

Harnessing the Private Sector for solutions to the Three Planetary Environmental Crises

2023 Report to the Committee of Permanent
Representatives on Private Sector Engagement

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2023 Report to the Committee of Permanent Representatives on Private Sector Engagement

Introduction

Tackling the three planetary environmental crises requires a transformative shift in markets, sectors and systems. This means ambitious action from the private sector is critical, and that is why the United Nations Environment Programme (UNEP) is seeking to build wider and deeper collaborations that have impact with lasting solutions. UNEP would like to update the Committee of Permanent Representatives on its engagement with the private sector. This report sets out the evolving policy context that highlights the role of the private sector in addressing the three planetary environmental crises; the pressure on business to act; how UNEP has refined its approach to private sector engagement including the due diligence process; how we are strengthening collaborations with other United Nations (UN) agencies and others; and reporting on the active and newly created partnerships from September 2022-August 2023.

Evolving policy context highlights the private sector's critical role

Landmark decisions on the environment have been made that highlight the role of the private sector in delivering on the promise of Agenda 2030 and the Sustainable Development Goals (SDGs).

A key outcome of the December 2022 United Nations Biodiversity Conference of the Parties (COP15) was the recognition that the private sector will be instrumental in delivery on the Global Biodiversity Framework (GBF) and the associated 'package' of decisions. Target 15 of the GBF relates to monitoring businesses and financial institutions, assessing and disclosing risks, dependencies and impacts on biodiversity across their operations and supply chains. The Taskforce for Nature-related Financial Disclosure (TNFD) guidelines, released in 2023, mean that from now, organizations will have a standardised risk management and disclosure framework to report and act on evolving nature-related dependencies. UNEP contributed to these guidelines and is advocating for their adoption.

On the journey to tackle pollution, the fifth session of the International Conference on Chemicals Management (ICCM5), resulted in the adoption of a new framework to create the mechanisms and incentives to foster the effective commitment and engagement of the economic and social sectors related to chemicals and waste, including innovative financing solutions. ICCM5 brought to life the new framework that brings in circular approaches,

lifecycle thinking and connection with other agendas such as biodiversity, climate and human rights.

More specifically on tackling plastic pollution, the focused and intense Intergovernmental Negotiating Committee (INC) process has generated increasing momentum from non-state actors, including the private sector. UNEP sees business as a crucial player for supporting and financing the implementation of the future global plastics agreement. Moreover, private sector engagement is fundamental to the success and implementation of UNEP's *One Plastics Initiative*. At the same time a business coalition, co-chaired by the Ellen MacArthur Foundation and the World Wildlife Fund (WWF), in collaboration with UNEP, has sparked the Global Commitment, which has united more than 500 organizations behind a common vision of a circular economy for plastics and a Business Coalition for a Global Plastics Treaty.

On climate change, the 2023 edition of UNEP's *Emissions Gap Report*—launched at COP27—conveyed a clear message from the United Nations Secretary General that a massive and urgent shift is needed to bring down greenhouse gas emissions and halt the ever-more intense climate events that continue to impact communities, often those that have contributed least to the crises. The report provides the private sector with the necessary knowledge, tools and pressure for urgent action to address these environmental challenges. At COP28, Heads of States announced a 'Declaration on Sustainable Agriculture, Resilient Food Systems, and Climate Action', endorsed by 134 countries. Building on the recognition that unprecedented climate impacts threaten global food systems and the resilience of agriculture, leaders are committed to urgent collaborative efforts with UN agencies and the private sector.

Business sees the environment as a priority and is under pressure to act

As never before, the business community sees the environment as a priority global agenda that must be addressed. The **WEF Global Risks Report 2024**¹ highlights what Chief Executive Officers are most concerned about over the next decade. Of the top ten global risks the

¹ The Global Risks Report 2024, World Economic Forum, is based on interviews with over 12,000 business leaders in 121 economies.

environment continues to dominate concerns among business leaders and includes failure to mitigate climate change; large-scale environmental damage incidents; failure of climate change adaptation; and natural resource crises. Furthermore, over the next decade, biodiversity loss

and ecosystem collapse have been identified as the fastest deteriorating global risks. UNEP is well placed to ramp up its engagement with the private sector to help enable these risks to be addressed.

