

## POLICY

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## KEY TERMS & ACRONYMS

<b>Business:</b>	Any individual for-profit enterprise of any size
<b>Contributions in kind:</b>	Contributions of goods made by a business to UNDP at no cost to UNDP.
<b>Core business:</b>	Core business is the company's assets and competencies that create a financial return for the business and its owners.
<b>CPAP</b>	Country Programme Action Plan
<b>CPD</b>	Country Programme Document
<b>CSR:</b>	Corporate Social Responsibility
<b>CSA:</b>	Cost Sharing Agreement
<b>DRM</b>	Disaster Risk Management
<b>GIM:</b>	UNDP Growing Inclusive Markets initiative
<b>Global Compact</b>	The United Nations Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.
<b>Goods:</b>	Tangible products produced and supplied by a business (for example food, medicines, vehicles)
<b>GSB:</b>	UNDP Growing Sustainable Business initiative
<b>Inclusive markets</b>	Markets in which the poor and disadvantaged are empowered and enabled to benefit from full participation as consumers, producers and wage earners
<b>LPAC</b>	Local Project Appraisal Committee
<b>Mapping:</b>	An exercise to identify relevant private sector organizations within the sector and geography appropriate to the proposed engagement.
<b>MoU</b>	Memorandum of Understanding
<b>Partner risk</b>	The partner risk is determined by the impact on human development and the well-being of people arising from the nature of the industry sector and the businesses performance with respect to social, environmental and governance issues.
<b>Partnership risk</b>	Partnership risk is shaped by the nature of the collaboration with UNDP, the private and public benefits of the collaboration and also by the role that UNDP takes in brokering, co-creating and/or implementing activities that arise from the collaboration.

<b>Partnership</b>	A voluntary and collaborative agreement or arrangement between one or more parts of the United Nations system and the private sector, in which all participants agree to work together to achieve a common purpose or undertake a specific task and to share risks, responsibilities, resources, and benefits
<b>POPP</b>	Programme and Operations Policies and Procedures
<b>Private sector:</b>	For-profit individual and commercial enterprises of any size <b>PPD</b> Public-Private Dialogue
<b>PRG:</b>	Peer Review Group
<b>Pro bono contributions:</b>	Contribution of services made by a business to UNDP at no cost to UNDP.
<b>Private Sector Development:</b>	Policy, institutional and capacity building activities promoting growth of indigenous small and medium enterprises, and also including support to the provision of micro-finance.
<b>Private Sector Engagement:</b>	Activities undertaken in collaboration with companies to develop solutions, mobilize resources and advocate for change that supports poverty reduction and achievement of MDGs.
<b>PSD:</b>	Private Sector Division
<b>RAT</b>	Risk Assessment Tool
<b>Risk tolerance:</b>	this is UNDP's tolerance for risk that arises from engagement with the private sector. A high tolerance implies that UNDP is prepared to take a greater than normal risk in order to achieve the potential benefits from the collaboration. A low risk tolerance implies that UNDP is not prepared to take many such risks.
<b>RMG</b>	Results Management Guide
<b>Scoping:</b>	exploration of the potential level of interest in businesses for engaging with UNDP
<b>Services:</b>	intangible products supplied by a business (for example consultancy, training, professional advice, information)
<b>Supply chain:</b>	Economic transactions that happen between the primary producer and the procurement of a product by a business
<b>UNDAF</b>	United Nations Development Assistance Framework

# I. Introduction

This policy is a guide to how UNDP works in collaboration with the private sector<sup>1</sup>. It is intended to be a useful guide to both an internal and external audience. It is based on the **Guidelines on Cooperation between the United Nations and the Private Sector**<sup>2</sup> which shall control the present policy. For UNDP staff, this policy is complemented by **Procedures on Cooperation between UNDP and the Private Sector** that are part of the Programme and Operations Policy and Procedures [POPP]<sup>3</sup>.

## Rationale for the policy

The UNDP Strategic Plan 2008-11<sup>4</sup> places equitable and sustainable economic growth as a key component of UNDP's support to national processes to eradicate poverty and achieve internationally agreed development goals including the Millennium Development Goals (MDGs). UNDP recognizes that the private sector is vital to UNDP because of its key role in helping to achieve UNDP's objectives in areas such as energy and the environment, poverty reduction, crisis prevention and recovery, democratic governance and HIV/AIDS.

