Effective and Accountable

UN-Business Partnerships at A Crossroads

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While the UN system and its agencies, funds, and programs have long entered into partnerships with companies, the increase in the number and types of collaborations in recent years, and concerns about transparency and accountability are raising red flags. To move forward constructively, the UN must find a balance between the need for adequate oversight with the desire for flexibility among UN entities for trying, and learning from, new partnership models. At the same time, new tools and approaches are needed for both measuring and ensuring the effectiveness of these partnerships.

Last year was a remarkable one for the United Nations: First, the Millennium Development Goals (MDGs) expired and the ambitious 2030 Agenda for Sustainable Development, more commonly known as the Sustainable Development Goals (SDGs), emerged and called on all countries, whether developing, emerging or industrialized, to play their part in achieving social, economic and environmental targets by the year 2030. Second, the process leading up to the Third International Conference on Financing for Development in Addis Ababa focused on how to leverage the needed means to implement this ambitious new global development framework. Third, 2015 saw the main thrust of a two-year long global discussion leading up to the World Humanitarian Summit in Istanbul on how to improve the effectiveness of the humanitarian system. Finally, the UN Climate Change Conference (COP21) in Paris led to a global climate deal.

Openness on both sides

What was novel about processes is that they provided a sustained and organized platform for the participation of the private sector, among other non-governmental groups and constituency representatives, to feed input into the debates and ultimately into the final agreements. In particular, it reflects the fact that governments and international organizations are increasingly recognizing the need and value of not just leveraging private sector resources for solving global problems, but also including businesses in discussions on how best to accomplish this. At the same time, many in the private sector are finding that greater social and environmental responsibility is not just good corporate citizenship, but good for business. This represents an excellent opportunity for the United Nations to not only take advantage of the resources, expertise and innovation potential of the private sector towards achieving its goals but to provide normative guidance to companies on how to align their operations with the values and principles espoused by the UN.

The inclusion of businesses in these high-profile global consultations is just one example of how the United Nations system is changing the way it approaches and engages with the private sector. At the same time, however, other developments are happening within the different United Nations agencies, funds, and programs. To take two interesting examples, the United Nations Refugee Agency (UNHCR) has launched UNHCR Innovation, a platform for engagement with the private sector and other actors to creatively address complex refugee challenges.[1] The United Nations Children's Fund (UNICEF) has developed and updated one of the UN's most advanced strategies for conceptualizing its different relationships with the private sector and maximizing their impact.[2]

However, the United Nations is currently at a crossroads with regard to the future of its engagements with the private sector. Despite the positive developments, there have also been failures and there remain considerable risks and challenges with regards to working with the private sector. Critical voices are calling for more oversight of partnerships within the UN system and are questioning the effectiveness of UN-business partnerships toward achieving their goals.

A brief history

In the late-1990s there was an increasing realization that the UN and national governments would by themselves not be able to confront the increasingly complex transnational challenges of a globalizing world. As it became increasingly clear that the organization required new knowledge, resources, and expertise, the United Nations began opening itself up and finding ways to engage with non-governmental actors from civil society and the private sector. While perhaps an innocuous idea now, back then this was a major innovation for the United Nations system and one which was firmly embedded in the broader efforts of UN reform and making the organization more effective.[3]

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[1] See innovation.unhcr.org/about-us/
[2] See www.unicef.org/partners/
[3] Jan Martin Witte/ Wolfgang Reinicke, Business UNusual: Facilitating United Nations Reform through Partnerships, United Nations Publications, New York 2005.

A number of publications go into detail on some of the most important milestones in the development of UN-business partnerships.[4] The most important milestone, however, is the General Assembly resolution “Towards Global Partnerships”, first agreed upon in December 2001, that stressed, “efforts to meet the challenges of globalization could benefit from enhanced cooperation between the United Nations and all relevant partners, in particular, the private sector”.[5] This resolution represented the first official mechanism for inviting the private sector to engage and the General Assembly has since passed “Towards Global Partnerships” resolutions on a biennial basis.

The ground for a significant expansion in UN-private sector partnerships was prepared. UN agencies, funds, and programs began to increase their capacity to deal with the private sector, share best practices and mitigate partnership risks. As a result, a broad range of collaborations emerged, ranging from small, local partnerships to massive global partnerships for tackling a particular issue.

