3. UN gateways for the business sector

UNFIP/UNOP and the UN Foundation

The United Nations Fund for International Partnerships (UNFIP) has played an important role in the evolving relationship between the UN and corporate philanthropy. UNFIP was established in March 1998 as an autonomous trust fund of the UN to interface with the UN Foundation. The UN Foundation is not a UN body, but was created by US billionaire, CNN founder and then Co-Chairman of Time Warner, Ted Turner in early 1998. In September 1997 Turner had announced his intention to make a US$1 billion gift in support of the UN and its causes with ten annual donations valued at US$100 million each. However, he did not give this extraordinary donation in cash but in 18 million shares of Time Warner stock, which in September 1997 had a value of US$1 billion.

There was no precedent for transferring such an enormous amount of money from an individual directly to the UN and it was difficult for the organization to find a way to manage it. That the UN is not an established tax exempt public charity in the US caused an additional problem for Turner. As a solution to these practical problems, Turner and the newly elected UN Secretary-General Kofi Annan decided to create a foundation-trust fund structure: Turner established the UN Foundation (UNF) and the Better World Fund (BWF) as not-for-profit 501(c)(3) public charities. While the UNF would serve to channel his donation to the UN, the BWF’s main objective would be to promote the UN in the USA. Its major programme is the Better World Campaign, launched to lobby the US Congress to support the UN. The UN Secretary-General on the other hand established UNFIP as a trust fund to receive (exclusively) contributions from the UN Foundation.

The details of the relationship between the UN and the UN Foundation were laid down in a Relationship Agreement that was signed on 12 June 1998 in New York, and designed to expire on 31 December 2007. In it, the parties clarified that the Foundation has the responsibility for final formulation of its programme priorities. UN departments, funds, programmes and specialized agencies were invited to submit project proposals to UNFIP that respond to the priorities identified by the Foundation. The proposals are reviewed by an Advisory Board established by the UN Secretary-General, but the final decision to approve a proposed project is made by the Board of the UN Foundation.

Soon after Ted Turner announced his donation to the UN, the value of Time Warner shares decreased dramatically as a result of the merger of AOL and Time Warner in January 2000 and the burst of the “dot-com

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16 Cf. UN Doc. A/53/700, Annex I.
bubble” on the US stock markets. In order to keep Turner’s US$1 billion promise (without increasing the number of 18 million shares), the UN Foundation started to raise additional resources from other donors. In fact, by the end of 2007 UNFIP programmed grants totalled US$1.03 billion, but only US$406 million represented core Turner funds. Other donors contributed US$597 million.

According to the UN, after the first ten-year period US$350 million of Ted Turner’s original donation remained unspent. The UN Foundation announced its intention to leverage this sum to mobilize an additional US$1 billion from partners in support of United Nations causes, and on 18 April 2007 the Relationship Agreement was renewed for an additional ten-year period.

These developments marked a significant change in the role of the UN Foundation from channelling core Turner money to support UN programmes to soliciting and managing third party money.

At the end of 2013, the cumulative allocations to UNFIP projects reached approximately US$1.3 billion, of which only US$450 million came from core Turner funds and US$850 million was mobilized as co-financing from other donors. Despite the trend towards co-funding the value and number of approved UNFIP projects is today much lower than in the middle of the last decade (see Table 4).

In 2013, for instance, the UN Foundation disbursed US$52 million through UNFIP to UNICEF and WHO in support of the Measles and Rubella Initiative. Of this amount, US$50 million came from co-funders and only US$2 million from the Foundation’s own funds.

A large share of the UN Foundation’s revenues from other donors came from the Bill & Melinda Gates Foundation. Between 1999 and 2014 Gates gave US$231 million in grants to the UN Foundation, mainly for projects in the areas of health and agriculture (see Table 5). Much of these funds, however, did not benefit the UN development system and did not involve consultation with the UN and with UNFIP.