UNDP's private sector strategy **Promoting Inclusive Market Development** (September 2007)<sup>5</sup> describes how UNDP aims to empower and enable the poor and disadvantaged to benefit from full participation in markets as consumers, producers and wage earners.

## Scope of the policy

There are two types of activity where UNDP will contribute to achieving inclusive markets. The first of these are interventions that aim at private sector development (PSD), typically policy, institutional and capacity building activities promoting growth of indigenous small and medium enterprises, and also including support to the provision of micro-finance<sup>6</sup>. This policy does not extend to UNDP's PSD activity.

The second type of activity is direct engagement of the private sector in collaboration. This is referred to as private sector engagement (PSE) and is the subject of this policy. PSE is about working with companies to develop solutions, mobilize resources and advocate for change that supports poverty reduction and achieving of MDGs.

UNDP also procures goods and services from the private sector but this is a completely different activity from the engagement activities that are addressed in this policy, and UNDP is careful to maintain a complete separation.

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<sup>1</sup> Within this policy the term 'private sector' is used to refer to individual, for-profit, and commercial enterprises of any size, and the terms 'business' and 'company' refer to such an enterprise. The definition does not include private sector membership organizations, coalitions or other not-for-profit organizations that either represent or support the private sector, or corporate foundations.

<sup>2</sup> <http://business.un.org/en/documents/6602>

<sup>3</sup> <http://content.undp.org/go/userguide/partnerships/?lang=en>

<sup>4</sup> <http://www.undp.org.lb/WhatWeDo/Documents.cfm>

<sup>5</sup> [www.undp.org/partners/business/resources/strategy\\_paper\\_ps\\_undp.pdf](http://www.undp.org/partners/business/resources/strategy_paper_ps_undp.pdf)

<sup>6</sup> UNDP Policy on Inclusive Finance including microfinance is covered by a separate policy available on: [http://www.uncdf.org/english/microfinance/undp\\_policy.php](http://www.uncdf.org/english/microfinance/undp_policy.php)

## **Purpose of the policy**

UNDP has already benefitted significantly from engaging with the private sector, even though this is still relatively new and uncharted territory. Examples of PSE include: global partnerships with multinational companies focused on issues such as providing access to safe drinking water, improving IT skills, and community preparedness for natural disasters; and programmes such as the Business Call to Action<sup>7</sup> and the Growing Sustainable Business<sup>8</sup>. There are a lot of other examples at country level. There are case examples to illustrate the scope of these projects within this policy.

The purpose of this policy is to explain UNDP's consistent and strategic approach that draws on UNDP's experience and is responsive to the changing external environment. This ensures that UNDP's engagements with the private sector best contribute to human development and to achieving the MDGs.

The policy also organizes different types of possible collaborations between UNDP and the private sector, aiming to foster common understanding of why and how to partner, and how UNDP responds to opportunities and challenges related to engaging with the private sector.

Specifically the revised policy introduces how UNDP can partner in new ways with the private sector in addition to more traditional methods. This approach is guided by the recent UNDP Private Sector Strategy, where one of the main objectives for UNDP to engage with the private sector is to facilitate and support the private sector's contributions to the MDGs that arise from its core business resources and activities. Core business is the company's assets and competencies that create a financial return for the business and its owners.

## **Definition of partnership**

Partnerships are 'a voluntary and collaborative agreement or arrangement between one or more parts of the United Nations system and the private sector, in which all participants agree to work together to achieve a common purpose or undertake a specific task and to share risks, responsibilities, resources, and benefits.'<sup>9</sup>

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<sup>7</sup> <http://www.business-call-to-action.com/>

<sup>8</sup> <http://www.undp.org/partners/business/gsb/index.shtml>

<sup>9</sup> This definition was stressed by the United Nations General Assembly in resolution 62/211 of 19 Dec 2007

## II. Private sector and UNDP contributions

UNDP's engagement with the private sector are founded on the following contributions and principles:

### **Private sector contributions to the eradication of poverty and achievement of the MDGs**

- ✓ ***The private sector can use its resources, networks and influence to join UNDP in advocating for change***

The private sector has access to large numbers of consumers and to decision makers, policy makers and other influential people within society. This access can help UNDP to reach new audiences as it advocates for change that will contribute to achievement of the MDGs.