HIGHLIGHTS AND STATISTICS ON UNEP'S PRIVATE SECTOR ENGAGEMENT IN 2023



BREAKDOWN BY SUB-PROGRAMME



MULTISTAKEHOLDER PARTNERSHIPS

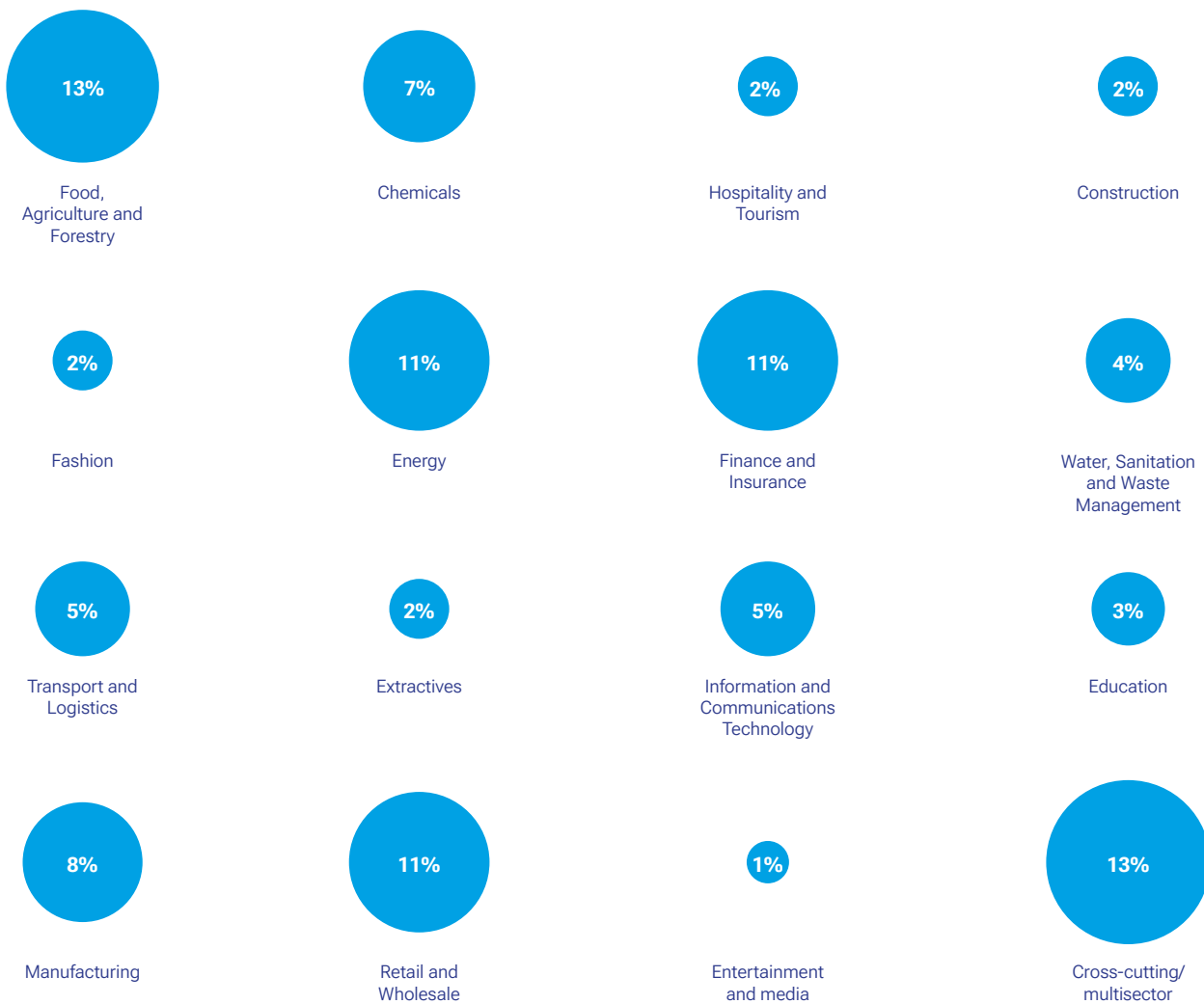


Refining UNEP's approach to working with the private sector.

- A focus on multistakeholder partnerships.
- Standardising UNEP's approach to engagement, which includes principles for partnering with the private sector (see box below) working cross sector, with leadership groups and engaging more systemically.
- A corporate level approach to foundations and philanthropy to diversify funding will be brought about in 2024.
- Strengthening collaborations with UN Agencies and others.

MULTISTAKEHOLDER PARTNERSHIPS BY SECTOR

The following illustration highlights the focus of multistakeholder partnerships through private sector engagement across various sectors.



Refining the UNEP approach to partnering with the private sector.

