Agenda Item 3: Programme Performance Review
January 2018 to June 2019

UN Environment Programme Strategy for Private Sector Engagement

(6th Annual Subcommittee – 7-11 October 2019)
Feedback from member States on the Strategy for Private Sector Engagement
A five-year **Strategy for Private Sector Engagement** was developed and endorsed by the Senior Management Team on 18 September 2019.

Developing the Strategy included a Steering Committee (including focal points from UN Environment Programmes’ Divisions, Regional Offices and Multilateral Environmental Agreements).

As well as a regionally-balanced representation from member States.

Consultations
73 internal staff
22 external stakeholders
The Strategy absorbed the UN Secretary General’s reforms on private sector engagement entitled a **Common Approach to Prospect Research and Due Diligence for Business Sector Partnerships** and which was approved in August 2019.

UN Environment Programme has contributed to the development of the **Common Approach** and uses it as a framework to harmonize due diligence processes, operational standards and the rollout of the Implementation Plan of UNEP’s Private Sector Engagement.

UNEP is currently updating the 2011 UNEP Partnership Policy and Procedures that will guide corporate partnerships.
According to the UN Common Approach, the private and business sectors are defined as follows:

- **Private sector**: is the part of the economy that is run by individuals and companies and is not state controlled. It may also include privately-owned organizations (e.g. family foundations or associations) or influential persons, such as high net worth individuals.

- **Business sector**: includes (i) for-profit and commercial enterprises of any size, whether privately owned, public, or fully governed by governments; (ii) corporate foundations that are directly funded and/or governed by business; and (iii) business associations, cooperatives, industry and cross-industry initiatives where the participants are for-profit enterprises.

- **Partnership**: is defined as a voluntary and collaborative agreement or arrangement between the UN Environment Programme and the private sector.
To accelerate the implementation of the 2030 Agenda and meet the ambitious targets of the SDGs, the UN Environment Programme will have to embark on a more strategic path of collaboration with the private sector.

The UN Environment Programme aims to strengthen partnerships, leverage and utilize respective technical capacities and expertise to maximize business action.

A systematic and transparent based approach is needed so that the UN Environment Programme works more extensively and effectively with the private sector for transformational change at every level, ranging from regionally balanced multinationals to micro-, small- and medium-sized enterprises.
Pillar 1: Impacts on the Sustainable Development Goals as they relate to the environment

Pillar 2: Transformative changes of industries and sectors

Pillar 3: Innovations leading to solutions on sustainability

Pillar 4: Resources and income to scale up and accelerate momentum

DESIRED IMPACTS

1. Measurable and quantifiable SDG impacts
2. Transformation of industries and sectors
3. Innovations leading to solutions on sustainability
4. Resources mobilized to boost momentum of change
By 2025, the UN Environment Programme’s engagement with the private sector will have created transformative changes and innovations, measurable positive impacts and economic and social benefits; reduced existing and emerging environmental risks; increased the resilience of societies and our planet; and helped partners to contribute to the achievement of the Sustainable Development Goals.
Mission

- Transparent and impact-orientated engagement with the private sector, driven by the urgency to sustainably manage our environmental resources and protecting our environment.

- Contributing to achieving the Sustainable Development Goals and to the UN Environment Programme’s mandate.

- Partnerships with the private sector inspire, inform and enable partners, as well as nations and people, to improve their quality of life without compromising that of future generations.
These principles are aligned with established guidelines and principles that regulate the cooperation between the United Nations and the private sector, including the 10 Principles of the UN Global Compact. The 10 Principles will also be a component of the updated UN Environment Programme’s Partnerships Policy and Procedures.

Our due diligence processes have taken into account the adherence of potential private sector partners to the 10 UN Global Compact Principles and we encourage all partners to become members of UN Global Compact.
Theory of Change

Inputs

- Commitment and ability to reduce environmental impact, lead by example
- Capacity to provide human, managerial or financial resources; knowledge, innovations and technical expertise

Private Sector Inputs

- Bilateral, Triparty and Alliance Partnerships and Transactions
- Multistakeholder fora (Networks and Platforms)

Engagement Modalities

- Open networks, meetings and public discussions contributing to policy-making processes
- Public events, training and campaigns
- Information dissemination

Outputs

- Smart policies to protect environment while enabling businesses, state-of-the-art scientific knowledge and data tailored to the needs of the private sector
- Value chain and sector collaboration driven by urgency to transform industries and sectors
- Knowledge sharing and accelerating innovations, targeted advocacy to promote cultural change amongst producers and consumers
- Collaboration with financial sector to co-finance and catalyze investments into climate, environment and underserved markets

