# Voluntary National Review (VNR) Analysis 2023

**Governments increasingly acknowledge the private sector's critical role in sustainable development and progressively involve it in VNR development. Transparency and sustainability reporting are becoming more integral to SDG implementation and monitoring. However, to unlock the full potential of sustainability reporting, it is essential that the data can effectively inform national sustainable development policies and plans as well as SDG follow-up and review mechanisms**

VNRs are presented annually at the UN High-Level Political Forum (HLPF), as part of the review mechanisms for the 2030 Agenda. Every year, GRI analyzes all VNR reports to identify good practices and monitor the progress of SDG implementation, particularly Target 12.6.

In 2023, 39 countries participated in the VNR process, resulting in 33 reports being submitted. This year marked a significant milestone as the EU submitted its first Voluntary Regional Report.

To better understand the landscape of SDG progress, we have enriched our VNR analysis with insights from the 2023 edition of the Carrots & Sticks (C&S) report.[1], and the KPMG Survey of Sustainability Reporting, which assesses trends in corporate sustainability reporting.

**Voluntary National Reviews (VNRs)** are the process through which countries assess and report on their progress in implementing the 2030 Agenda and its 17 Sustainable Development Goals (SDGs). VNRs enhance transparency by making national progress information public and contribute to global understanding of SDG progress. They foster learning and collaboration by sharing achievements, experiences, innovative approaches, and challenges in implementing the 2030 Agenda. VNRs are crucial for tracking and ensuring effective implementation of the 2030 Agenda at both national and global levels. These reports are submitted to the United Nations and presented at the High-Level Political Forum on Sustainable Development (HLPF), the main platform for reviewing progress on the SDGs at the global level.

[1] Chalmers, Adam William, Robyn Klingler-Vidra, Cornis T. Van der Lugt, Peter Paul van de Wijs & Tabitha Bailey (2023). Carrots & Sticks: Beyond Disclosure in ESG and Sustainability Policy. Annual Report. University of Edinburgh, King's College London, Global Reporting Initiative (GRI) and the University of Stellenbosch Business School (USB).

## I. Governments and the private sector are working together more on SDG implementation

### 91% of the countries referenced private sector involvement in the VNR process

The upward trajectory of private sector involvement is a cause for optimism. In 2016, this number stood at 85% and fluctuated, going to 95% in 2017, 93% in 2018, and 82% in 2019. It peaked in 2020 at 98% and then decreased to 80% of reports in 2021. In 2022, this rose again to 92% and remained steady at 91% in 2023. The relatively consistent trend of high private sector involvement is encouraging. The steady reference rate across countries indicates a sustained commitment to engage the private sector in SDG implementation.

VNRs inform sustainable development strategies and priorities, so it is crucial that governments involve the private sector in this process to ensure meaningful stakeholder engagement. This is particularly relevant given that businesses are integral to society and significantly impact the achievement of SDGs. Achieving many SDG targets wouldn't be possible without the private sector, as companies influence SDG implementation and contribute both positively and negatively to sustainable development through their operations, products, services, and value chains.

### Public-private partnerships are recognized as essential to reaching the SDGs.

Partnerships and collaboration between the public and private sectors are critical means of achieving the SDGs. The analysis shows that, in 2023, 100% of reports referenced public-private partnerships to achieve the SDGs.

We observe that references to public-private partnerships experienced a sharp increase in 2019 at 98% before dropping to 54% in 2020. In 2018, this figure was at 67%; in 2017, it was 44%; and in 2016, it was at 85%. Positively after 2020, this rose again to 90% in 2021 and then 100% in 2022 and 2023.

Fluctuations may be influenced by regional differences and groups of countries presenting their VNRs. Despite these fluctuations, it is encouraging that the last three reporting cycles of VNRs have shown consistently high levels of reports referencing public-private partnerships. This trend suggests an increasing recognition globally of the importance of collaborative efforts between the public and private sectors in addressing complex sustainable development challenges.

