

# The United Nations and the Private Sector: Working Together for Development

The United Nations (UN) has been working with the private sector in various ways since its founding in 1945. Beginning in the 1990s, the relationship between the UN and the private sector began to expand, and it has continued to do so since the adoption of the Millennium Development Goals (MDGs) in 2000. Driving this cooperation has been the recognition that, although their motivations may differ, the two actors share many common objectives that can be more effectively tackled through joint action (UN 2008). The UN requires the active involvement of the private sector in order to address pressing global challenges, and addressing these challenges is necessary for the private sector to flourish. Today, international discussions on how to replace the MDGs after their 2015 deadline are intensifying. There is a consensus that the private sector has a critical role to play in achieving sustainable development. As such, a number of actors have emphasized the need for a greater role for the private sector in the design and implementation of the post-2015 development agenda.

This policy brief outlines the ways in which the United Nations is engaging the private sector for development and provides policy recommendations to improve the current approach. It is based on research conducted for a longer NSI report by José Di Bella, Alicia Grant, Shannon Kindornay and Stephanie Tissot, *Mapping Private Sector Engagements in Development Cooperation*.

As part of the UN's efforts to engage the private sector, UN Secretary General Ban Ki Moon announced the creation of a UN Partnership Facility in 2012 as part of his five-year action agenda, which will coordinate partnerships with the private sector, civil society, philanthropists, and academia.

In this context, this brief takes stock of the ways in which the UN is currently working with the private sector. It draws on recent research that examines how different development cooperation actors engage the private sector for development (Di Bella et al. 2013). The brief provides an overview of the primary modalities of collaboration between the UN and business, based on the private sector engagement policies of 27 development-mandated UN agencies, programs and initiatives (see Di Bella et al. [2013, 50] for the full list).

The findings show that the principal ways in which the UN is currently engaging the private sector include mobilizing private resources to support UN goals and involving the private sector in policy discussions.

While many UN agencies have begun to use innovative partnership models that focus on core business operations, others continue to solicit philanthropic donations as their primary form of engagement with the private sector. In order to further improve the outcomes of UN-private sector collaboration, UN agencies should continue to develop and adopt new modalities of engagement with the private sector, establish policy frameworks to guide their partnerships, and publicly communicate monitoring and evaluation policies and the results of joint efforts.

## Modalities of UN engagement with the private sector

Table 1 presents an overview of the various modalities of UN-private sector engagement. The modalities that feature most prominently amongst UN agencies are policy dialogue and donations.

**Table 1: Modalities of UN-Private Sector Engagement**

Modality	Definition	Example
<b>Capacity Development</b>	Assistance/knowledge/training provided with the aim of enhancing the ability of actors to perform functions, solve problems, and achieve objectives.	The Human Rights and Business Learning tool, a joint initiative of the Office of the High Commissioner for Human Rights and the UN Global Compact, helps enable companies to implement human rights in their core business operations.
<b>Finance</b>	Transfers for which repayment is required (e.g. loans, guarantees, insurance and equity financing).	The international Fund for Agricultural Development provides loans to set up government-backed equity funds used to support private rural businesses.
<b>Grants / Donations</b>	Transfers made in cash, goods, or services for which no repayment is required.	The Joint UN Programme on HIV/AIDS receives cash donations to support AIDS prevention, treatment, and care and support activities, and in-kind contributions such as the donation of advisory services, personnel, printing, office facilities, equipment, supplies and access to distribution networks.
<b>Knowledge Sharing</b>	Reciprocal dialogue between actors with the aim of sharing best practices.	The Food and Agriculture Organization provides technical advice and information on food and agriculture to the private sector, and receives data and information on market trends and emerging technologies from the private sector.
<b>Policy Dialogue</b>	Discussion among stakeholders with the aim of bringing about or encouraging a change in policy or behaviour, or adoption of best practices and specific standards.	The UN Global Compact articulates ten principles in the areas of human rights, labour, the environment, and anti-corruption, and requires participants to make the principles an integral part of their operations.

We used a simple coding method to identify the ways in which the UN engages the private sector. An organization was counted as participating in a particular modality if the organization's website or private sector policy document identified that modality as a form of engagement. Researchers did not examine the number of engagements under each modality. Figure 1 presents the findings from the data collected. It shows the percentage of UN agencies<sup>1</sup> engaging in each modality. For example, about 80 percent of UN agencies

examined receive donations from the private sector while just over 30 percent participate in knowledge sharing.

The results demonstrate that the UN engages with the private sector primarily through policy dialogue and the receipt of donations.

### Grants/Donations

For most UN agencies, harnessing private resources to support their activities is a key component of their engagement with the private sector. The vast majority of UN agencies receive donations, both cash and in-kind, from private companies to support their activities, making this the most common

<sup>1</sup> Also includes the Organisation for Economic Co-operation and Development, as per the larger study from which the figure was drawn.

modality of engagement between the UN and the private sector. Donations can include pure philanthropic giving, core business-related giving, such as cause-related marketing, or other contributions such as employee volunteer programs. A small number of UN agencies also provide grants to the private sector. For instance, IFAD supports several government-backed equity funds, matching grants and multi-donor trust funds.