Outcomes

1. Increased capability of private sector to measure impacts of own operations and value chains as a result of increased awareness and access to data.
2. Increased commitment by private sector to collaborate in decreasing their environmental footprint and developing sustainable value chains.
3. Level playing field for sustainable businesses as a result of policy coherence and strong institutional frameworks.
4. Business models based on circularity and resource efficiency, driving cultural change and decoupling economic growth from unsustainable resource use.
5. Private sector human, managerial and financial resources catalyzed into research, innovations and technologies that accelerate transition to inclusive, sustainable economy.

Four Pillars of Impact

1. Measurable and quantifiable SDG impacts
2. Transformation of industries and sectors
3. Innovations leading to solutions on sustainability
4. Resources mobilized to boost momentum of change
Desired Impacts of the Strategy

- **Measurable and Quantifiable results**: that relate to the Sustainable Development Goals and UNEP’s Programme of Work.

- **Transformation of Industries and sectors**: the private sector must transform its business models and operational structures to adhere to the Sustainable Development Goals.

- **Innovations leading to solutions on sustainability**: more than ever, innovations to tackle issues ranging from plastic pollution, CO2 emissions, energy conservations and optimizations are required to achieve the 2030 Sustainable Agenda.

- **Resources mobilized to boost momentum of change**: Private sector human, managerial and financial resources are catalyzed into research, innovations and technologies which will accelerate transition to an inclusive and sustainable economy.
“Successful engagement ultimately protects the environment and enables profitable, competitive businesses to create decent jobs and contribute to inclusive, sustainable economies of today and the future”.

OUTCOME 1
We increase private sector’s capability to measure the impacts from their operations and value chains as a result of increased awareness and access to data.

OUTCOME 2
We encourage stronger commitment by private sector to collaborate in decreasing their environmental footprint and developing sustainable value chains.

OUTCOME 3
We promote policy coherence and institutional frameworks that ensure an enabling environment and a level playing field for sustainable businesses.

IMPROVED BOTTOM LINE, LOWER COSTS OF FINANCING

OUTCOME 4
We catalyze private sector human, managerial and financial resources into research, innovations and technologies that accelerate transition to inclusive, sustainable economy.

OUTCOME 5
We inspire private sector to develop business models based on circularity and resource efficiency, driving cultural change and decoupling economic growth from unsustainable resource use.

IMPROVED COMPETITIVE POSITION, MORE SUSTAINABLE BUSINESS

More predictable operating environment and improved resilience

More sustainable supply chains and improved understanding of risks and impacts

More efficient operations leading to actual cost savings

Future-proof business models that appeal to consumers and employees
Desired Outcomes of Private Sector Engagement related to the Sub-programmes

1. Increased capability of private sector to measure the impacts from their operations and value chains as a result of increased awareness and access to data.

2. Increased commitment by private sector to collaborate in decreasing their environmental footprint and developing sustainable value chains.

3. Level playing field for sustainable businesses as a result of policy coherence and strong institutional frameworks.

4. Business models based on circularity and resource efficiency, driving cultural change and decoupling economic growth from unsustainable resource use.

5. Private sector human, managerial and financial resources catalyzed into research, innovations and technologies that accelerate transition to inclusive, sustainable economy.

Healthy ecosystems provide a secure supply of ecosystem goods and services for human well-being.
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Outcomes:

- Sound management of chemicals leading to reduced negative impacts from chemicals on environmental and human health.
- Prevention and sound management of waste leading to reduced negative impacts from waste on environmental and human health.
- Improvement of air quality leading to reduced negative impacts from air pollutants on environmental and human health.

SUB-PROGRAMME ON CHEMICALS, WASTE AND AIR QUALITY
Desired Outcomes of Private Sector Engagement related to the Sub-programmes

1. Increased commitment by private sector to collaborate in decreasing their environmental footprint and developing sustainable value chains.
2. Business models based on circularity and resource efficiency, driving cultural change and decoupling economic growth from unsustainable resource use.
3. Level playing field for sustainable businesses as a result of policy coherence and strong institutional frameworks.
4. Enhanced institutional capacity of public and private sectors to invest in sustainable management practices, including sustainable consumption & production and inclusive green economies.
5. Private sector human, managerial and financial resources catalyzed into research, innovations and technologies that accelerate transition to inclusive, sustainable economy.

