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Towards global partnerships

**Enhanced cooperation between the United Nations and all relevant partners, in particular the private sector****Report of the Secretary-General\*\*****Summary**

The United Nations has increasingly engaged the private sector as a partner in helping to achieve the goals of the Organization, particularly the Millennium Development Goals. Over the past decade, private sector partnerships have become a common and increasingly sophisticated mechanism across the system for addressing priority challenges. In response to General Assembly resolutions, most recently A/RES/62/211, steady efforts have been made – both at the system level and at the level of Agencies, Funds and Programmes – to build a robust approach for engaging in effective, sustainable and transparent partnerships. The revised “Guidelines on Cooperation between the United Nations and the Private Sector” and the new UN-Business Website are key milestones. The United Nations is well-positioned to bring private sector engagement to the next level and significantly enhance its contribution to the Organization’s goals. Towards this end, efforts are needed to: develop a more strategic and coherent approach to partner selection and engagement, integrate small companies and those from low-income countries, align global partnerships with country development agendas, build an enabling framework for partnerships, build capacity of staff, enhance mechanisms to share best practices, and improve evaluation and impact assessment. Caretaking of the United Nations-business relationship is required to ensure that support and focus are provided to implement these recommendations, as well as to undertake a new process to continuously assess and improve the value proposition of partnerships, and ensure maximum alignment

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\* A/64/150

\*\* The present report was submitted late due to additional technical and substantive consultations.

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with priority goals set by Member States. Continued and increased engagement by Governments would enable the Organization to better define strategic goals with the private sector.

## Contents

<b>1. INTRODUCTION.....</b>	<b>4</b>
<b>2. UNDERSTANDING PARTNERSHIPS .....</b>	<b>6</b>
<b>3. IMPACT OF THE GLOBAL ECONOMIC DOWNTURN ON THE PARTNERSHIP AGENDA .....</b>	<b>11</b>
<b>4. ROLE OF GOVERNMENTS .....</b>	<b>14</b>
<b>5. ENHANCING THE ABILITY TO PARTNER AT THE SYSTEM LEVEL .....</b>	<b>15</b>
<b>6. PARTNERSHIP DEVELOPMENTS AT THE LEVEL OF AGENCIES, FUNDS AND PROGRAMMES .....</b>	<b>17</b>
<i>A) GENERAL PARTNERSHIP MODALITIES .....</i>	<i>18</i>
<i>B) BEYOND FUNDRAISING – TOWARDS LEVERAGING CORE BUSINESS COMPETENCIES .....</i>	<i>19</i>
<i>C) INTEGRATING COMPANIES FROM LOW-INCOME COUNTRIES AND SMES .....</i>	<i>21</i>
<i>D) GLOBAL PARTNERSHIPS AND THE ISSUE OF ALIGNMENT .....</i>	<i>24</i>
<b>7. ACTIONS TO OVERCOME OPERATIONAL CHALLENGES .....</b>	<b>26</b>
<i>A) STRENGTHENING THE ENABLING ENVIRONMENT FOR UNITED NATIONS-BUSINESS PARTNERSHIPS .....</i>	<i>27</i>
<i>B) CAPACITY BUILDING AT ALL LEVELS AND TRAINING OF UNITED NATIONS STAFF .....</i>	<i>28</i>
<i>C) PARTNER SELECTION AND ENGAGEMENT PROCESSES .....</i>	<i>28</i>
<i>D) SHARING BEST PRACTICES AND LESSONS LEARNED .....</i>	<i>30</i>
<i>E) EVALUATION AND IMPACT ASSESSMENT .....</i>	<i>31</i>
<b>8. RECOMMENDATIONS.....</b>	<b>32</b>
<i>A) DEVELOP MORE STRATEGIC APPROACH FOR WORKING WITH THE PRIVATE SECTOR .....</i>	<i>32</i>
<i>B) BUILD CAPACITIES TO SHIFT FROM FUNDRAISING TO CORE BUSINESS PARTNERSHIPS ....</i>	<i>32</i>
<i>C) ENHANCE INTEGRATION OF SMES AND COMPANIES FROM LOW-INCOME COUNTRIES.....</i>	<i>33</i>
<i>D) ENSURE ALIGNMENT BETWEEN GLOBAL PARTNERSHIPS AND COUNTRY DEVELOPMENT AGENDAS.....</i>	<i>33</i>
<i>E) BUILD ENABLING FRAMEWORK FOR UNITED NATIONS-BUSINESS PARTNERSHIPS.....</i>	<i>33</i>
<i>F) ENHANCE CAPACITY BUILDING AND TRAINING OF UNITED NATIONS STAFF .....</i>	<i>34</i>
<i>G) DEVELOP A COHERENT APPROACH TO PARTNER SELECTION AND ENGAGEMENT .....</i>	<i>35</i>
<i>H) FURTHER ENHANCE MECHANISMS TO SHARE BEST PRACTICES AND LESSONS LEARNED..</i>	<i>35</i>
<i>I) IMPROVE EVALUATION AND IMPACT ASSESSMENT .....</i>	<i>36</i>
<b>9. CONCLUSION.....</b>	<b>36</b>

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## 1. Introduction

1. The present report is submitted in compliance with General Assembly Resolution A/RES/62/211, in which the General Assembly requested the Secretary-General to submit a report at its sixty-fourth session on the implementation of the proposed modalities for enhanced cooperation between the United Nations and all relevant partners, in particular the private sector.

2. Four previous reports of the Secretary-General have dealt with cooperation between the United Nations and relevant partners (A/56/323, A/58/227, A/60/214 and A/62/341). The present report builds on these reports and takes stock of recent partnership developments and trends in the Organization's relationship with the private sector.\*

3. In resolution A/RES/62/211, the General Assembly stressed that cooperation between the United Nations and the private sector can make concrete contributions to the realization of internationally agreed goals, particularly the Millennium Development Goals (MDGs). It called upon the international community to continue to promote multi-stakeholder approaches to addressing challenges of poverty and development in the context of globalization, and encouraged the United Nations system to continue to develop a common and systematic approach to partnerships which places greater emphasis on impact, transparency, accountability and sustainability.