### 93% of VNR reports referred to the private sector's contribution towards the SDGs.

This data point began to be collected in 2020 and has shown a steady increase each year, from 79% in 2020 to 90% in 2021, and reaching 97% in both 2022 and 2023. The increasing references to the private sector's contribution towards the SDGs in VNR reports reflect a growing awareness from governments of the private sector's significant role in SDG implementation. This trend, coupled with the increasing tendency of private sector involvement in VNR processes, indicates a deeper integration of the private sector perspectives into national sustainable development review processes and mechanisms.

The increased number of reports each year referencing Public-Private Partnerships (PPPs) highlights a growing collaborative effort. The growing involvement of the private sector in VNR processes underscores their role in serving as a catalyst for enhanced coordination and alignment between the public and private sectors. Additionally, the increased voluntary reporting and growing mandatory reporting requirements mean that countries have access to quality data on the private sector's impacts on the economy, environment, and people. This combination may have driven governments to more actively engage with businesses to harness their potential in driving progress towards the SDGs.

While the increasing involvement of the private sector in VNR processes is encouraging, it is crucial to gain deeper insights into the nature of these references. Understanding the quality of public-private sector engagement is essential to ensure the effective integration of the latter into national development plans, and to verify whether these references reflect substantial and meaningful actions and contributions. This understanding is crucial for the effective implementation of the SDGs. However, the previously mentioned trends demonstrate a growing inclination towards embracing a more participatory process through a whole-of-government and whole-of-society approach to tackle complex sustainability and societal challenges, as well as to enhance SDG follow-up and review mechanisms.

## II. References to sustainability reporting are on the rise, but availability of data on SDG 12.6 remains low

### 63% of VNR reports referenced transparency and sustainability reporting

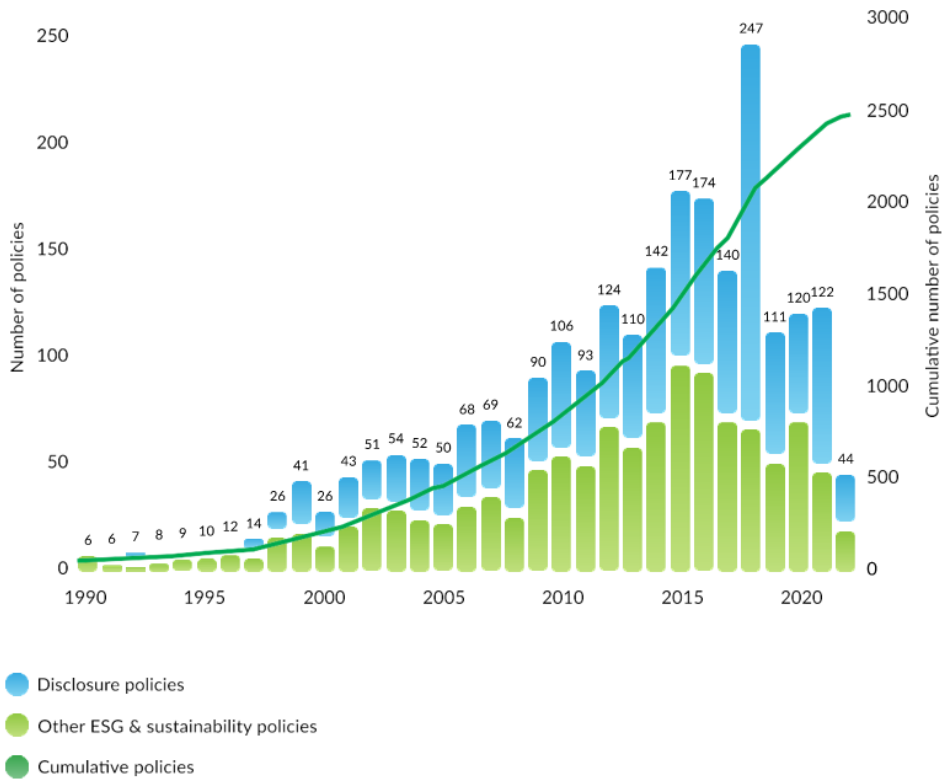
In 2023, 63% of the reports reference transparency and sustainability reporting, a significant increase from the first years of VNRs in 2016, when this figure stood at 20%. This percentage dropped to 19% in 2017 before gradually rising to 26% in 2018, 39% in 2019, and 50% in 2020. Although there was a slight decline to 45% in 2021, the number increased again to 55% in 2022.