- ✓ ***The private sector drives economic growth through its core business activities***

The main contribution that the private sector makes to the eradication of poverty and achievement of the MDGs is through its core business activities. A responsible business in a well regulated market contributes to economic growth through these core business activities, and in doing so provides employment, drives innovation, pays taxes that pay for government to provide services to its citizens, and generates economic opportunities for suppliers and customers.

UNDP will engage with business where there is potential to generate equitable economic growth, to increase employment, to extend economic benefits to poor and disadvantaged producers, or to develop products and services that are of value to low income customers.

- ✓ ***The private sector has unique resources within its core business to co-define solutions to development challenges and thereby achieve the MDGs***

The private sector also has unique resources by way of expertise, information, skills, networks, technologies and influence arising from its core business. These resources can be used to help co-define solutions to achieving the MDGs working through either social investments or core business investments in partnership with organizations from other sectors. The fact that these initiatives are closely aligned to core business activities means that they can be large scale and sustained over the long term.

UNDP will seek to maximize opportunities to benefit from core-business assets and competencies to co-define its development projects.

- ✓ ***The private sector has financial and in kind resources to donate to UNDP development projects***

The private sector can support the development activities of UNDP through financial contributions as well as can voluntarily donate resources such as staff time, services and products to UNDP.

## **UNDP contributions to the private sector's development activities**

### **✓ *UNDP is knowledgeable about the process of development***

UNDP has 'know-how' that companies can benefit from. This includes:

- expertise in designing and implementing successful development activities;
- specialist knowledge in respect of UNDP's focus areas; UNDP's focus is helping countries build and share solutions to the challenges of democratic governance, poverty reduction, crisis prevention and recovery, environment and energy, gender and HIV/AIDS.

Using this development knowledge, UNDP can:

- help companies translate Corporate Social Responsibility policies and principles into successful projects;
- identify new opportunities for companies to make a significant contribution to MDGs through their social investments and core business operations;
- implement joint projects that meet private sector and UNDP objectives.

### **✓ *UNDP has a global presence through a network of local, regional and global offices***

UNDP builds solutions to development drawing on experiences of its local presence in 166 countries and aligns with the global goals. Partnering with UNDP can help companies to better understand local needs and potential solutions as well as help companies to connect with the other organizations with which UNDP regularly partners. This includes:

- developing country governments;
- other UN agencies;
- civil society organizations;
- donors and international finance institutions.

### **✓ *UNDP has credibility and convening power***

UNDP's credibility as a trusted and neutral development partner enables it to act as a convener and catalyst, bringing companies together with other actors to align activities and address significant development challenges. It can convene multi-stakeholder fora which bring actors from various sectors to cooperate on collective initiatives, for example the UN Global Compact forum. UNDP is also well positioned to convene private sector actors with other stakeholders, including government and civil society representatives, for policy dialogue on issues of mutual concern and interest.

UNDP can facilitate and broker private sector investments that combine both, profits and development needs. For example, UNDP gets involved into brokering investments that aim at

developing new products and services affordable for lower income consumers or new sources of supply through working with low income producers.

✓ ***UNDP development interventions are in line with the national plans and with focus on developing local capacities***

UNDP plans and implements all activities in close cooperation with national governments which ensures coherence with the national strategic planning and execution. In addition, UNDP interventions prioritize building capacities of local partners aiming at sustainability, self determination and self reliance.

✓ ***UNDP has a key role in coordinating UN System and efforts to achieve the MDGs***

UNDP is responsible for coordinating work of UN agencies through the Resident Coordinator (RC) system, to improve the efficiency and effectiveness of operational activities at the country level. Working closely with national governments, Resident Coordinators who are funded and managed by UNDP and country teams, advocate the interests and mandates of the UN drawing on the support and guidance of the entire UN family.

UNDP has the mandate of recording progress towards achieving the MDGs. This means that UNDP is well placed to play a co-ordinating role between companies and other actors, including governments, in efforts aimed to address the MDGs.

This can help position company's actions in the wider context of action to address poverty eradication and human development. It can also help to link local and global issues and solutions together.

### **III. Principles underlying engagements between UNDP and the private sector**

#### **a) Engagement is based on shared values**

UNDP will partner with organizations committed to core UN values and its causes as reflected in the UN Charter and other relevant conventions and treaties.