In 2023, UNEP updated its ‘2019 Strategy for Private Sector Engagement’ in line with the Medium-Term Strategy 2022-2025. In addition to seeking to standardise the approach to private sector engagement by increasingly working with sector wide initiatives, establishing and

working with high ambition groups, and more systemically around issues, and principles for engagement with the private sector (See box below). Through private sector engagement, UNEP has access to data, innovations, best practices and technologies that contribute to its normative and scientific work, as well as its engagement with Member States.

PRINCIPLES FOR UNEP'S ENGAGEMENT WITH THE PRIVATE SECTOR

Criteria for selecting private sector partners

- Intention to create positive environmental impact in the functioning of the businesses' core operations
- Focus on those sectors with the highest direct or indirect impact on sustainability
- Objective of having a globally significant positive environmental impact
- Ability to create systemic change in the industry
- Intent to use a circular economy approach

Approach to working with partners

- Common objective and actions required to move towards sustainability, mutually agreed expectations/targets and accountability time-bound roadmap to deliver on targets
- Clear division of responsibilities, resources and benefits
- Defined timelines and measurable performance indicators
- Means for ensuring consistent information, reporting and data sharing mechanisms
- Process to ensure transparency to monitor progress and accountability

From September 2022-August 2023, there has been a noticeable decrease of 49 per cent in bilateral partnerships with the private sector. On the other hand, multistakeholder partnerships have increased by six per cent, as well as sectoral/industry engagement. In terms of the overall scope of engagements with the private sector, large corporations are relatively as engaged as Small and Medium-sized Enterprises (SMEs). The prevailing themes and areas for engaging the private sector have also relatively shifted, from a focus on fundraising and corporate social responsibility-related engagements to more strategic and targeted partnerships.²

UNEP's 2022–2023 Programme of Work has identified four indicators that should guide UNEP's Private Sector Engagement, a positive shift in support of climate action as a result of UNEP engagement; a positive shift in support of biodiversity and ecosystem approaches; a change in action on pollution prevention and control as a result of UNEP action; and an increase in the number of private sector actors reporting under the enhanced transparency arrangements of the Paris Agreement.

The following illustration highlights some of UNEP's partnerships that are aligned to each of the four indicators.

Increasingly, UNEP is looking to focus more on specific industries (including energy, extractives, transport, chemicals, plastics and agriculture) for sector-wide transformation. By facilitating dialogues and involving a range of diverse stakeholders—policymakers, scientists, academia, civil society and the private sector—UNEP aims to accelerate a multistakeholder transition to an inclusive green economy, and encourage sustainable production, consumption and investments.

² Please note that this Report does not include engagement with the private sector in GEF, GCF and UNEP-WCMC projects but there are clear links to the respective ambitions of these programmes and initiatives.

34 MULTISTAKEHOLDER PARTNERSHIPS AND 36 BILATERAL PARTNERSHIPS



CASE STUDY 1

Region: Africa & Latin America

Focus: Climate Action & Nature Action

Impact

55 enrolled in the most recent cohort in Brazil

47 ecopreneurs successfully completed the programme in Kenya

Restore 7,500 ha of natural habitats

Over USD 67 million unlocked in Private Sector Capital

Restoration Factory

The Restoration Factory is a capacity-building programme developed to help ecological entrepreneurs (ecopreneurs) devise bankable and attractive business models that restore landscapes and preserve ecosystems.

The programme combines an entrepreneurship curriculum with the expertise of a community of mentors and local partners—Local Support Organizations (LSOs)—to deliver targeted long-term, inclusive and climate-resilient business opportunities. The Factory Programme was created by UNEP in partnership with the United Nations Food and Agriculture Organization (FAO), Partnerships for Forests and Bridge for Billions. LSOs assist in implementation.

To date, 47 ecopreneurs have successfully completed the programme in Kenya (2023) and 55 ecopreneurs are enrolled in the most recent cohort in Brazil (2024). Aligned with UNEP's goals of promoting restoration, the Restoration Factory amplifies the work of small and medium enterprises that are using their businesses to bring about positive social and environmental impacts for their local communities.

Restoration Seed Capital Facility

The Restoration Seed Capital Facility (RSCF) aims to reverse the loss and degradation of forests, protect and restore tropical forest areas, fight climate change and biodiversity loss and support the creation of sustainable livelihoods.

RSCF does this by co-financing the development and establishment of new investment funds and supporting pipeline and project development for existing funds that invest in aligned projects. It supports fund managers dedicated to sustainable land use activities that are aligned with forest landscape restoration goals.

Currently supporting four active partners and evaluating applications from two new potential collaborators, RSCF has unlocked USD 67 million in private capital for four separate investments that will protect and restore 7,500 hectares (ha) of natural habitats. Aligning with UNEP's Climate Action and Nature Action sub-programmes, RSCF plays a pivotal role in mobilizing private finance for restoration efforts.