This upward trend indicates growing recognition of the importance of sustainability reporting, yet the figures could be higher, especially given the rise in mandatory reporting. The growth of sustainability reporting by companies is highlighted by KPMG's bi-annual survey of sustainability reporting, which shows an increase from 64% of the N100 companies reporting in 2012 to 79% in 2022.[2]

This growth is also reflected in the number of policies on sustainability disclosure. The Carrots & Sticks 2023 report indicates there are over 1000 disclosure policies worldwide from 110 countries, demonstrating the proliferation of sustainability disclosure regulations, as noted in the figure below.

[2] KPMG, 'Big shifts, small steps', Survey of Sustainability Reporting 2022. Retrieved from: https://kpmg.com/xx/en/home/insights/2022/09/survey-of-sustainability-reporting-2022.html

The increasing prevalence of both voluntary and mandatory reporting underscores that sustainability reporting is becoming more central to companies' and policymakers' sustainability strategies. However, with the 2030 Agenda at its halfway point in 2023, a 63% reporting rate indicates there is significant room for improvement, compared to other data points in this VNR analysis.




Target
**12.6**
Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle

Despite 63% of reports referencing transparency and sustainability reporting, only 30% of reports in 2023 explicitly referenced SDG target 12.6, the only one explicitly referring to sustainability reporting and encouraging companies to integrate sustainability information into their reporting cycle. This is a notable increase from 7% in 2020, but still highlights significant challenges at different levels. Many countries reference sustainability reporting and transparency but omit any mention of 12.6. For example, in Qatar's 2023 VNR, sustainability reporting was referenced by providing progress on SDG 13 (Climate Action).

The gap between overall references to sustainability reporting and transparency and specific mentions of SDG 12.6 indicates a need for deeper analysis and targeted actions. Understanding countries' challenges in reporting on SDG 12.6 is essential to developing targeted policy recommendations and support mechanisms to enhance reporting on SDG 12.6.

Key challenges include:

- The SDG framework, targets, and indicators were developed from a sovereign perspective, primarily for countries to measure their progress on SDG implementation. Therefore, there is an insufficient understanding and linkage between SDG targets and indicators used within the private sector. This gap hinders businesses from effectively integrating SDG-related goals and targets into their operations and reporting.[3]

- The private sector's contribution to the 17 SDGs relies heavily on voluntary efforts. Business reporting on the SDGs significantly depends on individual companies' initiatives and leadership to measure and disclose their impacts and contributions to sustainable development.

- Businesses mostly rely on voluntary standards and frameworks, such as the GRI Standards, to measure their impact and contributions to sustainable development.

- There is a lack of standardization in sustainability/SDG reporting, resulting in a significant lack of comparable data within and across sectors, countries, and regions.

- There is a lack of accurate, balanced, reliable, consistent, and comparable SDG-related information, which hinders the ability to measure private sector impact and contribution to sustainable development. This is needed to provide relevant and decision-useful information for sustainability policymaking and SDG follow-up and progress review mechanisms.

- An underutilized consideration of impact reporting by government officials and policymakers exists due to a lack of awareness and understanding of how business reporting on impacts can contribute to national sustainable development plans and progress. Likewise, businesses may not fully recognize or consider the sustainability context in which they operate and how they contribute positively or negatively to driving progress on national and global sustainability and climate goals and targets.

Transparency and sustainability reporting are becoming more integral to SDG implementation and monitoring. However, to unlock the full potential of sustainability reporting, it is essential that the data can effectively inform national sustainable development policies and plans as well as SDG follow-up and review mechanisms. By addressing these challenges, countries can foster reliable and comparable SDG-related business information that can lead to more effective and comprehensive tracking and progress of sustainable development efforts.

