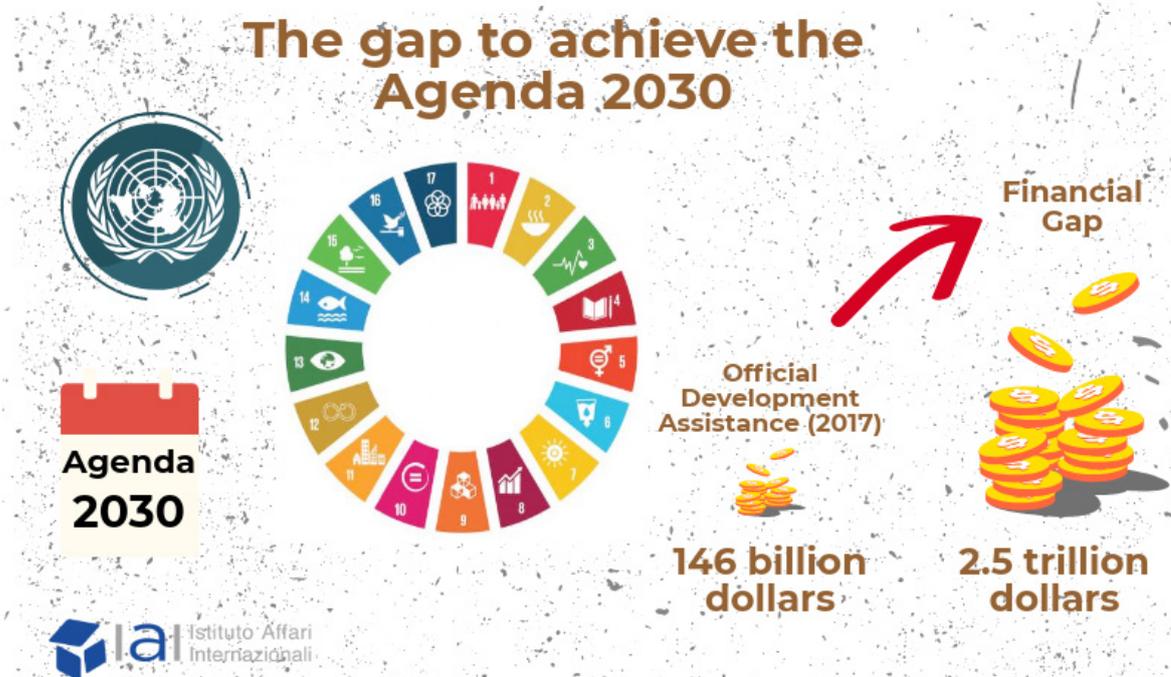
¹ These targets are linked to each and every SDG. For a more detailed analysis please cf. the website of the UN Division for Sustainable Development Goals: *Sustainable Development Goals*, <https://sustainabledevelopment.un.org/sdgs>.

organizations and civil society to assess their contribution and abidance to the implementation of these targets.

At the EU level, the Joint Synthesis Report (JSR) on the implementation of SDGs – to be presented at the High Level Political Forum (HLPF) in 2019 – represents a crucial step towards assessing the Agenda 2030's impact on the Union's internal and external action. By highlighting best practices and forward looking policies the report will help strengthen synergies with other key development actors, including civil society, local authorities and the private sector, from which a majority of the resources to achieve the SDGs will inevitably need originate.

Indeed, the crosscutting nature of the SDGs requires a strong degree of complementarity between the actions of states, civil society, international organizations and the private sector: only through joint action can these players hope to generate a new model