Thus UNDP will not engage with businesses that:

- systematically fail to demonstrate commitment to meeting the principles of the UN Global Compact. However, UNDP may consider collaboration specifically intended to address this failure of commitment;
- are complicit in human rights abuses, tolerate forced or compulsory labour or the use of child labour<sup>10</sup>, are involved in the sale or manufacture of anti-personnel landmines or cluster

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<sup>10</sup> As defined by ILO Convention 182: Convention Concerning The Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour.



bombs, or that otherwise do not meet relevant obligations or responsibilities required by the United Nations;

- are violating sanctions established by the UN Security Council;
- fail to consult with indigenous people to obtain their free, prior and informed consent to approval of any project or development affecting their land and resources<sup>11</sup>;
- involve any products, services or activities of business partner(s) that conflict with the UN's mandate;

**b) Engagement must support UNDP's impartial position**

UNDP plays a critical role in support of governmental – and inter-governmental – efforts to overcome poverty and achievement of the MDGs. It is accountable to all of its private and public stakeholders to maintain this position without partiality.

UNDP's engagements with the private sector must therefore allow UNDP to remain impartial:

- based on national priorities and endorsement of the host government;
- supporting UNDP's overall goals and objectives;
- giving no unfair advantage or implied UNDP endorsement to any company or product or service. Each private sector organisation has an equal opportunity to propose cooperative arrangements with UNDP, and UNDP cooperates with any partner from the private sector, even if that organisation is a competitor to a company already in partnership with UNDP;
- with information on the nature and scope of collaboration being available to the public at large. UNDP is committed to making relevant information available on the following website: <http://www.undp.org/partners/business/index.shtml>

**c) Engagements are founded on sound partnering principles**

UNDP and the private sector will seek to engage with each other in order to maximizing the impact from the contributions that each can make to eradicate poverty and achieve the MDGs and based on the principle that by working together and combining resources additional and more effective results can be achieved.

As with any partnership that UNDP enters into, it is essential that UNDP and its business partners clearly articulate the benefits they expect as a result of the partnership. All partnerships should be assessed against their potential for these benefits and reviewed regularly to ensure that expected benefits are being achieved. In the nature of partnership reciprocity, UNDP accepts that its partners will also seek measureable benefits.

Engagements between UNDP and businesses therefore need to be clearly articulated and jointly developed based on:

- integrity;
- dedication to agreed outcomes;

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<sup>11</sup> In 2001, UNDP adopted **UNDP and Indigenous Peoples: A Policy of Engagement (2001)**. UNDP believes that ensuring the engagement of indigenous peoples and their organizations is critical in preventing and resolving conflict, enhancing democratic governance, reducing poverty and sustainably managing the environment.

- realistic expectations;
- shared risks and responsibilities, resources and benefits;
- a medium to long term perspective
- underlying institutional interests and organizational values.

## IV. The private sector and UNDP working together

UNDP and the private sector can work together to that make the best use of their respective contributions towards meeting the MDGs in the following types of engagement:

- advocacy and policy dialogue;
- core business operations and value chains; and
- social investments in UNDP projects.

The value added to UNDP by these engagements arises from access to many kinds of additional resources. These resources include private sector skills, know-how, technology, networks, influence and financial support. This policy lays out a path whereby UNDP and the private sector can build on, and extend, this value-add in closer, more creative mutually-beneficial collaborations.

### a) Advocacy engagements

UNDP may work with a business, convene a private sector platform or form a private sector network in order to engage in joint advocacy with businesses. This is advocacy to bring about a change in the external environment with regard to some issue of importance to both the businesses involved and UNDP.

#### *Case Example*

##### **Legislative and Legal Assessment in Lithuania**

**Typology:** Legislation on anti-corruption

**Objectives:** **1) Preventive Aspects:** Review current Lithuanian legal and institutional framework alignment with the UN Convention Against Corruption; **2) Identification:** Indicate areas in need of further attention that may prevent the successful execution of Convention principles; **3) Review:** Compile comprehensive review of national and local institutions responsible for upholding and enforcing anti-corruption practices and agree on collective action for their improvement.

