Private Sector Partnerships

PURPOSE AND DEFINITIONS

1. Private sector entities refer to, among others, for-profit enterprises of any size, corporate foundations, business associations, coalitions and alliances, and state-owned enterprises. The term 'private sector' refers to any such entity that could collaborate or collaborates with UNDP. UNDP can work with a private sector group or with an individual company.

2. UNDP's interactions with the private sector can be divided into three areas:

   a. Support to private sector development - where UNDP interventions aim to support development of the private sector through policy, capacity and institution building interventions with the private sector as beneficiary.

   b. Private sector engagement - where the private sector collaborates with UNDP in advancing the sustainable development agenda by supporting UNDP initiatives, development programmes and projects.

   c. Procurement - in which the private sector provides goods and services to UNDP within a commercial contract. The procedures in this section of POPP do not cover procurement from the private sector. For policies related to procurement of goods and services from the private sector, see UNDP's Procurement Policies in POPP.

Types of engagement

3. There are three main types of UNDP engagement with the private sector:
   a. Advocacy engagements

   b. Core business operations and value chains

   c. Resource contribution to UNDP programmes and projects.

   These engagements all make use of one or more procedures to formalize partnerships with the private sector.

Advocacy engagements

4. In advocacy engagements, UNDP may work with a business or business network to convene a private sector platform to engage in joint advocacy to bring about a change in the external environment on issues of mutual importance to both the business and UNDP. This may include engaging directly with and influencing a business or group of businesses to adopt a new sustainable and inclusive business model. UNDP can also convene multi-stakeholder fora.

Core business operations and value chain

5. UNDP may advance development through core business by supporting governments to set up an enabling environment or directly working with the private sector. Core business operations and investments can contribute to development when they are conducted in a profitable, productive and responsible manner, aiming to minimize any negative aspects and increase and leverage positive impacts. In addition to the core impact of the central business activities along their value chains and supply chains, Corporate Social Responsibility includes corporate philanthropy and community investment and companies' interface with public policy dialogues and contribution to influencing public policy.

6. A key focus areas of UNDP's work is inclusive business, which seeks to provide goods, services, and employment opportunities on a commercially viable basis, either at scale or scalable, to people living at the base of the economic pyramid[1]. Inclusive business initiatives are deliberately designed to make underserved populations' part of the value chain of the companies´ core business as suppliers, distributors, retailers, or customers. As inclusive businesses deepen investments in low-income communities, they improve access to affordable quality products and services, enhance productivity, and generate new income and livelihoods opportunities across the base of the economic pyramid. In doing so, they enable inclusive growth and sustainable development.

Resource contributions to UNDP programmes and projects

7. A range of resources from one or several private sector entities may contribute to a UNDP programme or project. From the private sector perspective, contributions are social investments without a direct financial return from activities. The main types of resource contributions are:

   a. **Financing** - financial contribution by a private sector entity to a UNDP programme or project.

   b. **Pro bono goods and services** –contribution of goods or services by a private sector entity to UNDP at no cost.

Use of UNDP Emblem in connection with engagement with the Private Sector

8. Under General Assembly resolution 92(I) of 7 December 1946, the use of the UN name and emblem is reserved for official purposes of the UN and their use by outside entities requires prior authorization of the Secretary General. The policy is based on the need to maintain the protection provided to the name and emblem of the United Nations (and its organizations) under international law provided they are not used for commercial purposes.

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[1] Base of the Economic Pyramid (or BOP) is used to describe men and women who are low-income or who lack access to basic goods and services. The low-income segment is commonly considered to include people earning up to $8/day in purchasing power parity terms (PPP). Setting the maximum in PPP terms adjusts the real figure to equate the relative purchasing powers amongst different countries.

9. This policy also protects the UN from financial risks that are associated with commercial use of the name and emblem and, more generally, the risks to the financial or other interests of the UN that may result from the use of the name and emblem in a manner or by individuals or entities that may not be consistent with aims, policies and activities of the UN.

10. Recognizing the United Nations' evolving relationship with the business sector, the guidelines on a principle-based Approach to the cooperation between the United Nations and the business sector further clarifies the general principles for the use of the United Nations Name and Emblem, by the business sector in the context of a partnership.