CASE STUDY 2

Region: Global

Focus: Climate Action

Impact

Over 120 companies aligning with the partnership's goals

Includes 40% of companies responsible for world's oil and gas production

Includes 70% of companies responsible for Liquid Natural Gas flows

International Methane Emissions Observatory (IMEO): Oil and Gas Methane Partnership – Pioneering Methane Reduction

The Oil and Gas Methane Partnership (OGMP 2.0), UNEP's flagship oil and gas reporting and mitigation programme, is a game-changer in the fight against methane emissions. The partnership is providing the only comprehensive, measurement-based reporting framework for the oil and gas industry that improves the accuracy and transparency of methane emissions reporting. By requiring companies to measure methane emissions along the whole oil and gas value chain, instead of relying on assumptions proven to underestimate emissions, OGMP 2.0 helps ensure the accuracy and transparency of companies' reported data. With the right information at hand, companies can prioritise mitigation actions and are held accountable to their commitments. Representing over 120 companies operating in more than 70 countries across five continents. This includes companies responsible for nearly 40 per cent of the world's oil and gas production and 70 per cent of Liquid Natural Gas flows.

The data generated by OGMP 2.0 is a cornerstone of IMEO, which is an innovative project that collects and reconciles methane

emissions data from various sources, including OGMP 2.0's company reporting, satellite observations, scientific studies and national inventories. IMEO is a core implementing partner of the Global Methane Pledge, a collaborative effort led by the European Union (EU) and the United States of America that aims to reduce global methane emissions by 30 per cent by 2030.

In the reporting period, OGMP 2.0 witnessed an expansion of its membership, reaching over 120 companies. Notably, OGMP 2.0 has become foundational to the EU's methane regulation and has inspired similar policies and regulations worldwide. Institutional investors consider OGMP 2.0 a useful tool to assess companies' methane performance. Geographically, its private sector members are distributed across Africa, Asia and the Pacific, Europe, Latin America and the Caribbean, North America, and West Asia.

OGMP 2.0 and IMEO stand as powerful examples of how collaboration between private sector entities, governments, non-governmental organisations (NGOs) and international organizations can contribute significantly to the achievement of the SDGs. For more information visit <https://www.ogmpartnership.com/>

Engaging the philanthropic sector

While strengthening private sector partnerships, UNEP is also seeking to diversify resources by establishing a resource mobilization strategy targeting corporate foundations and philanthropy. Philanthropists can provide the early-stage funding that can catalyse the public and private funding needed to bring to scale the world's most urgent solutions to the three planetary environmental crises while also contributing institutional funding to the thematic funds.

To date, UNEP has already engaged with about 131 foundations as a funding source through to advocacy campaigns, and these include Covestro Foundation in support of the UNEP's flagship Champions of the Earth awards; the Ellen MacArthur Foundation in support of the Global Commitment to End Plastics Pollution; and the Schmidt Family Foundation to support the Clean Seas initiative.

A robust due diligence process

UNEP has strong due diligence processes to vet and select partners, which is handled by the Private Sector Unit of UNEP's Corporate Services Division (CSD). All partners are screened through specialized due diligence service providers—*RepRisk*³ and *Sustainalytics*⁴—that support cross-checking business alignment with the principles of the UN and UNEP while weighing the strategic benefits and risks of the partnership. Clearance of partnerships with the private sector is conducted by the UNEP Partnership Committee with representatives from CSD, Communication Division, Governance Affairs Office and UNEP's Legal Unit. Legal agreements signed with prospective partners, such as memorandums of understanding, are typically valid for two years. Partnerships are monitored on a quarterly basis to evaluate progress and the overall implementation status.

In line with the UN Secretary General's statements on the fossil fuel sector, in 2023, UNEP has updated its guidelines

for engagement with the oil, gas and coal sectors to phase out funding from these sectors.

Strengthening collaborations through alliance and platforms

UNEP works with the nine **Major Groups**, the **Business and Industry Major Group** being one of them. As of 29 August 2023, 76 organizations in the Business and Industry Major Group are accredited to UNEA showing a membership that has more than doubled in 2023. A full list of all accredited organizations can be found [here](#). UNEP recognizes the importance of engaging Major Groups and Stakeholders (MGS) as partners. UNEP appreciates the research and advocacy functions they perform and their role in helping foster long-term, broad-based support for UNEP's mission. Intergovernmental decisions have stronger and broader recognition and support by the public when governments take MGS' views into account in policy-making and decision-making processes. MGS also play a direct role in the formation of policy as researchers, think-tanks and watchdogs, or through advocacy.

