

Foreword by the United Nations Secretary-General

The United Nations of the 21st century is operating in a very different world from the one that existed at its inception 60 years ago. New threats such as HIV/AIDS, climate change and catastrophic terrorism have emerged or taken on heightened significance. New technologies have connected the world in ever-expanding networks of trade, commerce and cultural exchange. Awareness of global interdependence continues to spread. And with the resources, know-how and tools at our disposal today, ours is truly the first generation capable of defeating the age-old scourges of poverty and hunger.

If the United Nations is to be a useful instrument in responding to these challenges, and if it is to effectively serve the world's peoples, the Organization must keep pace with this changing world. That is why, in recent years, the United Nations has been engaged in a broad and continuous programme of institutional change and reform. An important component of this process has been the progressive opening of the United Nations to non-state actors, including business and civil society, as indispensable partners in our work.

Almost all United Nations agencies, funds and programmes are engaging in partnerships with business. Some of these partnerships have been designed to advocate specific causes; others have developed norms for business conduct; still others have sought to support the development and expansion of sustainable markets. Whatever form they take, they have proven to be a critical tool in achieving two complementary objectives: strengthening the work of the United Nations for development, security and human rights and introducing the Organization to different and sometimes more efficient ways of management.

This publication, a collaborative effort of the United Nations Global Compact Office and the Global Public Policy Institute, provides an overview of recent partnership activities in the United Nations, as well as the challenges the Organization faces in its efforts to engage the private sector and create effective coalitions for change. It suggests ways to make such collaboration more effective, and offers insights that could contribute to the ongoing reform effort. As we proceed along the path of organizational renewal, I hope this publication will be a source of inspiration to Governments, business, civil society and United Nations entities in our shared global mission of prosperity, dignity and peace.

Kofi Annan
Secretary-General of the United Nations
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Executive Summary

Partnering with business and civil society has turned into a necessity for the United Nations in order to “get the job done”.

The United Nations is currently undergoing the most significant transformation since its founding in San Francisco in 1945. Under the leadership of Secretary-General Kofi Annan, the United Nations has embarked on a road towards becoming a more effective and accountable institution. The end of the Cold War and the ongoing process of globalization have fundamentally transformed the environment within which the world body operates. One vital component of this process has been the progressive opening of the Organization to non-governmental actors, including civil society and business.

Originally conceived of as a purely intergovernmental organization, the United Nations has begun reaching out to civil society and business in search of new partners for shaping a new world. Partnerships with business and civil society have been one of the Organization's major innovations. The gradual and ongoing process of opening and engaging business and civil society is a result of the increasing realization that the world organization by itself will not be able to confront the manifold challenges of a globalizing world. In a world of complex and fast-changing transnational challenges, effective international cooperation among Governments is unquestionably more important than ever before. Yet, in order to effect change and improve the living conditions of billions of people in a sustainable manner, partnering with civil society and business is more than just an option. In many ways, it has turned into a necessity for the United Nations in order to “get the job done”.

The sustainability and impact of partnerships depends on the strength of partnership management and the degree to which partnerships feature local ownership.

Nurturing interface capacity is a process of profound institutional adaptation that necessarily involves changing institutional processes and attitudes.

Partnerships: A new growth industry

The sheer number of multisectoral partnerships that have developed during the past decade is astonishing. Their diversity defies both easy categorization and the drawing of general conclusions about what works and what does not. It is useful to loosely group partnerships under four functions: advocacy, developing norms and standards, sharing and coordinating resources and expertise and harnessing markets for development.

In **advocacy** partnerships, the United Nations partners with business and civil society in order to advance a cause or to place an issue on the global agenda. Such partnerships leverage the reputation and networks of the United Nations and key stakeholders to promote vital development issues, including the Millennium Development Goals (MDGs). As cases profiled in this report show, business can make an important contribution to agenda setting not only through financial support, but also through its expertise and extensive reach. This holds true both for the demand side, through outreach to its consumer base, and for the supply side, through its relations with suppliers and other business partners.

Other partnerships help to **develop codes of conduct** or other norms and standards that structure business conduct in the global economy. While generally not enforceable, such standards create reference frames that define acceptable behaviour. Standard-setting partnerships are the most complex and difficult to manage since they usually engage a broad variety of stakeholders. As some of the cases profiled in this report demonstrate, these stakeholders usually represent very diverse interests. As a result, such partnerships are contested spaces in which conflict and different perspectives need to be managed.

Partnerships can also serve as mechanisms to **share and coordinate resources and expertise**. In such cases, the United Nations partners with business and civil society in order to benefit from complementary resources and to coordinate different contributions to key development issues. Especially important in such partnerships is the dissemination and sharing of existing knowledge and technology. These partnerships often exploit economies of scale in knowledge generation and dissemination, thereby helping to build capacity in developing countries.

Finally, partnerships have also emerged as a novel means to **harness markets for development**. In such cases, the United Nations partners with business and civil society to support the development and expansion of sustainable markets – locally, regionally and globally. Such partnerships either provide access to markets, such as producer networks, or help to bridge or deepen markets by providing incentives for business to invest. Partnerships that provide access to markets are relevant especially for individual entrepreneurs and small businesses in developing countries that do not have the ability to market their products to consumers in the industrialized world.

Embedding a partnering approach in United Nations structure and culture: Accomplishments and challenges

Different types of partnerships pose different challenges in terms of their management, governance structure and accountability requirements. Research shows that the sustainability and impact of partnerships depends in particular on the strength of partnership management (i.e. agreement on clear goals and objectives, appropriate risk management, systematic evaluation and impact assessment etc.) and the degree to which partnerships feature local ownership.

