

**THE UNITED NATIONS SYSTEM –
PRIVATE SECTOR PARTNERSHIPS ARRANGEMENTS
IN THE CONTEXT OF THE
2030 AGENDA FOR SUSTAINABLE DEVELOPMENT**

Prepared by

Petru Dumitriu

Joint Inspection Unit

Geneva 2017



United Nations

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EXECUTIVE SUMMARY

The United Nations system – Private sector partnership arrangements in the context of the 2030 Agenda for Sustainable Development

JIU/REP/2017/8

A new momentum

The concept of partnerships as a vehicle through which the United Nations can facilitate actions to achieve development goals has evolved over decades. Since the adoption of the Millennium Development Goals and the launching of the Global Compact, the use of partnerships with the private sector as a means of implementing United Nations objectives has been increasingly recognized by Member States. The multiple commitments undertaken through the adoption of the 2030 Agenda for Sustainable Development include the Global Partnership - Goal 17, as an essential instrument for capturing expertise and knowledge and mobilizing financial as well as in-kind resources from multiple sources, including the private sector.

In its previous reports on some aspects of cooperation between the United Nations system and the private sector, the Joint Inspection Unit looked into the basic elements necessary for undertaking successful partnerships and for protecting the image, reputation and values of the United Nations. Special attention was paid to self-protecting measures to mitigate reputational risk and misuse of the United Nations symbols.

The current review started from the widely shared conviction that the 2030 Agenda for Sustainable Development provides unique momentum for a renewed engagement of the private sector in the service of the United Nations goals. Such a need is not only dictated by the authority of the 2030 Agenda but is also an expression of the changes in the conditions for global collective action and the rise of non-governmental emerging powers, which are able to act more swiftly than multilateral intergovernmental processes.

While acknowledging and reviewing the existing safeguards regarding due diligence and risk management, this report places emphasis on making the United Nations system more effective in its cooperation with the private sector to support the 2030 Agenda and to foster sustainability in their business models.

The imperative for change

The Inspector intends to find ways of improving the existing arrangements for cooperation with the private sector to reflect the new context, namely the holistic, integrative and universal approach of the 2030 Agenda. The changes needed are not easy to carry out. Yet, the United Nations system cannot “transform the world” unless it transforms itself. High-level political commitments contained in the 2030 Agenda still represent an aspiration; they do not describe the existing reality. They rather imply a process that needs to be supported by concrete and effective changes in the current normative, administrative and operational arrangements.

It is against this background that the Inspector suggests in the report possible lines of action to be taken by the United Nations system to indicate its own readiness to adapt itself to the imperatives of its current responsibilities on the one hand, and to convey this vision and these goals to the private sector and motivate the latter to internalize them and put them into practice on the other hand.

An overwhelming majority of United Nations organizations have adapted, or are in the process of adapting, their respective strategies and/or policies to reflect the 2030 Agenda. The review ascertains the existence of advanced and comprehensive practices for dealing with the private sector. In the review, the Inspector does not attempt to focus on individual United Nations system organizations. A valuable collection of mature frameworks and formal agreements regarding partnerships with the private sector is already available. What is needed is more system-wide coordination and efficiency.

A focus on system-wide action

Indeed, a new wave of creating silos is once again taking place. This is being done with the same good intentions for the future but following the same individualistic ways as in the past. While many organizations consider the 2030 Agenda as an overall framework to guide their work, most of them indicated that there was a need for a consistent and coordinated approach to engagement with the private sector, from a United Nations system-wide perspective.

The 2030 Agenda also calls imperatively upon all stakeholders to “enhance policy coherence for sustainable development”. While contributing to the global goals of the 2030 Agenda, the United Nations should provide such policy coherence internally, namely at the system-wide level. This explains the main emphasis placed on recommendations for joint action in the report.

The report looks into the supporting framework provided by the United Nations system to facilitate the contribution of the private sector to the implementation of the 2030 Agenda with regard to several aspects: legal, financial, administrative, operational and motivational. The report favours system-wide solutions that will fuel permanent and reliable forms of inter-agency interaction, resource pooling and knowledge sharing. The recommendations are intended to be realistic and do not necessarily require additional financial resources. Instead, they call for additional willingness to fight individual resistance to change and institutional inertia.

The report was also inspired by the increased need for a gradual shift in emphasis from ad hoc, short-term partnerships, focused primarily on resource mobilization, to multiple, long-term, more strategic and stable forms of collaboration with the private sector. While aware of the pre-existence of counterarguments, the Inspector also took the opportunity to recommend system-wide coordination on innovation partnerships. The implementation of this recommendation may prove that the system can indeed “deliver as one”, at least on a newly emerged priority and in the environment conducive to change that the 2030 Agenda has created.

Converging wills

The Inspector is pleased to note that the spirit of some recommendations made in this report has also been underpinned by the Secretary-General’s report titled “Repositioning the

United Nations development system to deliver on the 2030 Agenda: ensuring a better future for all”. As several recommendations are addressed directly to the Secretary-General, the Inspector hopes that the potential synergies and complementarity will be valued during implementation.

Although the global engagement of the private sector regarding the Sustainable Development Goals is still at an early stage, and much remains to be done, the Inspector ascertained that progress is being made, at least at the level of perception and awareness among diverse players in the private sector itself. Some companies have already included sustainability as part of their business models. Small and medium-sized enterprises represent an immense potential source of support for the Sustainable Development Goals. This category of companies is largely uncharted and unutilized. While the Global Compact is already a useful tool for fostering enthusiasm in the private sector, the local Global Compact networks are waiting for new guidance and inputs to facilitate the activation of latent enthusiasm.

A majority of the private sector entities, irrespective of their size and specificities, still need information about and understanding of the nature and the scope of the Sustainable Development Goals, and of the modalities by which they can engage with the Goals. Certainly, these educational efforts are a major responsibility of the United Nations system as the orchestrator and facilitator of partnerships at regional, national and global levels.

Action line I: revision of the Guidelines

Recommendation 1

The General Assembly of the United Nations should consider a review of the “Guidelines on a Principle-based Approach to the Cooperation between the United Nations and the Business Sector”, with a view to reflecting the changes needed to bring about the increased contribution expected from the private sector in the implementation of the 2030 Agenda for Sustainable Development and their system-wide implications, based on a report by the Secretary-General of the United Nations to be submitted during the seventy-third session of the General Assembly. The review should take into account an updated common interpretation of General Assembly resolution 92 (I), entitled “Official Seal and Emblem of the United Nations”, shared by the network of legal advisers from all United Nations organizations that are members of the United Nations System Chief Executives Board for Coordination.

Particular attention should be paid to the scope of the “authorization by the Secretary-General”, the meaning of “prohibition” and the definition of “commercial purposes”. This common interpretation will be reflected in the revision of the Guidelines. The use of individually conceived and adapted logos for specific activities, projects and campaigns, limited in scope and time, should also be considered in this context, while stipulating in the partnership agreements adequate safeguards for their protection. All things considered, the revision process should be aimed at an outcome that remains pragmatic, agile in scope and implementation and, at the same time, rigorous.

Action line II: towards a system-wide coordinated operational framework

Recommendation 2: A set of rules and operational guidelines for partnerships with the private sector

The Secretary-General of the United Nations should propose, after prior consultation with all participating organizations, a set of rules and operational guidelines designed to match the specific needs of the partnerships with private sector entities, allowing for greater flexibility, simplification of procedures and speed in reaction. The proposals of the Secretary-General should be submitted to the General Assembly, at the latest during its seventy-fourth session (2019–2020).

The possible changes may include, inter alia:

- More flexible financial rules governing the transfer of funds in relation to businesses, in the specific context of partnerships
- A methodology for the valuation of in-kind contributions
- Allowance for innovative financial tools to facilitate the co-creation and co-development of projects
- The introduction of selection criteria related to the promotion and use of sustainable development practices in the rules on procurement, where applicable and in an adequate form
- Re-evaluation of the red lines between partnership and procurement
- The simplification of the internal operational processes and workflow
- Increased delegation of authority to lower managerial and operational levels where appropriate, while taking additional measures aimed at building capacity and increasing accountability and transparency
- An outline of soft, system-wide guidelines on monitoring, assessing, and reporting on partnership engagement with the private sector.

Such a minimum set of rules and operational guidelines should be considered, keeping in mind the need to simplify, as opposed to adding layers to, existing processes and workflow. The common frameworks, when feasible, should not necessarily entail joint operational procedures if they cannot reflect the specificity of individual mandates.

Recommendation 3: brokering partnerships and providing advice

The Secretary-General of the United Nations and the heads of United Nations system organizations, assisted by the United Nations Global Compact, should coordinate and streamline a unique, system-wide package of information about the opportunities for partnerships offered to the private sector by the Sustainable Development Goals, for the benefit of interested organizations.

The package should contain a description of the specific needs and requirements of the United Nations system, an indication of the potential partners, and existing good practices, and is to be used by all interested private companies as a single entry point, in a consistent,

uniform and comprehensive way. It may be built around a central existing platform or by bringing together all the existing initiatives in a single platform with multiple entries. The system-wide package is not meant to preclude or prevent individual organizations from using existing information and communications modalities that are strictly specific to their own mandates.

Recommendation 4: streamlining responsibilities within the United Nations Secretariat

Within his current reform initiatives, the Secretary-General of the United Nations should review, streamline, clarify and strengthen the division of labour and the specific lines of responsibility and accountability within various departments of the Secretariat, in particular the mandate of the United Nations Office for Partnerships “to provide advice on, guide and facilitate partnership events and initiatives in support of the Sustainable Development Goals”.

Recommendation 5: enhanced role for the Private Sector Focal Points Network

The heads of United Nations organizations should enhance the role and responsibilities of the Private Sector Focal Points Network with regard to sharing knowledge, promoting good practices and finding innovative solutions to problems related to partnerships with the private sector, including by entrusting them with specific tasks and agenda items on which to report.

Action line III: towards a common vetting system

Recommendation 6: a system-wide database

All heads of the United Nations system organizations, assisted by the United Nations Global Compact, should jointly create a common database on the profiles and performance of the businesses that are involved, or potentially interested, in partnerships with the United Nations, based on the information voluntarily submitted by the participating organizations.

With inputs and feedback coming from and accessed by all organizations, the database should serve as a minimal resource in any vetting and due diligence processes, without prejudice to the final decision of each participating organization. A special chapter of the database should include shadow reports from civil society organizations.

Recommendation 7: common standard procedures and safeguards for due diligence

The Secretary-General of the United Nations and all the executive heads of participating organizations should identify and agree on a minimum set of common standard procedures and safeguards for an efficient and flexible due diligence process,

to be applied system-wide in a transparent way by the United Nations operational staff engaged in the initiation and implementation of partnerships with the private sector.

The Inspector is aware of the existing advanced due diligence systems, which have been developed in organizations that may not see added value in a common vetting system. However, many other organizations, as well as entities under the authority of the United Nations Secretariat, have pointed out the need for a common approach. Recommendations 6 and 7 do not propose a “common” system in the sense of “centralized” and “compulsory”. They propose only a common resource for voluntary use by interested organizations, in a more efficient and transparent way than in the current situation.

Action line IV: winning the Global Compact’s new battles

Recommendation 8: revised mandate for the Global Compact

The General Assembly, based on a report by the Secretary-General, should initiate a revision of the current mandate of the Global Compact, which should include, inter alia:

- **A clearer role of the Global Compact, at the global and national levels, in effectively engaging the business sector to support the implementation of the 2030 Agenda**
- **An enhanced role for Member States in its governance structure**
- **An updated definition of the relationship between the Global Compact Office and the Foundation for the Global Compact, with an emphasis on the transparency of the Foundation’s fundraising activities**
- **A clear definition of the relationship between the Global Compact headquarters and the Global Compact Local Networks.**

Action line V: enhancing ownership and partnership at the regional and country levels

Recommendation 9

The Economic and Social Council should invite the Executive Secretaries of the regional economic commissions, if they have not already done so, to initiate and institutionalize a systematic and regular consultative dialogue with high-level representatives of private sector companies that contribute or have expressed interest in contributing to the implementation of the 2030 Agenda for Sustainable Development.

Recommendation 10

The Secretary-General of the United Nations should encourage, in concertation with the executive heads of the Joint United Nations Programme on HIV/AIDS, the United Nations Development Programme, the United Nations Educational, Scientific and Cultural Organization, the United Nations Population Fund, the Office of the United Nations High Commissioner for Refugees, the United Nations Children's Fund, the United Nations Industrial Development Organization, the United Nations Office for Project Services and the World Food Programme and the executive heads of any other interested United Nations organizations with a presence in the field, a multi-stakeholder mechanism of consultations and solution-seeking at the country level, steered by the Resident Coordinator, in which the businesses are involved from the beginning in the design of partnerships in support of the 2030 Agenda for Sustainable Development. Where such mechanisms initiated by Governments exist, the United Nations country teams should encourage multi-stakeholder participation.

Action line VI: towards system-wide innovation coordination

Recommendation 11: coordination of innovation partnerships

The Secretary-General, in his capacity as Chair of the United Nations System Chief Executives Board for Coordination, and the executive heads of interested organizations, should build on existing and ongoing efforts and continue to empower the United Nations Innovation Network or other existing United Nations joint innovation initiatives to identify and discuss issues that are relevant for the coordination of the existing innovation initiatives, funds, labs, accelerators and incubators, and their interface with the private sector, with a view to facilitating and stimulating innovation in the implementation of the 2030 Agenda.

Action line VII: a platform for small and medium-sized enterprises

Recommendation 12: support for engagement by small and medium-sized enterprises

The Secretary-General should request the United Nations System Staff College Knowledge Centre for Sustainable Development, in cooperation with the International Trade Centre, to host a system-wide online platform to facilitate communication with micro, small and medium-sized enterprises on the 2030 Agenda, interaction among enterprises, information on access to funding, promotion of good practices and opportunities to engage with United Nations operations.

Soft action lines: building an esprit de corps around the Sustainable Development Goals — engagement, trust and accountability

The Inspector recommends that the executive heads of the United Nations organizations, where appropriate, encourage human resources exchanges with businesses (internships, joint training programmes, sabbatical years, etc.) on a reciprocal or unilateral basis, in order to bridge the cultural and operational differences and incompatibilities, as well as to create a pool of experts capable of understanding and guiding partnerships both ways (para. 119).

The Inspector recommends that the heads of United Nations organizations, if they have not already done so, consider using a system of symbolic awards related to the Sustainable Development Goals, when appropriate, individually or system-wide, aiming at recognizing and rewarding publicly companies that have introduced into their business models the sustainability elements contained in the 2030 Agenda for Sustainable Development, based on clear and transparent criteria, and supported by verifiable evidence (para. 122).

The Inspector recommends that the Global Compact identify existing external professional services that could provide an impartial and objective certification or rating of companies according to their adherence to and implementation of the Sustainable Development Goals, based on a strict and transparent methodology, which would include inputs from the United Nations system organizations and civil society organizations. The Inspector also recommends that the Global Compact encourage those professional services to provide such certifications or ratings. When doing so, special attention should be paid to preserving the impartiality and objectivity of the United Nations (para. 123).

