

## **Co-creating New Forms of UN-Business Partnerships: Increasing Scale & Impact**

### **Executive Summary – 26 January 2011**

There is a growing recognition that addressing the world's most pressing issues, such as water scarcity, food insecurity, unemployment, climate change, and global health needs, calls for the public and private sectors to work together effectively. Partnerships between the United Nations and businesses, in particular, can be powerful tools to address these challenges and the translation of this common interest into operational reality is critically important at this unique moment in time. But translating this potential into lasting change requires a **new form of transformational partnership: multi-stakeholder in nature and based on leadership at the highest levels, buy-in throughout the relevant value chain, monitoring of results, and cultures that reward performance and build mutual respect.**

The challenge for companies and UN agencies is to go beyond today's limited or localized partnerships, to ones that **create impact at a systemic level across sectors and geographies.** A transformational partnership comprises numerous UN Agencies, businesses, as well as stakeholders such as governments and NGOs, and generates long-term improvements by systemically changing markets and enabling environments. Partnerships in the past have been either *'philanthropic'* with *only financial contributions*, *'opportunistic'* with contributions of money and core competencies but in an *ad hoc manner*, or *'strategic'* with systematic application of finances and core competencies *within an existing system*. By contrast, **transformational partnerships restructure the 'rules of the game' and catalyze wide-scale positive changes in behavior. This achieves greater scale and impact because the benefits accrue broadly, not just to the participants in the partnership.** Examples of transformational partnerships include:

- Broadening the market for a product or service that is crucial to development, such as restructuring health systems to support health insurance for the poor.
- Changing regulations to support sustainable growth, such as establishing standards that end procurement of conflict minerals.
- Changing global norms, rules, and market incentives to address systemic risk, like the introduction of a global carbon tax or a cap-and-trade regime.

**With their complementary resources and expertise, the UN and businesses have the capacity to create impactful and scalable partnerships; yet to do so they will need to overcome problems that have constrained their attempts to work together.** Among the most pressing issues are the following:

#### **Issues with the UN**

- The dominant UN culture is skeptical of using markets or harnessing commercial interests as solutions to development challenges. Demonstrating returns on investment, however, is vital for businesses to scale and sustain interventions.
- Promotions and staffing decisions at the UN depend little on performance, and there is little accountability within its ranks despite the recent focus on monitoring and evaluation of programs.
- Budgets in the UN lack flexibility to allot resources to large-scale projects that might be undertaken by partnerships; often the lion's share of funds is spoken for by member states' projects.

#### **Issues with business**

- Business leaders do not sufficiently recognize the benefits of, or encourage, integrating development goals into their business models.
- Business is not transparent enough about areas of potential conflicts of interest. Often there are many competing interests in one organization, which can result in tensions between maximizing short-term returns and promoting the development agenda.
- Indicators by which business measures and rewards success do not always account sufficiently for social and environmental externalities. Business needs to fully integrate social and environmental impacts, as well as financial returns.

**To address these issues, a change in attitudes and culture is required; and it starts at the top.**

As a first step to transformational change, there needs to be recognition at the highest level of leadership both within the UN and businesses of the criticality and benefit of UN-business partnerships. For the UN,

there is an enormous amount to gain in leveraging the technological and implementation expertise of business as well as their access to customers and markets. At the same time, businesses can benefit from the UN's unique convening power, credibility to reduce risks, and role as a neutral broker. The second step is to integrate this vision and recognition into the respective organizations.

The required attitude change must include the recognition by UN leadership that businesses play a key role in resolving some of the world's most critical problems through the pursuit of market-based, for-profit ventures which generate positive social and economic returns and minimize environmental impacts. Similarly, business leaders must recognize that they have a responsibility beyond bottom-line growth and a longer-term business interest in peace and security, environmental protection and responsibility, social integration, and economic growth.

**Discussions with UN and business leaders<sup>1</sup> in advance of the Davos session produced a number of suggested actions that could achieve transformational partnerships.** These include:

#### **Suggested joint actions**

- Commit to utilizing the respective core competencies of the UN and businesses
- Ensure that contributions of all partners directly address specific needs for achieving impact
- Monitor long-term, triple bottom line impact
- Rotate leaders between UN agencies and businesses, giving exposure to the "other" perspective and way of doing business

#### **Suggested actions for the UN**

- Commit adequate human and financial resources specifically to transformational partnerships
- Utilize core asset as a neutral broker and convener
- Measure and reward UN staff for performance that contributes to impact, with clear accountability for poor performance
- Maintain continuity of UN staff involved in transformational partnerships
- Enable partnerships that result in measurable returns / sustainability for business partners

#### **Suggested actions for business**

- Harness core business operations, value chains, and competencies
- Enhance trust & transparency, e.g. identify and communicate areas of potential conflicts of interest
- Recognize that benefits accrued through transformational partnerships may provide a first-mover advantage to specific businesses, but that exclusivity cannot be maintained
- Be willing to accept lower, short-term returns in exchange for longer term returns

Participants in this discussion should consider the following questions:

**What do the UN and businesses need to do differently to achieve transformational partnerships that result in scaled and sustainable impact?**

**What are the priority issues to address and potential solutions to explore in the next six months?**

This discussion is the first step of a process spearheaded by UN Global Compact Office and Unilever to collect practical recommendations that will be presented to the UN Secretary-General Ban Ki-moon at the 2011 UN Private Sector Forum in September.

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<sup>1</sup> Contributing business leaders include the leads of the UN Global Compact LEAD working group, Jane Nelson of Harvard University's Kennedy School of Government, Unilever and the UN Global Compact, as well as working group members Accenture, Acciona, BASF, The Coca-Cola Company, GlaxoSmithKline, Intel Corp., KPMG International, Novo Nordisk, Shell, Telefónica, and TNT Express. In addition, the UN Development Program, UNICEF, UNESCO, and the World Food Program were consulted in advance of this session and will continue to be involved in future. These interviews and briefing paper were realized with the support of Dalberg Global Development Advisors.