**Collaborators:** Government, multinationals, local companies, NGOs

**UNDP prime role:** Assisting to compile relevant Lithuanian legislation under specific provisions of the Corruption

UNDP can also convene multi-stakeholder dialogues involving business along with governments and civil society organizations in public debates on issues that enable inclusive markets, good business practice and equitable economic development.. In performing this role, UNDP serves as an impartial actor, a facilitator of exchanges of views and advisor on good practice approaches.

UNDP advocates to business and promote its role in the development of inclusive markets

through innovative business models based on core business activities. For example the Growing Inclusive Markets report comprises case studies of business-led development from all over the world.

UNDP promotes the concept of corporate social responsibility among companies, through facilitating discussions and activities on how to make the UN Global Compact principles relevant to the local business community.

Benefits to UNDP's private sector partner(s) arising from engaging in joint advocacy activities may include:

- more appropriate regulation;
- better business environment;
- positioning as a responsible business.

Benefits to UNDP include:

- greater voice and influence;
- access to private sector networks;
- increased resources for advocacy.

## b) Core business operations and value chains

The activities that UNDP can undertake to support core business operations and value chains are those of a partnership broker as well as partner.

### *UNDP as the broker*

Partnership brokering is the process by which UNDP enables private sector organisations to work in partnership with each other, with government and in some cases with civil society organizations in order to enter into a partnership that will result in a more inclusive market development. UNDP's brokering role is that of the enabler and facilitator of a partnership, but not as an active partner in the resulting activities.

UNDP's partnership brokering activities include:

- convening, facilitating and introducing potential partners;
- researching context and feasibility (and/or co-financing such research);
- activities that build the capacity of the private sector, governmental and civil society organisations to partner with each other;
- monitoring implementation of the partnership jointly with local partners including academic institutions and civil society.

#### **Case Example**

Campaign to Support the Development of Arab Youth (Saudi Arabia)

**Typology:** Advocacy engagement

**Objectives:** The Public Service Advertisements (PSA) were aimed at supporting the growth and development of Arab Youth's physical and psychological welfare and to foster intellectual and athletic capabilities.

**Collaborators:** Local TV broadcasting stations and advertising companies

**UNDP prime role:** Facilitation of engagement between the parties, coordination with UN Goodwill Ambassadors.

*'UNDP aims at using this campaign to foster youth's passion for sports, intellectual, and humane activities. The ultimate target is the development and progress of the nation by raising the general sense of responsibility among the younger generations'...*

*(UNDP's Brief on its Youth Campaign Public Service TV Advertisement for the Development of Arab Youth)*

## UNDP as partner

Alternatively a company may co-define projects with UNDP aimed at making markets more inclusive. UNDP is excellently positioned to work in partnerships with one or more private sector actors to address capacity, policy and other constraints that will enable the business involved to:

- develop a new product, service that benefits low income and disadvantaged consumers;
- develop new sources of supply through development of new value chains that include poor and disadvantaged producers and service providers.

In these kinds of arrangements, UNDP has an agreement with one or more companies to implement

### **Case example:**

**Allanblackia Oil Supply Chain Project,  
Tanzania/multi-country**

**Typology:** Inclusive markets – value chain

**Objectives:** Establish supply chain

**Collaborators:** A multinational company, central & local government, NGOs

**UNDP prime role:** A partnership broker

*“Normally, we want to be at the end, not the beginning, of the supply chain, but here was very good potential for a new raw material which would be of value to us and other manufacturers. To get it into a supply chain, someone had to step up to the mark to make things happen. [The company] played that catalytic role. It was an opportunity to launch things so that our African partners could develop it into a real opportunity for the continent.”*

*(Case Study prepared by Inspiris for InWEnt /  
World Bank Institute 11th International  
Business Leaders Forum, 2006)*

certain activities that can help to facilitate the operationalization of more inclusive business models for these companies. This can for example include building capacity of local small producers to meet quantity and quality demands of companies interested in buying their product.

Benefits to the private sector partner(s) from working with UNDP on core business operations and value chains will include:

- access to new markets;
- innovative products and services;
- diversified procurement.

Benefits to UNDP include:

- empowerment and choice for low-income consumers;
- reduction in poverty of small-scale disadvantaged producers and service providers.