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17 Cf. UN Doc. A/63/257.
18 Ibid.
19 Cf. UN Doc. A/69/218.
20 Ibid., para. 9.
### Table 4

**UNFIP approved projects 1998–2013**

<table>
<thead>
<tr>
<th>Year</th>
<th>UNFIP approved projects</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>value (in US$)</td>
<td>number</td>
</tr>
<tr>
<td>1998</td>
<td>81,031,371$,*</td>
<td>60$,*</td>
</tr>
<tr>
<td>1999</td>
<td>108,968,629</td>
<td>53</td>
</tr>
<tr>
<td>2000</td>
<td>74,560,044</td>
<td>53</td>
</tr>
<tr>
<td>2001</td>
<td>111,912,251</td>
<td>55</td>
</tr>
<tr>
<td>2002</td>
<td>69,294,672</td>
<td>29</td>
</tr>
<tr>
<td>2003</td>
<td>73,683,616</td>
<td>40</td>
</tr>
<tr>
<td>2004</td>
<td>76,822,202</td>
<td>32</td>
</tr>
<tr>
<td>2005</td>
<td>170,456,083</td>
<td>52</td>
</tr>
<tr>
<td>2006</td>
<td>191,138,234</td>
<td>24</td>
</tr>
<tr>
<td>2007</td>
<td>38,816,908</td>
<td>24</td>
</tr>
<tr>
<td>2008</td>
<td>28,165,187</td>
<td>33</td>
</tr>
<tr>
<td>2009</td>
<td>26,126,716</td>
<td>18</td>
</tr>
<tr>
<td>2010</td>
<td>79,085,838</td>
<td>28</td>
</tr>
<tr>
<td>2011</td>
<td>48,614,168</td>
<td>18</td>
</tr>
<tr>
<td>2012</td>
<td>63,932,309</td>
<td>13</td>
</tr>
<tr>
<td>2013</td>
<td>52,976,932</td>
<td>7</td>
</tr>
<tr>
<td><strong>Sum</strong></td>
<td><strong>1,295,585,160</strong></td>
<td><strong>539</strong></td>
</tr>
</tbody>
</table>