[3] To address the challenges in business SDG reporting, GRI and United Nations Global Compact developed guidance and tools to support businesses with reporting on the SDGs in a comparable and effective way. The Analysis of the Goals and Targets provides an inventory of possible disclosures per SDG at the level of the 169 targets, based on internationally recognized frameworks and standards. Any business can use these disclosures to report on their efforts towards achieving the SDGs, thus enhancing the quality and comparability of SDG reporting across different sectors and regions.

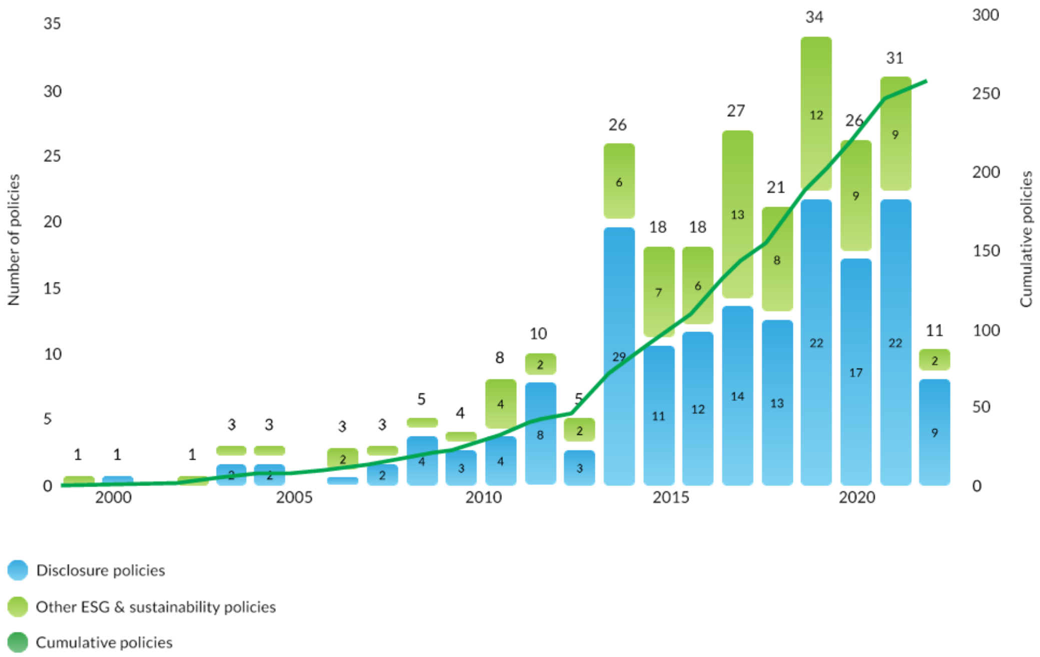
## III. VNRs do not typically reference the sustainability reporting frameworks they are adopting

### The number of VNRs referencing GRI consistently grows

GRI has been referenced in a growing number of country-level reports on SDG progress over the years.

Since 2016, 17 countries have referenced GRI in their VNRs, showing a steady growth from 2016 to 2023.[4] This consistent annual increase features no fluctuations and can be seen as a positive trend, indicating a growing recognition of the GRI Standards as the leading global framework for sustainability impact reporting. This is also reflected in the global policy landscape, with GRI references present across all regions, as shown in Carrots & Sticks 2023 report.

The figure below, from the report, shows the growth of GRI references in policy over time. As of December 2023, there are 512 policies referencing GRI from 92 countries in the Carrots & Sticks database. This analysis refers to a previous methodology that does not show the 512 policies. However, we observe that the growth of references to GRI is present across all world regions.




Nevertheless, despite this growth, a significant gap persists between the number of countries referencing GRI in their sustainability policies and those referencing GRI in their VNRs. This could be explained by the several challenges faced by countries in preparing their national sustainability reporting infrastructure leading to:

[4] Belgium, Bosnia, Colombia, Greece, Honduras, Hungary, Iceland, Indonesia, Ireland, Israel, Peru, Philippines, Poland, Sri Lanka, UAE, Uruguay, and Zimbabwe.