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CONTENTS

<i>Chapter</i>		<i>Page</i>
	EXECUTIVE SUMMARY	iii
	ABBREVIATIONS.....	xii
	INDEX	xiii
I.	INTRODUCTION.....	1-26 1
	A. Background	1-6 1
	B. The new context: the 2030 Agenda for Sustainable Development	7-12 2
	C. Terminology	13-16 2
	D. Objectives and intended impact	17-20 3
	E. Methodology	21-26 4
II.	NORMATIVE BASIS	27-67 6
	A. United Nations Guidelines and individual organizations' norms.....	30-46 6
	B. Legal forms and operational frameworks.....	47-55 9
	C. Changes made after the adoption of the 2030 Agenda..	56-67 10
III.	OPERATIONAL AND ADMINISTRATIVE ASPECTS OF PARTNERSHIPS.....	68-126 14
	A. Motivation	69-75 14
	B. Challenges and obstacles.....	76-108 15
	C. Human resources	109-126 20
IV.	TOWARDS MORE SYSTEM-WIDE COHERENCE.....	127-159 23
	A. The 2030 Agenda and the opportunity for change	127-138 23
	B. Due diligence: from “do not harm” to “do good”	139-159 25
V.	THE ROLE OF THE GLOBAL COMPACT: A RENEWED ENGAGEMENT	160-195 31
	A. Global Compact governance: the role within the United Nations Secretariat	167-176 32
	B. Global Compact governance: the role at the United Nations system-wide level	177-180 34
	C. Global Compact action: focusing on increased engagement among businesses.....	181-183 34
	D. The Global Compact and the Sustainable Development Goals	184-195 36
VI.	MOVING FORWARD.....	196-225 38
	A. Delegation of operational authority at the regional and national levels.....	198-203 38
	B. Innovation partnerships	204-220 39
	C. Stimulating small and medium-sized enterprises.....	221-225 42
ANNEXES		
I.	Overview of actions to be taken on recommendations	44

ABBREVIATIONS

CEB	United Nations System Chief Executives Board for Coordination
DESA	Department of Economic and Social Affairs
ESCAP	Economic and Social Commission for Asia and the Pacific
ECOSOC	Economic and Social Council
ICAO	International Civil Aviation Organization
ICC	International Chamber of Commerce
ILO	International Labour Organization
IOE	International Organization of Employers
ISO	International Organization for Standardization
ITC	International Trade Centre
ITU	International Telecommunication Union
JIU	Joint Inspection Unit
OCHA	Office for the Coordination of Humanitarian Affairs
OECD	Organization for Economic Co-operation and Development
OHCHR	Office of the High Commissioner for Human Rights
OIOS	Office of Internal Oversight Services
SDG	Sustainable Development Goal
SDIP	Sustainable Development Investment Partnership
UNCTAD	United Nations Conference on Trade and Development
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNGC	United Nations Global Compact ('the Global Compact')
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNIN	United Nations Innovation Network
UNITAR	United Nations Institute for Training and Research
UNOP	United Nations Office for Partnerships
UNOPS	United Nations Office for Project Services
UN-Women	United Nations Entity for Gender Equality and the Empowerment of Women
UNWTO	United Nations World Tourism Organization
USAID	United States Agency for International Development
WFP	World Food Programme
WHO	World Health Organization
WMO	World Meteorological Organization

INDEX

Entity	Page number
CEB:	10, 23, 41, 44
DESA:	8, 9, 20, 38
ECOSOC:	38, 39, 40
ESCAP:	5, 39
ICAO:	7, 11, 21, 44
ICC:	14, 15
ILO:	6, 7, 9, 10, 11, 16, 20, 37, 44
IOE:	14, 15
ITC:	1, 12, 43, 44
ITU:	6, 44
OCHA:	7, 19
OHCHR:	7
OIOS:	33
UNCTAD:	7, 44
UNDP:	7, 9, 11, 14, 16, 19, 20, 21, 28, 35, 40, 41, 44
UNECE:	1
UNEP:	7, 16, 19, 20, 44
UNESCO:	7, 22, 44
UNFPA:	9, 11, 16, 20, 40, 41, 44
UNGC:	1, 3, 4, 9, 14, 15, 19, 20, 22-26, 28, 29, 31-38
UNHCR:	12, 19, 40, 41, 44
UNICEF:	7, 9, 11, 16, 19, 20, 21, 22, 26, 27, 31, 40, 41, 44
UNIDO:	7, 11, 20, 44
UNIN:	41
UNITAR:	19
UNOP:	19, 20, 33
UNOPS:	40, 41, 44
UN-Women:	9, 11, 40, 41, 44
UNWTO:	6, 44
USAID:	16
WBCSD:	4, 15, 20
WFP:	7, 9, 11, 14, 16, 19, 20, 21, 27, 40, 41, 44
WHO:	7, 18, 19, 44
WMO	12, 44

I. INTRODUCTION

A. Background

1. As part of its programme of work for 2017, the Joint Inspection Unit (JIU) conducted a review of the partnership arrangements between the United Nations system and the private sector in the context of the 2030 Agenda for Sustainable Development. The proposal for the review was initially formulated by the coordinating Inspector under the title “Review of the concepts and practices of cooperation with the private sector in achieving the Sustainable Development Goals” and was subsequently backed by two other similar proposals coming from the Economic Commission for Europe and the International Trade Centre (ITC).
2. In the past, JIU has reviewed from different perspectives the issue of partnerships with the private sector,¹ such as the frameworks in place, rules or guidelines regulating this type of cooperation, and risk management.
3. Notably, in 1999, the report on “Private sector involvement and cooperation with the United Nations system” (JIU/REP/1999/6) recommended that the JIU participating organizations should set realistic objectives and expectations for their partnerships with the private sector, and that these should be clearly enunciated and publicized, possibly through the adoption of a strategic document. The report also recommended outreach programmes targeting businesses and the designation of focal points for the private sector. Furthermore, the report recommended the drafting of guidelines on relations with the private sector. In implementing these recommendations, the Secretary-General issued the first guidelines for cooperation between the United Nations and the business sector.² The guidelines established a common framework, which applies to the United Nations Secretariat and United Nations funds and programmes, and are intended to constitute a model for specialized agencies and other organizations of the United Nations system.³
4. Later, the note on “Corporate sponsoring in the United Nations system: principles and guidelines” (JIU/NOTE/2009/1) reviewed the principles, criteria and guidelines governing corporate sponsoring activities, with a view to reducing associated risks and enhancing the coherence of such activities from a system-wide perspective.
5. The subsequent review on “United Nations corporate partnerships: the role and functioning of the Global Compact” (JIU/REP/2010/9) looked specifically into the role and responsibilities of the Global Compact initiative. The report formulated recommendations towards effective, transparent and accountable management of this type of institutional interface with the private sector.
6. The current report provides recommendations aimed at improving the existing arrangements of cooperation with the private sector in the new context, namely the holistic, integrative and universal approach of the 2030 Agenda for Sustainable Development.

¹ JIU/REP/2010/9, JIU/NOTE/2009/1 and JIU/REP/1999/06.

² See A/56/323, paras. 91 and 92.

³ See business.un.org/en/documents/5292.

B. The new context: the 2030 Agenda for Sustainable Development

7. The review started from the widely shared assumption that the 2030 Agenda for Sustainable Development⁴ provides momentum for a renewed engagement of the private sector in the service of the United Nations goals and objectives. Paragraph 67 of the 2030 Agenda recognizes the role of businesses in development and calls upon them to contribute:

“Private business activity, investment and innovation are major drivers of productivity, inclusive economic growth and job creation. We acknowledge the diversity of the private sector, ranging from micro-enterprises to cooperatives to multinationals. We call upon all businesses to apply their creativity and innovation to solving sustainable development challenges. We will foster a dynamic and well-functioning business sector, while protecting labour rights and environmental and health standards in accordance with relevant international standards and agreements and other ongoing initiatives in this regard.”

8. Goal 17, which is to strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development, qualifies multi-stakeholder partnerships as systemic issues and establishes the following target:

“Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.”

9. According to the Addis Ababa Action Agenda⁵, partnerships should be beneficial for all parties involved. Benefits might be different for each party; however, they should not be in contradiction. The Addis Ababa Action Agenda also contains commitments at the highest political level to:

“... develop policies and, where appropriate, strengthen regulatory frameworks to better align private sector incentives with public goals, including incentivizing the private sector to adopt sustainable practices, and foster long-term quality investment.”

10. The high-level political commitments highlighted above do not yet describe the existing reality. Rather, they describe the process that would lead to concrete and effective changes in the current normative, administrative and operational arrangements. This report suggests some possible lines of action to be taken by the United Nations system that would help the organizations concerned to convey this vision and these goals to the private sector and to motivate the latter to internalize them and put them into practice.

11. In this report, the Inspector also looks into the supporting framework provided by the United Nations system to encourage the private sector to adhere and contribute to the implementation of the 2030 Agenda under several rubrics: legal, financial, administrative, operational and motivational. He favours, above all, system-wide solutions that will stimulate permanent and reliable forms of inter-agency interaction, resource pooling and knowledge sharing at the central, regional and country levels.

12. The report was inspired by the increased awareness of a need for a gradual shift in emphasis from ad hoc, short-term partnerships, focused primarily on resource mobilization, to multiple, long-term, more strategic and stable collaboration with the private sector.

C. Terminology

13. As a starting point for the review, the concepts of “partnership” and “private sector” are used in accordance with paragraph 8 (a) of the Guidelines on a Principle-based Approach to the Cooperation

⁴ General Assembly, Transforming our world: the 2030 Agenda for Sustainable Development, 25 September 2015, A/RES/70/1.

⁵ General Assembly, Addis Ababa Action of the Third International Conference on Financing for Development, 27 July 2015, A/RES/69/313.

between the United Nations and the Business Sector, also referred to as “the Guidelines” throughout the report.

Box 1: Definitions of “partnership” and “private sector”

Partnership: “a voluntary and collaborative agreement or arrangement between one or more parts of the United Nations system and the business sector, in which all participants agree to work together to achieve a common purpose or undertake a specific task and to coordinate their respective responsibilities, resources, and benefits.”
Business sector (private sector) “either for-profit, and commercial enterprises or businesses; or business associations and coalitions (cross-industry, multi-issue groups; cross industry, issue-specific initiatives; industry-focused initiative); including but not limited to corporate philanthropic foundations”.

14. The Inspector is aware of the criticism of the current use of the term “partnership”, which, according to some views, could be misleading and promote a false sense of equality.⁶ However, as the only version that has been officially endorsed, the definition serves the purpose of this review in a satisfactory manner.

15. Throughout the report, the “common purpose” is considered to be the implementation of the 2030 Agenda for Sustainable Development, also referred to as “the 2030 Agenda” throughout the report.

16. The “private sector” members will also be referred to as “enterprises”, “businesses” or “private sector entities”. The United Nations Global Compact will be referred to as “the Global Compact”.

D. Objectives and intended impact

17. Based on the experience gained by United Nations organizations in partnering with the private sector to implement the Millennium Development Goals, the present review examines ways and means to improve the contribution of the private sector towards the implementation of the 2030 Agenda and stimulate their interest in engaging in partnerships with the United Nations system organizations, as well as to improve the efficient use of resources.

18. Given that, in previous reports, JIU has already looked into some elements related to cooperation with the private sector, in particular risk management, the current review will explore mutually beneficial changes and improvements needed in the existing partnership frameworks.

19. The main objectives of the review are to:

- (a) Analyse the evolving nature of existing and emerging partnerships and provide the system with information regarding good practices and lessons learned;
- (b) Assess the fitness for purpose of existing models of multi-stakeholder partnership arrangements involving the private sector, to leverage resources and concerted efforts towards the implementation of the Sustainable Development Goals;
- (c) Examine to what extent current policies, administrative set-ups, frameworks and structures can be further adapted to provide efficient and effective support for the United Nations system organizations to engage in partnerships with the private sector, including the selection of partners, due diligence, monitoring, transparency and accountability;
- (d) Identify opportunities to enhance coherence, synergies and coordination in the United Nations system in building partnerships with the private sector and to build bridges of shared interests, values and mutual understanding;

⁶ Barbara Adams and Jens Martens, “Partnerships and the 2030 Agenda: Time to reconsider their role in implementation”, Global Policy Forum, May 2016.

- (e) Identify further steps to enhance interoperability between the United Nations organizations and the enterprises and to improve conceptual, operational and administrative elements of the partnership framework, based on a common knowledge platform.

20. The recommendations are aimed at generating the following intended impacts:

- (a) Enhancing transparency and accountability of partnership arrangements with the private sector;
- (b) Stimulating the interest of private companies in working in partnership with the United Nations system organizations in the context of the 2030 Agenda;
- (c) Facilitating mutual trust and understanding between the United Nations and the private sector;
- (d) Serving as a knowledge tool that facilitates the sharing of best practices and experiences among different participating organizations;
- (e) Identifying opportunities to enhance synergies and coordination in the United Nations system in building partnerships with the private sector;
- (f) Strengthening coherence and harmonization within the United Nations system when engaging in partnerships with the private sector, including with regard to due diligence processes and the selection of partners in accordance with the values upheld by the United Nations system and the implementation of the 2030 Agenda;
- (g) Stimulating a balanced way to apply flexibility and responsiveness on the one hand, and accountability and compliance control on the other hand, in the application of existing policies, rules and guidelines in the various forms of partnerships with the private sector.

E. Methodology

21. In accordance with JIU internal standards and working procedures, the methodology followed when preparing the present report included a preliminary review, questionnaires, interviews and in-depth analysis. A detailed questionnaire was sent to all JIU participating organizations, and, on the basis of the responses received, the Inspector conducted interviews with officials from some of them and sought the views of a number of other international organizations (including from outside the United Nations system).

22. The Inspector and the team also met representatives of the private sector (transnational or small enterprises, academic institutions and non-governmental organizations (NGOs)) and business associations. The Inspector also visited local projects dedicated to the Sustainable Development Goals. In total, the Inspector held 75 meetings and interviewed 159 persons.

23. As part of the review, the Inspector and the review team convened two brainstorming sessions at the beginning of the review and participated in meetings organized under the auspices of the United Nations Global Compact in New York and New Delhi, as well as meetings organized by Global Compact Local Networks. The Inspector met with experts and practitioners from non-United Nations organizations at several stages of the review, notably those from the Global Partnerships Forum, the Global Public Policy Institute, the World Business Council for Sustainable Development, Sustainia, the German Development Institute, C-Change, Macondo publishing, the Dutch Network Group, the Pacific Islands Forum, the Crossroads Foundation, Hands On and Sustainalytics. Versed experts on development issues from Novozymes, Siemens, Phillips, Unilever, SAP and Toyota have shared valuable views with the team.

24. In accordance with article 11.2 of the Statute of the Joint Inspection Unit, the present report was finalized after consultation among the Inspectors with a view to testing its conclusions and recommendations against

the collective wisdom of the Unit. Comments on the draft report were sought from participating organizations and taken into account when finalizing the report.

25. The Annex to the report contains a table indicating whether the recommendations are submitted to the organizations concerned for action or for information. The table identifies the recommendations relevant for each organization, specifying whether they require a decision by the organization's legislative or governing body or whether they can be acted upon by the executive head of the organization.

26. The Inspector expresses his appreciation to everyone who assisted him in the preparation of the present report, particularly those who participated in the interviews and so willingly shared their knowledge and expertise. He wishes to thank in particular the senior management team of the Economic and Social Commission for Asia and the Pacific (ESCAP), who encouraged the Inspector and offered him extremely useful advice and ideas on the new nature of partnerships with the private sector.

II. NORMATIVE BASIS

27. Partnering with the private sector is not new to the United Nations system; some organizations have cooperated with the private sector for decades. Notably, the private sector has participated in the International Labour Organization (ILO) tripartite governance structure, through employers' and workers' associations, since its founding in 1919. The International Telecommunication Union (ITU) has included since its inception industry participation in its work, in particular its work to develop standards; companies can be sector members or associates of a single study group. In the World Tourism Organization (UNWTO), the partnership has a formal status whereby the private sector consists of affiliate members who participate in the governance structure. These are just a few examples of the partnerships currently in place. Cooperation with the private sector can take different forms and can be established at different levels in a wide array of activities undertaken by the United Nations system, from advocacy and fundraising to policy dialogue and development cooperation.

28. The private sector was initially seen just as a potential source of additional voluntary funding. Although this view has undoubtedly evolved, it has prevailed in practice, at least until the adoption of the 2030 Agenda for Sustainable Development. This has had an impact on the level of sophistication and the evolution of the private sector normative basis within those entities that rely mainly on voluntary and/or extra-budgetary contributions. The latter tend to have more mature strategies, policies and tools, which have been refined over the years and allow them to deal with the private sector in a more effective manner, than do organizations relying on assessed budgets, which are inclined to adopt a reactive ad hoc approach to partnerships.