Strong management and local ownership depend to a large extent on the ability of each partner – the United Nations, business, as well as civil society – to work effectively in multi-stakeholder alliances. Developing “interface capacity” is key in this context. Good interface capacity requires, among other things, that partnership work is integrated into the broader management frameworks of the individual partners. Nurturing interface capacity is not a series of fixed activities, such as one-off workshops or trainings. Rather, it is a process of profound institutional adaptation that necessarily involves changing institutional processes and attitudes as well as a deepening understanding about complex issues and how partnerships can help address them.

Encouraging first steps

During the past decade, the United Nations has begun to transform itself into an effective partnership player by nurturing such interface capacity. The trend towards working in partnership has triggered a process of structural and cultural change within the Organization. For example, various United Nations bodies have created dedicated partnership portfolios that facilitate engagement, harnessing partnerships to the mission and goals of their organizations. Others have taken first steps at decentralizing their partnership work by building capacity in regional and country offices – a key strategy to fostering local ownership in partnerships.

Almost all United Nations organizations have put guidelines in place that provide operational and legal guidance for the engagement of business and civil society. Today, most United Nations organizations work with staff who are experienced in building and managing partnerships. Some of these organizations have also started to include partnership management in job descriptions and provide various incentives for staff to reach out to external stakeholders. Many United Nations organizations have also launched websites geared at profiling their partnership activities and facilitating more effective outreach to potential partners. In many cases, the United Nations Global Compact has played a critical role in catalyzing these changes, particularly by reaching out to business, advocating business engagement within the United Nations and facilitating the internalization of United Nations Global Compact principles within the United Nations itself.

The United Nations Global Compact has played a critical role in catalyzing change in the United Nations.

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Remaining challenges

However, the process of structural and cultural transformation in the United Nations is by no means complete, nor has it progressed evenly across the system. The institutional reality in many United Nations organizations is still one in which partnership work remains at the institutional fringes, conducted parallel to, but disconnected from, the main lines of work. While some partnership units work with great commitment on partnership projects, the integration of their work into established work streams is often a challenge. As a result, often the United Nations finds it difficult to leverage its own core competencies to partnerships. Of course, this is not only true for the United Nations but also for many of its partners in business and civil society.

Another institutional reality is that some United Nations organizations have trouble supporting their commitment to partnerships with adequate resources (i.e. finances and staff). Very few United Nations organizations leverage resources specific to partnership activities. In some cases, partnership work has been added to the work programme of individual staff members already struggling to keep up with their existing work demands.

There are also practical impediments to more effective partnership building that almost all United Nations organizations grapple with. For example, a frequent criticism relates to legal hurdles that contribute to time lags in the implementation of partnerships. Another practical problem is the consistent application of partner selection schemes across the United Nations system. Some United Nations bodies use third-party certifiers; others engage in a case-by-case screening by themselves. Overall, there is a need for more consistency and greater transparency regarding partner selection.

Finally, another impediment to more effective partnership building is the lack of systematic and comparable impact assessment. Though individual partnership projects may be assessed as part of standard evaluation practices, these evaluations are usually not comparative. For the United Nations, impact assessment is not only important for accountability purposes – a comparative review of partnership engagements also forms the basis for higher-level strategy development and appropriate resource allocation as well as for learning.

Large-scale organizational change always takes time and requires sound strategy and sufficient resources. Also, there are no one-size-fits all solutions; each United Nations organization needs to develop its own, tailored approach towards partnering with business and civil society. Today, the United Nations is at a critical stage in this change process. Now is the time to learn from the experiences that have been made during the past decade and to take stock of what has worked and what has not. Some United Nations organizations have launched such strategic reviews. Others will hopefully soon follow.

It has become fashionable in recent years to dismiss the United Nations as a bureaucratic institution resistant to innovation and change. The innovative capacity and the degree of experimentation and organizational change that can be observed in the context of partnerships tell a different story. Partnerships have allowed the United Nations to become increasingly creative and sophisticated in its attempts to leverage the skills and resources of business and civil society toward the goals of the Organization. In fact, partnerships have become a catalyst for reform and institutional innovation across the entire United Nations system. The United Nations' value-based mission, convening power and geographical reach provide the Organization with unique strengths when partnering with non-governmental actors. These institutional strengths have proven to be important explanations for why business enters into partnerships with the United Nations. Furthermore, this report provides evidence confirming that once business accepts the United Nations' value proposition and aligns its practices with universal principles, a company's propensity to engage in operational initiatives increases significantly. United Nations principles can thus form a robust basis for long-term relation-

ships and ongoing engagement with business. The United Nations value proposition provides a profound incentive for its partners and should be further leveraged.

Governments are supporting this process by advocating and leveraging change in the United Nations. They also execute political oversight, thereby lending important legitimacy to the many ongoing initiatives. Many Governments actively participate in partnership projects themselves, as the case studies included in this report show. In fact, the participation of Governments – both local and national – is crucial for local ownership as well as partnership impact. Finally, many Governments have launched their own bilateral partnership programmes, reaching out to other stakeholders in order to enhance their work. Partnerships clearly serve as a vehicle for meeting Government goals and objectives. Governments should therefore continue to lend their backing for the United Nations as it reaches out to business and civil society – through oversight, progress reviews and resource support.

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