- Lack of an entity responsible for overseeing sustainability reporting.
- Limited interagency coordination or poor policy coherence.
- Lack of technical capacity, systems infrastructure, and capacity building.
- Lack of national infrastructure to produce publicly available and reliable data on sustainability.

It is essential to bridge this gap and enhance the integration of established sustainability reporting frameworks and standards into national and global SDG follow-up and review processes. This would not only enable assessing the private sector's contribution to the SDGs but also enhance the quality and relevance of VNRs to ensure that the private sector's impact at the jurisdictional level is transparently and accurately reflected in national sustainability strategies.

## There is a disconnect between VNRs and sustainability reporting policy

With over 1,000 disclosure policies from 110 countries, of which 92 of those countries reference GRI, it is clear that policymakers recognize the value of adopting the GRI Standards in their sustainable development policies.

Despite the widespread referencing of GRI in national policies, only 17 countries have referenced GRI in their VNRs since 2016.[5] For instance, out of the Member States presenting the VNRs in 2023, 18 explicitly mention the GRI Standards in ESG/sustainability policies for public or listed companies or banks.[6] However, despite this broad policy adoption, only four countries have referenced GRI in their 2023 VNRs.[7]

Many other jurisdictions have mandatory reporting requirements that include the GRI Standards as a means of complying with these reporting requirements. Examples include Taiwan, the Philippines, Singapore, Hong Kong, and Indonesia. In Europe, GRI has been co-constructor of the European Sustainability Reporting Standards (ESRS), and achieved the highest possible level of interoperability between the GRI Standards and the impact side of the ESRS. The worldwide support by policymakers underscores the recognized value of GRI in enhancing transparency and accountability for sustainable development.

The value of the GRI Standards in advancing the sustainable development agenda is also evident when looking at reporting rates. The GRI Standards are the world's most widely used sustainability standards, utilized by 78% of the world's largest 250 companies and 86% of the world's largest banks. These figures highlight the critical role GRI plays in supporting the alignment of

[5] Belgium, Bosnia and Herzegovina, Colombia, Greece, Honduras, Hungary, Iceland, Indonesia, Ireland, Israel, Peru, Philippines, Poland, Sri Lanka, United Arab Emirates, Uruguay, Zimbabwe.

[6] Bahrain, Belgium, Cambodia, Canada, Chile, Croatia, France, Iceland, Ireland, Kuwait, Maldives, Mongolia, Poland, Romania, Saudi Arabia, Singapore, Tanzania, Vietnam.

7 Belgium, Bosnia and Herzegovina, Ireland, Poland.

sustainability reporting practices with global sustainability and climate commitments and agreements.

The existing gap suggests a disconnect between ESG/sustainability policies, global corporate reporting practices, and VNR processes alongside 2030 Agenda review mechanisms. This discrepancy may stem from differences in focus between policy implementation and national reporting, or from the need for improved alignment and communication between government agencies involved in sustainability policymaking and those overseeing the VNR process and 2030 Agenda review mechanisms. Additionally, there might be a lack of knowledge and awareness about the relevance of referencing established sustainability frameworks and standards, such as GRI Standards, in national reporting.

Increasing awareness and capacity-building within various government agencies is essential to bridge this gap. Enhancing the understanding of sustainability reporting standards and fostering a whole-of-government approach can ensure more cohesive and comprehensive sustainability policymaking, implementation and reporting. Addressing these challenges is crucial for countries to ensure that their VNRs more accurately reflect their sustainability efforts and progress. This would provide a clearer and more comprehensive picture of their progress towards the SDGs, including capturing private sector impact.

## IV. Monitoring specific SDGs in VNRs does not show a clear pattern

### SDG 12 is referenced extensively in policy but neglected in VNRs

SDG 12 (Responsible Consumption and Production) is extensively referenced in global sustainability policies, but is often neglected in VNRs. This highlights a gap between policy priorities and national reporting practices.

The SDGs in focus at the 2023 High-Level Political Forum (HLPF) were SDGs 6 (Clean Water and Sanitation), 7 (Affordable and Clean Energy), 9 (Industry, Innovation, and Infrastructure), and 11 (Sustainable Cities and Communities). Each year, countries focus on specific SDGs, which influence which ones they report on progress in their VNRs.