29. The 2030 Agenda was unambiguous regarding the political commitment the Member States undertook with the inclusion of Goal 17, which is to strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development. The Agenda explicitly recognized "the diversity of the private sector" and called upon all businesses "to apply their creativity and innovation to solving sustainable development challenges". It opened a new era in the relationship between the United Nations and the private sector. We live in a time when "business as usual" in working with the private sector is from the start difficult to reconcile with the goal of "strengthening the means" and "revitalizing the partnerships". The current report will deal with the "means" and how to make their use more efficient.

A. United Nations Guidelines and individual organizations' norms

30. The 2030 Agenda calls upon all stakeholders to "enhance policy coherence for sustainable development". While contributing to the global goals of the 2030 Agenda, the United Nations should provide such policy coherence internally, namely at the system-wide level. From that perspective, this report does not challenge the individual partnership practices developed by the United Nations organizations throughout the years in keeping with their specific mandates.

31. The present report sees the partnerships with the private sector mainly from a system-wide perspective and in relation to the current dynamics of the global macroeconomic reality as described in the 2030 Agenda. This includes the need for coherence, savings of time and human resources, efficiency and responsiveness that must reflect new forms of interaction between United Nations organizations and the business world.

32. Not surprisingly, the first issue to be considered is the existing normative framework. While the Inspector recognizes the fundamental importance of changes in individual mentalities and organizational culture in working with the private sector, he observes that such mentalities and culture are influenced by long-standing practices and existing norms.

33. The Guidelines on Cooperation between the United Nations and the Business Sector were first issued by the Secretary-General in July 2000, following a recommendation made by JIU.⁷ They are still in use, after having undergone several revisions, once in 2009 and again in 2015, as requested by the General Assembly in its resolution 68/234 to ensure their full alignment with the Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework.⁸

34. After the last revision, the Guidelines were issued under a new title: Guidelines on a Principle-based Approach to the Cooperation between the United Nations and the Business Sector. They contain the principles and a description of procedures to be followed for dealing with the private sector. Some United Nations entities had developed their own guidelines for cooperation with the private sector before the Secretary-General issued the aforementioned Guidelines. For example, the World Health Organization (WHO) developed its own guidelines in 1999.⁹

35. In general, the Guidelines serve as an overall common framework for interaction with the private sector. The answers provided by organizations to the JIU corporate questionnaire and the interviews conducted by the Inspector confirm that the Guidelines are used by most of the United Nations organizations. However, the way and extent to which organizations make use of them differs substantially. In fact, the Guidelines were designed as a common framework aiming to provide guidance without limiting further developments by agencies, adapted to their specific mandates. In some entities, they are the primary and only mechanism to regulate interaction with the private sector (United Nations Secretariat departments and the United Nations Conference on Trade and Development (UNCTAD)), while other organizations have developed their own internal strategies, policies and procedures and only refer to the Guidelines as additional and/or complementary guidance (the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the United Nations Children’s Fund (UNICEF), the United Nations Industrial Development Organization (UNIDO), the World Food Programme (WFP) and WHO).

36. The Inspector believes that, in the light of the new approach for a revitalized partnership with the private sector requested in the 2030 Agenda, the Guidelines appear to offer more of a “defensive” line (safeguarding the integrity, impartiality and independence of the United Nations and managing risk) than a “proactive” operational line (facilitating the formulation and implementation of partnerships).

37. In certain cases, it was indeed the need to operationalize the Guidelines that resulted in the development of individual strategies, policies and procedures. For example, UNICEF partnerships are guided by the Strategic Framework for Partnerships and Collaborative Relationships endorsed in 2009. UNDP established its Policy for Due Diligence and Partnerships with the Private Sector in 2013. In WFP the partnerships are guided by the Private Sector Partnerships and Fundraising Strategy (2013–2017).

38. In other organizations, relations with the private sector are not governed by specially designed policies. For example, at the International Civil Aviation Organization (ICAO), the Policy on Interactions with External Parties and the Resources Mobilization Policy form the legal basis for arrangements with third parties, including the private sector. In the tripartite structure of ILO, decent work is a main argument in promoting sustainability among businesses.

39. It is worth noting that several departments of the United Nations Secretariat (including the Office for the Coordination of Humanitarian Affairs (OCHA), the Office of the United Nations High Commissioner for Human Rights (OHCHR) and the Department of Economic and Social Affairs

⁷ See JIU/REP/99/6, recommendation 4.

⁸ Human Rights Council, Report of the Special Representative of the Secretary General on the issue of human rights and transnational corporations and other business enterprises, John Ruggie, doc. A/HRC/17/31, annex.

⁹ WHO guidelines on interaction with commercial enterprises to achieve health outcomes.

(DESA)) consider that the Guidelines are just a “starting point”, insufficient to effectively engage with the private sector. From the perspective of the Office of Legal Affairs, the Organization “already has relevant rules, policies, procedures and practices on working with the private sector”. From the perspective of the operational units and staff, while current policies and rules may be currently adequate from a principle and legal perspective, they are not enough from an operational angle, in particular in the light of the new dynamism needed in working with the private sector.

40. Global challenges, in particular in the context of the Sustainable Development Goals, have boosted cooperation with the private sector, which has progressively accelerated in the last two decades. The need to cooperate with the private sector has pushed the development and/or revision of related frameworks, strategies, policies and specific engagement procedures during this period. Most of the organizations have either recently developed or revised their own mechanisms or are in the process of revising them. The partnerships with the private sector are expected to reflect the interdependence among different stakeholders in development policy and action, to allow flexible and “fit for purpose” frameworks, and to encourage innovative forms of participation and involvement. The adaptation of the United Nations to the dynamics of change requires constant efforts.

41. The Inspector concurs with the view of most of the officials he interviewed that the Guidelines should be reviewed and updated regularly in order to keep pace with the fast-changing social, scientific and economic environments, allowing for emerging new forms of engagement that may strengthen global partnership, as required by Goal 17.

42. This is why the existence and use of the Guidelines and of those individual instruments developed by organizations do not compensate for the lack of a United Nations system-wide strategic operational approach on partnering with the private sector. The only common system-wide instrument for dealing with the private sector is the current set of Guidelines, with its emphasis on protection against reputational risks. Given their emphasis on risk management, the Guidelines are just a principle-based approach, which often may inhibit rather than stimulate initiative. Recognizing their limited scope, the Guidelines encourage United Nations organizations to develop more specific rules in accordance with their particular mandates and activities. Yet, the private sector entities wishing to engage with the United Nations system would benefit from a basic system-wide coordinated approach to such partnering.

43. The Guidelines also encourage United Nations organizations to consult with each other as part of the due diligence process. They indicate that cooperation with the business sector must be transparent and that information on major cooperative arrangements should be available to the public at large. The Guidelines recommend that organizations promote transparency, learning and knowledge exchange throughout their participation in the several information-sharing platforms. Among them is the United Nations System Private Sector Focal Points Network, which is one of the mechanisms for further enhancing the capacity of the United Nations to advance collaboration with the business sector in a concerted manner.

44. Nevertheless, the Guidelines do not elaborate further on roles, cooperation and coordination among United Nations entities. Moreover, several officers interviewed indicated that United Nations departments, specialized agencies, funds and programmes are often competing for support from the private sector in a non-coordinated manner. There is a need for greater coordination and for better use of the scattered and limited resources currently devoted to partnerships across the United Nations system.

45. Partnerships between United Nations entities and the private sector have multiplied in diverse areas and at different levels. They are driven either by the proactive approach of the private sector or by individual specific needs of United Nations entities. However, there is no underlying system-wide approach to private sector partnerships. The 2030 Agenda represents a timely opportunity to develop a new system-wide framework for cooperation with the private sector.

46. The Inspector is pleased to note that this urgent need has also been recognized by the Secretary-General in the report titled “Repositioning the United Nations development system to deliver on the 2030 Agenda: ensuring a better future for all”,¹⁰ in which he indicates his plans to develop, inter alia, partnership-focused work streams with the Global Compact, DESA and the United Nations Development Group by calling for the adoption of “a system-wide approach to partnerships”.

B. Legal forms and operational frameworks

47. As partnerships are operationalized in different manners across the United Nations system, organizations usually carry out their own risk, legal and strategic assessments, including due diligence procedures that weigh up risks and benefits. The ways in which partnerships are put into practice and the resources and tools used for the research and selection of partners vary significantly among organizations. While some organizations have dedicated teams to deal with private sector partnerships and to conduct due diligence, others rely on external information providers or, at best, on staff who work on partnerships as a part-time task.

48. Organizations use different legal instruments setting out the terms and conditions of the collaboration. The Guidelines require that all partnerships with the business sector be implemented only after a formal written agreement between the private entity and the United Nations has been established, which must outline the respective responsibilities and roles of each party. Organizations use their own terminology when referring to legal instruments and sometimes use different terms to refer to the same legal instrument. Legal offices do not normally have any objections to the name of the legal instrument (memorandum of understanding, memorandum of agreement, project, cost sharing, voluntary contribution, cooperation or sponsorship agreement, letter of intent, etc.), provided that the clauses contained in the legal instrument protect the interests of the Organization.

49. In fact, all organizations have developed their own legal instruments and associated terminology, using different types of legal documents depending on the nature of the partnership in question. Some of them (ILO, UNDP, the United Nations Population Fund (UNFPA), UN-Women and WFP) have developed specific templates, which may include pre-approved legal clauses in an effort to facilitate and streamline the establishment of partnerships in the context of specific situations.

50. Several officials interviewed indicated that a minimum set of templates might help them to shorten the length of time needed for partnerships to be cleared by legal offices, in particular by the Office of Legal Affairs in the case of operational units that depend on its advice.

51. It is worth noting that, in addition to the traditional instruments, some organizations have developed solutions to address new types of collaboration. For example, UNDP adopted an innovation challenge policy, which is intended to allow the organization to generate innovative ideas and solutions to address development challenges, which cannot be achieved through standard solicitation processes. UNFPA, UNICEF and WFP include cause-related marketing agreements in their partnership portfolios.

52. The Guidelines were revised in 2009 and 2015 in the context of the Millennium Development Goals. The changes of perspective (including possibly revisited definitions of the private sector) under the new imperatives of the Sustainable Development Goals should be reflected in the Guidelines, as they are expected to serve until 2030. The updated Guidelines should also incorporate elements to facilitate the engagement of private sector partners and reduce the administrative burden, while continuing to protect the reputation of the United Nations.

¹⁰ A/72/124-E/2018/3.

53. The Inspector notes that, while the review of the Guidelines can be initiated either by the General Assembly or by the Secretary-General, the actual revision of the Guidelines falls within the purview of the Secretary-General.

54. At this juncture, the Inspector recalls the spirit of the resolution 68/234, in which the General Assembly encouraged the United Nations system to place greater emphasis on due diligence without imposing undue rigidity in partnership agreements.

Action line I: revision of the Guidelines

Recommendation 1

The General Assembly of the United Nations should consider a review of the “Guidelines on a Principle-based Approach to the Cooperation between the United Nations and the Business Sector”, with a view to reflecting the changes needed to bring about the increased contribution expected from the private sector in the implementation of the 2030 Agenda for Sustainable Development and their system-wide implications, based on a report by the Secretary-General of the United Nations to be submitted during the seventy-third session of the General Assembly. The review should take into account an updated common interpretation of General Assembly resolution 92 (I), entitled “Official Seal and Emblem of the United Nations”, shared by the network of legal advisers from all United Nations organizations that are members of the United Nations System Chief Executives Board for Coordination.

55. Particular attention should be paid to the scope of the “authorization by the Secretary-General”, the meaning of “prohibition” and the definition of “commercial purposes”. This common interpretation will be reflected in the revision of the Guidelines. The use of individually conceived and adapted logos for specific activities, projects and campaigns, limited in scope and time, should also be considered in this context, while stipulating in the partnership agreements adequate safeguards for their protection. All things considered, the revision process should be aimed at an outcome that remains pragmatic, agile in scope and implementation and, at the same time, rigorous.

C. Changes made after the adoption of the 2030 Agenda

56. The conceptual shift brought about by the 2030 Agenda presupposes important changes in how the United Nations system conducts its work. The need for transformative action, although unanimously recognized among stakeholders, will not occur overnight. Nevertheless, whether the changes can be introduced in the short term or incrementally, in the longer term, measures have to be taken forthwith. The extent to which the adoption of the 2030 Agenda was followed by action was one of the questions that this review seeks to answer. A majority of participating organizations stated that they had changed their strategic approaches, policies, or operational arrangements. Only 5 out of 26 participating organizations that answered the JIU corporate questionnaire indicated that there had not been any specific changes. This shows a positive reaction to the pressing need to adjust organizational strategies in support of the Sustainable Development Goals, including Goal 17.

57. For example, ILO updated its Development Cooperation Strategy 2015–2017, recognizing that partnerships, including those with the private sector, are now shifting to more directly and explicitly incorporate elements of the 2030 Agenda. The revised version of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy published in March 2017 takes into account developments that have taken place since the previous update, including the adoption of the 2030

Agenda. It should be noted that the Declaration is the only global instrument addressing corporate social responsibility and sustainable business practices that was drafted and adopted jointly by Governments, employers and workers.¹¹

58. The Private Sector and Foundations Strategy for the Sustainable Development Goals 2016–2020 defines how UNDP plans to engage in sustainable development with the private sector and philanthropic foundations. In addition, UNDP Business Solutions for the Sustainable Development Goals proposes to test new models of engagement that will create win-win, sustainable and scalable solutions for all stakeholders in achieving the 2030 Agenda. In addition, the draft UNDP strategic plan for 2018–2021 has a major focus on partnerships with the private sector.¹²

59. UNIDO has established a new organization-wide strategy on partnerships and a revised business sector partnership policy, which draws on the 2030 Agenda, in particular Goal 17. The ICAO 2017–2019 Business Plan incorporates 10 key priorities, one of which is exploring avenues for cooperation with non-State entities directly involved in civil aviation, including third-party funding. ILO updated its Development Cooperation Strategy 2015–2017, which recognizes that partnerships, including with the private sector, are shifting to incorporate elements of the 2030 Agenda.

60. WFP was among the first United Nations entities to shape its new business model and strategic plan in line with the Sustainable Development Goals. By June 2019, every country where WFP operates will have performed a country strategic review and will have put in place a new country strategic plan, financial framework and results framework. The private sector has been engaged with the country strategic plans from the initial review of goals and resources all the way through to development and implementation, becoming a foundational part of the process.¹³

61. UNFPA adopted a new framework for partnerships strategy to reflect the implementation of Goal 17, to be aligned with its strategic plan for 2018–2021. The framework proposes a holistic business development approach based on the analysis of intersections between UNFPA areas of interest and businesses involved in partnership, internal co-creation of options for partnering, and external co-creation with the partner to identify the partnership model.¹⁴

62. The UNICEF strategic plan for 2018–2021 aligns UNICEF work for children with the Sustainable Development Goals and outlines priorities and actions for contributing to the achievement of the child-related Goals. “Harnessing the power of business and markets” is identified as one of the change strategies and an enabler for delivering results for children. The objective is to build organizational capacity at the country level by mainstreaming and integrating engagement with business as an option to consider in the programme planning and implementation processes.¹⁵ One interesting feature of the new UNICEF strategy is the common chapter of the strategic plans of four organizations.

**Box 2: The common chapter
of the strategic plans of UNDP, UNICEF, UNFPA and UN-Women**

The strategy includes a common chapter with the title “Working together to support the implementation of the 2030 Agenda”, based on the commitment of the four organizations “to working better together, characterized by stronger coherence and collaboration”. The chapter defines the key areas of collaboration and describes the new modalities for cooperation, as a response to the recommendations in the Secretary-General’s report on repositioning the United Nations development system to deliver on the 2030 Agenda:

- Planning together

¹¹ See corporate questionnaire, ILO answer to question 11.

¹² Ibid., UNDP answer to question 11.

¹³ WFP Strategic Plan (2017–2021), July 2017.

¹⁴ UNFPA Framework for Strategic Partnership 2018–2021.

¹⁵ E/ICEF/2017/17/Rev.1.

- Implementing programmes together differently
- Enhancing multi-stakeholder partnership
- Enhancing efficiency together.