4. Having passed the halfway point to the 2015 deadline for achieving the MDGs, it is clear that, despite progress, additional and strengthened efforts by the international community are

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\* This report draws on several sources: Surveys of 16 governments, 38 United Nations Agencies, Funds and Programmes, 17 businesses (conducted and verified by a consulting firm); In-depth interviews with staff members from the entire UN system (22), business (21); Case studies; and Review of the relevant academic literature on the subject.

needed if these goals are to be reached. With multiple crises challenging the world, the international community is now not only struggling with the financial crisis and the resulting economic crisis, but also with soaring food prices at the local level and the threat of climate change. Tackling these challenges requires an increased commitment by public entities, civil society and the private sector, making cooperation more relevant than ever. The renewed call for values and principles in business in the wake of the financial and economic crisis has resulted in continued strong, and growing, private sector engagement in support of United Nations goals.

5. There is significant evidence that the United Nations continues to strengthen engagement with the private sector system-wide, bringing the period of experimentation to a closing stage. While the level and effectiveness of partnerships still vary greatly across the Organization, many Agencies, Funds and Programmes have become more sophisticated in their partnership approach, including by undertaking more strategic development processes and building in impact evaluation mechanisms. While fundraising still remains an important objective for working with the private sector, a growing number of partnerships are mobilizing core business competencies and fostering private sector development. Overall, staff acceptance and support for partnerships as a means to help implement internationally agreed goals has strengthened.

6. In recent years, the Organization has taken steps to enhance the effectiveness of partnerships and uphold the integrity of the United Nations.. Notably, through the recently revised “Guidelines on Cooperation between the United Nations and the Private Sector”, a more coherent system-wide approach is emerging and a framework to better enable private sector relations has been enumerated. Critical efforts have also been made to improve the exchange of

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lessons among Agencies, Funds and Programmes, particularly through the development of a new UN-Business Website.

7. Despite advances, several challenges – new and old – require increased attention and action, including in the areas of rigorous and systematic evaluation of partnership impacts, adaptation to new economic realities, alignment of global partnerships with country development agendas, and involvement of small- and medium-sized enterprises (SMEs) and companies from low-income countries in partnerships. Further steps are needed to optimize the United Nations engagement in and benefits from private sector partnerships.

## **2. Understanding partnerships**

8. Partnerships are voluntary and collaborative relationships between various parties, both public and non-public, in which all participants agree to work together to achieve a common purpose or undertake a specific task, and to share risks, responsibilities, resources and benefits. This definition encompasses an enormous variety of partnerships, including international coalitions, community-based initiatives, time-bound projects, broad value-based frameworks for action, individual company commitments and multi-stakeholder collective initiatives.

9. Partnerships address all MDGs, with MDG 1 (eradicating poverty and hunger), 3 (promoting gender equality) and 7 (ensuring environmental sustainability) often receiving more attention. In addition to the MDGs, many partnerships focus on humanitarian aid by addressing natural disasters or conflict-related emergencies.

10. The private sector engages in partnerships in different ways: enhancing the sustainability of their core business operations and value chains; providing social investments and philanthropic

contributions; and participating in advocacy, policy dialogue and institutional framework development.

11. In **core business** partnerships, partners collaborate to: create employment; foster entrepreneurship; contribute to economic growth; generate tax revenues; implement social, environmental or ethical standards; and provide appropriate and affordable goods and services.

**Box 1: Examples of partnerships enhancing core business operations and value chains**

***E-Commerce and Renewable Energy (eCARE)***

Many rural communities in Ghana lack access to communication services. The e-Commerce and Renewable Energy (eCARE) project seeks to overcome these obstacles by establishing Rural Business Centers that provide access to telephone and internet services powered by solar energy. It is a joint effort of the United Nations Foundation (UNF), the United Nations Environment Programme (UNEP), a local non-governmental organization (NGO) and a Ghanaian telecommunications company. Local entrepreneurs own and operate the business centers, and eCARE project partners support entrepreneurs with seed money, technical assistance and training.

***IFAD Fair-trade Organic Cocoa Production Programme***

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The Organic Cocoa Production Programme seeks to alleviate poverty by raising the incomes of smallholder farmers in Sao Tome and Principe. The International Fund for Agricultural Development (IFAD) and a private investor encourage farmers to produce organic cocoa to be sold under international fair trade labels. Farmers receive support from a French organic chocolate producer to transition from producing medium-quality unprocessed cocoa beans to high-quality dried cocoa. With production volumes increasing, and being paid a premium for their organic and fair trade products, some farmers have doubled their incomes.

### ***Microstart Pilot Project***

To support private sector development in Asia, United Nations Development Programme (UNDP) partnered with 14 international public and private organizations to create a microfinance system enabling long-term borrowing for low-income groups. In 1997, the Microstart Project was initiated in Mongolia with a budget of US\$2.1 million. Its approach combines loans with technical assistance, poverty prevention programmes and capacity building. The resulting local microfinance institution quickly became financially independent with high repayment rates. The microfinance institution includes approximately 230,000 customers and has created 900 full-time and 300 part-time jobs.

### ***Global Partners for Emergency Communications Initiative***

In February 2008, a global telecommunications provider, UNF and the World Food Programme (WFP) established this initiative to increase the efficiency and coordination of emergency



communications by standardizing IT solutions in emergencies, as well as expanding the pool of trained experts and stand-by partners ready for deployment and enabling the immediate dispatch of IT responders. Over 60 IT experts have participated in a first-ever IT Emergency Preparedness and Response session and will pass on expertise to 500 people. Training participants include representatives from the United Nations, NGOs and Governments.

12. In social investment and philanthropy partnerships, the private sector provides different types of support, including traditional philanthropy, social venture funds, hybrid or “blended-value” financing mechanisms, employee volunteers and expertise, product donations, and other in-kind contributions.