Types of partnerships

The General Assembly defines partnerships as “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, as mutually agreed, to share risks and responsibilities, resources and benefits.”[6] The most intuitive categorization of partnerships is by function, namely by grouping partnerships together according to their main purpose. At a basic level, there are four categories of partnerships organized by function:[7]

- Resource mobilization partnerships, which aim to raise funds directly from companies, or through their customer bases, in order to enable UN entities to better fulfill their mandates.
- Implementation partnerships, which leverage the core business competencies of companies, for example, their products and services, in order to directly assist UN entities to implement programs;
- Standard-setting partnerships, which aim to set change behavior of companies or sectors by setting voluntary standards beyond existing regulation; and

[4] See, for example, Felix Dodds, Multi-Stakeholder Partnerships: Making them Work for the Post-2015 Development Agenda, Independent Study 2015 or Wade Hoxtell/Domenica Preysing/Julia Steets, Coming of Age: UN-Private Sector Collaboration since 2000, United Nations Global Compact Office, New York 2010.
[5] UN Doc. A/RES/56/76, 11 December 2001, p. 1.
[6] UN Doc. A/RES/70/224, 22 December 2015, par. 2.
[7] Based on a typology presented in: Wade Hoxtell/Maximilian Norz/Julia Steets/Kristina Thomsen, UN-Business Partnerships: A Handbook, United Nations Global Compact Office, New York 2013 as well as from Marianne Beisheim/Nils Simon, Multi-Stakeholder Partnerships for Implementing the 2030 Agenda: Improving Accountability and Transparency, Analytical Paper for the 2016 ECOSOC Partnership Forum, www.un.org/ecosoc/sites/www.un.org.ecosoc/files/files/en/2016doc/partnership-forum-beisheim-simon.pdf

- Advocacy partnerships, which leverage the reach and visibility of companies to help advocate for action on specific global issues.

Any categorization of partnerships, however, is mostly an illustrative exercise. In reality, partnerships often have multiple goals and, as such, these categories are not mutually exclusive. Increasingly, as UN entities have gained experience in designing and implementing partnerships together with their partners, they have incorporated elements of all of these models into each of their partnerships in an effort to maximize their overall impact.[8] This approach of designing more multifaceted partnerships, as opposed to only fundraising, emerged partly out of the realization that UN-business collaboration is not a silver bullet and that the financial contributions of the private sector are and will remain limited. This coincided with the shift of companies away from the primarily philanthropic approach of corporate social responsibility towards a more strategic approach, namely to leverage their core expertise, products, and services towards humanitarian and development goals which, often, can be good for business as well.

Challenges and perspectives

As a result of these corresponding trends, partnerships have become much more strategic and more focused on leveraging the strengths of each partner for achieving development or humanitarian outcomes. As per the General Assembly definition of partnerships, this also means a more equitable sharing of risks, responsibilities, and benefits. This is a positive development. However, with increasingly complex and, potentially, risky partnerships, new challenges arise which the UN must address.

The future of the United Nations' cooperation with business is inextricably linked with both building upon the successes and failures of the past and addressing the legitimate concerns regarding the potentially negative consequences of corporate engagement in the UN system, for example, negative corporate influence or the potential role of partnerships in fragmenting global governance.[9] Two of the most prominent discourses at present focus on the need for effective oversight and the pursuit of greater effectiveness.[10]

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[8] Enhanced Cooperation Between the United Nations and All Relevant Partners, in Particular the Private Sector, Report of the Secretary-General, UN Doc. A/70/296, 6 August 2015.

[9] For more detail on the arguments against multi-stakeholder partnerships see, for example, Peter Utting/Ann Zammit, United Nations-Business Partnerships: Good Intentions and Contradictory Agendas, Journal of Business Ethics, 5/2009, p. 39–56.

[10] For more information on challenges see Enhanced Cooperation Between the United Nations and All Relevant Partners, in Particular the Private Sector, Report of the Secretary-General, UN Doc. A/66/320, 23 August 2011; Enhanced cooperation between the United Nations and all relevant partners, in particular the private sector, Report of the Secretary-General, UN Doc. A/68/326, 15 August 2013 or UN Doc. A/70/296, 6 August 2015.

More oversight?

Critical voices within the United Nations argue that the UN's engagements with the private sector have expanded beyond the purview of intergovernmental oversight, resulting in serious transparency and accountability issues.[11] The General Assembly is the main body responsible for overseeing partnership activities between the United Nations system and the private sector.