63. ITC developed guidelines for cooperation with the private sector and included partnerships as a main element in its strategic plan for the period 2018–2021. The World Meteorological Organization (WMO) prepared for its next Congress a policy framework for public-private engagement in which the Sustainable Development Goals are considered as one of the five primary factors that influence change.¹⁶ The Office of the United Nations High Commissioner for Refugees (UNHCR) plans to have a strategic framework for cooperation with the private sector by the end of 2018.

64. It can be concluded that the majority of United Nations organizations have adapted, or are in the process of adapting, their respective strategies and/or policies to reflect the 2030 Agenda. At the same time, another conclusion to be drawn from the corporate questionnaire analysis is that more concerted efforts are necessary at the United Nations system-wide level. While many organizations consider the 2030 Agenda as an overall framework to guide their work, most of them indicated that there was a need for a coordinated approach from a system-wide perspective.

65. In addition, some questionnaire respondents warned about a potential duplication of work between the partnership for the 2030 Agenda as such and partnerships for the humanitarian agenda and climate change. The system-wide harmonization needs to have a wider outlook, as the private sector does not distinguish between these different agendas. The United Nations system needs to become more client-oriented when engaging with the private sector and avoid the risk of developing partnership patterns in silos.¹⁷

66. A change in the way the United Nations works with the private sector can only enhance the system's leverage to improve its performance in providing global public goods. The United Nations, together with Member States and other international and regional stakeholders, is expected to orchestrate the networks of public, private and mixed institutions by reaching out to private stakeholders and institutions, collaborating with them, and supporting and shaping their activities. According to such a perspective on governance, orchestration means: mobilizing and working with private stakeholders and institutions by catalysing programmes, convening meetings and facilitating collaboration; persuading and inducing firms and industries to self-regulate; negotiating targets; and providing incentives to attain those targets.¹⁸

67. It is in such a spirit of “orchestration” that the report looks at ways of improving the existing arrangements for partnerships with the private sector. The need for orchestration is all the more relevant in the light of the specific holistic approach proposed by the Sustainable Development Goals. The table below illustrates a schematic sample of orchestration for the Goals.

¹⁶ World Meteorological Organization, “A road map to the eighteenth World Meteorological Congress”, EC-69/Doc. 12.2.

¹⁷ Corporate questionnaire, OCHA answer to question 10.

¹⁸ Kenneth W. Abbott and Duncan Snidal, “International Regulation without International Government: Improving IO Performance through Orchestration”, *The Review of International Organizations*, vol. 5, No. 3 (September 2010).

Table 1

Orchestrators	Governments and international organizations
Intermediaries	(sub-) State and non-State actors (including the private sector) and their networks
Facilitative measures	Initiating, supporting and shaping networks by providing financial resources, administrative structure, expertise, recognition, etc.
Intended results	Contributions to global sustainable development (financing, knowledge, standard setting and compliance monitoring) and improved cooperation (building trust and a common culture among heterogeneous stakeholders, reducing fragmentation)

Source: Adapted from Stephan Klingebiel and Sebastian Paolo, “Orchestration: an instrument for implementing the Sustainable Development Goals”, Briefing Paper 14/2015, German Development Institute (Bonn).

All action lines proposed in the current report are conceived as “facilitative measures”.

III. OPERATIONAL AND ADMINISTRATIVE ASPECTS OF PARTNERSHIPS

68. The specific tools and operational and administrative processes developed by the United Nations organizations to engage in partnerships vary considerably. The analysis of the answers to the corporate questionnaire shows that each organization deals with individual challenges, mainly related to their own internal processes and needs. In the review, the Inspector attempts to focus on system-wide windows of opportunity and does not challenge the particular approaches of individual organizations. However, many organizations highlighted challenges that could be more effectively and efficiently dealt with through a system-wide approach.

A. Motivation

69. One of the means envisaged by the Inspector to fully understand the motivation of the private sector when engaging with the United Nations system was to hear directly from the businesses their critical views on and expectations of the United Nations system. To that effect, JIU prepared a survey tailored to collect such opinions from as many companies as possible via the Global Compact networks, the International Chamber of Commerce (ICC) or the International Organization of Employers (IOE). Unfortunately, none of the above organizations were in a position to disseminate the survey to a statistically significant number of their members that would have indeed been cognizant of the issues and ready to respond to such a survey. The Inspector had to limit the collection of views from the private sector to a number of companies whose representatives were interviewed formally or who were heard during various events and meetings organized with private sector representatives, including Global Compact meetings.

70. Despite this methodological limitation, the issue of the motivation of the private sector was properly documented in the answers provided by participating organizations to the project corporate questionnaire, as well as by the United Nations officials interviewed.

71. Most of the organizations have a clear idea of the motivational factors driving the cooperation of the private sector with the United Nations system, as gleaned from their operational interaction with private companies. Furthermore, some organizations undertake regular partnership surveys to assess specific trends and to understand their partners' views and changing needs. Notable cases in point are UNDP and WFP.

Box 3: UNDP and WFP partnership surveys

The UNDP Partnership Survey was launched in 2001 and has since been conducted every two to three years to solicit feedback from partners on the role and performance of UNDP. The results are utilized to understand the perceptions of partners and improve the work of the organization. The findings are shared with country offices and regional/central bureaux for analysis and action and are factored into reporting to the Executive Board and performance assessments.

The WFP Global Partnership Perception Survey was mandated under the WFP Corporate Results Framework. A total of 843 partners, including partners from the private sector, responded to the survey. The data and analysis report, which contains the results of the survey, refers to the value and expectations associated with partnerships, partnership principles and cost effectiveness.

72. An analysis of the information provided by organizations identified the following most cited motivational factors:

- Have access to international policy debates on issues pertaining to specific fields (i.e. health, environment, etc.)

- Have opportunities to participate in processes to establish different codes of conduct or international relevant standards for specific business areas (labour, telecommunications, etc.)
- Be associated with the unique image of the United Nations system and the values it represents
- Have access to Governments and major stakeholders at global, regional and national levels
- Build brand image and higher visibility among civil society, including consumers, other business groups and the media
- Develop new markets and business opportunities
- Fulfil their corporate social responsibility, sustainability, investment or philanthropic goals
- Build capacity and develop while contributing to national development goals
- Enhance own staff engagement and motivation
- Align with the Sustainable Development Goals. Sustainable development also means sustainable business.

73. According to participating organizations, the major challenges cited by private sector entities are related to: (a) bureaucracy, cumbersome and complicated rules, regulations and procedures; (b) organizational effectiveness and partnership impact; (c) communication and reporting requirements; and (d) the use of emblems and the logo. Not surprisingly, these challenges match those indicated by participating organizations as their own challenges, as examined throughout this report.

74. The Inspector believes that deeper knowledge of the motivational factors that drive the private sector to enter into partnerships with the United Nations system is still needed when trying to increase the responsiveness of the private sector to the call for global public goods. Questions like “Are United Nations organizations effective partners from the perspective of the private sector?” and “How are United Nations values and principles internalized and applied by private sector partners?” should always be taken into account when considering the engagement of the private sector.

75. Although the global engagement of the private sector regarding the Sustainable Development Goals is still at an early stage, and much remains to be done, the Inspector discovered that progress has been made, at least at the level of perception and awareness among major players in the private sector. Some visionary companies have already included sustainability as part of their business model. At the same time, a majority of them still need information and understanding of the nature and scope of the Sustainable Development Goals. Certainly, these educational efforts are a major responsibility of the United Nations system, as the catalyst and facilitator of partnerships at national, regional and global levels. However, organizations that intend to associate and mobilize the energies of businesses in the implementation of the 2030 Agenda, such as the International Chamber of Commerce, the International Organization of Employers and the World Business Council for Sustainable Development, should go beyond promoting principles and strengthen their ties with businesses in order to engage them more actively and concretely in achieving the Sustainable Development Goals. In view of its closer association with the United Nations system, the Global Compact is expected to upgrade its role in further engaging the private sector, in increasing the number of its participants and in monitoring their activities (see chap. V).

B. Challenges and obstacles

Bureaucracy

76. Bureaucracy, or the cumbersome and long administrative and legal processes involving the sequential participation of multiple organizational units, is cited by several entities and officers interviewed as a major obstacle to efficient engagement with the private sector. In some organizations, partnership proposals need to undergo unnecessarily long processes involving the substantive originating unit, national and/or regional substantive management, headquarters’ substantive senior

management, and financial and legal units, which are often stretched and underresourced. Private sector firms compete in very dynamic environments governed by concepts like value for money, swiftness and cost effectiveness. As a consequence, onerous clearance procedures, resulting in delays of several months, are not easily understood, causing lost opportunities and frustration.

77. In an effort to address challenges, some organizations have established mechanisms and/or practices that allow them to be more responsive in their approach to partnerships. For example, UNDP, UNFPA and WFP have developed standard templates for different types of partnerships. UNDP country offices have been delegated the authority to establish partnerships at the regional and country level. Units dealing with the private sector can sign different agreements directly; only in cases where these agreements deviate from the standard templates is clearance from the UNDP Legal Support Office required. While appropriate templates are not a panacea to cumbersome administrative and legal processes, given that each partnership is somehow unique, they can help to shorten clearance processes, in particular through the use of pre-approved legal clauses.

78. Whenever there is a need to discuss or negotiate legal clauses, and in order to avoid the accumulated delays caused by the sequential participation of multiple organizational units, UNICEF allows for direct discussions between its legal office and the legal office of the potential partner. UNEP, in its new guidelines and procedure documents for private sector engagement, provides information on how to engage with the private sector. The guidelines provide specific information on modes of engagement and on legal instruments to be used for engaging with the private sector.

79. Outside the United Nations system, an interesting example of how focal points can facilitate engagement with the private sector is provided by the United States Agency for International Development. The Agency establishes “relationship managers” who are responsible for the individual relationship between the Agency and a major private sector firm and who serve, inter alia, as an entry point for private sector firms.

80. In the same vein, several officers interviewed recommended a “one-stop shop”, meaning just one place to receive and appropriately channel private sector initiatives, in an attempt to facilitate private sector engagement and reduce the associated bureaucracy.

81. This review cannot offer individual solutions to the issue of bureaucracy; furthermore, there is not a simple solution to it and only the organizations themselves can solve the issue through the redesign of their own internal private sector related workflows, higher levels of delegation of authority and accountability, and a better use of new technologies. Nevertheless, the recommendations aimed at a system-wide coordinated operational framework are intended to alleviate the bureaucratic burden and facilitate communication and interoperability with businesses.

Inadequate and outdated rules

82. Another issue identified is the disconnection in certain organizations between current financial mechanisms and other regulations and partnership requirements in place. Most of the organizations established their current financial systems, rules and regulations some time ago. They have not revised them, nor have they taken into consideration the updates necessary for flexible partnership arrangements. The same disparity between established policies and the need for a new dynamic in establishing and putting into practice partnerships has been reported by organizations in other areas, such as procurement. According to some private sector representatives interviewed, the procurement rules do not value sustainable policies that make products more expensive.

83. Despite the unquestionable progress made by organizations in enhancing their approaches to partnerships, there is still a pressing and widespread demand for additional refinement of relevant policies and procedures for effective engagement. As stated by ILO: “Public-private partnerships offer

potential for growth, but further work is needed on honing the Office's approach and procedures concerning engagement with the private sector."¹⁹

84. United Nations organizations have traditionally established rules that restrict partnerships mainly to a donor/recipient relationship. Conversely, emerging and new forms of engagement with the private sector demand new instruments and higher flexibility to adapt to a fast-changing environment. Nevertheless, organizations are often constrained by a rigid set of rules and regulations that do not allow them to fully benefit from partnerships or act as an inhibiting factor. One example of the obstacles highlighted by organizations when operationalizing partnerships is the lack of appropriate mechanisms and rules for transferring funds and other resources in relation to private sector partners.

85. There is a need for an expansion of existing policies and financial instruments to facilitate new and more flexible partnership arrangements, such as: shared value, granting instruments, crowd funding, fee-for-service arrangements and enterprise challenge funds. One example of the new type of partnership incorporating new forms of financing is the Sustainable Development Investment Partnership — a joint venture coordinated by the World Economic Forum with support from the Organization for Economic Cooperation and Development whose purpose is to contribute to financing the Sustainable Development Goals through blended finance. The Partnership brings together public and private entities and addresses the mismatch between investor needs and project funding requirements.

86. Another significant limitation resulting from current rules is the inconsistency between procurement requirements and the flexibility demanded by partnerships. Several organizations have put in place procurement firewalls mandating that no partnership should lead to preferential treatment in the procurement process, in an effort to avoid a real or perceived conflict of interest. Forward-thinking private sector firms in which business models are being aligned to find sustainable solutions to social and economic problems often approach United Nations entities with innovative ideas, products or services. However, those products frequently fall in between procurement and philanthropy-related regulations, which makes partnerships difficult.

87. The issue of conflicts of interest in relations between private sector entities and United Nations organizations should also be reviewed. The private sector needs a powerful business motivation to engage in the 2030 Agenda, be it directly, by participating in the development or the implementation of United Nations projects and activities or financing for development, or indirectly, by introducing sustainability in their own business models. Interests that clashed in the past might actually be converted into shared interests. When necessary, flexibility should be accompanied by strong safeguards.

88. Procurement rules do not encourage partnerships focusing on joint innovation and joint product or services design. Any investor, including private sector firms, expects to obtain a fair return on the investment made on innovations. However, rules applied by United Nations entities regarding intellectual property rights, exclusivity and profit-making partnerships restrain organizations from effective engagement.

89. In the view of the Inspector, making a profit while truly supporting the Sustainable Development Goals should not constitute a red line or elimination clause. The coincidence of interest should not be seen as a conflict of interest in all circumstances. Consequently, organizations need to revise those norms that prevent them from fully benefiting from partnerships. There should be a better balance between upholding the organizational image, principles and values and providing the degree of flexibility required when partnering with the private sector.

90. The United Nations organizations would benefit from a revision of their relevant financial systems and rules, including procurement rules and regulations, with the aim of aligning those rules

¹⁹ See ILO, "ILO Development Cooperation Strategy 2015–17: Report on progress", GB.329/POL/6, para. 30 (d).

with the challenges posed by new and emerging forms of engagement with the private sector. Recommendation 2 in action line II addresses this particular challenge from a system-wide perspective.

Organizational culture — Risk aversion

91. The issue of different organizational cultures has been identified by JIU previously. JIU has highlighted the organizational culture gap between the United Nations system and the private sector, as well as the poor understanding of the business sector on the part of the United Nations, as major hurdles for the successful implementation of partnerships.²⁰

92. One major cultural difference between United Nations organizations and the private sector is the attitude towards risk. United Nations organizations are aware of the potential risks associated with partnerships (such as reputational risk, conflict of interest, unfair advantage and loss of independence) and have developed a robust system of self-defence. While caution is definitely needed, this risk aversion often implies suspicions about the motivation of the private sector. As a consequence, while the private sector is characterized by its risk-taking approach to initiatives and partnerships, most of the United Nations organizations are risk averse to the point of favouring no action by staff members as individuals and at the organizational level.

93. The Sustainable Development Goals require greater involvement with the private sector, and greater exposure translates into greater operational and reputational risks. Strengthened global partnership cannot be achieved if risk aversion remains at the same level and if new approaches are not stimulated. Partnership risks cannot be fully avoided; no matter how respectable a potential partner may be or seem to be, there are always associated risks. “Zero-risk” does not exist, as is often proven by reality. Consequently, risk aversion should be considered with caution, while trust-building should be actively sought.

94. Risks cannot always be avoided, but they can be identified and managed, as some organizations have understood, ensuring that decision-making on whether and how to engage with the private sector is fully informed. Assessment mechanisms should identify not only risks but also opportunities. Comprehensive due diligence procedures can contribute to better risk management, including risk identification and assessment, as well as risk mitigation measures. Risk management provisions should be included in new approaches, and partners of the United Nations, including private sector entities, should share the risk and responsibilities, under clear terms defined in partnership agreements.