Additionally, the availability of data could influence the choices of SDGs for reporting and monitoring. Countries may prioritize reporting on SDGs for which they have robust data, making it difficult to draw conclusions on overall progress and identify which SDGs are the highest priority.

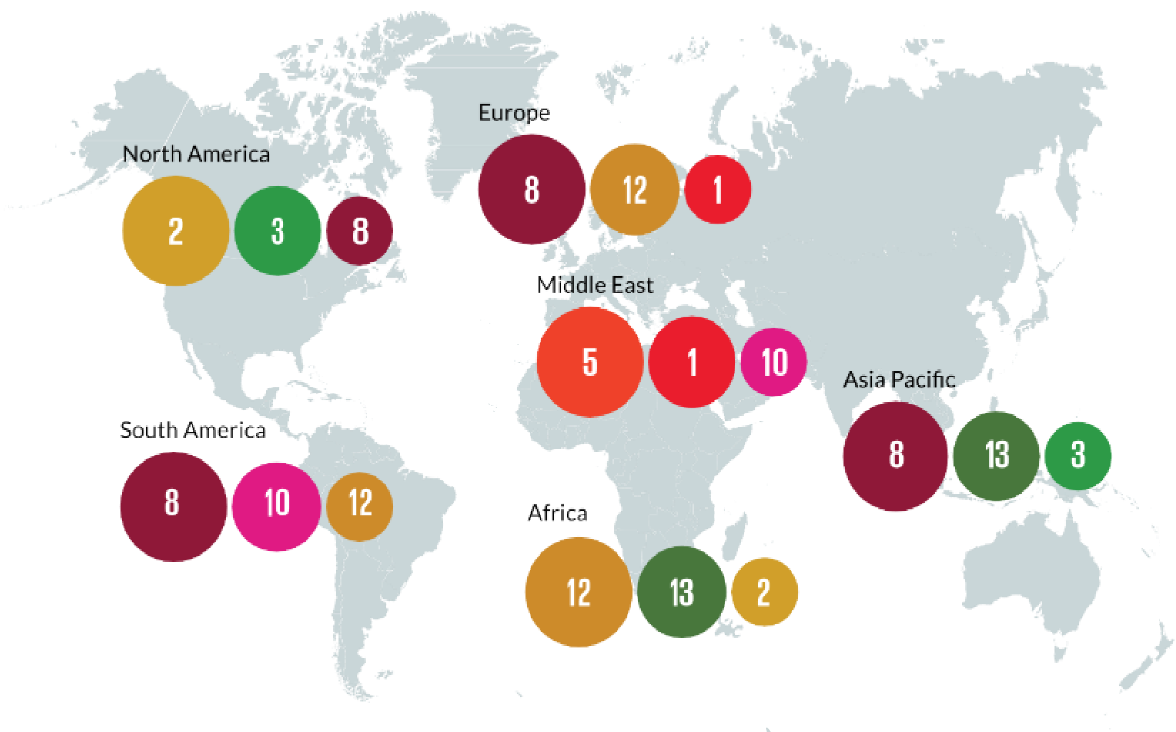
The lack of a consistent set of countries reporting each year at the HLPF adds to the challenge of monitoring SDG progress, specifically taking stock of private sector impacts. This inconsistency hinders the comparability across years and understanding of long-term trends.

There is a disconnect between the SDGs assessed in VNRs, those emphasized in global sustainability policies, and those most reported by the private sector. According to the KPMG Survey of Sustainability Reporting, the most prominent SDGs in corporate sustainability reports are SDG 8 (Decent Work and Economic Growth), SDG 12, and SDG 13 (Climate Action), with only 10% of companies reporting against all 17 SDGs. The least prioritized by companies are SDG 2 (Zero Hunger), SDG 14 (Life below water), and SDG 15 (Life on Land).