11. By extension, this policy applies equally to the use of the name and emblem of UNDP. Based on that policy, the UN and UNDP have prohibited individuals or entities doing business with UNDP from generally publicizing contracts with the UNDP to promote business.

12. UNDP however recognizes its appreciation for private sector partner's contributions to UNDP's work in an appropriate manner which addresses the concerns identified above. Where engagement with business results in a UNDP project, UNDP should consider that the business has made a contribution to UNDP's work and therefore it is possible for UNDP to authorize the use of the name and emblem of UNDP in relation to this contribution.

13. If there are circumstances where there is no UNDP project but where a CO would still like to show appreciation of a private sector engagement through use of the UNDP name and emblem, these cases should be referred to the Bureau of Management Services, Legal Office, for advice.

14. 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.

15. 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.

16. Additionally, should the private sector partner wish to put a link to UNDP's website on its website, UNDP must approve the manner in which the link is depicted and the page on which it is shown. It is preferable to use the UNDP name without the emblem. The private sector entity must also include a disclaimer in the link which states "The link to the UNDP website should not be construed as an endorsement by UNDP of the company or the content of its website."

ASSESSING PARTNERSHIPS WITH PRIVATE SECTOR

17. UNDP will seek to partner with private sector entities that are committed to core UN values and UN causes and that are not involved in commercial or other activities incompatible with UNDP's values, mission and brand. The benefits and risks associated with a proposed partnership must be assessed prior to engagement with a private sector entity.

18. UNDP Policy on Due Diligence and Partnerships with the Private Sector (2013), complemented by the Private Sector Risk Assessment Tool (2016) and the Risk Assessment Tool Guidelines, aims to guide staff through the process of assessing the risks.

19. To inform the decision of whether or not to engage in a partnership with a private sector entity, the initiating business unit must undertake, as early as possible, the due diligence of the potential partner, which requires the completion of the Private Sector Risk Assessment Tool.

20. The Policy and Risk Assessment Tool help determine the required level of the due diligence of the private sector entity and the ultimate decision-maker responsible for approving or declining the partnership, which are based on the type of partnership planned, the sector where the company operates, the existence or not of exclusionary criteria and/or significant controversies and the commitments of the private sector entity to Environmental, Social and Good Governance Issues (ESG).

21. Through application of the Risk Assessment Tool, all potential private sector partners are screened against UNDP's exclusionary criteria and assessed on their exposure to significant controversies on a series of areas (e.g. Human Rights, Labor, Environment, Governance, etc.).

22. Companies operating in the UNDP defined "high-risk" sectors (oil and gas; metals and mining; utilities; large infrastructure; agriculture and fishing; timber, pulp and paper; alcohol; chemicals - including pharmaceuticals; clothing, toys and consumer electronics; fast food, high sugar drinks and soda) require a full assessment, which includes assessing the environmental, social and corporate governance commitment of the potential partner. This is also documented in the Risk Assessment Tool.

23. As part of the risk management process and depending on the identified risks related to the partnership, the initiating office will also define whether there is a need to develop a Risk Log, monitoring plan for the partnership or particular communication materials.

24. In the instance that exclusionary criteria and/or significant controversies are identified, the case requires escalation to UNDP Headquarters. Once escalated, Development Impact Group in BPPS convenes the UNDP Private Sector Due Diligence Inter-Bureaux Committee, whose main task is to review the due diligence information, assess the partnership case and issue a recommendation to senior management for final decision-making. Based on the recommendation, the Director of the Bureau where the partnership will take place, in consultation with the BPPS Director, decides whether to approve or decline the partnership, or escalate it to the Organizational Performance Group (OPG) for the final decision. Particularly difficult cases may be referred to the Executive Group for final decision.

25. For those potential partnerships that do not require escalation to the HQ, the final decision should be made by the RC/RR for COs, and the Regional Director for Regional Bureaus respectively. For global level partnerships that do not require escalation, the BPPS Director makes the final decision. For cases that do not require escalation, it is advisable that an internal committee (in the CO or in the concerned Bureau) convenes to assess the risk and recommend actions. It is also recommended to consult RBx in this process.