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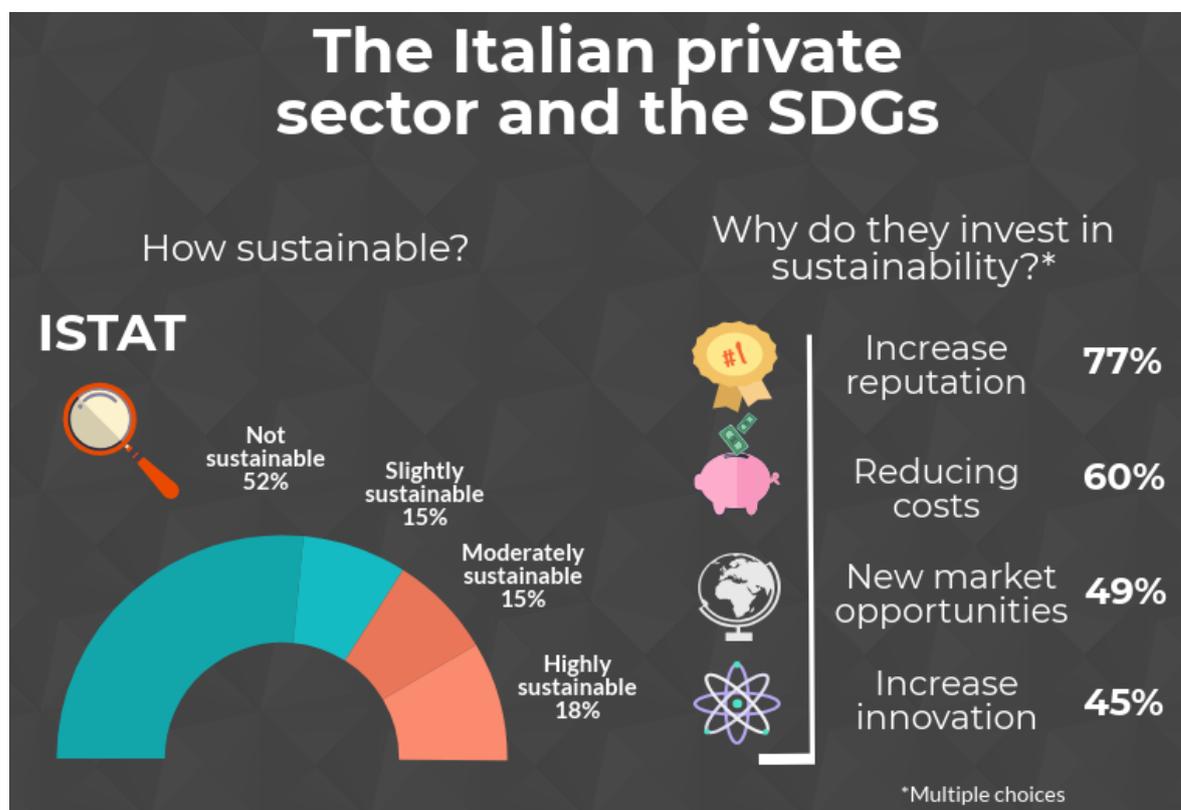
IAI elaboration on OECD figures. See OECD, Launch of ODA Figures 2017, 9 April 2018, <http://www.oecd.org/development/launch-of-oda-figures-2017-france-april-2018.htm>.

of economic, social and human development that ensures economic growth by mitigating environmental damages, reducing inequalities and producing more responsible production and consumption cycles.

Against this backdrop, small, medium and large enterprises have to work together with other actors to embrace the challenge of sustainability. The private sector can (and should) play a decisive role in the attainment of targets laid out by the Agenda 2030. Private firms not only have faster decision-making and implementation times compared to public institutions, thereby facilitating the introduction of targeted sustainability measures, they can also offer more dynamic and innovative solutions that fully exploit the impact of new technologies.

Over the last years, many companies have opted to publicly endorse and subsequently pursue – in a more or less genuine way – the targets included in the SDGs. Corporate Social Responsibility activities as well as annual reporting on economic, social and environmental performances have become a cornerstone of the work of major business groups. While some have criticized these actions as simply self-serving from a publicity and financial point of view – what is sometimes referred to as “greenwashing”² – the

² Greenwashing practice is adopted to make the company look more environment-friendly than it actually is, by spending more money, time and efforts on marketing its products as “green”, rather than actually minimizing its adverse impact on the environment. For a more detailed literature review please cf. Priyanka Aggarwal and Aarti Kadyan, “Greenwashing: The Darker Side of CSR”, in *Indian Journal of Applied Research*, Vol. 4, No. 3 (March 2014), p. 61-66,



IAI elaboration on ISTAT figures. See ISTAT, *Rapporto sulla competitività dei settori produttivi - Edizione 2018*, 23 March 2018, p. 50-53, <https://www.istat.it/it/archivio/212438>.

spread of such activities and greater public and political scrutiny of value chains and production cycles is slowly making a difference.