## **Box 2: Social investment and philanthropy partnerships**

### ***Plumpy’nut***

Plumpy’nut is a ready-to-eat, therapeutic food based on peanuts that has proven effective in alleviating child malnutrition in Ethiopia, with recovery rates for severely under-nourished children as high as 95 percent. To increase the availability and decrease the cost of Plumpy’nut, a private donor provided US\$1.3 million in a partnership with the United Nations Children’s Fund (UNICEF) and a local factory to establish a factory to increase production of Plumpy’nut and its supply to therapeutic feeding units throughout Ethiopia.

### ***Educating Children of Darfur***

A global auditing and consulting services organization donated more than US\$4 million to the Office of the UN High Commissioner for Refugees (UNHCR) to build and equip 32 schools in Eastern Chad for more than 20,000 children who fled the conflict in Darfur. Teacher training

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and youth activities are also crucial components of the project. Due to its success, the company has set up an ongoing internal communications mechanism explaining the results and impact of the project. Additional fundraising for the project is also planned and staff will be involved in implementation by visiting the camps and helping deliver education.

13. In **advocacy and awareness raising** partnerships, the private sector partners with other stakeholders to: advocate for issues; engage in public policy dialogue; support effective regulation; and strengthen public institutions and administrative capacity in order to bridge governance gaps, improve the enabling environment and support reforms at the local, national or global level.

**Box 3: Advocacy and awareness raising partnerships**

***SHARE***

The International Labour Organization (ILO) entered into a partnership with the Chinese Government, international and Chinese media companies, and NGOs to prevent the spread of HIV/AIDS at a Chinese mining company. High levels of drug abuse and prostitution combined with extremely low levels of awareness among miners led to high rates of HIV/AIDS in the company. A communication strategy was developed to inform miners about HIV/AIDS and the company established a center providing counseling and anti-retroviral therapy. The company also ended mandatory testing and now guarantees employment rights for HIV positive workers.

***Refrigerants, Naturally!***

Refrigerants, Naturally! is a not-for-profit initiative of six global companies committed to combating climate change and ozone layer depletion by substituting harmful fluorinated gases

with natural refrigerants and reducing the energy consumption of new refrigerators. Partners support a positive regulatory and political framework for investment in climate friendly technologies. The initiative is registered at the Commission of Sustainable Development (CSD) and supported by a major NGO and UNEP.

### ***Global Compendium of Corporate Anti-Corruption Practices***

The United Nations Office on Drugs and Crime (UNODC) and a global auditing and consulting services organization have entered into a partnership for combating corruption. They research global enterprises to collect good practices concerning whistleblower protection, integrity policies and compliance systems. The Global Compendium of Corporate Anti-Corruption Practices, published in September 2009, provides companies with a framework to establish or step up internal anti-corruption policies and measures.

### **3. Impact of the global economic downturn on the partnership agenda**

14. The global economic downturn has changed the context for partnerships between the private sector and the United Nations at both the system and entity levels. While it is too early to assess the overall impact of the crisis on the partnership agenda, there is evidence that, rather than undermining private sector partnerships, the current financial and economic crisis seems set to bolster relations. Though a reduction in philanthropic giving may result, more innovative partnerships and sustainable partnerships are being undertaken. Moreover, the crisis supports a stronger recognition of the need for sustainable business practices and thus brings broader private sector engagement in support of United Nations values and goals.

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15. Practically all Agencies, Funds and Programmes see the current economic downturn as the biggest challenge for evolving cooperation with the private sector. While many entities believe a decrease in philanthropic giving is likely, most report that corporate partners are continuing their commitments. A substantial number of partnerships with business have been initiated since 2007. Moreover, Agencies, Funds and Programmes that previously focused on fundraising partnerships are increasingly seeking to mobilize core competencies of the private sector, influence corporate behaviour through advocacy, and assist in improving the quality of corporate responsibility (CR) programmes.

16. The United Nations has long worked to embed its values in the marketplace through the responsible operations of companies. In the wake of the financial crisis, it is widely acknowledged that a globalized marketplace requires a strong ethical orientation and comprehensive management of risks. There is now a stronger case for business to: increase focus on long-term value creation; proactively embrace an expanded view of risk management to include environmental, social and governance (ESG) factors; and emphasize the role of ethics in driving market confidence and trust. Therefore, the corporate commitment to advancing United Nations principles, as advanced by the UN Global Compact, remains strong.

17. Government leaders attending the UN Conference on the World Financial and Economic Crisis and Its Impact on Development in June 2009 affirmed the need to root business in universal values and principles, such as the UN Global Compact principles.

18. Another factor driving business to embrace United Nations principles is the increasing recognition in the investment community of the importance of sustainable and ethical business

practices. Mainstream financial investors, for example, are increasingly looking at ESG performance as an important element for a company's long-term value. Several investment studies support this view, including one by RiskMetrics Group in 2009 which found that publicly-listed companies in the UN Global Compact that had produced "notable" annual ESG disclosure reports had outperformed a major stock market index over a two year period, including during the economic downturn.

19. The rise in collaborative initiatives, such as the UN Principles for Responsible Investment (UNPRI), the Principles for Responsible Management Education (PRME), the Equator Principles and the Carbon Disclosure Project, indicate that the ESG agenda is gaining prominence among influential groups, such as investors and academics.

**Box 4: UN Principles for Responsible Investment (UNPRI)**

The UN Principles for Responsible Investment (UNPRI) initiative has created awareness within the financial community – among asset owners and managers – about United Nations goals in the ESG realm. Launched by UNEP Finance Initiative and the UN Global Compact in 2006, UNPRI is a voluntary framework to help investors integrate ESG issues into investment decision-making and ownership practices. UNPRI has brought an important new constituency to the United Nations, with more than 470 signatories from all regions of the world (representing US\$18 trillion in assets under management) engaged in the initiative.

**Box 5: Principles for Responsible Management Education initiative (PRME)**

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The Principles for Responsible Management Education (PRME) is the first organized relationship between business schools and the United Nations. Launched by the UN Global Compact in 2007, the initiative seeks to fully embed corporate responsibility principles in business school curricula and research in order to develop a new generation of business leaders capable of managing the 21<sup>st</sup> century business challenges. Over 200 business schools from 50 countries are signatories.