## Policy dialogue

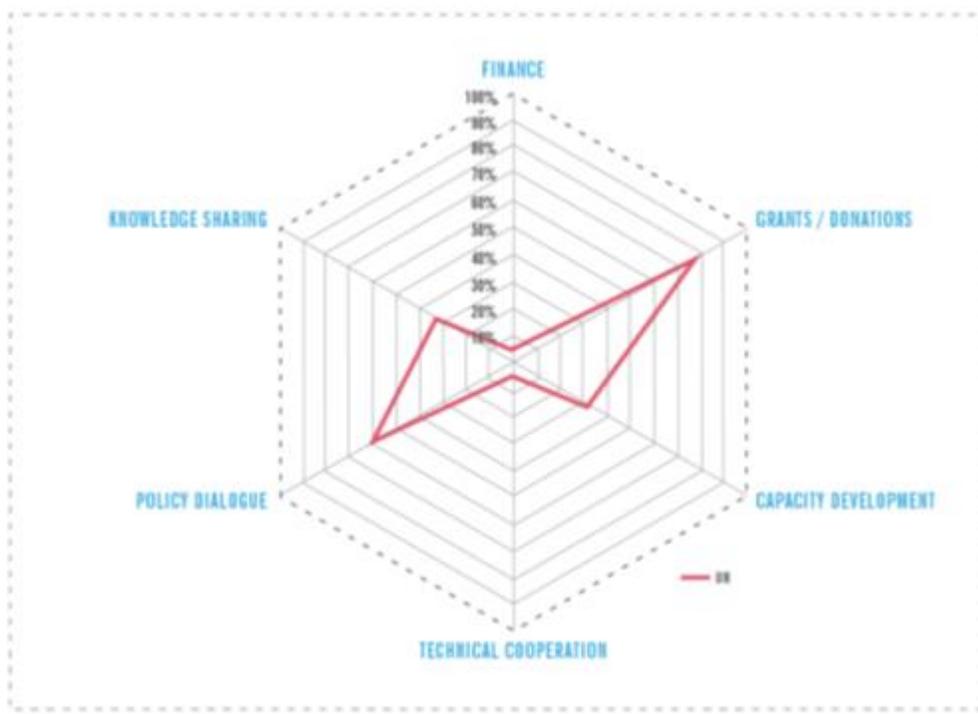
The UN is increasingly seeking to support multi-stakeholder policy discussions that involve a range of public and private actors.

In some cases, this can mean including the private sector in national and international policy discussions in order to bring their perspectives into the policy-making process. For instance, UNAIDS encourages private sector participation in discussions about more

effective AIDS policies and ways to accelerate the development of new and more affordable HIV medicines. In other cases, policy dialogue is aimed at improving the development impacts of private investment through formal agreements that set standards of conduct for the private sector. For example, the Principles for Responsible Agricultural Investment, a joint initiative of IFAD, the Food and Agriculture Organization (FAO), the UN Conference on Trade and Development (UNCTAD), and the World Bank, comprise seven principles intended to guide both governments and the private sector in ensuring the social and environmental sustainability of agricultural investments.

A key driver behind these initiatives is the increasing push for corporate social responsibility (CSR). By signing on to these agreements, companies are able to demonstrate their commitment to social or environmental principles.

**Figure 1. Prominent modalities of UN-private sector engagement**



## Policy gaps

UN engagement with the private sector for development has evolved over time and continues to do so (Hoxtell et. al. 2010). Many UN organizations have begun to use innovative partnership models that focus on core business operations. For instance, many agencies now seek resources beyond cash contributions from the private sector, accepting products and services as donations. This allows the UN to tap into valuable assets that the private sector has to offer and provides more visibility to companies' CSR initiatives than purely philanthropic giving. UN efforts to influence core business behaviour have also been increasing.

At the same time, a large number of agencies have not yet developed their private sector strategies to a significant extent and continue to focus primarily on fundraising. Less than half of the UN agencies examined have developed a policy framework to guide their engagement with the private sector. While the *Guidelines on Cooperation between the United Nations and the Business Sector* provide a UN-wide framework, individual agencies may want to establish their own policies that outline the goals, means, terms and expected outcomes of collaborative efforts with the private sector.

A key factor to be included in these policies is how potential private sector partners should be assessed by the UN. The majority of UN agencies do not provide information on their eligibility criteria for private partners. Those that do have clear criteria stipulate requirements such as compliance with human rights, social and environmental laws and standards, respect for internationally recognized principles and guidelines, and history of ethical programs and methods of operation.

Nevertheless, a number of reporting and standard-setting initiatives, such as the Global

Compact and the Guiding Principles on Business and Human Rights, do exist. Commitment to and compliance with these initiatives may serve as a useful minimum eligibility benchmark for potential private sector partners.

Further, most UN agencies do not publicly report evaluations of their collaborative efforts with the private sector. This makes it difficult to assess the effectiveness of engagements and learn from past experiences to enhance the impact of partnerships. The application of monitoring and evaluation tools and the public availability of results would help generate evidence on the development benefits of UN-private sector partnerships.

## Policy recommendations

A number of key policy recommendations for UN organizations engaging the private sector for development arise from this analysis.

UN agencies should:

- Publicly articulate policy frameworks for engaging the private sector to clarify the goals, means, terms and expected outcomes of collaborative efforts.
- Stipulate clear eligibility requirements to ensure that private sector partners support the core values of the UN.
- Improve the availability of monitoring and evaluation results on engagements with the private sector through transparent reporting to build confidence that these partnerships can support positive development outcomes.

## References

- Hoxtell, Wade, Domenica Preysing and Julia Steets. 2010. *Coming of Age: UN-Private Sector Collaboration Since 2000*. New York: United Nations Global Compact Office.
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