95. For example, WHO, which is one of the most active organizations working with resources from the private sector, is also confronted with the powerful lobby of the pharmaceutical industry. Consequently, the organization has been highly exposed to suspicion and criticism for alleged undue influence on decision-making. Not surprisingly, WHO developed a very comprehensive framework of engagement with non-State actors. The framework is highly prescriptive and adapted to a wide range of possible types of interaction; it covers participation, resources, evidence, advocacy and technical collaboration. The process of due diligence and risk analysis led to, inter alia, the creation of a register of non-State actors.²¹ **The Inspector invites WHO to share and discuss with other United Nations organizations the lessons learned and the elements contained in its framework that might be relevant for the entire system.**

Other challenges

96. Other challenges reported by organizations include the reluctance of some Member States to cooperate with the private sector and the lack of appropriate partnership impact assessments. The continued support of Member States is fundamental to overcome some of the reluctance associated with

²⁰ See JIU/NOTE/2009/1, para. 95.

²¹ See World Health Assembly, “Framework of engagement with non-State actors”, resolution WHA69.10, annex.

partnerships. It is widely acknowledged that the Sustainable Development Goals will not be achieved without the involvement of the private sector and that private investment has become the main engine of development. The Member States have acknowledged these realities by the commitments contained in the 2030 Agenda, and they should continue to reflect on this approach in their legislation and practices. Many of them have already realized the importance of appropriately engaging with the private sector while addressing national priorities.

97. The Member States additionally have an oversight responsibility with regard to partnerships put into effect through their participation in different governing bodies. While partnerships involving a single United Nations entity should be reviewed by the specific governing body, executive board or other body, multi-stakeholder and global partnerships should be reviewed by the high-level political forum on sustainable development. It is also within the power of Member States to ask for a more direct role in the governance of the Global Compact.

98. Partnership impact is another significant challenge reported by organizations. Most of the United Nations organizations do not systematically evaluate partnership impact; evaluations are mainly ad hoc and conditioned by specific partner and/or donor requirements.

99. Some United Nations system organizations report periodically on the results achieved. For example, UNEP has created a component in its private sector engagement portal that enables tracking of all reporting deadlines and commitments. In addition, this tool makes it possible to assess the health of each individual partnership. UNDP assesses partnerships through its results-oriented annual report system where country offices report on development results achieved, including through innovation and partnerships with the private sector. In addition, a private sector resource mobilization toolkit helps staff to select, initiate, formalize, monitor and evaluate private sector partnerships.

100. UNICEF evaluates its key partnerships at least annually for their efficiency in terms of return on investment. In addition, it undertakes qualitative evaluations of key partnerships. WHO reports annually to Member States on its engagements with non-State actors through its governing bodies. WFP undertook an evaluation of private sector partners in 2012, but the partnerships are also evaluated as part of other official evaluations.

101. The Private Sector Section of OCHA developed a partnership management tool that contains a review element. UNHCR uses the partnership health check assessment and the health check treatment plan, which are aimed at evaluating the key factors that support successful partnerships.

102. As early as 2007, UNDP, the United Nations Office for Partnerships (UNOP), the United Nations Institute for Training and Research and the Global Compact joined forces to develop the partnership assessment tool. This enables both the United Nations and its corporate partners to assess the sustainability and development impact of partnerships. The tool can be used to assess preparedness, to identify opportunities for early adjustment and to position for successful project implementation.²²

103. The above examples, although not exhaustive, serve to illustrate initiatives aimed at assessing different aspects of partnerships. The partnership assessment tool is the only attempt to systematize the assessment of certain aspects of partnerships from a system-wide perspective. However, none of the organizations that answered the JIU corporate questionnaire referred to the assessment tool as one of the tools in place to assess partnerships.

104. There is a need for system-wide exchanges on partnership evaluation. This would enable more consistent interaction among United Nations entities when sharing information, facilitating a common understanding of the results and impact achieved and consistent engagement with the private sector.

²² See United Nations Global Compact, “Enhancing partnership value: a tool for assessing sustainability and impact” (2007).

105. The Guidelines indicate that United Nations organizations should make relevant information on cooperation with the private sector available on their respective websites and on the UN-Business Action Hub.²³ Subject to the regulations and rules governing each entity, this information should include disclosure of the partners, contributions and matching funds for all relevant partnerships, including at the country level. However, many United Nations entities fail to publish all of their partnership activity in an easily accessible manner. The information is not systematic and is often self-flattering rather than rigorous. Clear reporting lines and obligations should be strengthened and applied in all partnerships, with greater focus on the real value added by the private sector.

106. In its resolution 70/224, the General Assembly acknowledges the importance of corporate sustainability reporting. However, comprehensive reporting of partnership activity involving the private sector remains a challenge. Efforts to develop common principles for partnership reporting are under way. One example of this is the Partnership Data for the Sustainable Development Goals initiative launched by DESA, the Global Compact and UNOP.²⁴ The initiative is advocating for a standardized framework for online platforms that publish information on partnerships.

107. Some organizations indicated that private sector firms were not clear on the measurable impact achieved by their contributions. Several United Nations organizations have been progressing in their respective partnership plans without paying adequate attention to assessing partnership sustainability and impact. A common partnership assessment approach and the use of common assessment tools — as part of the broader system-wide framework for cooperation with the private sector — may contribute to a better and more open understanding of partnership results while enhancing transparency and accountability.

108. The Inspector notes the existence of various sustainability indexes and reporting initiatives, notably the Global Reporting Initiative. In October 2016, the first global standards for sustainability reporting were launched under the Initiative. The standards enable all organizations to report publicly on their economic, environmental and social impacts and show how they contribute towards sustainable development. Since 2013, the Global Compact and the World Business Council for Sustainable Development have joined the Initiative with the common goal of developing private sector guidance that will help companies enhance their sustainability management and reporting on sustainable development goals and targets.²⁵

C. Human resources

109. The lack of specific skills and knowledge among staff members with regard to working with the private sector is one of the challenges reported by some organizations. Again, high diversity is seen in this area across the United Nations system. While some organizations have very limited means and no specific structures to deal with the private sector, others (namely UNEP, UNDP, UNFPA, UNIDO, UNICEF and ILO) have established dedicated structures to coordinate and facilitate private sector engagement. In WFP, such a structure was established, but it is still underresourced.

110. UNEP established the Private Sector and Corporate Relations Unit to coordinate and facilitate a corporate approach to private sector engagement. Furthermore, the Unit has created a private sector engagement portal that enables in-house coordination and communication for private sector engagement, in addition to documenting all agreements, reports and company profiles. The Unit has staff with expertise and knowledge on private sector partnerships.

111. The ILO Bureau for Employers' Activities provides an entry point for private enterprises wishing to engage, liaising with national employers and business organizations and directing interested

²³ www.business.un.org.

²⁴ sustainabledevelopment.un.org/sdinaction/pd4sdgs.

²⁵ www.globalreporting.org.

enterprises to the relevant technical departments. The Partnerships and Field Support Department is responsible for coordinating the clearance, negotiation and implementation of all public-private partnerships concluded by ILO. The Multinational Enterprises and Enterprise Engagement Unit operates the ILO Helpdesk for Business on International Labour Standards.

112. UNDP has its International Centre for Private Sector in Development, which supports private sector entities and foundations to become transformative partners in development through research, advocacy for inclusive business, facilitation of public-private dialogue and the brokering of partnerships. It leads global work on the private sector and foundations and supports UNDP offices all over the world.

113. The Private Fundraising and Partnerships Division of UNICEF has been delegated the authority to coordinate all private fundraising activities and to support engagement with the business sector. The Division has a structure in place to manage its resource mobilization partnerships as well as non-financial engagements with business.

114. WFP has its dedicated Private Sector Partnerships Division. The global private partnerships team has the necessary skills and authority to pursue, engage, negotiate and manage private sector partnerships following due diligence clearance. Partnership managers work with the WFP legal team to outline the parameters of the relationship, including the partnership engagement plan, communications strategy, legal and budget considerations and reporting requirements, using pre-established legal templates.

115. In ICAO there is no need for a dedicated unit, but the Revenue and Product Management Section is specifically mandated to engage with private partners.

116. The various approaches and the amount of resources allocated to staff training are determined by the individual mandates, structures and specific funding needs of the different United Nations entities. However, it is important to highlight that those organizations that are more advanced in the implementation of their partnership strategies pay more attention to staff training. For example, UNICEF recognizes in its Strategic Plan 2018–2021 the importance of strengthening staff skills for strategic engagement with new partnerships, including foundations, development banks and the private sector.²⁶ The staff of the Private Sector Partnerships Division of WFP, as well as staff at the regional and country levels, have received training on engaging the private sector.

117. Several United Nations Secretariat departments attributed the lack of appropriate staff training to financial limitations. In the view of the Inspector, the United Nations Secretariat should review the training needs of staff dealing with partnerships in various departments and establish an action plan to address the issue, including by adapting the existing training curricula to the current needs and by changing the order of priorities in budget allocations.

118. The Inspector welcomes the system-wide initiative to enhance staff training led by the United Nations System Staff College. In 2016, the Knowledge Centre for Sustainable Development was opened in Bonn, Germany, to equip the United Nations and its partners with a vehicle to deliver on the learning agenda pertaining to the 2030 Agenda. The Centre is expected to serve as a catalyst and convener, prompting dialogue and knowledge-sharing between United Nations staff and a diverse set of stakeholders from academia, the private sector and civil society.

119. In addition to regular training, staff training can be enhanced through the use of common training materials, the use of online tools and other innovative approaches like the development of flexible staff exchange mechanisms that could help to overcome organizational cultural differences while enhancing a mutual understanding of partnership requirements. Capacity should be also strengthened at the regional and country levels.

²⁶ See E/ICEF/2017/17/Rev.1, para. 117.

120. Some organizations have already experienced innovative staff exchange programmes between the United Nations and the private sector, such as:

- The UNICEF Sabbatical Programme. UNICEF, together with a global consumer products company, developed a three-month sabbatical programme where employees of the company contributed directly to the work of UNICEF for women and children worldwide.
- The UNESCO Secondment Scheme. In 2010, UNESCO benefited from the secondment of over 30 experts, including from the private sector, who worked for a limited period of time in various areas of expertise ranging from tsunami warning systems to intangible heritage, technical and vocational education and training and donor relations. UNESCO has introduced a new item in its Human Resource Manual to provide a standard framework for the conclusion of personnel loan agreements, including personnel from the private sector.

121. United Nations organizations, through their respective human resources departments, could further explore new and innovative opportunities to enhance staff training with a view to facilitating private sector engagement relevant to the specific mandate of the organization and to its organizational needs, while ensuring sure that there is no undue influence on decision-making and norms setting.

Soft action lines: building an esprit de corps around the Sustainable Development Goals — engagement, accountability, trust

122. The Inspector recommends that the executive heads of the United Nations organizations, where appropriate, encourage human resources exchanges with businesses (such as internships, swaps, joint training programmes and sabbatical leaves) on a reciprocal or unilateral basis, in order to bridge the cultural and operational differences and incompatibilities and create a pool of experts capable of understanding and guiding partnerships both ways.

123. As human expertise remains essential in the implementation of the Sustainable Development Goals, this cross-fertilization could be achieved using existing resources. The Inspector is aware of the possible risks of undue influence in norms- or policy-setting, but he believes that such risks can be diminished and eliminated by rigorously selecting areas where such exchanges may be put in place. An effective partnership presupposes both confidence-building and adequate safeguards, including in relation to the privileges and immunities of the United Nations.

124. The Inspector shares the views that favour soft ways of incentivizing businesses to adhere in a real and provable manner to the values embodied in the 2030 Agenda and to introduce sustainability as part of their business model. Aware of the complexity of such actions, the Inspector nevertheless takes note of some existing practices and recommends further attempts to stimulate action and accountability by businesses, both in terms of symbolic awards and professional certification.

125. The Inspector recommends that the heads of United Nations organizations, if they have not already done so, consider using a system of symbolic awards related to the Sustainable Development Goals, when appropriate, individually or system-wide, with the aim of publicly recognizing and rewarding companies that introduce into their business models the sustainability elements contained in the 2030 Agenda for Sustainable Development, based on clear and transparent criteria, and supported by verifiable evidence.

126. The Inspector recommends that the Global Compact identify existing external professional services that could provide an impartial and objective certification or rating of companies according to their adherence to the Sustainable Development Goals and their implementation, and encourage those professional services to do so based on a strict and transparent methodology, which would include inputs from the United Nations system organizations and civil society organizations. When doing so, special attention should be paid to preserving the impartiality and objectivity of the United Nations.

IV. TOWARDS MORE SYSTEM-WIDE COHERENCE

A. The 2030 Agenda and the opportunity for change

127. While competition on the free market among the private sector players seems natural, competition among United Nations system organizations — despite being guided by the same values, following the same goal of providing global public goods, and being driven by the same Member States — is counterproductive. The inter-agency competition for partners and resources continues to inhibit inter-agency coordination. The Inspector found that, despite widespread recognition of the benefits of increasing inter-agency collaboration on partnerships, factors like a lack of common tools and templates hinder the efforts towards strengthening and diversifying partnerships. Recommendation 2 addresses some of the challenges described in chapter III.

128. The need for coherence and coordination at the United Nations system-wide level is also recognized by the Secretary-General. In one of his reports, he warns that a “lack of coordination” and “lack of common tools” are some of the most pressing challenges to effective partnership. The Secretary-General emphasizes the “urgent need to embrace a more coordinated, and less internally competitive, approach to partnerships”.²⁷ Recommendations 3 and 4 are aimed at strengthening coherence and harmonization.

129. The same report recommends specific actions related to the role of the Global Compact in coordinating and sharing knowledge among partnership practitioners through the meetings of United Nations private sector focal points, and the need for joint decisions and knowledge-sharing on partnerships. The Inspector believes that the United Nations System Private Sector Focal Points Network is undermandated and insufficiently empowered to seek and propose change.

130. The new system-wide framework for cooperation with the private sector should clarify the position of the Private Sector Focal Points Network by placing it in the context of system-wide coordination mechanisms and by seeking a more effective and efficient distribution of roles. This may include a consultative ad hoc status with the High-level Committee on Management (HLCM) established by the United Nations System Chief Executives Board for Coordination (CEB). In addition to its knowledge-sharing role, the Network should further develop policy advice capacity with a view to strengthening system-wide coherence and coordination. Recommendation 5 addresses the issue of enhancing the relevance and effectiveness of the Network.

Action line II: towards a system-wide coordinated operational framework

Recommendation 2: A set of rules and operational guidelines for partnerships with the private sector

The Secretary-General of the United Nations should propose, after prior consultation with all participating organizations, a set of operational rules and guidelines designed to match the specific needs of the partnerships with private sector entities, allowing for greater flexibility, simplification of procedures and speed in reaction. The proposals of the Secretary-General should be submitted to the General Assembly, at the latest during its seventy-fourth session (2019–2020).

131. The rules and guidelines may include, inter alia:

- More flexible financial rules governing the transfer of funds in relation to businesses, in the context of partnerships
- A methodology for the valuation of in-kind contributions

²⁷ See A/72/310, para. 28.

- Allowance for innovative financial tools to facilitate the co-creation and co-development of projects
- The introduction of selection criteria related to the promotion and use of sustainable development practices in the rules on procurement, where applicable and in an adequate form
- Re-evaluation of the red lines between partnership and procurement
- The simplification of the internal operational processes and workflow
- Increased delegation of authority to lower managerial and operational levels where appropriate, while taking additional measures aimed at building capacity and increasing accountability and transparency
- An outline of soft, system-wide guidelines on monitoring, assessing and reporting on partnership engagement with the private sector.

Such a minimum set of rules and operational guidelines should be considered, keeping in mind the need to simplify, as opposed to adding layers to, existing processes and workflow. The common frameworks, when feasible, should not necessarily entail joint operational procedures if they cannot reflect the specificity of individual mandates.

132. All involved units (such as units dealing with policy, project implementation, partnerships, finance, procurement, legal, evaluation and ethics) should participate in the drafting of this set of rules. The interdepartmental nature of participation is meant to establish a balanced and consistent position that is agreed on by all and reflects all concerns. The Inspector believes that such an inclusive approach will enable a new dynamism in relation to the private sector, while maintaining effective safeguards against conflicts of interest and exclusivity or other incidents that may affect healthy market competition.