#### **4. Role of Governments**

20. Working alongside the United Nations, Governments play an important role in promoting responsible business practices. Apart from providing the necessary legal frameworks and as a complement to regulation, Governments increasingly facilitate and encourage voluntary activities by the corporate sector. Such options include creating an enabling environment, raising awareness, promoting responsible business practices, building capacity, developing tools and providing funding for voluntary initiatives.

21. In 2008, for example, a number of Governments took measures to bring attention and scale to corporate responsibility, including in China, Denmark, Ghana, Norway and Sweden. Efforts in Denmark and Sweden relate to annual reporting of responsible practices, while in China, Ghana and Norway, efforts focused on raising awareness of responsibility principles among companies. In addition, numerous countries have supported major events of UN Global Compact country networks with the involvement of senior Government officials, for example Australia, India, Mexico, Namibia, Russia and the United Arab Emirates.

22. Support for corporate responsibility as a complement to Government efforts has also been affirmed in inter-Governmental meetings. For example, the declaration of the 2009 Summit of the Leaders of the Group of 8 welcomed and encouraged work to advance corporate responsibility in business practices.

### **5. Enhancing the ability to partner at the system level**

23. The UN Global Compact is the world's largest corporate citizenship initiative, bringing the values of the United Nations to the global business community by encouraging adherence to ten principles and actions in support of Organization goals, particularly the MDGs. The UN Global Compact has over 6,600 signatories – 5,100 from business and 1,500 from civil society and other non-business sectors – based in over 135 countries. Local networks exist in over 80 countries, providing avenues for advancing the principles on the ground. Because of its extended network, understanding of business interests and public-private structure, the Global Compact Office plays a central role in the facilitation and strengthening of the United Nations partnership agenda at the system level.

24. Over the last two years, in accordance with its General Assembly mandate, the Global Compact Office has worked with numerous United Nations entities to strengthen relations with the private sector by sharing good practices and lessons learned, and developing new resources and tools to improve partnerships. Initiatives include the UN Private Sector Forum, revision of the UN-Private Sector Guidelines, development of the new UN-Business Website, and convening the annual UN System Private Sector Focal Points Meeting.

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25. The first UN Private Sector Forum was held in September 2008, bringing together approximately 100 chief executives, heads of State and Government, and heads of United Nations agencies and civil society organizations to discuss the role of business in achieving the MDGs. In light of the event's success, the Secretary-General decided to hold a forum on an annual basis, with the next one taking place in September 2009 and focusing on climate change.

26. A Working Group chaired by the Deputy Secretary-General was established in 2008 to update the "Guidelines on Cooperation between the United Nations and the Business Community", a framework for collaboration that was issued in 2000. A revision was necessary to incorporate the many years of implementation. The revised guidelines, now called the "Guidelines on Cooperation between the United Nations and the Private Sector", have been finalized and better reflect the shared experiences of the organization. They aim to increase the scale, effectiveness and accountability of engagement.

27. The new UN-Business Website, to be launched in late 2009, brings greater transparency and enhanced coherence to the vast partnership work undertaken at the United Nations. It addresses the difficulties faced by companies in identifying potential partnerships, as well as the nature of the collaboration with Agencies, Funds and Programmes. Created through the collaboration of more than 20 United Nations entities, the website offers an entry-point to match companies and United Nations entities in partnership, both channeling corporate offers of support and listing partnerships needs of the Organization.

28. The annual UN System Private Sector Focal Points Meeting, convened by the Global Compact Office since 2000, is a key mechanism for sharing experiences and lessons learned relating to partnerships. In October 2008, approximately 80 representatives of United Nations



entities gathered for a two-day meeting to discuss challenges emerging across the partnership life cycle, from strategic planning to evaluation and renewal.

29. UNF is an important partnership player at the system level. Over the past ten years, the foundation's efforts have mobilized hundreds of millions of dollars for health, conservation, clean energy and human rights. During that time, the foundation has established more than 300 programmatic partnerships and worked with more than 40 United Nations entities and 100 Governments. The United Nations Fund for International Partnerships (UNFIP), overseen by UNOP, serves as the interface between UNF and the United Nations. With the mission to serve as a gateway and facilitator for partnerships, UNOP has programmed more than 455 projects with 45 United Nations entities in over 120 countries.

30. With regard to strategic and systematic engagement of the private sector at the country level, dozens of countries have begun switching to the "ONE UN" concept, as laid out by the High-level Panel on UN System-wide Coherence in the Areas of Development, Humanitarian Assistance, and the Environment. Through ONE UN, the country Resident Coordinator's office works to advocate and broker partnerships between government, civil society and business to build consensus and realize country-specific goals as embodied in national development plans. As this approach evolves, there will be increased opportunities for strategic mobilization of private sector expertise, resources and capacities.

## **6. Partnership developments at the level of Agencies, Funds and Programmes**

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31. In recent years, Agencies, Funds and Programmes have expanded their partnership activities and adopted increasingly strategic approaches to partnering. Many are shifting emphasis from fundraising partnerships to those that leverage core-business competencies, improve the development effects of core-business operations and foster private sector development. Entities are also slowly extending their partnership activities to companies located in low-income countries, as well as to SMEs. At the same time, global partnerships continue to proliferate and entities increasingly recognize the challenge of aligning these partnerships with partner countries' broader development agendas.

*a) General partnership modalities*

32. The survey conducted among Agencies, Funds and Programmes in preparation for this report shows that partnerships have become established as a small, but permanent and steadily growing, feature of the United Nations system. While some entities, such as UNICEF and the United Nations Industrial Development Organization (UNIDO), engage in several hundred partnerships with business, the majority of survey respondents engage in between 1 and 20. Most rate the overall success of their partnerships with business above average – with an average score of “4” on a scale of “1” (not successful at all) to “5” (very successful). The primary motivation for partnering is resource mobilization. Other reasons include: broadening support for a particular issue; taking advantage of private sector expertise and skills; and inducing more corporate social responsibility. Agencies, Funds and Programmes believe the most important reason for business to partner with the United Nations is its reputation and brand value, as well as technical expertise in the development field, close working relationship with Governments and NGOs, and convening power. Business statements confirm that these are key factors.