According to UN Doc. A/69/218: 1,303,782,793, 544

*estimates


### Table 5

**Direct grants from the Bill & Melinda Gates Foundation to the UN Foundation (1999–2014)**

<table>
<thead>
<tr>
<th>Date</th>
<th>Purpose</th>
<th>Amount (in US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 2014</td>
<td>to support one-time, concrete unanticipated gaps that any Family Planning 2020 country might encounter as it works towards achieving Family Planning 2020 goals</td>
<td>2,946,323</td>
</tr>
<tr>
<td>November 2014</td>
<td>to increase availability and use of gender data that will guide policy, better leverage development investments, and inform global development agendas, and to build partnerships that address gaps in internationally comparable gender data, including through innovative data sources</td>
<td>1,348,967</td>
</tr>
<tr>
<td>November 2013</td>
<td>to establish the Family Planning 2020 Task Team <a href="http://www.familyplanning2020.org">www.familyplanning2020.org</a></td>
<td>9,576,904</td>
</tr>
<tr>
<td>August 2013</td>
<td>to raise awareness of and mobilize resources in support of Millennium Development Goals 4, 5 and 6</td>
<td>27,985,759</td>
</tr>
<tr>
<td>Date</td>
<td>Purpose</td>
<td>Amount (in US$)</td>
</tr>
<tr>
<td>-------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>November 2010</td>
<td>to provide short term working capital to recipients of donor funds to increase the predictability of financing for reproductive health, HIV/AIDS, tuberculosis and malaria commodities</td>
<td>20,000,000</td>
</tr>
<tr>
<td>November 2010</td>
<td>to raise awareness of and mobilize resources in support of Millennium Development Goals 4, 5 and 6</td>
<td>36,659,900</td>
</tr>
<tr>
<td>April 2010</td>
<td>to provide support for a policymaker roundtable on the Millennium Development Goals and the UN Summit</td>
<td>200,100</td>
</tr>
<tr>
<td>November 2009</td>
<td>to support the measles partnership for mass campaigns to reduce or eliminate measles</td>
<td>13,997,518</td>
</tr>
<tr>
<td>September 2009</td>
<td>to provide strategic support to the UNAIDS Secretariat during the leadership transition</td>
<td>511,314</td>
</tr>
<tr>
<td>November 2008</td>
<td>to develop a strategic approach increasing US support for global family planning</td>
<td>4,987,489</td>
</tr>
<tr>
<td>October 2008</td>
<td>to provide support to organizations that aid the Global Fund to Fight AIDS, Tuberculosis, and Malaria in Africa from constituencies based in Africa, Australia, Europe, Japan, and the USA</td>
<td>3,227,175</td>
</tr>
<tr>
<td>September 2008</td>
<td>to use an international television broadcast to heighten general awareness of the crises in women’s health in the developing world, and to encourage charitable donations that target solutions to these problems</td>
<td>530,000</td>
</tr>
<tr>
<td>January 2008</td>
<td>to build constituencies for Global Health in a replicable model</td>
<td>10,851,627</td>
</tr>
<tr>
<td>August 2007</td>
<td>for general operating support</td>
<td>10,000,000</td>
</tr>
<tr>
<td>May 2007</td>
<td>to build constituencies for Global Health in a replicable model</td>
<td>500,000</td>
</tr>
<tr>
<td>January 2007</td>
<td>to protect the genetic diversity of 21 critical crops for food security and poverty alleviation, by supporting national gene banks, the Svalbard Global Seed Vault, and the Global Crop Diversity Trust</td>
<td>29,911,740</td>
</tr>
<tr>
<td>January 2007</td>
<td>to increase awareness about malaria and raise funds to purchase and distribute anti-malaria bednets to children under 5 in Africa</td>
<td>3,080,000</td>
</tr>
<tr>
<td>October 2005</td>
<td>to implement a replicable outreach and fundraising campaign that engages civil society in support of malaria prevention and control through the Global Fund</td>
<td>450,000</td>
</tr>
<tr>
<td>January 2004</td>
<td>to strengthen immunization services in Africa through measles mortality reduction</td>
<td>1,900,000</td>
</tr>
<tr>
<td>February 2002</td>
<td>to support the Aspen Strategy Group to convene meetings on global health issues</td>
<td>200,000</td>
</tr>
<tr>
<td>August 2001</td>
<td>to support Health InterNetwork pilot project in India</td>
<td>734,000</td>
</tr>
<tr>
<td>February 2001</td>
<td>to support the United Nations Population Fund (UNFPA) reorganization efforts</td>
<td>500,000</td>
</tr>
<tr>
<td>November 1999</td>
<td>to strengthen surveillance and control of vaccine-preventable and epidemic prone diseases</td>
<td>1,250,000</td>
</tr>
<tr>
<td>May 1999</td>
<td>to eradicate polio in the Indian Sub-continent and Sub-Saharan Africa through immunization and surveillance activities</td>
<td>50,000,000</td>
</tr>
<tr>
<td>May 1999</td>
<td>to support education regarding UNFPA programmes in China</td>
<td>33,380</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>231,382,196</td>
</tr>
</tbody>
</table>

The UN Foundation: New funders, more recipients

Not all of the revenues and expenditures of the UN Foundation have been allocated to UNFIP. In the period 1998 to 2013 the sum of UNF revenues reached US$2.2 billion and the overall expenditures of the Foundation amounted to US$1.8 billion, while the grants given were approximately US$1.5 billion (see Table 6).

Table 6
UN Foundation revenue and expenses 1998–2013 (in US$)