133. Consultation with other heads of organizations is needed for two main reasons. Firstly, it is needed to make sure that the rules will be used on a system-wide basis. Some bigger organizations may not need them, but smaller organizations do need such rules. Secondly, it is needed because some specialized agencies, programmes and funds have more direct experience in operational activities for development than the United Nations Secretariat.

134. The Inspector shares the view expressed by United Nations officials and non-United Nations observers that setting up guidelines and frameworks to regulate partnerships with the private sector is not enough. The ex-ante assessments, preconditions and due diligence process should be reinforced by a post-factum analysis of the fulfilment by the private sector partners of their commitments and the impact and added value of such partnerships. A system-wide approach to monitoring, assessing and reporting would allow for a more systematic review of partnerships between the United Nations and the private sector, contributing to enhanced accountability and transparency. Such a common approach may stimulate a better performance among businesses and increase their engagement in co-monitoring and co-evaluating the projects.

Recommendation 3: brokering partnerships and providing advice

The Secretary-General of the United Nations and the heads of United Nations system organizations, assisted by the United Nations Global Compact, should coordinate and streamline a unique, system-wide package of information about the opportunities for partnerships offered to the private sector by the Sustainable Development Goals, for the benefit of interested organizations.

135. The package should contain a description of the specific needs and requirements of the United Nations system, an indication of the potential partners, and existing good practices, and is to be used by all interested private companies as a single entry point, in a consistent, uniform and comprehensive way. It may be built around a central existing platform or by bringing together all the existing initiatives in a single platform with multiple entries. The system-wide package is not meant to preclude or prevent individual organizations from using existing information and communications modalities that are strictly specific to their own mandates.

136. The Inspector notes that information packages exist but that they are not coordinated and correlated. The recommendation is meant to address the current fragmented nature of communication about private sector engagement across the United Nations system. The unorderly proliferation of various platforms makes it difficult and time-consuming to find a single entry point that is common to at least all United Nations organizations. A “platform of platforms,” as coined by the Global Compact, may be a step in the right direction, provided that it is comprehensive, objective, impartial and inclusive. From the private sector side, notable guidance is being provided by the Business and Sustainable Development Commission, based on the expertise of global private sector and civil society leaders in investigating, articulating and amplifying the business case for sustainable development.

137. Considering the United Nations Secretary-General’s active engagement in system-wide coordination roles, there is also a need for clarity about how these roles are distributed and executed, both system-wide and in the private sector.

Recommendation 4: streamlining responsibilities within the United Nations Secretariat

Within his current reform initiatives, the Secretary-General of the United Nations should review, streamline, clarify and strengthen the division of labour and the specific lines of responsibility and accountability within various departments of the Secretariat, in particular the mandate of the United Nations Office for Partnerships “to provide advice on, guide and facilitate partnership events and initiatives in support of the Sustainable Development Goals”.

138. The Inspector finds that the Private Sector Focal Points Network is a very useful existing system-wide structure and that it provides good opportunities for interaction. However, it does not have a proactive and action-oriented, solution-seeking mandate emanating from the organizations that the focal points represent. If properly empowered, in its formal mandate and in practice, the Network could produce real system-wide synergies.

Recommendation 5: enhanced role for the Private Sector Focal Points Network

The heads of United Nations organizations should enhance the role and responsibilities of the Private Sector Focal Points Network with regard to sharing knowledge, promoting good practices and finding innovative solutions to problems related to partnerships with the private sector, including by entrusting them with specific tasks and agenda items on which to report.

B. Due diligence: from “do not harm” to “do good”

139. Private sector firms, through their association with United Nations organizations, expect to obtain, inter alia, a beneficial impact on their brand image. Visible recognition and the association of brands with certain values are crucial elements for private sector companies in their efforts to differentiate

themselves in a highly competitive environment. As a consequence, the requirement for visibility and recognition is very often part of partnership negotiations.

140. Visibility and recognition can be displayed in multiple ways (for example through letters of appreciation, press releases, public statements or specific awards). However, most of the officers interviewed linked the visibility and recognition issue to the limitations imposed by the Guidelines on the use of the United Nations name and emblem, and of the names and logos of other United Nations entities,²⁸ rather than the potential for valorizing such means in service of the United Nations mandates.

141. The Guidelines indicate that: “a business sector entity may, on a case-by-case basis, be exceptionally authorized to use the Name and Emblem on a non-exclusive basis specifically for non-commercial purposes and solely for advancing the objectives of the partnership. The use of the Name and Emblem by a business sector entity may exceptionally be authorized so long as the principal purpose of such use is to show support for the purposes and activities of the United Nations entity concerned and the generation of profit by the business sector entity is only incidental.”²⁹ Footnote 8 of the Guidelines provides further clarification: a “commercial use” of the name and emblem should be distinguished from “use by a commercial entity”. The former term implies use in connection with or for furtherance of a profit-making enterprise. The latter term would allow the use of the name and emblem by a business sector entity even involving the making of some profit, as long as the principal purpose of such use is to show support for the purposes and activities of the United Nations entity concerned, including the raising of funds for the United Nations entity, and the generation of profit by the commercial entity is only “incidental”. While providing some flexibility, the above Guidelines are somewhat vague when referring to the potential generation of “incidental” profit.

142. The Inspector believes that emphasis should be placed on the main purpose of the partnership, which should be in accordance with the values upheld by the United Nations system and the general principles advocated by the Guidelines: integrity, accountability and transparency. The question of profit generation should remain “incidental” in his view. The issue is all the more relevant as the 2030 Agenda proposes massive participation of the private sector in the implementation of the Sustainable Development Goals, not just in sponsoring events and funding programmes in a “no-profit” formula. The business model based on sustainability elements recommended by the 2030 Agenda cannot be separated from the search for profit and from making sustainability an asset and a comparative advantage on the market and in the eyes of the consumer.

143. In fact, some United Nations specialized agencies, programmes and funds are much more flexible when engaging in partnerships with businesses that demand the use of their names and emblems. Although this situation contributes to a perception of system-wide inconsistency, it is clear that, given the diversity of United Nations organizations, a “one-size-fits-all” approach to the use of logos, names and emblems is not applicable. However, organizations can learn from those that have more experience and try innovative ways of using those symbols in partnerships with the private sector, without jeopardizing the reputation of the organization.

Box 4: The use of the UNICEF name, logo and emblem

The policy on general usage of the UNICEF name, logo and emblem is set out in the UNICEF Identification Standards Manual. Compliance with the requirements of the Identification Standards Manual and the UNICEF Brand Guidelines is mandatory, as it guarantees a clear, consistent, readily

²⁸ Pursuant to General Assembly resolution 92 (I), the use of the United Nations name, including its acronym, and emblem is limited to official purposes. The United Nations has consistently interpreted this resolution to apply also to the use of the name and emblem of United Nations entities whose names include the words “United Nations” or its acronym. The United Nations name and emblem are also protected by the Paris Convention for the Protection of Industrial Property, revised in Stockholm in 1967.

²⁹ Guidelines on a Principle-based Approach to the Cooperation between the United Nations and the Business Sector, para. 26 (b).

identified image of UNICEF. The UNICEF name, logo, and emblem are not trademarks. In cases where the partnership would involve permission to use the UNICEF name, logo or emblem in a commercial context, especially in fundraising alliances, the alliance is to be reviewed and approved through a streamlined due diligence procedure. Alternative UNICEF “logos” or special “corporate fundraising emblems”, whether or not they incorporate any part of the UNICEF logo or emblem, may not be created. UNICEF does not endorse any products, goods or services, and UNICEF does not grant exclusive permission to reproduce the UNICEF name, logo or emblem.

144. The Inspector believes that limitations on the use of names, logos and emblems that are time-limited and apply solely to specific activities, projects and campaigns, rather than generic interdictions, do allow more flexibility. However, such flexibility should be accompanied by an examination of the risks involved on a case-by-case basis and a cost-benefit analysis. The occurrence of reputational risks will be diminished if this flexibility is accompanied by safeguards in the partnership agreements.

145. After years and, in certain cases, decades of cooperation with the private sector, United Nations organizations are fully aware of the potential risks associated with partnerships, and several organizations have put in place strong corporate due diligence mechanisms. When deciding whether to work with a private sector firm, all United Nations entities have set up mechanisms and apply guidance based on the Guidelines. Several United Nations entities have developed additional criteria, policies and procedures in accordance with their respective mandates. However, in certain cases these mechanisms are weaker, and some inconsistencies remain across the United Nations system.

146. Each United Nations entity conducts due diligence in a different manner, and different organizational units may be involved. For example, at WFP, the due diligence review of private sector partnerships has been transferred to the Legal Office, reporting to an independent senior committee for approval, while other United Nations entities undertake due diligence through specialized units. The appropriate placement of due diligence responsibilities within an organization is important to avoid potential conflicts of interest.

147. The Guidelines contain basic exclusionary criteria. However, the United Nations organizations may consider collaboration with entities that do not fully meet all criteria if the collaboration is specifically intended to modify behaviour and practices addressing relevant issues. Moreover, the Guidelines encourage United Nations entities to establish additional eligibility and exclusionary criteria appropriate to their specific mission and role.

148. Although understandable, the establishment of individual exclusionary criteria has contributed to an external perception of inconsistency. One of the consequences is that, after being rejected by the exclusive criteria applied by a given United Nations entity, some companies may be accepted as partners by others. If that differentiated approach could be used in a transparent and consistent way, the inconsistency would turn into the flexibility often needed in selecting relevant partners.

149. The collection of information about the potential partner and its assessment against exclusionary criteria, often defined as “pre-screening”, is intended at a minimum to determine if the potential partner meets the exclusionary criteria. In addition, the business sector and business practices of the potential partner should be consistent with the values and principles upheld by United Nations system organizations. It is important to note that the initial review of company profiles for engagement is labour intensive. Most of the United Nations organizations use data from external specialized providers to facilitate the partner selection process. The smaller organizations without enough resources to undertake due diligence on their own rely on support from the Global Compact.

150. Most of the United Nations entities include membership to the Global Compact as one of the considerations when reviewing a company profile. Yet, some officials opine that membership in the Global Compact should not be a prerequisite for engagement with a specific company. The Inspector wishes to point out that, although necessary, Global Compact membership is not enough to guarantee

the appropriateness of the potential partner, and that further assessment of the potential partner's performance against the Ten Principles of the United Nations Global Compact should be a major consideration in due diligence processes. At the same time, the Global Compact has a limited membership. Not being a member does not imply that companies cannot be potential partners.

Box 5: UNDP Policy for Due Diligence

The UNDP Policy for Due Diligence and Partnerships with the Private Sector (2013) recognizes Global Compact membership as a positive criterion in qualifying business partners, among others. The procedure is decentralized, and country offices can approve the due diligence assessment for private sector partnerships with businesses that do not fall under any exclusionary criteria and are not involved in any significant controversies at the country level. Submission for decision-making to headquarters is required for cases that fall under exclusionary criteria or are involved in significant controversies. Otherwise, the decision can be made locally. For cases escalated to headquarters, an inter-bureau technical committee is tasked with reviewing the due diligence information, assessing the partnership case and issuing a recommendation to senior management for final decision-making.

151. Although due diligence approaches differ, organizations follow the following basic pattern: (a) collect information on the potential partner; (b) apply a preliminary filter, assessing the potential partner against exclusionary criteria; (c) apply an organization-specific filter, involving deeper research or assessment of possible controversies; (d) conduct a risk and benefit analysis; and (e) make a decision.

Table 2

Due diligence steps	Who is responsible?
(e) Decision-making	Upper layer: the organization concerned
(d) Risk and benefit analysis	
(c) Organization-specific filter	
(b) Preliminary filter	Lower layer: the Global Compact
(a) Collection of information	

152. This action pattern offers the Global Compact the opportunity to administer the information available for a United Nations system-wide due diligence process, thus contributing to enhanced system-wide coherence. In particular, the Global Compact could administer the first two steps of the above general process, namely the collection of information and the preliminary filter (for example, a system-wide blacklist or red lines). The lower layer would be based on the technical capacity of the Global Compact to compile and organize data and information. **The lower layer implies the continuation of the due diligence process begun by the Global Compact, but it will broaden to use information voluntarily submitted by participating organizations, including on private sector entities that are not associated with the Global Compact.**

153. As for the next steps of the due diligence process, they should be the responsibility of individual organizations in view of their specific characteristics and based on a case-by-case analysis of the cost-benefit ratio, including from a risk management perspective. The upper layer would be the responsibility of individual organizations and would serve as knowledge-building, based on their legitimacy and accountability. The upper layer would include streamlining and unifying minimum due diligence exclusionary criteria, as well as facilitating knowledge-sharing regarding due diligence, avoiding duplication and optimizing resources across the United Nations system. **The autonomous nature of the upper layer may lead to the mechanism being used both by organizations with limited resources for vetting, on the one hand, and by organizations with specific criteria and higher vetting capacity, on the other hand.**

Action line III: towards a common vetting system

154. The Inspector believes that a common compilation of useful information contributed by all and to be used by all organizations, as well as a minimum set of common regulations, would increase efficiency and reduce transactional and human resource costs, without preventing individual organizations from taking more action or less action, where needed or appropriate. Those actions should take into account and valorize the existing databases and mechanisms. The common vetting system would include two main components: the information necessary for decision-making and basic standard procedures and safeguards for due diligence. This will facilitate the work of organizations with insufficient financial and human resources to create their own mechanisms.

155. The Inspector is aware of the specific needs of, and criteria used by, individual organizations. The common vetting system is not construed as a one-size-fits-all model. The Inspector proposes a minimum degree of common action that could valorize the existing work done by the Global Compact at the lower level (see table 1) in a more systematic and comprehensive way. Notably, the database would include information on companies that are not necessarily related to the Global Compact. The main feature of the lower level would be knowledge-sharing at a system-wide level.

156. With inputs and feedback coming from and accessed by all organizations, the database should serve as a minimal resource in any vetting and due diligence processes, without prejudice to the final decision of each participating organization. A special chapter of the database should include shadow reports from civil society organizations.

157. The approach recommended, if implemented, would shorten the time necessary for searching for and compiling relevant information, while helping many organizations with more limited resources to simplify and reduce the time they need to follow the due diligence procedures. It is a fact of life that some companies can be partners of more than one organization. The profile of those companies should not be found by duplicating work that has already been done. Such a vetting system, as proposed in recommendations 6 and 7, could be consolidated incrementally, in view of the lessons learned and synergies generated. The decisions would be made at the upper level by the individual organizations concerned, in accordance with their own specific needs.

158. The Inspector is also aware of the existing advanced due diligence systems that have been developed in organizations that may not see added value in a common vetting system. However, many other organizations, as well as entities under the authority of the United Nations Secretariat, claimed the need for a common approach. Recommendations 6 and 7 do not propose a “common” system in the sense of “centralized” and “compulsory”. They propose only a common resource for voluntary use by interested organizations, in a more efficient and transparent way than in the current situation.

159. The Inspector welcomes the establishment of the HLCM Cross-Functional Task Force, whose future work on implementing partners may contribute to the implementation of recommendations 6 and 7.

Recommendation 6: a system-wide database

All heads of the United Nations system organizations, assisted by the United Nations Global Compact, should jointly create a common database on the profiles and performance of the businesses that are involved, or potentially interested, in partnerships with the United Nations, based on the information voluntarily submitted by the participating organizations.

Recommendation 7: common standard procedures and safeguards for due diligence

The Secretary-General of the United Nations and all the executive heads of participating organizations should identify and agree on a minimum set of common standard procedures and safeguards for an efficient and flexible due diligence process, to be applied system-wide in a transparent way by the United Nations operational staff engaged in the initiation and implementation of partnerships with the private sector.

V. THE ROLE OF THE GLOBAL COMPACT: A RENEWED ENGAGEMENT

160. Established in 2000, the Global Compact initiative advocates 10 agreed upon principles of responsible corporate citizenship that are supposed to foster respect for the United Nations universal values in the private sector. The initiative brought together approximately 12,700 participants; of these, around 9,600 participants are private sector companies and small and medium-sized enterprises, while the rest are non-business entities (namely foundations, non-governmental organizations and different types of associations).³⁰ Participation in the Global Compact requires a commitment to respect the 10 principles in the areas of human rights, labour, environment and anti-corruption.