33. The survey also points to the fact that Agencies, Funds and Programmes are adopting a more strategic approach to partnerships. Entities with partnership strategies in place or in development include UNICEF, UNDP, WFP, UNHCR, ILO, UNF, UNIDO, UNOP, United Nations Population Fund (UNFPA), the United Nations Development Fund for Women (UNIFEM), United Nations Volunteers (UNV), the Food and Agricultural Organization (FAO), and the World Health Organization (WHO). Entities that have adopted a partnership strategy overwhelmingly report implementation improvements, including greater clarity in procedures and principles governing outreach and selection of partners.

***b) Beyond fundraising – towards leveraging core business competencies***

34. Many United Nations entities have traditionally focused on fundraising partnerships. Recently, some have shifted emphasis to other kinds of partnerships which: leverage core-business competencies, such as communication and management skills or technical expertise; improve the development effects of core-business operations; and foster private sector development. This move is intended to make partnerships more sustainable and scalable, and capitalize on the complementary strengths of business.

35. UNICEF, for example, is increasingly engaging in normative and policy work with companies. In Brazil, UNICEF takes steps such as including corporate sector representatives in its governance structure, providing companies with tools and technical support to be more effective in achieving results for children, and engaging management in advocating public policies for children. UNICEF Kenya is also trying to influence

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corporate behaviour, for example by convincing companies to fortify basic foods with essential vitamins and minerals.

**Box 7: UNICEF Brazil: From Donors to Partners**

A partnership between UNICEF Brazil and a semi-public Brazilian energy company illustrates the movement away from a traditional donor role to a full-fledged partner. The company which had originally provided grants for small-scale projects gradually began engaging in a long-term strategic partnership linked to country-wide public policies, placing children at the core of its business. To assist in improving the company's social action programme, UNICEF provides technical advice on criteria for the allocation of the company's corporate responsibility funds and trains staff on children's rights. This partnership is used as a model to negotiate other UNICEF partnerships in Latin America and elsewhere.

36. Another innovative partnership model is the UNHCR Council of Business Leaders.

**Box 8: UNHCR Council of Business Leaders**

Established in 2005, the UNHCR Council of Business Leaders is a group of five multinational corporations committed to strengthening the protection of and providing assistance to refugees around the world. Members of the Council support UNHCR by offering strategic advice, providing guidance on partnering with the corporate sector, and identifying opportunities and furthering relations with key groups to broaden UNHCR's support base and funding. The Council also has jointly developed partnerships, such as the "Community Technology Access" programme which provides rural communities,

refugee camps and host communities with access to information and communication technology. Local councils have been established in Thailand and South Africa.

37. The key challenge facing Agencies, Funds and Programmes in the move beyond fundraising partnerships is the ability to adapt existing structures, processes and partnership modalities to new forms of engagement. As examples, many staff members currently in charge of partnerships are trained in fundraising and structures do not easily allow for risk and reward sharing.

*c) Integrating companies from low-income countries and SMEs*

38. While most Agencies, Funds and Programmes began partnership work with large, multinational companies based in industrialized countries, in recent years they have increasingly partnered with companies located in emerging economies, such as China, India, Brazil and South Africa, and with subsidiaries of multinational companies. The potential for such partnerships has not been realized, however a number of Agencies, Funds and Programmes do plan to intensify these relationships.

39. Another trend is the expansion of the partnership agenda from “global” to “local”, by engaging local companies and SMEs in the work of the United Nations. Agencies, Funds and Programmes, such as UNDP, ILO, FAO and UNIDO, have always worked with local companies as part of their mandate and are increasingly trying to engage them both as beneficiaries and as partners. Efforts include encouraging companies to adhere to labour standards and engaging in joint advocacy campaigns. Regarding SMEs, entities such as

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UNIDO can also assume a brokering and convening role to link large corporations and small suppliers.

**Box 9: UNDP work with the private sector**

UNDP launched a new strategy for working with the private sector in 2007, emphasizing the potential impact of commercial activities on United Nations goals. Focus is placed on five areas: providing support to Governments seeking to create a rule-based legal and regulatory climate for private enterprise and markets; helping poor producers access markets; researching “bottom of the pyramid” investment and sustainable business models; promoting investment in human capital and fostering entrepreneurial skills of the poor; and advocating for core business investments that provide sustainable benefits to the poor. UNDP has three major global private sector programmes: Growing Inclusive Markets (GIM), Growing Sustainable Business (GSB) and Public-Private Partnerships for Service Delivery (PPPSD).

**Box 10: Partnerships with local companies and SMEs**

***HIV/AIDS Education in Guyana***

Besides offering haircuts, barber shops in Guyana are meeting points for learning community news. Therefore, UNFPA and the Joint United Nations Programme on HIV/AIDS (UNAIDS) initiated partnerships with local barber shops to help disseminate information on HIV/AIDS. A local NGO and the UN Country Theme Group train local barber shop staff on HIV-related questions and provide information materials and condoms. Every month, the salons distribute, on average, 7,000 male condoms and 400

female condoms. Participating barber shops get free promotion and have witnessed an increase in clients.

### ***Combating Malaria with Artemisia Annua***

UNDP's Growing Sustainable Business Programme partners with a local university, an NGO and a Madagascar-based company to develop an alternative treatment for malaria. WHO and UNICEF have recommended a plant that grows abundantly in Madagascar, *Artemisia Annua*, as an effective treatment for malaria. Partners have supported local production of the plant, creating 73 permanent and 400 seasonal jobs. Production has exceeded Madagascar's needs and led to increased exports of the plant.

### ***Uganda Green Computer Company***

UNIDO, in partnership with a multinational computer technology firm, established the Uganda Green Computer Company, a local recycling and service enterprise that refurbishes used computers by installing new software and then selling them at affordable prices. Schools and local SMEs have access to affordable computers, which in turn spurs the local ICT industry and supports other SMEs in need of enhanced technology. There are plans to expand the model across the region.

40. The UN Global Compact's local networks also play a role in facilitating locally-owned and developed partnerships. These networks bring together companies and local partners to promote CR practices and provide partnering opportunities. Because the 80-plus networks –evenly

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divided between developed and developing economies – are established and sustained by local interest, activities are based on priorities on the ground.