UNEP also works in close collaboration with the UN Global Compact (UNGC). The UNEP Executive Director, Inger Andersen, is one of the Four Guardians of the 10 Principles of the UNGC alongside the United Nations High Commissioner for Human Rights, General Secretary of the International Labour Organization (ILO) and the Executive Director of the UN Office on Drugs and Crime (UNODC). In addition, she represents the Four Guardians on the UNGC Board on issues covering the environment, human rights and labour. The regular inter-agency meetings are deepening the work between the agencies and with UNGC through 2023.

The UNEP Executive Director is also a Nature Champion with the World Economic Forum (WEF). The Nature Champions focus is, in part, to accelerate sector transitions toward a nature positive economy. In 2023, UNEP contributed to the sector roadmaps on **Chemicals** and **Cement and Concrete**. The UNEP Finance Initiative was on the advisory panel and UNEP's research informed both roadmaps.

³ RepRisk a company that delivers Environmental, Social and Governance (ESG) research focusing on business-conduct risk research.

⁴ Sustainalytics a company providing analytical ESG research and ratings linked to the performance of companies on these core criteria.

CASE STUDY 3

Region: Global

Focus: Chemicals and Pollution

Impact

Over 650 member organizations

Global platform for sharing knowledge, coordinating efforts, and advancing solutions, including through its Digital Platform on plastic pollution and marine litter reduction and prevention

The Global Partnership on Plastic Pollution and Marine Litter (GPML)

There are a significant number of actors and initiatives working on plastic pollution, and coordination amongst them to maximize resources and increase impact continues to be of utmost importance. The Global Partnership on Plastic Pollution and Marine Litter (GPML) has enabled international, multistakeholder coordination since its inception 12 years ago. It currently consists of over 650 member organizations from civil society, the private sector, academia and research, government agencies and intergovernmental organizations.

UNEP provides secretariat services to the GPML and serves as a permanent

member of its Steering Committee, fostering collaboration among stakeholders to combat plastic pollution and marine litter.

The GPML seeks to protect the global marine environment and biodiversity, human well-being and animal welfare by addressing the global problem of plastic pollution and marine litter using a life-cycle approach. It serves as a global platform for sharing knowledge, coordinating efforts, and advancing solutions, including through its Digital Platform, a multistakeholder, knowledge sharing and networking tool which aims to facilitate action on plastic pollution and marine litter reduction and prevention. The partnership aims to contribute significantly to achieving SDG 14.1 by 2025.

CASE STUDY 4

Region: Global

Focus: Climate Action & Nature Action

Impact

40+ technical assistance initiatives to developing countries

1,500 activities related to climate technologies

Involved in over 150 countries

Climate Technology Centre and Network (CTCN) - Catalysing Climate Innovation

CTCN stands at the forefront of promoting the rapid transfer of environmentally sound technologies crucial for low-carbon and climate-resilient development, responding directly to the needs of developing countries. Operating under UNEP's stewardship and backed by a consortium of partners involved in over 1,500 activities (workshops, trainings and events) across 155 countries, the CTCN facilitates technology solutions capacity building, and advisory services on policy and legal frameworks.

In the latest reporting period, CTCN highlighted its impactful work, completing forty successful technical assistance initiatives to developing countries. These initiatives, representing a knowledge

transfer from Annex I to non-annex I countries, encompassed the development of decision support tools, information and feasibility studies in thematic areas.

In terms of global reach, the CTCN boasts an impressive network, attracting over 824 members, with 52 per cent hailing from the private sector. Geographically, the private sector entities are distributed globally, with around half from Europe and America, 33 per cent from Asia and 12 per cent from Africa. CTCN aligns its efforts with several UNEA resolutions, underscoring its commitment to driving climate action and sustainable development.

The CTCN catalyses partnerships with the private sector to accelerate technology development in climate vulnerable countries, sharing the risks involved in scaling up innovative technologies.



“We need to continue to partner with civil society, continue to guide and empower our creative youth, and also with the private sector and philanthropies.”

Ms. Leila Benali,

The President of UNEA-6 and Minister of Energy Transition and Sustainable Development of Morocco

In summary

UNEP is seeking to widen and deepen its engagement with the private sector, and better standardise the approach to engagement. The due diligence process is robust and will be further streamlined to be more efficient and effective through 2024.

As we look to the next Medium-Term Strategy, it is an opportunity to refine further how UNEP engages with the private sector to better address environmental impacts in the world.



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