26. When making decisions about whether to proceed with a private sector partnership engagement, there should be separation of roles between the staff responsible for developing the relationship and making a recommendation, and the staff who makes the decision. More details on this can be found in the Policy on Due Diligence and Partnerships with the Private Sector 2013.

27. If the partnership is approved, the Project Manager will regularly monitor the partnership and any possible controversies surrounding the partner or its industry. Similarly, the Project Manager will regularly assess whether or not the partner is meeting the conditions upon which the partnership was approved. It is also important to monitor UNDP's own performance against the partnership agreement to ensure that commitments made by UNDP are met. The Regional Bureau or HQ supports the Project Manager in monitoring activities with their technical expertise when required.

28. When a private sector entity approaches UNDP with an unsolicited offer of **pro bono contribution of goods or services**, it is necessary, in addition to the risk assessment of the private sector entity itself, to take special care to ensure that this is the most cost effective way to achieve a particular objective. If it is not clear that there is a unique feature to the offer being made, then it is essential to undertake a thorough mapping and scoping exercise to research comparable alternatives and to:

    a. approach a wide range of similar companies in order to ascertain that there are no better offers available;
    b. provide evidence that the pro bono services or goods are fit for purpose and offer best value by obtaining complete specifications of donated goods, including quality standards;
    c. define the necessary quality checks to be conducted depending on the nature of the donation;
    d. have a documented process of peer review (for example LPAC) of options;
    e. Conduct an analysis as to whether the contribution may lead to a 'future standardization whereby a specific good/service limits UNDP future choice and imposes unexpected costs. In particular, the analysis must show that there will be no dependency that can incur future costs;
    f. Provide no unfair advantage.

29. **Roles and Responsibilities**

    It is the responsibility of the programme/project manager in the unit initiating the partnership to complete the Risk Assessment Tool. The accountability of ensuring that the risk assessment is appropriately conducted lies with, depending on the case, either the RC/RR, Regional Director, BPPS Director, or an appropriately designated person. Before signing a partnership agreement, the decision maker, consulting the risk assessment, decides to decline or approve the proposed partnership and under what conditions.

Templates and Forms for Assessment

- Private Sector Risk Assessment Tool (2017)
- Risk Management

FORMALIZING PARTNERSHIPS WITH THE PRIVATE SECTOR

30. This policy guides staff on how different types of engagements can be formalized using UNDP management processes and partnership agreements.

31. UNDP partners with businesses to meet a particular development need identified through planning documents such as, the corporate Annual Business Plan, and the UNDAF and CPD at country level.

Informal engagements

32. Partnerships should have mutually agreed goals and objectives and with clearly defined roles and responsibilities. If there are no programmatic, operational/service or financial deliverables, it is possible to have an engagement between UNDP and the private sector that does not require formalization through a partnering agreement.

33. Informal and occasional engagement is possible however, a business unit should be aware that if such engagements become more regular, with the prospect of substantive deliverables, they present opportunities and risks for UNDP. In such cases, business units should consider formalization through either an MoU or other appropriate partnership agreement.

Formal engagements

34. Formal private sector partnerships are engagements that have tangible programmatic, operational/service or financial deliverables. The formal private sector partnerships should follow procedures that are outlined in UNDP programme and project cycle. Once it has been decided that the benefits of engaging with the private sector are sufficient to justify risks that UNDP may face, the Project Document can be completed and approved in the same way as other UNDP projects. Any engagement between UNDP and a business that involves a transfer of resources between UNDP and the business should follow the procedures detailed in the Programme and Project Management section.