41. There are several hurdles to realizing the potential of local companies and SMEs. First, such partnerships often follow different rules than those with multinationals and approaches must be adapted accordingly. For example, SMEs are often more interested in skills and technology transfer than reputation gains. They are also typically more dependent on short-term benefits and need to see more immediate results when entering into a partnership. Second, local companies can be more difficult to reach. To facilitate this process, entities such as FAO are working with business associations and chambers of commerce. Global Compact local networks also provide an access point. Finally, local companies may operate in legal environments and under tax rules that are not conducive to CR. Tackling these challenges will help to strengthen partnerships with local companies and SMEs, which would have an overall positive effect on development since local partnerships can better respond to needs and be more sustainable.

*d) Global partnerships and the issue of alignment*

42. Agencies, Funds and Programmes are engaging in a growing number of global multi-stakeholder initiatives. For example, the World Bank engages in approximately 125 global and 50 regional programmes. UNICEF participates in over 70. In 2007, UNDP engaged in more than 40, the WHO and FAO in about 35 each, and IFAD, UNEP and UNESCO in about 30 each.

<b>Box 11: Examples of Global Health Partnerships</b>
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***Global Fund to Fight AIDS, Tuberculosis and Malaria (the Global Fund)***

The Global Fund, which became operational in 2002, is a partnership between Governments, civil society, the private sector and affected communities. It has become the main source of finance for HIV/AIDS, tuberculosis and malaria programmes, providing one quarter of all international financing for AIDS, two thirds for tuberculosis and three quarters for malaria. By December 2008, the Global Fund had signed agreements worth US\$ 10.2 billion for 579 grants in 137 countries. Fund programmes have expanded key services delivery, with 2 million people on HIV antiretroviral treatment, 4.6 million provided effective tuberculosis treatment and 70 million insecticide-treated bed nets distributed. The fund estimates that approximately 3.5 million lives have been saved.

***The Global Alliance for Vaccines and Immunisation (GAVI)***

Launched in 2000, the GAVI Alliance aims to accelerate access to underused vaccines, strengthen health and immunization systems in developing countries, and introduce new immunization technology. Partners include Governments in industrialized and developing countries, UNICEF, WHO, the World Bank, the Bill & Melinda Gates Foundation, NGOs, vaccine manufacturers and public health and research institutes. By the end of 2008, the alliance had introduced new development financing mechanisms and committed over US\$4 billion ensuring vaccines reached a cumulative 213 million additional children in developing countries, preventing 3.4 million premature deaths.

***Global Alliance for Improved Nutrition (GAIN)***

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GAIN, launched in 2002 as a Swiss Foundation, works with an alliance of Governments, international organizations, the private sector and civil society to reduce malnutrition. In addition to funding, the alliance advises on collaborative efforts to develop and distribute high quality and affordable fortified food products and complementary foods for low-income populations.

43. Global partnerships have made important advances in addressing development challenges, such as food fortification or vaccine coverage. Some have managed to mobilize substantial additional resources. Global health programmes, in particular, have a strong record of independent evaluations. However, there are challenges to ensure coherence and consistency in this growing field, which is necessary to avoid duplication among aid initiatives and overstraining the capacities of developing countries, for example.

44. Global partnerships are increasingly aware of and addressing the alignment challenge. A solution under discussion by GAVI, the Global Fund and the World Bank is to earmark funding for joint programmes to strengthen health systems. In another example, good practice guidance has been developed by the OECD for the integration and alignment of global programmes at the country level. Further steps are needed to prevent the fragmentation of the international aid system and ensure the effectiveness and efficiency of assistance programmes.

## **7. Actions to overcome operational challenges**

45. In resolution A/RES/62/211, the General Assembly encouraged Agencies, Funds and Programmes, as well as the United Nations Secretariat, to address operational challenges that hamper the Organization's capacity to collaborate effectively. Significant steps have been

taken, including: strengthening the enabling environment for partnerships; improving the capacity of staff; adopting more appropriate partner selection mechanisms; enhancing communication of lessons learned; and improving evaluation. With this groundwork laid and ten years of experience, the United Nations is now well-positioned to bring engagement with the private sector to the next level and thereby significantly enhance the contribution of business to development and the advancement of United Nations values.

*a) Strengthening the enabling environment for United Nations-business partnerships*

46. Partnerships enjoy the support of the Secretary-General, as well as most heads of Agencies, Funds and Programmes. Efforts have begun to adapt guidelines and processes that govern the work of the Organization to a changing environment in which private sector partnerships are important for helping advance United Nations goals. Through the revised UN-Private Sector Guidelines, an important step has been taken to move from a focus on legal and liability aspects of partnerships – for example, rules regarding acceptance of pro-bono services – to more proactive management of risks and opportunities.

47. Further efforts are needed to minimize bureaucratic obstacles, which continue to be cited as a hurdle for building effective partnerships; however, good practices are emerging. By developing standard partnership agreements and working with legal offices to increase understanding of the importance of partnerships and accelerating agreements, entities such as WFP, UNICEF, UNIDO and UNESCO are leading the way in streamlining processes. WFP, for example, has adopted an approach whereby the Private Partnerships Division involves the legal department early on to ensure the timely processing of agreements.

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***b) Capacity building at all levels and training of United Nations staff***

48. Previous reports and resolutions have acknowledged that partnerships are resource-intensive and require specialized skills. Agencies, Funds and Programmes with country or regional offices have taken measures to increase their local institutional capacity. Almost all entities have assigned a Private Sector Focal Point to serve as the entry point for business partners, act as a link with United Nations management, and advocate on behalf of partnerships within their organizations. Almost a dozen entities have hired new staff members dedicated to partnership development over the last two years and others indicate they have adopted partnership policies and procedures, and created or increased dedicated budget lines for partnership activities. Empowerment of country or regional offices to engage in partnerships is on the rise.