This, for instance, explains why sustainability managers are assuming increased roles and responsibilities within their companies and today often report directly to their CEOs. In several cases, companies have identified a number of SDG targets, and have started to use them as benchmarks to assess the contribution and compliance of their respective products or services.

<https://www.worldwidejournals.com/indian-journal-of-applied-research-%28IJAR%29/articles.php?val=MzMxMQ>.

Such instruments have become essential to increase the value of companies and their activities, in particular due to the increasing attention paid by investors towards sustainability performances. In Italy, for instance, the General Confederation of Italian Industry (Confindustria) has recently published a Sustainability Manifesto that highlights the private sector's key role and ability to mobilize economic resources, and to make the Agenda more tangible for ordinary citizens.³ In this sense,

³ Confindustria, *La responsabilità sociale per l'industria 4.0. Manifesto di Confindustria per le imprese che cambiano per un paese più sostenibile*, 24 January 2018, <http://www.confindustria.it/wps/wcm/connect/www.confindustria.it/5266/b12b1f8a-f7ea-4ad0-948b-951b862da92a/Manifesto+La+resp>

a very interesting initiative is the so called "Sustainability Map", a ranking of Italian companies that respect a series of environmental, human and ethical standards.⁴ The initiative has already gathered 250 companies and is an exercise that may produce positive spill-over effects, given the increased visibility and opportunities associated with being included in such ranking.

Obviously, there are a number of critical issues to be tackled at the normative, structural, financial and cultural level in order for the private sector to fully contribute to this process.

On the one hand, a transition to more sustainable, just and environmentally friendly business models should be gradual and incremental. This is necessary in order to keep generating profit, while also working to decouple traditional approaches that link economic growth to the need for increased raw materials and resources, allowing for the development of more sustainable business models. This is not an easy task, as it calls for effective risk-mitigation strategies to quantify the impact of this transformation while also measuring the negative externalities generated by a continuation of the status quo.

On the other hand, there is a problem of indicators: the global indicator framework adopted by the UN General Assembly in 2017 is too broad –

[onsabilita+sociale+per+l'industria+4.0.pdf?MOD=AJPERES&CONVERT_TO=url&CACHEID=b12b1f8a-f7ea-4ad0-948b-951b862da92a](https://www.mappadellasostenibilita.it/onsabilita+sociale+per+l'industria+4.0.pdf?MOD=AJPERES&CONVERT_TO=url&CACHEID=b12b1f8a-f7ea-4ad0-948b-951b862da92a).

⁴ See the official website: *La mappa della sostenibilità*, <http://www.mappadellasostenibilita.it>.

consisting of 232 indicators⁵ – making it difficult to quantify and communicate progress on sustainability matters. For this reason, the current reporting system risks becoming a mere auditing procedure, that does not necessarily generate incentives for substantial changes in business models and value chains.

States and politicians need to engage and support private sector efforts, aiming to find a just compromise between profit and job creation on the one side, and the establishment of fair, inclusive and prosperous socio-economic systems on the other.

In Italy, however, support and commitment from the new government remains vague and lukewarm at best. The same is true regarding efforts to include and engage the private sector in the process. While some initiatives have materialized over the past months – the publication of a National Sustainable Development Strategy (NSDS) being one prominent example⁶ –, what the country truly needs is a more resolute strategy, one that rests on the key involvement of small, medium and large enterprises.

Italy's so called "Industry 4.0 Plan" – adopted under the previous legislature – has only marginally linked innovation

⁵ See the UN Statistics Division website: *SDG Indicators*, <https://unstats.un.org/sdgs/indicators/indicators-list>.