35. All **formal engagements** should be made official through either of the following instruments:

Types of Partnerships agreements and templates	**Description**
Memorandum of Understanding MoU template	A MoU can be useful where UNDP and a partner wish to express interest in exploring and determining **collaboration when commitments do not extend to the transfer of resources between partners** or make financial demands of UNDP.
Financing Agreement: Standard agreement for financial contributions to UNDP **Templates** Please see Financing Agreements and Templates and Standard Provisions of a Financing Agreement with legal guidance on frequently asked questions	When a business wishes to make a financial contribution to UNDP projects and programmes, one of the following Financing agreements should be used: • Standard agreement for financial contributions from the Private Sector, CSOs and Foundations (exceeding US$ 100,000) • Standard agreement for small financial contributions from the private sector and CSOs (not exceeding US$ 100,000) • Exchange of letters for small contributions (not exceeding US$ 100,000), where no reporting is required. The financing agreement with a partner stipulates the conditions for receipt, administration, utilization and reporting of resources for specific UNDP programme activities. The Project Document will be attached to the financing agreement and will form part of the contract. Businesses may not sign Project Documents, however the private sector can assume a function of supplier in the project board.
Pro-bono agreement Template: Pro-bono agreement Comprehensive template for Goods and/or services and incidental expenses, and other financial contributions The comprehensive template has the option	Pro-bono agreements can be used when **UNDP receives goods and/or services** from the private sector in accordance with the UN SG Bulletin on Acceptance of pro-bono goods and services (2006), complemented by UNDP policies. The following will define a private sector engagement activity and not a procurement: • Donated for free and at no costs for UNDP, including shipping, travel and subsistence costs;

to formalize both Pro-bono and financial contributions	• Dependency is not created through proprietary methods or technologies that incur future costs and dependency on the business' products or services. Valuation and reporting of pro bono contributions must be done in accordance with the United Nations System Accounting Standards. Valuation of the contribution must be calculated at fair value, including donor's valuation if appropriate, as determined by the UNDP unit concerned. Queries relating to either the reporting or valuation of such contributions can be directed to the Office of the Comptroller.

Designation of Authority

36. The authority to sign an MoU, partnership agreements for financing agreements, and pro bono contributions is delegated to the RC/RR or a designated person in a Country Office, provided that the following conditions are met:

    a. The agreement has implications for only one country (i.e. the country for which the senior manager has responsibility);
    b. The relationship entered is with a nationally based entity or with a national branch of a multinational entity.
    c. The agreement conforms to the respective standard templates.

37. The authority to sign an MoU, partnership agreement for pro bono contributions, and financing agreements is delegated to the Regional Bureau Director or a designated person in a Regional Bureau, provided that the following conditions are met:
    a. The agreement has implications for only one region (i.e. the region for which the Bureau Director has responsibility);
    b. The relationship entered is with a region-based entity or with a regional branch of a multinational entity;
    c. The agreement conforms to the respective standard templates.

38. **Corporate and Global MoUs:** a corporate review process is mandatory in the two cases below:
    a. If the MoU is for signature by the Administrator or the Associate Administrator; or
    b. The MoU is of corporate importance and/or global applicability (and is thus to be signed at a Senior level, often ASG)

    To initiate corporate assessment, the MoU must be submitted by the initiating bureau to the Partnerships Group of BERA for review and clearance.

Deviations from standard templates

39. Any proposed deviation to the standard MoU, pro-bono, and financing agreement templates must be reviewed before signature by the Director of the Legal Support Office (LSO/BMS). All MoUs should be uploaded in the partnerships MOU library.

Co-defining a potential project with business partners.

40. The business partner(s) will have much to offer when optimizing project design. Businesses can contribute to co-define a project through their expertise, information, know-how, technology, access to networks, planning tools and use of infrastructure and assets, governance and participation on the project board.

41. The aim is to ensure that UNDP takes full advantage of private sector competencies, assets and resources in project definition. A project co-definition will encourage the private sector to maximize their resource contributions to the project in terms of funding, pro bono, in-kind contributions and employee volunteering. There may be situations where the private sector is not involved in the 'co-definition' but only contributes resources as needed/requested by UNDP.

Additional information and tools

- Financing Agreements and Templates
- Memorandum of Understanding
- MoU Templates Library
- Private Sector Partnerships
- Private Sector Resource Mobilization Toolkit

MONITORING PARTNERSHIPS WITH THE PRIVATE SECTOR

42. Programme monitoring is a continuous function to provide the programme's main stakeholders with early indications of the quality, quantity and timeliness of progress towards delivering intended results.

43. Progress monitoring of private sector partnerships should be guided by policy tools and mechanisms outlined in the Programme and Project Management section of the POPP.