49. Despite advances, further efforts are needed to ensure adequate skills and capacity for partnership development. Many Agencies, Funds and Programmes continue to view the lack of partnership skills among staff as a key hurdle, with lack of training highlighted. Other challenges include: a majority of entities do not offer incentives or do not have a mandate to identify and develop new partnership opportunities, and do not evaluate partnership skills in the recruitment process; legal offices often have insufficient staff dedicated to partnerships; partnership units are often not integrated into core programme teams, making it difficult to increase the staff understanding of the benefits of partnerships; and lack of staff exchange between business and the United Nations which could generate better mutual understanding.

***c) Partner selection and engagement processes***

50. Agencies, Funds and Programmes increasingly recognize the need to ensure protection of the Organization's reputation while engaging with the private sector. This relates to how the United Nations selects business partners, as well as how the business community views the engagement experience with the Organization.

51. There currently are no standard criteria for screening and selecting potential partners across the Organization. Most entities, however, have formulated selection schemes tailored to their needs, building on the UN-Business Guidelines launched in 2000, and some are pursuing more proactive approaches and have increased the number of outreach activities to identify potential partners. There is a growing trend away from a purely negative screen to a balanced screening which also includes positive criteria. Many entities continue to use the services of external agencies, such as World-Check.

52. The United Nations would benefit from greater coherence concerning selection criteria, as well as better sharing of related information among entities. The revised UN-Private Sector Guidelines provide a step forward in this regard, for example by making the principles of the UN Global Compact a common minimum standard for companies looking to partner with the Organization. The new UN-Business Website also promises to bring greater transparency and clarity to the vast partnership work undertaken at the United Nations, and will aid in matching company donations and partnership ideas with the Organization's partnership needs based on the preferences indicated by UN Agencies, Funds and Programmes<sup>53</sup>. The ONE UN approach<sup>†</sup> being adopted in dozens of countries is helping bring greater partnership coherence on the ground.

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<sup>†</sup> See paragraph 30 for an overview of the ONE UN approach.

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**Box 12: ONE UN in the Ukraine**

ONE UN in the Ukraine has created a framework to foster partnerships with the private sector. The UN Development Assistance Framework (UNDAF) selected the UN Global Compact as the entry point for business. The joint framework was developed in consultation with UN Country Team members and includes activities and targets for three years, as well as mechanisms for reporting. The approach achieved more effective partnerships with the private sector through cost-effective pooling of resources, avoiding the overlap of responsibilities and decreasing confusion for businesses dealing with the United Nations.

*d) Sharing best practices and lessons learned*

54. There have been major advances in sharing good practices and lessons learned within entities and across the United Nations system. The Global Compact Office has driven several initiatives, including the quarterly UN-Business Focal Point E-Newsletter, annual meetings of UN System Private Sector Focal Points and numerous publications on partnerships. Moreover, the UN Global Compact website provides extensive materials, such as CR reports by business participants, case studies and meeting reports.

55. The Secretariat of the CSD also facilitates knowledge sharing through its interactive online database which provides detailed and searchable information on approximately 100 sustainable development partnerships. At the official session of the Commission, the Secretariat organizes partnership fairs to allow for exchanging experiences, presenting case studies and showcasing progress.

56. Agencies, Funds and Programmes have also scaled up efforts to share information on private sector experiences. For example, UNDP has established a global community of practice for country offices, UNESCO has set up an online helpdesk providing information on working with the private sector, UNICEF has surveyed regional and country offices to collect experiences, and UNHCR organizes specialized training events for staff in its regional offices.

*e) Evaluation and impact assessment*

57. General Assembly resolution A/RES/62/211 places special emphasis on the need to develop impact assessment mechanisms for partnerships, recognizing that strong monitoring and evaluation processes can enhance accountability, support effective management, enable learning and better show contributions to development.

58. The majority of Agencies, Funds and Programmes responding to the survey conducted in preparation for this report state that half or more of their partnerships are evaluated. While many evaluations are carried out internally, some entities contract external service providers. A growing number of entities include a specific provision or budget item for evaluation in their partnership agreements..

59. Despite the growing number of evaluations, the United Nations is still not in a position to accurately assess the impact and value added of its private sector partnerships. Agencies, Funds and Programmes state that more systematic evaluations and impact assessments are too time consuming and expensive, and that appropriate tools are lacking. Systematic and rigorous impact assessment of partnerships may be unrealistic in the near future, however, the United Nations should further strengthen its emphasis on evidence-based decision-making, learning from evaluations and results-focused planning.

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## 8. Recommendations

60. Significant progress has been made across the United Nations in advancing private sector partnerships, particularly to continue to develop a common and systematic approach which places greater emphasis on impact, transparency, accountability and sustainability. It is vital to continue efforts to strengthen the Organization's capacity for and the effectiveness of partnerships, as this resource can play an important role in helping to achieve the MDGs. The following concrete steps are recommended:

### *a) Develop more strategic approach for working with the private sector*

61. While many Agencies, Funds and Programmes have become more sophisticated in their partnerships, there remains a need at the entity level to align institutional comparative advantages with the approach for engaging business in order to ensure that core competencies and strengths are leveraged. All entities should engage in a strategy development process to define partnership needs, and then review and build upon the strategy with regularity.

### *b) Build capacities to shift from fundraising to core business partnerships*

62. Partnerships that move beyond fundraising and are linked to core business operations and fostering private sector development are likely to become more relevant in the future, and can lead to more sustainable and scalable partnerships that capitalize on the complementary strengths of business. More United Nations entities should be encouraged to engage in such partnerships. This shift calls for Agencies, Funds and Programmes to adapt structures, processes and modalities to new forms of engagement, and better allow for risk and reward sharing.



***c) Enhance integration of SMEs and companies from low-income countries***

63. Agencies, Funds and Programmes should boost efforts to harness the potential of SMEs and local companies in low-income countries in developing partnerships. To enable the development of these partnerships, entities should better ensure that relevant needs are reflected in partnerships, including skill and technology transfers and identifying short-term benefits. To facilitate identification and access to these companies, Agencies, Funds and Programmes could map corporate engagement opportunities by country through their regional and country offices, and Global Compact local networks should serve as an additional access point.

***d) Ensure alignment between global partnerships and country development agendas***

64. Global partnerships need to more actively address issues of integration and alignment with partner countries' broader development agendas. In close collaboration with Governments, Agencies, Funds and Programmes should more vigorously promote such alignment.