161. Global Compact participants are formally required to produce an annual communication on their progress that outlines efforts to conduct business responsibly and support society. The Global Compact Local Networks are expected to promote the Ten Principles at the country level. The nature, composition and governance structures of the Local Networks are very heterogeneous and differ considerably from country to country.

162. This review was not intended to produce an evaluation of the Global Compact. JIU already reviewed the Global Compact back in 2010, and some of the findings and conclusions contained in its report are still relevant.³¹ Yet, the unique role played by the Global Compact as one of the major players in the relationship between the United Nations and the private sector prompted a closer consideration. Most of the JIU participating organizations recognized the positive role played thus far by the Global Compact in advocacy and awareness-raising. At the same time, they all suggested a move to a new era, which implies more engagement with the private sector at the national level.

163. The Global Compact is facing criticism for the lack of an appropriate accountability mechanism for its members. In the eyes of the critics, the voluntary nature of the Global Compact does not justify the fact that “there is no mechanism existing to assess their report and ask them to ensure that the global universal values like human rights are adhered to”.³² For those critics, but also for some officials interviewed, the presence of the Chair of the United Nations Global Compact Government Group (a group of Member States that provide financial support) in the Global Compact Board is insufficient.

164. Also, in the view of some civil society analysts, while the role of the Global Compact in opening up the United Nations to the business sector is recognized, the way the Global Compact works under its current configuration needs to be reviewed:

*While it may have been designed to do exactly the opposite — sensitize businesses for public interests through the promotion of the ten Principles — it also serves as a platform and promoter of corporate interests in the UN. This is aggravated by its dependence on private funding and its overly complex governance structure, which gives little space to Member States while limiting oversight to those making financial contributions.*³³

165. Other commentators have argued that the Global Compact has evolved into an international business membership network, which is now based on a membership fee rather than on an objective measuring of the progress and performance of its signatory companies against the Ten Principles.

166. Even if this view is a matter of perceiving a potential danger rather than an actual tendency, the accountability mechanisms administered by the Global Compact should be revisited, and trust should

³⁰ See www.unglobalcompact.org/what-is-gc/participants/.

³¹ JIU/REP/2010/9.

³² Jeetendra Kumar, *The UN system and the Private sector: Case studies of WHO and UNICEF* (Lambert Academic Publishing, 2012), p. 119.

³³ Barbara Adams and Jens Martens, *Fit for whose purpose? Private funding and corporate influence in the United Nations* (Global Policy Forum, Bonn/New York, 2015).

be rebuilt. The Inspector shares the conviction that the Global Compact must assume a strengthened and newly legitimized role in the design and consolidation of a more consistent and effective system-wide approach.

A. Global Compact governance: the role within the United Nations Secretariat

167. Given that the Global Compact is an institutional innovation, it is not surprising that its governance structure is rather original and was subject to successive revisions in 2005, 2008 and 2015. It consists of several entities: the Leaders Summit, the Global Compact Local Networks, the Annual Local Network Forum, the Global Compact Board, the Global Compact Office, the Inter-Agency Team, and the Global Compact Government Group.³⁴ Each operates without central decision-making and has its own membership, functions and meetings.

168. Figure 1 below represents the current governance structure.

Figure 1: The Global Compact governance structure



Source: <https://www.unglobalcompact.org/about/governance>.

169. The governance structure of the Global Compact is also unique for an intergovernmental organization such as the United Nations in that its main strategic direction is provided by a board with inadequate Member States representation.³⁵

170. As reflected in its 2016 Annual Management Report to the Foundation Board, governance is one of the key priority areas for the Global Compact. The Global Compact proposed to the Secretary-General a governance review aimed at clarifying the required qualifications, appointment, term limits, and roles and responsibilities of Board Members, including the nature of the relationship between the Foundation Board and the Global Compact Board.

171. However, as observed by the Inspector and by several organizations that answered the corporate questionnaire, the issue of governance should also be reviewed, taking into consideration the role that

³⁴ Governments that contribute to the Global Compact Trust Fund, which helps to fund the initiative, convene biannually in the Government Group to review budgets and progress. The remainder of the funding is provided through a collaborative arrangement with the Foundation — a non-profit entity with its own Board. Governments also convene through the Friends of the Global Compact — a group of representatives from Missions to the United Nations in New York that convene about four times annually to receive briefings.

³⁵ See JIU/REP/2010/9, para. 115.

the Global Compact could play in a broader 2030 Agenda context as a fundamental element to enhance system-wide coherence and as a true catalyst for effective partnerships. To achieve this, the governance of the Global Compact should be more transparent, inclusive and clear, in order to reflect the needs of all interested United Nations funds, programmes and specialized agencies.

172. Furthermore, the Global Compact governance structure does not include a clear mandate, endorsed and monitored by the Member States in a more direct and comprehensive way. As early as 2007, the Office of Internal Oversight Services (OIOS) requested the Secretary-General to seek a formal mandate from the General Assembly.³⁶

173. In the same vein, a 2009 JIU report reiterated the request for a clear mandate for the Global Compact Office and for a bulletin outlining its functions in accordance with that mandate. However, successive General Assembly resolutions only noted the principles and initiatives of the United Nations Global Compact, recognizing, without properly defining, the role that the Global Compact Office is expected to play.

174. It was not until 2012 that the General Assembly referred in its resolution 66/223 to a mandate to advance United Nations values and responsible business practices within the United Nations system and among the global business community. Even so, such a broad mandate needs to be framed, translated and positioned both within the context of the United Nations Secretariat, where some overlapping of functions exists, and more importantly within the wider context of the United Nations system.

175. The existing mandate has never been stipulated in a specific bulletin issued by the Secretary-General to describe the functions of the Global Compact Office, unlike the normal practice for other offices in the Secretariat. Such a situation inevitably brings the risk of inefficiencies and ambiguities, given that other United Nations departments are also involved in different aspects of engagement with the private sector (namely DESA and UNOP). These departments have, nevertheless, received a clear delineation of their functions vis-à-vis the private sector, through specific Secretary-General bulletins. For example, the organization and functions of UNOP are well established by a Secretary-General's bulletin.³⁷ There is no such description of functions for the Global Compact.

176. Concerns regarding overlaps or lack of clarity in the delineation of functions within the Secretariat have been reported by several of the officers interviewed. These concerns were particularly highlighted when the merger of the two entities (UNOP and the Global Compact) was recommended in 2012. Now, there is an opportunity to optimize resources that should be used in the context of the Secretary-General's current proposals for reform, which are aimed at adopting a system-wide approach to partnerships and at reviewing the role of the Global Compact and its relationship with United Nations country teams "to enhance engagement with entrepreneurs, the private sector, financial institutions and others to more effectively support national priorities in the framework of the [Sustainable Development] Goals".³⁸

³⁶ Office of Internal Oversight Services Audit No. AH2006/520/01, *Performance Audit of the Global Compact Initiative*.

³⁷ Secretary-General's Bulletin, *Organisation of the United Nations Office for Partnerships*, ST/SGB/2009/14, 18 December 2009.

³⁸ See A/72/124-E/2018/3.

B. Global Compact governance: the role at the United Nations system-wide level

177. The Global Compact Office coordinates the Private Sector Focal Points Network. Through the Network, agencies are expected to share due diligence policy templates and practical examples in an effort to improve and strengthen system-wide coherence.

178. However, new companies or companies based in developing countries are often not adequately covered by such due diligence procedures. In these cases, organizations usually carry out screening research themselves — a time-consuming and cumbersome process described in other sections of this report. This is an area where the Global Compact has an opportunity to further enhance its role of providing due diligence research support to other United Nations organizations, while reducing duplication and promoting system-wide coherence in accordance with its current priority to “increase collaboration across the United Nations system”.³⁹

179. The Global Compact also provides one of the entry points into the United Nations system for the business community. The UN-Business Action Hub was developed as a joint effort by the Global Compact, the Global Hand (a Hong-Kong based non-profit organization specializing in facilitating private sector and NGO connections), and 20 United Nations entities. Both the United Nations and businesses can post projects and use the platform to search for and interact with potential partners to scale the impact of their projects.⁴⁰

180. As the 2030 Agenda calls imperatively for a more consistent United Nations system-wide approach and more inter-agency cooperation, the Global Compact could play a pivotal role between the United Nations system and the private sector at different levels, from global advocacy to joint action at the country level. While the Global Compact’s global advocacy efforts are unquestionable, many United Nations organizations with a presence in the field believe that the cooperation of Global Compact Local Networks with the United Nations country teams is an area in need of improvement.

C. Global Compact action: focusing on increased engagement among businesses

181. The 9,600 business participants in the Global Compact, organized in 88 networks, represent significant numbers. Yet, if contextualized,⁴¹ these numbers show room for improvement. The growth in membership has been relatively moderate in recent years, while the number of networks has declined, as reflected in figures 2 and 3 below.⁴²

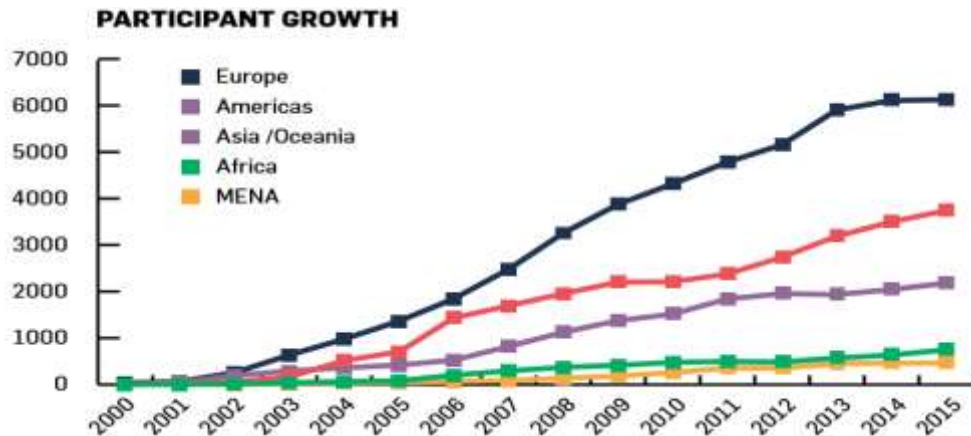
³⁹ See the Global Compact, *2016 Annual Management Report: Looking Forward*, p. 21.

⁴⁰ business.un.org/en/info/about.

⁴¹ A country like Spain has 3.2 million enterprises of all sizes in all sectors. Statistics sourced from the Central corporate directory as at 1 January 2017.

⁴² The Global Compact Local Network Report 2015, p. 12.

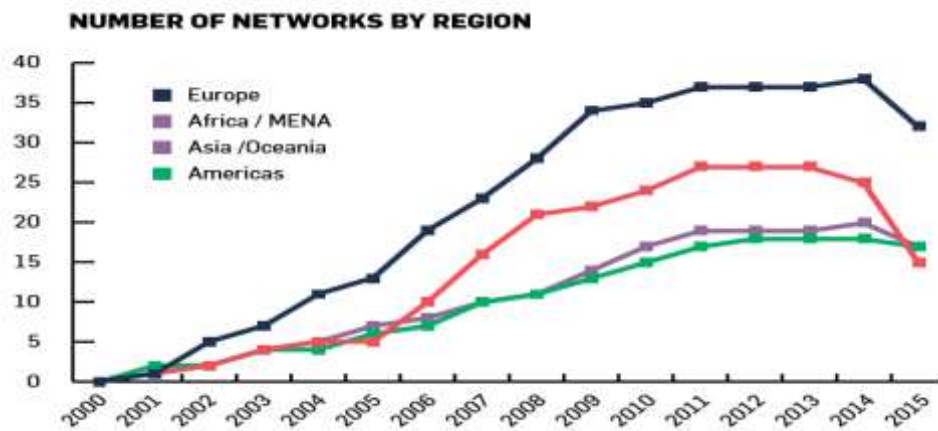
Figure 2



Source: The Global Compact Local Network Report 2015, p. 12.

182. The importance of local networks in this light should not be underestimated, particularly in view of the emphasis placed in the 2030 Agenda on national ownership. The Global Compact Local Networks are independent, self-governed and self-managed entities. In certain cases, they are managed by an independent NGO. In others they are somehow associated with local governments or academia, while some (such as Brazil) are managed by UNDP country offices.

Figure 3



Source: The Global Compact Local Network Report 2015, p. 12.

183. The aim of this review was not to determine the reasons behind the figures. However, a strengthened position of the Global Compact within the United Nations system implies the need for a strategic vision for increased engagement of private companies. The Global Compact has recognized the need for growth in its active membership as part of its 2020 Global Strategy. The Global Compact has focused its activities on delivering against three “Must-Win Battles”, among which “creating sustainable growth” is the first.

D. The Global Compact and the Sustainable Development Goals

184. The Global Compact has understood that the Sustainable Development Goals represent an opportunity for an enhanced and more holistic approach to partnerships with the private sector, and this is an area in which the contribution of the Global Compact is more visible. Making Global Goals Local Business is the Global Compact's multi-year strategy to drive business awareness and action in support of achieving the Sustainable Development Goals by 2030.

185. The 2017 Progress Report to the Foundation Board, based on a 2017 survey of the 9,600 companies participating in the Global Compact, monitored — for the first time — business activities related to the Sustainable Development Goals. More than 1,950 companies responded, representing 22 per cent of participants across all regions, business sectors and company sizes. The annual survey of the Global Compact participants revealed that 75 per cent of respondents have actions in place to address the 17 Sustainable Development Goals.

186. The Global Compact provides guidance to companies on how they can align their strategies and measure and manage their contribution to the realization of the Sustainable Development Goals. A couple of initiatives in this respect are the Sustainable Development Goals Compass and the Blueprint for Business Leadership. The latter aims to inspire all businesses — regardless of size, sector or geography — to take action in support of the Goals. The Blueprint is a tool for any business that is ready to advance its principled approach to action related to the Sustainable Development Goals. The Compass is a guide presenting five steps that assist companies in maximizing their contribution: understanding the Sustainable Development Goals, defining priorities, setting goals, integrating sustainability and reporting.

187. However, the mandate of the Global Compact, as currently described by the General Assembly, needs leaner and clearer governance mechanisms. A more effective positioning and definition of roles within the United Nations Secretariat is also required to avoid the current ambiguities and duplications, on the one hand, and to contribute to the United Nations system-wide setting for partnerships with the private sector, on the other hand. Such institutional improvements leading to synergies and complementarity can be produced with existing resources.

Action line IV: winning the Global Compact's new battles

188. In its own words, the Global Compact is “the world's largest corporate sustainability initiative”.⁴³ The aim of the current review was not to examine to what extent the initiative has met expectations and fulfilled its initial mandate. Like any institutional innovation, the Global Compact has had to explore and experiment with handling new modalities of interaction with the private sector in unprecedented ways.

189. The Global Compact has been criticized for several reasons. From the perspective of civil society organizations, the main reasons include: the lack of independent monitoring of businesses' adherence to the Ten Principles; too close an alignment with business interests; insufficient legitimacy and objectivity; exposure to risks of undue influence from private sector donors; and insufficient involvement of Member States in its governance structure.

190. The United Nations system organizations, while appreciating the assistance of the Global Compact in due diligence processes, indicated that they expected more facilitation of engagement among businesses at the operational level, beyond just the organization of spotlight events.

⁴³ See www.unglobalcompact.org/what-is-gc.

191. ILO officials suggested that the Global Compact should consider an enhanced role for representatives of employers and workers.

192. In turn, the emerging Global Compact Local Networks have already asked for more decentralization, in particular when leveraging changes in business behaviour.

193. While all these viewpoints deserve separate analysis and evaluation, even the harshest critics cannot challenge the role played by the Global Compact in opening up the United Nations and its Ten Principles to the world of business. Like for many other United Nations bodies, the expectations were higher than the means available and the actual achievements. Yet, the primordial task of raising awareness about the United Nations values and its activities for development has been fulfilled. The current interest that a number of businesses are showing in the 2030 Agenda is also the result of the work of the Global Compact.