## c) Social investments in UNDP projects

This category of engagement involves different types of resource-mobilization from the private sector for UNDP projects where the private sector partner provides the following resources:

- funding for the UNDP project;
- pro bono consulting services to UNDP and skilled employees in voluntary roles;
- pro-bono products to strengthen UNDP projects, and covering costs associated with utilizing these products in the project.

These kinds of partnerships are not directly related to the commercial core business of the partner company and any direct benefits that result are incidental.

Benefits to the private sector partner(s) from contributing to UNDP's projects include:

- social license to operate;
- enhanced reputation;
- employee retention and development.

Benefits to UNDP include:

- access to unique business skills, expertise and knowledge;
- resources to scale up development projects.

**Case example:**

**ICT Skills Building for National Capacity Development, multi-country**

**Typology:** Social development

**Objectives:** Vocational education, governance, public sector service delivery

**Collaborators:** A multinational company, central government, government agencies, NGOs, UNDP

**UNDP role:** Co-creator/implementer

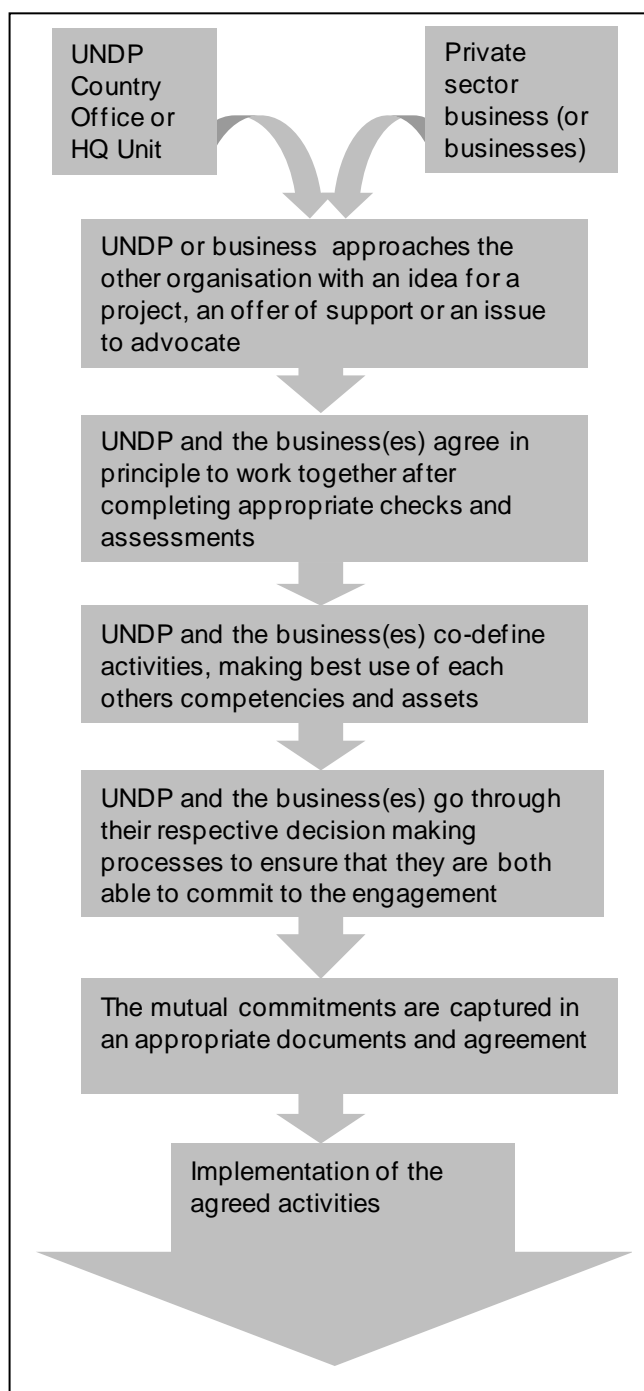
*'[The company] believes that contributing to partnerships for development is a core part of corporate citizenship and an integral part of conducting responsible business. Its approach is competence-based and rooted in the idea that by bringing the core resources, solutions, know-how and time of the company and its employees to the table, we can help our partners serve local needs and address local challenges'*

*(Fact Sheet: source UNDP)*

## V. Making UNDP - Private Sector engagements happen

The following section outlines the procedure that UNDP has put in place to achieve successful engagements between itself and the private sector. While there are occasions where a different process will be used, such as when UNDP acts as ‘partnership broker’ to facilitate a partnership, the process outlined below will be used by UNDP in most engagements.