Sustainable development pathways, including inclusive green economy and trade, and sustainable consumption and production policies, are adopted and implemented.

Sustainable lifestyles and consumption patterns are increasingly adopted.

SUB-PROGRAMME ON RESOURCE EFFICIENCY
All private sector engagement is based on a common purpose and mutual benefits.

UN Environment Programme seeks to drive transformation through five Levels of Engagement:

1. Knowledge sharing
2. Training events or targeted campaigns
3. Discussions contributing to policy-making processes
4. Convening of networks and platforms
5. All Partnerships (including bilateral, alliances and coalitions)
Approaches to Private Sector Engagement

- Private sector has access to open and public data
- Access to UN Environment Programme's expertise
- Participation in policy making (early awareness)
- Access to multistakeholders, peers, best practices, common frameworks
- Open networks or One-off meetings and discussions
- Partnerships (including bilateral, triparty alliances and coalitions)
- Financial deals with potential to catalyze macro-investments
- Contribution to funding of projects approved in the Programme of Work

Potential for risk and impact

- High
- Medium
- Low

Potential for access

- Open access All companies
- Limited access Target companies
- Limited micro-investments

Engagement activity level of private sector

- Passive, receiver
- Active, mutual sharing

Methods:
- Open micro-investments to a level set by Partnership Policy
- Fees set by the Partnership Policy
Private sector partnerships will be monitored on a continuous basis and evaluated at regular intervals in order to ensure that the partnership continues to meet the objectives of the UN Environment Programme.

The updated Partnership Policy and Procedures, which compliment the Strategy, will provide oversight and monitoring processes for staff engaging the private sector.
Oversight and Monitoring of Partnerships

Bearing in mind the normative nature of the UN Environment Programme and the roles of the Committee of Permanent Representatives, the following reporting mechanisms are recommended:

1. The Annual Report on Private Sector Engagement will now be enhanced to report on the implementation of the Private Sector Engagement Strategy.

2. The Strategy will be reviewed annually alongside the Medium-Term Strategy.
The key risks related to private sector engagement include the following:

- **Failure to engage**: meaning that the Strategy and the organization have failed in encouraging and guiding efficient and systematic engagement with the private sector.

- **Engaging with the Private Sector**: carries its own potential risks that can ultimately impact the reputation of UNEP.

- **Failure in ability to address the key risks related to engagement**: the risk management process failed in correctly identifying, assessing and managing the risks associated with existing private sector partnerships.

The **Private Sector Unit and focal points responsible for each partnership** have the oversight and monitoring of risks related to all private sector partnerships. Risk categories include, but are not limited to, contractual/non-compliance risks, financial risks and reputational risks.
The Level of Risk Management Required for each Level of Engagement

- **High**: Open to all
  - Information dissemination
- **Moderate**: Open to all
  - Public events, training and campaigns
  - Open networks and policy discussion
- **Low**: Open to all
  - Validation process (entity)
  - Multi-stakeholder fora (Networks and Platforms)
  - Commitment to UN Global Compact 10 Principles
  - Due Diligence (entity)
  - Due Diligence (partnership)
  - Commitment that goes beyond UN Global Compact 10 Principles, and reflect the objectives of the engagement

**Passive, receiver**

**Engagement activity level of private sector**

**Active, mutual sharing**

- Commitment to shared values
- Risk Assessments
All partnerships are regularly assessed and measured against the impacts of the Strategy.

UN Environment Programme will:

- Inspire, inform, and enable people to improve their quality of life without compromising that of future generations;
- Ensure that the engagement with the private sector will lead to positive environmental and societal impacts, through the reduction of pollution, halting biodiversity losses, tackling climate change root causes and increasing the resilience of societies; and
- The engagement shall contribute to positive impacts, as defined under the four pillars of the Strategy.
Results-based framework for monitoring partnerships

- **Defining the partnership targets** for inputs and outputs, as well as for expected contributions to outcomes and impacts
  - Input from partner mandatory

- **First annual interim review** of the partnership against pre-defined criteria and partnership targets, focus on inputs and working practices
  - Input from partner mandatory

- **Subsequent annual interim reviews** against pre-defined criteria and partnership targets, focus on continuity of inputs and working practices, outputs and intermediate outcomes

- **Final review** of the outputs and impacts achieved against set criteria
  - Lessons learned
Next Steps

Implementing the Strategy

Updating the 2011 Policy and Procedures