Regarding the most and least prioritized SDGs in policies, Carrots & Sticks' 2023 report indicates that certain SDGs tend to dominate specific mentions in sustainability policies. SDG 8 receives the most explicit mentions, followed by SDG 12, SDG 3 (Good Health and Well-Being), and SDG 13. Conversely, SDG 9 (Industry Innovation and Infrastructure), SDG 10 (Reduced Inequalities), and SDG 14 (Life Below Water) have the fewest explicit references in global sustainability policy.

The most prominent SDGs appearing in policy vary by region, reflecting differing regional priorities and challenges. Understanding these regional variations can help tailor strategies to better align national SDG progress reporting with both policy and corporate contributions.

This analysis reveals a gap between national priorities, and those of the private sector. While SDG 12 is prioritized in global sustainability policies and by businesses as reflected in their sustainability reports, this is not adequately reflected in VNRs and national SDG progress reports. Addressing these gaps is needed to ensure that VNRs more accurately and comprehensively reflect their progress towards the SDGs, ultimately leading to more effective and comprehensive sustainable development efforts



## Current practices in VNRs on transparency and reporting

These examples highlight current practices to enhance transparency and private-sector reporting at the national level:

**Belgium:** companies most commonly use the GRI Standards and the SDGs for reporting, often combining the two.

**Bosnia and Herzegovina:** the introduction of the SDG Business Pioneers Award, which embeds the GRI Standards in its evaluation criteria, has led to an increase in sustainability reporting.

**Brunei Darussalam:** the Mandatory Reporting Directive was introduced to improve data quality. It requires all facilities that emit or remove GHGs to report their emissions to the government.

**Chile**: the VNR states that companies surveyed reported undertaking voluntary Human Rights due diligence processes.

**Democratic Republic of the Congo:** implements the Extractives Industry Transparency Initiative (EITI) to strengthen transparency and traceability of public revenues from the mining sector.

**Iceland:** the VNR reported a significant increase in the number of companies issuing sustainability reports, from 52% to 91% between 2020 and 2022.

**Romania:** created the Romanian Sustainability Code Platform to facilitate the reporting processes of companies and increase transparency by providing access to reports. The platform provides open data to support investors in decision-making based on the sustainability practices of reporting companies.

## Moving forward

Governments increasingly recognize the private sector's critical role in sustainable development, evidenced by 93% of VNRs acknowledging this in 2023. Furthermore, 91% of countries involved the private sector in VNR development in 2023, and 100% of VNRs recognized the importance of public-private partnerships. This recognition is being translated into partnerships and coordination. However, the most significant gap remains in reporting SDG 12.6 progress, and providing more detailed information on which sustainability reporting frameworks are being adopted.

Noting the clear gap between ESG and sustainability policies and VNR reports, we recommend that countries strive to report on SDG 12.6. However, as long as sustainability reporting remains voluntary, countries will struggle to measure the number of companies publishing sustainability reports per indicator 12.6.1.

Without exact numbers of companies issuing sustainability reports, an enhanced focus on mandatory disclosure requirements and the adoption of internationally recognized standards and frameworks are necessary steps. Providing guidance and capacity-building to companies on sustainability policy efforts and on reporting will enable countries to measure SDG 12.6 effectively, fostering sustainable business practices and driving greater accountability for impacts on the SDGs.

Another critical consideration is the availability of disaggregated data that would enable a more detailed and accurate picture of their contributions, facilitating better-informed policy decisions and more targeted interventions. Implementing mandatory sustainability reporting requirements would encourage more consistent measurement, reporting, and implementation, enhancing the overall effectiveness of national SDG monitoring and driving greater progress toward achieving the Global Goals.

## Recommendations for policymakers and UN Member States

1. **Encourage private sector involvement:** Member states should maintain or increase engagement by not only emphasizing the private sector's impact on sustainable development strategies and implementation but also demonstrating the value that reporting brings to managing their operations and business relationships. Governments should explicitly recognize the private sector's contributions in their VNRs, highlighting successful partnerships, collaborative efforts, and impact. This recognition can foster a more participatory approach, ensuring the contributions of all stakeholders are valued and leveraged effectively.