***e) Build enabling framework for United Nations-Business partnerships***

65. To implement the revised UN-Private Sector Guidelines and further streamline administrative procedures, the United Nations should simplify relevant legal processes.

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Rules governing the acceptance of pro-bono goods and services should be further reviewed. The criteria for differentiating between procurement relationships and partnerships also should be fully clarified. Moreover, the creation of a special United Nations logo to be used in the context of UN-private sector partnerships, subject to appropriate conditions, may be considered.

66. At the level of Agencies, Funds and Programmes, offices responsible for partnerships should work more closely with legal offices. A standard template for partnership agreements currently being finalized by the Office of Legal Affairs, should be shared broadly across the Organization. Additionally, entities should consider designating Private Sector Focal Points within legal offices.

*f) Enhance capacity building and training of United Nations staff*

67. To build necessary skills and capacity to engage effectively in partnerships, Private Sector Focal Points and partnership units, at the entity level, should be better integrated into core organizational processes to mainstream partnership approaches and increase understanding of the value of partnerships. To strengthen cross-sector skills, Agencies, Funds and Programmes should employ more people with business backgrounds and develop staff exchange programmes with the private sector subject to their applicable rules and regulations.

68. More internal and external training opportunities and focus on developing training modules on legal issues and other recurring problems are needed. UN Private Sector Focal Points Meetings should be complemented by specific, structured training sessions once a year and

legal offices of Agencies, Funds and Programmes should discuss partnership issues on a regular basis to exchange good practices.

69. Agencies, Funds and Programmes should also foster staff motivation by assessing partnership building skills and including partnership building in job descriptions and performance evaluation reports.

***g) Develop a coherent approach to partner selection and engagement***

70. To better manage the reputational risks associated with partnerships, the United Nations should adopt a more coherent approach to selecting partners. Agencies, Funds and Programmes should use a common screening mechanism and database, which can be adapted to different mandates, partnership strategies and selection criteria. Until a common system-wide screening mechanism is established, relevant resources, tools and results should be shared across the Organization.

71. Widespread implementation of the revised “Guidelines on Cooperation between the United Nations and the Private Sector” and effective utilization of the new UN-Business Website are strongly recommended in order to strengthen the coherence, transparency and effectiveness of private sector engagement – from the perspectives of both the Organization and the private sector. Increased uptake of the “ONE UN” approach should be considered to help bring greater coherence to partnerships at the country level.

***h) Further enhance mechanisms to share best practices and lessons learned***

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72. To further improve knowledge management across the Organization, platforms such as the UN-Business Focal Point E-Newsletter and the new UN-Business website need to be actively contributed to and utilized by Private Sector Focal Points.

73. An International Philanthropy Day could be proclaimed to promote the sharing of information and experiences in support of the United Nations development agenda and to initiate new partnerships towards this end. The Department of Economic and Social Affairs would convene events around the day which would focus on raising awareness about the role of philanthropy and further engaging foundations in helping to meet the MDGs.

*i) Improve evaluation and impact assessment*

74. Until the United Nations is able to systematically measure the impact and value of private sector partnerships, Agencies, Funds and Programmes should adopt approaches to strengthen emphasis on evidence-based decision-making, learning from evaluations and results-focused planning. Monitoring and evaluation mechanisms should be built into partnerships from their inception, including in agreements and budgets. As suggested in revised UN-Private Sector Guidelines, entities should agree on a common set of principles and key performance indicators for impact assessment.

## **9. Conclusion**

75. The United Nations has increasingly engaged the private sector as a partner in helping to achieve the goals of the Organization, particularly the MDGs. This private sector collaboration began one decade ago as a sporadic and experimental practice. Over the years, private sector partnerships have developed to become a common and increasingly sophisticated mechanism across the entire United Nations system for addressing priority challenges.

74. Steady efforts have been made – both at the system level and at the level of Agencies, Funds and Programmes – to build a robust approach for engaging in effective, sustainable and transparent partnerships. The revised “Guidelines on Cooperation between the United Nations and the Private Sector” and the new UN-Business Website, both completed in 2009, are key milestones.

76. Private sector engagement remains strong in the midst of the global economic downturn, though the overall impact on the partnership agenda is not yet known. There is evidence that a stronger recognition of the importance of embedding United Nations values in business and markets has emerged from this crisis, thus ensuring broad private sector engagement in support of the Organization’s goals.

77. With important groundwork laid and years of experiences made, the United Nations is well-positioned to bring engagement with the private sector to the next level, thereby significantly enhancing the contribution of business to development and advancement of United Nations values. Towards this end, efforts – at both the institutional and operational levels – are needed in key areas, including: developing a more strategic partnership approach; building capacities for core business partnerships; enhancing integration of SMEs and companies from low-income countries; ensuring alignment between global

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partnerships and country development agendas; building an enabling framework for United Nations-business partnerships; enhancing capacity building and training of staff; developing a coherent approach to partner selection and engagement; enhancing mechanisms to share best practices and lessons learned; and improving evaluation and impact assessment.

78. Widespread implementation of the revised “Guidelines on Cooperation between the United Nations and the Private Sector” and effective utilization of the new UN-Business Website will significantly help to strengthen the coherence, transparency and effectiveness of private sector engagement. Additionally, increased uptake of the “ONE UN” approach at the country level will provide opportunities to coherently and strategically mobilize business expertise, resources and capacities.

79. Caretaking of the United Nations-business relationship is required to ensure that appropriate support and focus are provided to implement the recommendations in this report, as well as to undertake a new process to continuously assess and improve the value proposition of partnerships, and ensure maximum alignment with priority goals set by Member States. At the system level, work should be done by the Global Compact Office and relevant entities towards this end. This also will require ensuring that capacities of individual entities are developed to better evaluate partnership impacts and adapt to changing contexts.

80. Government guidance and financial support remains critical. Most efforts to engage the private sector are supported by Governments, which also serves to ensure the public character of United Nations partnerships. Continued and increased engagement by Governments would enable the Organization to better define strategic goals with the private sector.