The diagram below captures the main steps in the process. The procedure is as follows:



### UNDP or business makes an approach

In their joint planning documents, UNDP and governments identify priority actions that will contribute to poverty reduction and achievement of the MDGs in a country, and that require engagement with the private sector to be successful. There will be an exercise to map businesses that may be able and willing to collaborate with UNDP.

In all cases of engagement that involve core business, UNDP will either pursue a sector wide approach (as opposed to working with just one company) or organize a solicitation of potential business partners, following the principles of transparency and fairness in partner selection. UNDP will then scope the interest of one or more businesses in working with UNDP.

Business may identify that UNDP could be a valuable partner and make the first approach to UNDP. However in such cases, other companies can also join the partnership as a result of solicitation.

Typically a business that works within one country will collaborate with the UNDP Country Office, whereas a business that has operations and interests in many countries may work with a Regional Bureau or with UNDP HQ. This will also depend on whether the proposal is focused on one geography or will be expressed in multiple locations.

### UNDP and the business (or businesses) agree in principle to work together

Once UNDP and the business establish that there could be mutual benefit in collaboration, each will complete appropriate due diligence checks on each other. In UNDP's case, the 'Principles for engagements between UNDP and the private sector' that are outlined in this policy will underpin the enquiries that will be made about the business. In addition to research into companies' social, environmental and governance performance against the UN Global Compact principles, UNDP uses procedures customized to respective levels of risk depending on the local country context and type of engagement. UNDP will work closely with the business to obtain the information that it needs, as well as using external sources. Once UNDP and the business are satisfied that they are appropriate partners for each other they will agree in principle to work together.

Collaboration with the private sector can be informal or formal. Formal collaboration is when an appropriate form of partnership agreement is signed. Informal partnerships do not require such agreements. Collaboration can also start as informal and evolve into formal depending on the nature of collaboration and whether an exchange of resources is involved.

### UNDP and the business(es) co-define plans for activities

While the original proposal for engagement will have come from either UNDP or the business, much of the value from collaborating can come from working closely together to identify and shape the actual activities that will contribute to achieving the outcomes of the collaboration. Whilst this is relatively new approach for UNDP, in many cases co-definition of activities has the potential to maximize the mutual benefit of its collaboration with the private sector.

The principles that ensure that the UN retains its unique role mean that the private sector cannot play a role in implementing a UNDP programme or project, but every opportunity will be explored to ensure that the collaboration benefits as much as possible from the engagement with a business. UNDP does not directly or indirectly fund any private sector activity.

At this stage, UNDP and the private sector can sign a Memorandum of Understanding to provide a general framework for exploring and defining areas of collaboration.

### UNDP and the business(es) go through their respective decision making processes

Once the joint activities and respective roles have been co-defined, both UNDP and the business can then make their own judgments about whether to commit to the engagement. For UNDP, this will involve balancing the potential benefits from the collaboration with the risks that may arise to its status as a UN organisation from working with the private sector, again with reference to the principles explained in this policy as well as UNDP mandate.

### The mutual commitments are captured in an appropriate documents and agreements

Once both UNDP and the business (or businesses) are content with their co-defined plans, and division of roles and responsibilities, UNDP will prepare appropriate documents and partnership agreements to capture the commitments that each partner wishes to make.

There are also cases where UNDP and the business may be content to work informally with each other.

### Implementation of the agreed activities

The activities co-defined by UNDP and the business will be implemented as agreed. The private sector can assume an advisory role in UNDP project which it co-funds, as a member of a project board. Projects are implemented according to UNDP programming rules and procedures<sup>12</sup>. The business receives reports on the outcomes of the collaboration, and will be invited to take part in the UNDP review processes.

## **VI. Use of the UNDP name and emblem by the private sector**

UNDP is happy to recognize its appreciation for private sector partner's contributions to UNDP's work in an appropriate manner. When this engagement results in a UNDP project then UNDP will recognize that the business has made a contribution to UNDP's work. In these cases UNDP may authorize the use of the name and emblem of UNDP in relation to this contribution.

If there are circumstances where there is no UNDP project but where a Country Office would still like to show appreciation of a private sector engagement though use of the UNDP name and emblem, this will require a separate approval process within UNDP.