The primary mechanism in this respect is the biennial agenda item "Towards Global Partnerships" which both provides a mandate to United Nations entities to work with the private sector as well as detailing specific measures needed in order to ensure that these engagements are being conducted effectively and in a way consistent with the values of the United Nations. In addition, each agency, fund, and program also have their own oversight mechanisms for ensuring that engagements with companies are not damaging to the UN brand, are not leading to what could be considered negative corporate influence on their activities, and that partnerships are conducted in an effective and responsible manner. Tools in this respect include, for example, due diligence research for screening out potentially "bad" partners as well as guidelines for ensuring partnerships adhere to standards set by the UN or each individual entity.

Concerns of the UN Member States

However, with the growth in the number and types of UN-business engagement across the United Nations system, there is a feeling among some United Nations member states that they are no longer able to ensure that partnerships are coherent, transparent, align with the norms of the United Nations and that they are held accountable for their actions.[12] In this context, there are two key challenges moving forward. First, the UN needs to address the trade-off between, on one hand, the real or perceived need for more centralized or system-wide oversight mechanisms and, on the other hand, the desire to let United Nations entities to try something new or innovative. Too little oversight could lead to serious damage to the UN brand worldwide while too much oversight will complicate the ability of UN entities to both find good partners and to try innovative partnership models.

Second, member states also need to self-reflect the indirect role they themselves are playing in potentially enabling risky or ineffective collaborations with companies. Linked to the debate on oversight are the actual drivers that push UN entities to seek out collaborations with the private sector. One important, though oft-neglected driver is that agencies, funds, and programs are facing financial shortfalls that affect their ability to fulfill their mandates. A major challenge in

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[11] See for example UN DESA, Multi-stakeholder partnerships on implementing the 2030 Agenda: Improving accountability and transparency, draft summary of an expert group meeting, www.un.org/ecosoc/sites/www.un.org.ecosoc/files/files/en/2016doc/egm-summary.pdf

[12] See, for example, www.g77.org/statement/getstatement.php?id=160331.

this respect is the relative decrease of "core" funding, or non-earmarked contributions to UN entities, as compared to "non-core" funding, namely those contributions which are earmarked for specific programs or priorities.[13] Core funding contributions are unrestricted in that their use is linked to the multilateral mandates and strategic plan priorities of entities. As such, core funding is much more attractive for UN entities as they can allocate that funding according to their need.

'Mission Creep'

As core-funding contributions decrease, however, UN entities are increasingly seeking out needed extra resources for under-funded programs from external actors, particularly foundations and the private sector. An additional consequence of this is the exacerbating of 'mission creep', whereby UN entities adopt issues traditionally not part of their mandate in order to attract potential private sector partners or additional funding. While this development may happen regardless, it is particularly problematic in this context because it leads to a situation where UN agencies are often directly in competition with each other for increasingly valuable corporate partners.[14] This provides incentives for UN entities to lower the value of their own brands or the conditions of their partnership in an effort to attract partners. This can lead to a "race to the bottom" with regards to UN integrity.

Instead of using partnerships with the private sector as a complement to institutional resources and in ways that add value, as originally conceived and promoted, some agencies are using their private sector engagements as a substitute for member state contributions. As such, they focus on achieving fundraising goals instead of focusing on directly achieving their mandates, which is a concerning development.

While it is critical for member states to provide policy guidance on UN-business partnerships through the General Assembly, and perhaps to push more coherence on guidelines and due diligence, the likely most effective model of oversight is to ensure that agencies, funds, and programs have functioning mechanisms in place to ensure the UN's integrity is protected. This oversight should, though, also leave space for and encourage experimentation and to provide platforms for learning from one another what works and what does not. Member states should keep both of these issues in mind and consider how they themselves can reverse these trends before introducing overly bureaucratic and inflexible rules for approving or monitoring partnerships at the levels of UN entities.

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[13] Implementation of General Assembly resolution 67/226 on the Quadrennial Comprehensive Policy Review of Operational Activities for Development of the United Nations System, Report of the Secretary-General, UN Doc. A/70/62–E/2015/4, 13 January 2015.

[14] UN Doc. A/68/326. 15 August 2013, p. 10.

The pursuit of effectiveness

There are numerous resources available to UN partnership practitioners on how to design and conduct partnerships effectively. The United Nations Global Compact Office (UNGC) has released a number of guidance documents and studies over the years, conducts occasional webinars and training on partnership issues, and organizes an annual "UN-Business Private Sector Focal Points" meeting that brings together partnership practitioners within the United Nations, and sometimes together with business representatives. Organizations such as UNICEF, the World Food Programme (WFP) and UNHCR, for example, are testing new kinds of UN-business collaborations and are sharing their experiences with other agencies, while the United Nations System Staff College provides courses on partnering effectively. Moreover, many UN entities take advantage of the resources and expertise of external partnership trainers and brokers.