2. **Strive to provide comprehensive reporting on SDG 12.6**: Member states should provide detailed information on ESG/sustainability disclosure policies in the absence of an exact number of companies issuing sustainability reports, per 12.6.1 indicator. This includes outlining both voluntary guidelines and mandatory reporting regulations. This approach can enhance sustainability policy coherence and support the continuous improvement of sustainability practices within the private sector.

3. **Assess private sector contributions:** Member states need to quantify and evaluate both the positive and negative impacts and contributions of the private sector. This assessment should provide a holistic view of the private sector's role in sustainable development. Mandating sustainability reporting using globally accepted, interoperable standards is crucial. This will support not only national companies in remaining competitive in global value chains where the demand for ESG data is growing, but also ensure meaningful engagement between the private and public sectors to address complex societal challenges.

4. **Ensure robust sustainability disclosure policies**: To foster sustainable business practices and compel more effective action towards sustainable development goals, member states should adopt robust sustainability disclosure policies. This will ensure that businesses are transparent about their environmental, social, and economic impacts. Enforcing such policies will not only promote accountability but also drive companies to align their operations with national sustainability and climate goals. Comprehensive disclosures can provide stakeholders, including government agencies, with the necessary insights for enhancing the overall impact of private sector activities on sustainable development.

5. **Support the development of a comprehensive global baseline for corporate sustainability reporting**: Place impact and financial sustainability reporting on an equal footing. This approach ensures that businesses provide a holistic overview of their performance and impact while enhancing alignment with sustainability and climate goals and agreements. As a result, member states can promote transparency and accountability on sustainable business practices worldwide while ensuring globally comparable and consistent data.

6. **Foster alignment between ESG and sustainability policies with national SDG reporting:** Align disclosure policies by adopting consolidated standards and frameworks. This will help avoid fragmentation of disclosures and enable comparability of private sector impacts across countries. By aligning with international standards, member states ensure coherence between ESG/sustainability policies and national SDG monitoring mechanisms, enabling stakeholders to accurately assess progress towards sustainable development goals. This facilitates a more integrated approach to sustainability reporting, promoting consistent and reliable practices that support global sustainability efforts.

7. **Report on the adoption of sustainability reporting frameworks and standards**: Reporting on the use of recognized global standards and frameworks is crucial for reliable, consistent, and comparable impact information. The GRI Standards align with international authoritative instruments, such as the United Nations Guiding Principles (UNGPs) and the OECD Guidelines for Multinational Enterprises (MNEs). The GRI Standards have also been mapped against the SDGs, and adopting them into disclosure policies enables policymakers and stakeholders to understand the private sector's impact on the SDGs and its contribution to sustainable development.

8. **Ensure accurate reflection of private sector impacts in national reporting**: The data collected, aggregated and reported at the national level in SDG follow-up and review process should reflect the private sector's contributions to sustainable development. This is crucial for effectively assessing SDG implementation and progress. The GRI Standards provide a robust framework for companies to measure and communicate their impacts on sustainability issues. By referencing GRI in their VNRs, Member States emphasize the importance of transparency and hold companies accountable for their impacts.

9. **Ensure VNRs clearly outline national SDG priorities**: To help businesses understand the sustainability context in which they operate, VNRs should include available information on SDG national prioritization and public efforts to mobilize the private sector, highlighting the relationship between these efforts and private sector contribution and impact. This way, VNRs can support a more integrated and comprehensive assessment of progress towards the SDGs.

## Resources

**The GRI Standards** are a free-public good and available in 11 languages.

**Integrating the SDGs into corporate reporting: A practical guide**: a three-step guide, from GRI and Un Global Compact, on how to embed the SDGs in existing business and reporting processes.

**Analysis of the goals and targets:** an online database that maps possible disclosures per SDG, at the level of the 169 targets, based on internationally recognized frameworks and standards. This tool helps businesses report their contributions towards the SDGs by using existing sustainability reporting disclosures and processes.

**Carrots & Sticks database** and 2023 report: the leading online source for sustainability disclosure policies, withy analysis of over 2,400 policies worldwide.

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