Businesses can mention their contributions to UNDP's work in press releases to the public in which it is stated for example, that a given corporation has contributed funds to UNDP in support of certain activities. The language in the press release however, cannot imply that UNDP, by accepting the contribution, directly or indirectly endorses the business. For this reason, UNDP must approve in writing beforehand any materials intended for publication (whether in print, electronically or otherwise) that mention UNDP, the contribution or the activity in support of which it is provided. Only in the case of factual representations to shareholders or internal budget officials about the amount and purpose of the contribution would such authorization not be required.

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<sup>12</sup> UNDP Financial Rules and Regulations can be found on  
<http://www.undp.org/procurement/documents/UNDP%20FRR.pdf>



## VII. Annex 1: The Ten UN Global Compact Principles

The UN Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption enjoy universal consensus and are derived from:

- The Universal Declaration of Human Rights
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention Against Corruption

The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption:

### Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

### Labour Standards

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

### Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

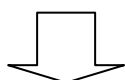
### Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

## VIII. Annex 2: Supporting UNDP's strategic priorities

Engagements between UNDP and the private sector will support the five priorities established in UNDP's private sector strategy 'Promoting Inclusive Market' as follows:

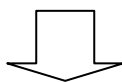
**Priority 1 – Establishing the Policy and Institutional Infrastructure.** *Recognising that for markets to work for the poor, they must first work. UNDP will support governments that wish to promote the development of rule based, non-discriminatory and inclusive markets, including robust and transparent market institutions that promote competition whilst safeguarding the rights of poor entrepreneurs, employees and consumers.'*



For example UNDP will engage the private sector in joint **advocacy on an issue of mutual concern** in the business environment.

**Priority 2 - Facilitating Pro-Poor Value Chain Integration.** *Inclusive markets are defined partly by their ability to generate significant employment opportunities for the poor as self employed producers or wage employees. UNDP will therefore support the development of integrated value chains in market sectors that offer the prospect of sustainable growth and transition to higher valued added and better remunerated forms of employment. Priority will be given to commodity product and services markets characterised by a high labour intensity*

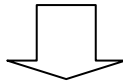
**Priority 3 - Brokering Investments in Pro-Poor Goods and Services.** *Inclusive markets are also defined by their ability to increase access to important goods and services that contribute tangibly to the reduction of income and non-income forms of poverty. Building on existing programmes in this area, UNDP will facilitate research and development that leads to the identification of viable 'bottom-of-the-pyramid' investment opportunities and business models and will work with key international and national investors to realize these.*



UNDP will support and facilitate **private sector initiatives to make markets more inclusive**, where UNDP can act as a broker, bringing business together with other development actors and supporting the formation of partnerships that enable the business to achieve its objectives. **UNDP projects to support the MDGs and advocacy** are also possible.

**Priority 4 - Fostering Inclusive Entrepreneurship.** *Inclusive markets require the poor to take advantage of new opportunities and become agents in their own economic empowerment (UNDP, in conjunction with other UN agencies, development partners and the private sector, will support the design and delivery of new entrepreneurship development initiatives that will be tailored to local opportunities and delivered through the private sector.*

**Priority 5 - Encouraging Corporate Social Responsibility in support of Inclusive Market Development and the MDGs.** *Recognising that Corporate Social Responsibility has become a central consideration in the investment decisions of multinational companies as well as an increasing number of small and medium-size enterprises, UNDP will continue to advocate for the use of CSR resources in ways that contribute to the development of inclusive markets, producing sustainable long-term benefits rather than short-term visibility or dependency. UNDP will therefore encourage Corporate partners to align their CSR activities more closely to the achievement priorities 1-4 (above). UNDP will also continue to advocate for the alignment of CSR investments with national and local development priorities that cannot be addressed through market mechanisms, including in support of UNDP's own four focus areas as expressed in the UNDP Strategic Plan 2008 - 2011.'*



The main engagement activities in this regard will be that UNDP will provide opportunities for the private sector to support UNDP projects through social investments. Businesses can co-create and provide financial and in kind donations, pro bono services or support through employee volunteering. In some cases businesses may also agree to undertake activities in parallel that contribute to the same outcomes as the UNDP project. The private sector can participate in the projects design, in governance through representation in the project board, and technical working groups.