Despite these resources and accumulated experience, the challenges, and risks of partnering effectively with the private sector remain. Partnerships, particularly the more strategic and comprehensive models that have emerged in recent years, entail high transaction costs and require significant human and financial resources to conduct partnerships at all, let alone effectively. Critics point out, however, that many UN-business partnerships fail to accomplish any of their stated goals or that the benefits are not exceeding the cost or justifying the risk to the UN's brand.[15]

Lack of measurement tools

The UN system does not have the tools available to accurately measure to what extent its partnerships with the private sector are providing a net aggregate benefit. Those tools that do exist have proven to be deficient. For example, in 2004 the Commission on Sustainable Development launched a database in order to promote the sharing of experience and knowledge on partnerships, as well as to track results through voluntary reporting.[16] Such voluntary databases, however, have a self-reporting bias and do not lend themselves to the collection of accurate or representative data. In fact, a recent report by the Secretary-General has confirmed the weaknesses of this database.[17] Yet some studies have nevertheless drawn negative conclusions regarding the effectiveness of UN-business partnerships based on this data.[18] This is unfortunate as it presents a skewed picture of what is really happening. It may, in

[15] See, for example, Philipp Pattberg/Frank Biermann/Sander Chan/Ayşem Mert, Public-Private Partnerships for Sustainable Development. Emergence, Influence and Legitimacy, Cheltenham 2012.
[16] See sustainabledevelopment.un.org/content/dsd/dsd_aofw_par/par_about.shtml
[17] Lessons learned from the Commission on Sustainable Development, Report of the Secretary-General, UN Doc. A/67/757, 26 February 2013.
[18] See Philipp Pattberg/Frank Biermann/Sander Chan/Ayşem Mert, loc. cit. (note 15).

fact, be that partnerships as a mechanism for achieving UN goals are more successful than this data lets on. They may also be less successful.

However, it is not a straightforward exercise to judge the effectiveness of partnerships or to draw broad-based conclusions on incomplete, non-standardized and overly subjective data. This is due to a number of reasons, including that partnership effectiveness is not only about measuring short-term, easily measurable outcomes. Moreover, it is often the case that those responsible for finding and implementing partnerships within UN entities, whose positions may depend on their performance in this regard, are also responsible for unilaterally self-reporting partnership results as well as conducting due diligence. This creates a clear conflict of interest by setting an incentive framework that may clash with the desire for an accurate and objective reporting of results as well as the need to protect the integrity of the UN by weeding out "bad" partners.

Recommendations on partnerships

The fact is, no matter how much experience United Nations entities gain, or how many sessions of training are conducted, UN-business partnerships will always be work-in-progress. Operational challenges will always be an issue. Due to the myriad of variables that go into designing a partnership, there can be no golden template or automation of this process. Despite these intrinsic challenges, three things can improve the effectiveness of UN-business partnerships.

First, while it is critical to ensure that these failures do not cause harm to the reputation of the United Nations it is equally critical to embrace both "trying by doing" and failure as a learning mechanism. In this respect, the responsible efforts of UN entities to try new and potentially more effective and impactful partnership models should not be overly restrained by, for example, a centralized oversight mechanism. Both guidelines and flexibility are needed, as are stronger knowledge sharing and learning platforms.

Second, it is not enough to judge only the effectiveness of "partnerships" as a collaborative mechanism for solving problems. The United Nations also needs to take a sober look at the question of its own role in enabling and hindering effective partnerships. In some cases, it is the capacities and procedures of the United Nations itself that lead to ineffective partnerships.[19] One way to improve this is for the UN – or the partnerships themselves - to provide the needed resources for evaluating and learning from partnerships, which can identify and differentiate the causes of ineffective partnerships and ensure that these lessons are both learned and shared.

[19] Interview with a representative from UNHCR, 24 April 2013.

Finally, UN entities need to implement a more effective mechanism for measuring results of partnerships and to determine which models tend to function better than others and why. While voluntary databases and websites can serve as illustrative examples of how the UN and businesses can work together, lessons from the past have shown that obtaining accurate and relevant data through such platforms is a real challenge. This difficult task could most effectively be conducted by evaluation staff within each respective entity who are not stakeholders themselves in the partnership. How each UN entity comes to terms with this challenge, however, remains an open question.