⁶ Italian Ministry for Environment, *La Strategia nazionale per lo sviluppo sostenibile*, October 2017, <http://www.minambiente.it/pagina/la-strategia-nazionale-lo-sviluppo-sostenibile>. See also Italian Ministry for Environment, *Voluntary National Review 2017*, July 2017, <https://sustainabledevelopment.un.org/memberstates/italy>.

The role of the Italian private sector in achieving the SDGs

Opportunities

-  Faster decision making
-  Brand value
-  New Technologies
-  Circular economy
-  Decoupling

Challenges

-  Gradual transition
-  Risk mitigation
-  Find the right indicators
-  Administrative revolution
-  Extend reporting to SMEs

with the circular economy.⁷ A real breakthrough will occur only if the current economic system is converted towards the digi-circular economy, thus employing new technologies to limit waste and promote sustainability. In this respect, the plan should work in synergy with Italy's national Digital Strategy⁸ in order to strengthen linkages between research and development and the private sector. In other words, the plan needs to exploit the unprecedented potential stemming from new strides in technological innovation.

⁷ Italian Ministry of Economic Development, *Italy's Plan "Industria 4.0"*, January 2017, http://www.sviluppoeconomico.gov.it/images/stories/documenti/INDUSTRIA-40-NATIONAL%20PLAN_EN-def.pdf. See also Italian Ministry of Economic Development, *National Industry 4.0 Plan (Impresa 4.0)*, March 2018, <http://www.mise.gov.it/index.php/en/202-news-english/2036690>.

⁸ Italian Government, *Strategia per la crescita digitale 2014-2020*, 3 March 2015 (updated 21 June 2016), <https://www.agid.gov.it/it/node/1257>.

The new government will also have to rectify some past errors, the most significant of which regards the implementation of EU Directive 2014/95 on financial reporting.⁹ Italy decided to interpret the law in a very restrictive way, imposing the new system only on big companies, a decision that has caused important repercussions for small and medium-sized enterprises (SMEs).

On the one hand, SMEs were not given enough incentives to change their business models, leading to some misunderstanding about the benefits of SDGs, which have generally been perceived as a liability rather than

⁹ Directive 2014/95/EU of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32014L0095>.

as an opportunity to promote more sustainable business activities. On the other, this decision has excluded the backbone of the Italian economic system from international financial flows linked to sustainable finance.

The Conte Government should therefore move to revise the regulation, seeking to offer SMEs a more flexible and tailored reporting system that does not represent an excessive burden, given that many do not have enough human resources to fulfil these tasks.

Italy's newly established National Commission for Sustainable Development is set to play a crucial role in these processes. The Commission will not only advise and direct government policies but also accompany local authorities (i.e. regions and cities) in this long-term transition process.¹⁰ The struggle for sustainability, in fact, largely depends on a truly bureaucratic and administrative revolution that goes hand in hand with political decisions and private sector initiatives.

Sustainability has for too long been tackled from a mere environmental or development perspective, as if developed countries were not influenced by these dynamics. Yet, Italy together with other countries is called to fight this historical battle for a more just, prosperous and sustainable society.

¹⁰ Italian Government, *Indirizzi per l'attuazione dell'Agenda 2030 delle Nazioni Unite e della Strategia nazionale per lo sviluppo sostenibile*, 16 March 2018, <http://www.gazzettaufficiale.it/eli/id/2018/06/15/18A04116/sg>.

Achieving the SDGs entails a radical multi-layered transition to address these challenges by enhancing socio-economic welfare while minimizing the risks associated with unsustainable models in place so far.

It will not be an easy battle, and the way forward is still very long, but fortunately, Italy can take advantage of a broader network of actors that strongly advocate the realization of this paradigmatic shift.¹¹

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¹¹ See the official website of the Italian Alliance for Sustainable Development (ASviS), <http://asvis.it/asvis-italian-alliance-for-sustainable-development>.

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