194. Nevertheless, the Inspector believes that the 2030 Agenda should mark a new stage in the institutional evolution of the Global Compact. The lessons learned in 17 years of existence and the vulnerabilities identified by the United Nations system organizations, civil society and the private sector should be properly reflected in an updated mandate for the Global Compact.

195. This reality, “with converging global trends creating a new context of expectations and opportunities for business to address global challenges”, is admitted by the Global Compact itself in its current strategic vision, which is aimed at turning the initiative into “a professional, mature, global organization”.⁴⁴

Recommendation 8: revised mandate for the Global Compact

The General Assembly, based on a report by the Secretary-General, should initiate a revision of the current mandate of the Global Compact, which should include, inter alia:

- **A clearer role of the Global Compact, at the global and national levels, in effectively engaging the business sector to support the implementation of the 2030 Agenda**
- **An enhanced role for Member States in its governance structure**
- **An updated definition of the relationship between the Global Compact Office and the Foundation for the Global Compact, with an emphasis on the transparency of the Foundation’s fundraising activities**
- **A clear definition of the relationship between the Global Compact headquarters and the Global Compact Local Networks.**

⁴⁴ The Global Compact, *2020 Global Strategy*, March 2017.

VI. MOVING FORWARD

196. In addition to the action lines developed thus far, which are basically aimed at improving the existing guidelines, framework, mechanisms and procedures while opening windows to more joint action at the system-wide level, the Inspector believes that the vision of the 2030 Agenda also offers the best opportunity to prompt bolder actions aimed at changing the “business as usual” practice.

197. The holistic nature and the universality of the 2030 Agenda make room for changes in mentalities and for innovative cooperation tools. The following action lines have emerged during the interviews and conversations with United Nations and non-United Nations stakeholders and are motivated by the belief that the action of the United Nations system could still be more efficient and more consistent with respect to cooperating with the private sector.

A. Delegation of operational authority at the regional and national levels

198. An important conclusion emanating from the review of the corporate questionnaire is the need to facilitate engagement with the private sector at the country level and to decentralize and simplify decision-making as much as possible. This may imply a revision of the organizational levels of delegation of authority within organizations, as well as of the internal workflows related to partnership arrangements. The local dimension of partnerships becomes even more relevant in the context of the 2030 Agenda, which emphasizes national ownership in its implementation.

199. Unsurprisingly, the lack of coordination at the system-wide level is also reflected at the country level. As recognized by the Secretary-General in his report to the General Assembly and the Economic and Social Council on operational activities for international development cooperation,⁴⁵ the current set-up regarding the country presence of the United Nations, in particular its fragmented accountability structure with different funds, programmes and specialized agencies, favours an individual approach to partnerships. United Nations entities tend to engage with national stakeholders, including the local private sector, following their own individual rules and procedures and pursuing their own specific goals. This leads to overlap and inefficiencies, creating confusion among potential partners, including governmental agencies.

200. This state of affairs was confirmed by some representatives of Global Compact Local Networks who were interviewed and said they resented the lack of coordination among United Nations entities when approaching them in search of, inter alia, potential donors. When it comes to engaging the local private sector, Local Networks have the potential to work closely with resident coordinators and country teams as well as other private sector stakeholders to advance national sustainable development priorities. However, this potential is still untapped, due to, inter alia, the lack of a coordinated strategy.

201. The Inspector shares the view that the private sector engagement of United Nations entities at the country level needs further enhancement and coordination. United Nations country teams need to act jointly to find new engagement mechanisms and to efficiently involve the local private sector in the effort to achieve the Sustainable Development Goals while addressing national priorities.

Action line V: enhancing ownership and partnership at the regional and country levels

202. As the United Nations is an intergovernmental organization, opportunities for businesses to be involved directly in the preparation, ownership and implementation of decisions concerning the

⁴⁵ A/72/124-E/2018/3.

Sustainable Development Goals should be sought at the regional and national levels. The dialogue at the regional level could take the form of business advisory councils, executive forums or other forms fit for purpose in the respective regions. The national level is the most adequate level for the private sector to share ownership in engagement, from solution-seeking and project design to resourcing and execution, with the direct participation and involvement of government representatives.

203. The following recommendation was inspired by the existing practice in ESCAP, which in 2004 established the ESCAP Business Advisory Council, consisting of executives and representatives from leading businesses in the region. Currently, the Council focuses on providing guidance and support to the ESCAP programme of work in general and in the organization of the Asia-Pacific Business Forum in particular. While the Council is still a work in progress and has not yet proven its full potential, it is a new form of dialogue that was received with interest by companies.

Recommendation 9

The Economic and Social Council should invite the Executive Secretaries of the regional economic commissions, if they have not already done so, to initiate and institutionalize a systematic and regular consultative dialogue with high-level representatives of private sector companies that contribute or have expressed interest in contributing to the implementation of the 2030 Agenda for Sustainable Development.

Recommendation 10

The Secretary-General of the United Nations should encourage, in concertation with the executive heads of the Joint United Nations Programme on HIV/AIDS, the United Nations Development Programme, the United Nations Educational, Scientific and Cultural Organization, the United Nations Population Fund, the Office of the United Nations High Commissioner for Refugees, the United Nations Children's Fund, the United Nations Industrial Development Organization, the United Nations Office for Project Services and the World Food Programme and the executive heads of any other interested United Nations organizations with a presence in the field, a multi-stakeholder mechanism of consultations and solution-seeking at the country level, steered by the Resident Coordinator, in which the businesses are involved from the beginning in the design of partnerships in support of the 2030 Agenda for Sustainable Development. Where such mechanisms initiated by Governments exist, the United Nations country teams should encourage multi-stakeholder participation.

B. Innovation partnerships

204. Innovation is a key concept for the 2030 Agenda and an essential tool for its implementation. Goals 8, 9 and, in particular, 17, emphasize the role of innovation. Innovation offers considerable potential for strengthening and accelerating the work of the United Nations system organizations and contributes to achieving the Sustainable Development Goals. The 2030 Agenda requires “improved coordination among the existing mechanisms, in particular at the United Nations level”. The Agenda calls upon “all businesses to apply their creativity and innovation to solving sustainable development challenges”.

205. In its section on means of implementation and the Global Partnership, the 2030 Agenda includes an extensive chapter on innovation, which outlines in detail the configuration of: (a) a United Nations

inter-agency team on science, technology and innovation tasked with promoting coordination, coherence and cooperation within the United Nations system; (b) an online platform to provide access to innovation facilitation initiatives and policies; and (c) a multi-stakeholder forum to facilitate interaction, matchmaking and the establishment of networks under the auspices of the Economic and Social Council.⁴⁶

206. Officials from JIU participating organizations and other international organizations as well as representatives of the private sector who were interviewed underlined the primordial role of the private sector in introducing innovation. Some United Nations organizations established specific innovation partnerships with academia and the private sector, born out of a shared interest in working together to achieve joint objectives. They created stand-alone units and made innovation a core part of their operations or strategies. UNDP, UNFPA, UNHCR, UNICEF, UNOPS, UN-Women and WFP have experimented with various forms of innovation functions and institutional mechanisms and have made visible progress.

207. Better coordination, coherence and cooperation is vital for the implementation of the Sustainable Development Goals. The Inspector believes that efforts to produce significant changes in the modus operandi at the system-wide level are timely, particularly in view of the emergence of new units dedicated to innovation and innovation partnerships.

208. While admitting that breaking the silos in the United Nations system in areas of long-standing past practice continues to be an unfulfilled imperative, the Inspector believes that the 2030 Agenda offers an unprecedented opportunity to think and act differently, including in new areas of interest such as innovation. Yet, views on the concrete forms that coordination should take at the system-wide level differ.

209. Some officials interviewed pleaded in favour of the defragmentation of innovative functions and the creation of a system-wide common service, or at least a joint coordination of innovation partnerships.

210. They argued that the new innovation programmes, funds, incubators, accelerators and labs that have been created throughout the system need more clarity of their mandates and purpose, concrete objectives and measurable outputs. They compete individually to access new resources from donors and may not be aware of the potential for more system-wide coherence and synergies.

211. Among the organizations that have built expertise on innovation partnerships, UNOPS has volunteered to play the role of system-wide cooperation facilitator, in view of its wide mandate, its work in creating an innovation ecosystem, and the nature of its forms of partnership with the private sector and academia.

212. Other organizations believe that taking innovation away from the core business and the front line of the operational activities may lead to less strategic alignment and less support for resulting initiatives. Moreover, entrusting a coordination role to one organization might produce interesting ideas at a strategic level but may have little or no uptake in the specific context of the implementing organizations concerned.

213. The Inspector sees merits in both arguments. However, he believes that more system-wide coordination, coherence and cooperation remains to be pursued. In view of the importance of innovation in the overall context of the 2030 Agenda, the time is ripe to consider more actively encouraging

⁴⁶ See General Assembly resolution 70/1, para. 70.

institutional initiatives for the coordination of partnerships for innovation across the United Nations system.

214. The human resources and the intellectual capital needed to bring about real change are already available. For example, notable among recent initiatives is the United Nations Innovation Network (UNIN) — a network of representatives of innovation teams that is intended to function as a community of practice and a knowledge-sharing network. One of the promoters of this network, WFP, was named one of the “most innovative companies” by the technology magazine Fast Company for its innovation accelerator.

215. Another example of effective inter-agency collaboration and coordination is the UN Data Innovation Lab series (2016 and 2017), which ran at the prompting of CEB and was jointly led by WFP and UNICEF in close collaboration with UNDP, UNFPA, UNHCR and Global Pulse.

216. Also notable for the significance attached to UNIN, is an evaluation report produced by the UNFPA Evaluation Office, which could also be useful for other organizations, although it is focused on the UNFPA Innovation Fund and Innovation Initiative.⁴⁷

217. The Inspector welcomes the current work done by CEB aimed at adjusting the terms of reference of UNIN so as to make it a formal part of the HLCM machinery.

218. United Nations organizations, which are front-runners in promoting innovation, should strengthen ways of stimulating coordination and inter-agency cooperation, knowledge-sharing and joint initiatives. The materialization of such willingness may save financial and human resources for individual organizations that are developing innovation functions, on the one hand, while improving coordination, coherence, cooperation and efficiency at the system-wide level, on the other hand. One or more organizations may take the lead in stimulating such a system-wide service and fulfil the tasks of mapping and reviewing the existing innovation initiatives, pooling resources when appropriate, and identifying among existing innovation programmes those that would be better served if coordinated.

219. This system-wide coordination could be built, at least at the initial stage, through the coalition of willing organizations that led to the formation of UNIN, including UNDP, UNFPA, UNHCR, UNICEF, UNOPS, UN-Women and WFP. Those organizations already work closely together to share their experiences in innovating in the United Nations and should further explore exchanges and actions leading to the expansion of a common portfolio of principles and actions aimed at better coordination.

220. Such coordination, with a focus on partnerships with third parties from the private sector, should not replace the operative priorities of individual organizations or their efforts to stay connected to the core of business. Instead, it may lead to scale savings and synergies, in particular with regard to the implementation of those Sustainable Development Goals that imply inter-agency cooperation.

Action line VI: towards system-wide innovation coordination

Recommendation 11: coordination of innovation partnerships

The Secretary-General, in his capacity as Chair of the United Nations System Chief Executives Board for Coordination, and the executive heads of interested organizations, should build on existing and ongoing efforts and continue to empower the United Nations Innovation Network

⁴⁷ UNFPA, “Formative evaluation of the UNFPA innovation initiative”, Vol. 1, 2017.

or other existing United Nations joint innovation initiatives to identify and discuss issues that are relevant for the coordination of the existing innovation initiatives, funds, labs, accelerators and incubators, and their interface with the private sector, with a view to facilitating and stimulating innovation in the implementation of the 2030 Agenda.

C. Stimulating small and medium-sized enterprises

221. Seeking quick visibility and financial contributions, the United Nations system organizations have tended to focus on the major global players and transnational companies. That focus, however, does not recognize or give the right picture of the role of small and medium-sized enterprises, as shown in figure 4 below, which indicates a prevailing contribution to employment and world economic output on the part of such enterprises.

Figure 4: The economics of small business



Source: International Organization for Standardization

222. According to the World Bank Group, there are between 25 and 30 million formal small and medium-sized enterprises in emerging economies. They contribute up to 60 per cent of total employment and up to 40 per cent of gross domestic product in emerging economies.⁴⁸ These numbers are significantly higher when informal small and medium-sized enterprises are included. In emerging markets, most formal jobs are generated by such enterprises, which create four out of five new positions. This reality makes imperative the need to encourage the formalization and growth of micro, small and medium-sized enterprises, including through access to financial services, as set out in Goal 8 of the 2030 Agenda.

223. Yet, research conducted in the Netherlands on the Sustainable Development Goals indicates that over 80 per cent of small and medium-sized enterprises are unfamiliar with the Goals. Of the 20 per cent that are familiar with the goals, 80 per cent want to act but do not know how.⁴⁹ The existing mechanisms of cooperation with the private sector are not tailored to working with small and medium-sized enterprises. Lacking enough resources, such enterprises need additional efforts by the United Nations system to help them understand the Sustainable Development Goals and the way the system functions.

⁴⁸ www.worldbank.org/en/topic/financialsector/brief/smes-finance.

⁴⁹ www.mkb servicedesk.nl/10951/mkb-heeft-nauwelijks-oog-voor-duurzaamheidsdoelen.htm.

224. A genuine and efficient catalytic effort by the United Nations system should, therefore, pay particular attention to the creation of communication and information tools to attract small and medium-sized enterprises to the efforts to achieve the Sustainable Development Goals. The Knowledge Centre for Sustainable Development, with support from other interested organizations, in particular ITC whose mandate is to enhance inclusive and sustainable growth and development by improving the international competitiveness of small and medium-sized enterprises, can contribute to such effort.

225. In addition to the much-needed knowledge-sharing effort, the United Nations should facilitate interaction and synergies among small and medium-sized enterprises, in order to stimulate their potential for creativity and innovation and, more importantly, to implant sustainability dimensions in their business models.

Action line VII: a platform for small and medium-sized enterprises

Recommendation 12: support for engagement by small and medium-sized enterprises

The Secretary-General should request the United Nations System Staff College Knowledge Centre for Sustainable Development, in cooperation with the International Trade Centre, to host a system-wide online platform to facilitate communication with micro, small and medium-sized enterprises on the 2030 Agenda, interaction among enterprises, information on access to funding, promotion of good practices and opportunities to engage with United Nations operations.

Annex: Overview of actions to be taken by participating organizations on the recommendations of the Joint Inspection Unit
JIU/REP/2017/8

		Intended impact	United Nations, its funds and programmes																Specialized agencies and IAEA													
			CEB	United Nations*	UNAIDS	UNCTAD	ITC	UNDP	UNEP	UNFPA	UN-Habitat	UNHCR	UNICEF	UNODC	UNOPS	UNRWA	UN-Women	WFP	FAO	IAEA	ICAO	ILO	IMO	ITU	UNESCO	UNIDO	UNWTO	UPU	WHO	WIPO	WMO	
Report	For action		☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	
	For information		☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Recommendation 1			d, f	L/E																												
Recommendation 2			c, d	E/L																												
Recommendation 3			d, f	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
Recommendation 4			a, d	E																												
Recommendation 5			c, f	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
Recommendation 6			a, b	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
Recommendation 7			b, d	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
Recommendation 8			a, e	L/E																												
Recommendation 9			b, c	E/L																												
Recommendation 10			c, f	E	E			E		E		E	E		E			E						E	E							
Recommendation 11			b, c	E				E		E		E	E		E		E	E														
Recommendation 12			b, c	E			E																									

Legend: L: Recommendation for decision by legislative organ E: Recommendation for action by executive head

☐ : Recommendation does not require action by this organization

Intended impact: a: enhanced transparency and accountability b: dissemination of good/best practices c: enhanced coordination and cooperation d: strengthened coherence and harmonization e: enhanced control and compliance f: enhanced effectiveness g: significant financial savings h: enhanced efficiency i: other.

* As listed in ST/SGB/2015/3.