<table>
<thead>
<tr>
<th>Year</th>
<th>UN Foundation total revenue</th>
<th>UN Foundation expenses total</th>
<th>of which grants</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>83,271,192</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>1999</td>
<td>132,504,878</td>
<td>147,364,991</td>
<td>146,333,576 *</td>
</tr>
<tr>
<td>2000</td>
<td>51,026,739</td>
<td>91,368,357</td>
<td>88,956,077 *</td>
</tr>
<tr>
<td>2001</td>
<td>99,122,687</td>
<td>98,602,727</td>
<td>91,790,015</td>
</tr>
<tr>
<td>2002</td>
<td>108,234,904</td>
<td>98,013,347</td>
<td>90,358,653</td>
</tr>
<tr>
<td>2003</td>
<td>105,138,811</td>
<td>78,483,951</td>
<td>70,008,146</td>
</tr>
<tr>
<td>2004</td>
<td>103,047,794</td>
<td>94,197,357</td>
<td>84,721,910</td>
</tr>
<tr>
<td>2005</td>
<td>203,355,197</td>
<td>188,969,234</td>
<td>176,097,642</td>
</tr>
<tr>
<td>2006</td>
<td>243,249,150</td>
<td>240,018,570</td>
<td>227,675,435</td>
</tr>
<tr>
<td>2007</td>
<td>177,794,996</td>
<td>81,078,740</td>
<td>64,731,293</td>
</tr>
<tr>
<td>2008</td>
<td>114,451,567</td>
<td>140,224,505</td>
<td>117,582,684</td>
</tr>
<tr>
<td>2009</td>
<td>105,050,738</td>
<td>83,081,439</td>
<td>54,354,979</td>
</tr>
<tr>
<td>2010</td>
<td>137,514,520</td>
<td>107,661,444</td>
<td>72,514,564</td>
</tr>
<tr>
<td>2011</td>
<td>192,737,803</td>
<td>127,292,648</td>
<td>86,264,857</td>
</tr>
<tr>
<td>2012</td>
<td>134,808,629</td>
<td>134,850,608</td>
<td>83,162,074</td>
</tr>
<tr>
<td>2013</td>
<td>230,764,474</td>
<td>137,838,875</td>
<td>75,324,528</td>
</tr>
<tr>
<td>Sum</td>
<td>2,222,074,079</td>
<td>1,849,046,793</td>
<td>1,529,876,433</td>
</tr>
</tbody>
</table>

* Programme service expenses
Sources: UN Foundation (various years): IRS Form 990.

UNFIP received only 58.4 per cent of the Foundation’s grants and 33.9 per cent of its total expenditures.

In the biennium 2012–2013 UNFIP received US$92.5 million from the UN Foundation, while the total expenditures of the Foundation were US$272.7 million and the grants paid were US$158.5 million. In other words, UNFIP received only 58.4 per cent of the Foundation’s grants and 33.9 per cent of its total expenditures.

Furthermore, the contribution from core Turner funds to UNFIP has stagnated over the decade (see Table 7).
Thus, a significant share of UN Foundation expenditures was spent on activities outside the UN system, with a strong emphasis on US-based organizations. By way of example, in 2013 the Planned Parenthood Foundation of America received US$505,554 and the Public Health Institute in Oakland, CA received US$584,229. In fact, the majority of campaigns and initiatives supported by the UN Foundation have not involved UN entities and have not been covered in the reports of the Secretary-General to the Member States, yet benefit by association with the UN name.

Some of the UN Foundation initiatives in the USA have been high-profile. The Global Alliance for Clean Cook Stoves, for example, announced by Hillary Clinton at a Clinton Global Initiative conference in 2010, includes as founding partners the Shell Foundation, the Morgan Stanley Foundation, the WHO, UNEP, the United Nations High Commissioner for Refugees and the Governments of Germany, Norway and the Netherlands. Aside from the State Department and the Environmental Protection Agency, participating US agencies include the Departments of Energy and Health and Human Services.

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Another initiative championed by Hillary Clinton is the creation of Data2X in 2012. This initiative—spearheaded by the United Nations Foundation, with support from the William and Flora Hewlett Foundation and the Bill & Melinda Gates Foundation—is a platform for partners to work together on gender data.\textsuperscript{23}

**Direct funding from UN Member States**

In order to broaden its funding base, the UN Foundation has explored ways to raise funds directly from governments and multinational corporations. In the last decade the UN Foundation or initiatives launched by the Foundation received direct funding from a number of governments or governmental agencies, inter alia:

» Canadian International Development Agency (CIDA)
» Department for International Development of the Government of the UK (DFID)
» European Commission
» Government of Denmark
» Government of Japan
» Government of the Netherlands
» Government of Norway
» Government of the UK
» Italian Ministry for the Environment
» United Arab Emirates
» United States Agency for International Development (USAID)
» US Centers for Disease Control and Prevention (CDC)

The Measles & Rubella Initiative is an example of the unique funding mechanism created by the UN Foundation.\textsuperscript{24} Since 2001, the UN Foundation has collected grants from public and private donors and disbursed the pooled amounts through UNFIP to the WHO and UNICEF to carry out activities related to this initiative. Governmental donors have included Canada (CIDA), the Commonwealth (CDC), the UK (DFID), Japan (JICA), and Norway (Ministry of Foreign Affairs). In 2013, 30 per cent of the US$52 million transmitted through UNF/UNFIP in that year came from DFID.\textsuperscript{25} This practice means that the Foundation has leveraged and passed through funds from governments that could have otherwise gone directly to the UN agencies concerned.

\textsuperscript{24} Cf. www.measlesrubella initiative.org/.
This practice would also be a source of considerable concern if the UN Foundation has become a competitor for scarce multilateral resources from governments. Monitoring this trend should be a priority for the UNFIP Advisory Board.

**Partnering with corporations**

In addition to its outreach to individual governments, the UN Foundation is now actively exploring opportunities for building so-called “anchor partnerships” with multinational corporations and corporate philanthropic foundations as an important element of its long-term sustainability strategy. This intention caused concerns in some parts of the UN because of the potential reputation risk involved. The UN Foundation lists currently (July 2015) 23 corporate partners, such as Exxon Mobile, Shell, Goldman Sachs, and the Bank of America (see Box 3).

**Box 3**

**Corporate partners of the UN Foundation**


As part of its strategy to strengthen the relationship between the UN and the business community, the UN Foundation, in 2010, integrated the Business Council for the United Nations (BCUN) into its programmatic activities. BCUN describes itself as

“[…] catalyst for action, understanding, and innovative business opportunities between member companies and the United Nations. […] BCUN provides its members with unique opportunities to directly connect with the United Nations and its network of organizations and country representatives. Our relationships with key policy makers and diplomats at the UN who work on global subjects of interest to our member companies allow relevant and current information exchange.”

In the same year the UN Foundation created its Global Entrepreneurs Council, which brings together young entrepreneurs to support UNF campaigns such as Girl Up (www.girlup.org) and Nothing But Nets (http://nothingbutnets.net), and helps to create new ones.

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UN Office for Partnerships (UNOP): A gateway for private companies to the UN

Parallel to the evolving role of the UN Foundation, the institutional setting of its counterpart within the UN has changed over the years. In 2006, then UN Secretary-General Kofi Annan created the UN Office for Partnerships (UNOP) which has evolved to be responsible not only for the management of UNFIP, but also for the management of the UN Democracy Fund and, particularly for partnership advisory services and outreach.28 The terms of reference of UNOP list as one of the key functions of the new office:

“Provides a dedicated gateway for company signatories to the Global Compact to navigate and engage the United Nations system in the identification and development of United Nations-business partnership opportunities.”29 In order to provide UNOP with an additional financial mechanism for mobilizing resources from non-state actors through public-private partnerships, the UN Secretary-General established—in addition to UNFIP—the Trust Fund for Partnerships.30

Since its creation in 2009, however, the financial support for this trust fund has been very limited. Between 2010 and 2013 total voluntary contributions to this fund amounted only to US$2.1 million (see Table 8).

<table>
<thead>
<tr>
<th>Table 8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voluntary contributions to the UN Trust Fund for Partnerships 2010–2013 (in US$ thousands)</td>
</tr>
<tr>
<td>2010</td>
</tr>
<tr>
<td>555.5</td>
</tr>
</tbody>
</table>

Source: UN (2013) and (2014a).

However, it would be misleading to measure the relevance of UNFIP/UNOP only against the quantity of its financial resources. Probably more significant is its intended role as a “gateway for public-private partnerships with the United Nations system”.31

In the last few years UNOP has become actively involved in organizing high-level events with top business representatives and corporate philanthropists to promote market-based solutions and raise private

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28 In his report “Strengthening the United Nations: An agenda for further change” the UN Secretary-General indicated his intention to regroup UNFIP and the Global Compact Office under one common umbrella, but this plan was not implemented at that time, cf. UN Secretary-General (2002), para. 147.

29 Cf. Secretary-General’s bulletin (ST/SGB/2009/14).

30 Cf. UN Doc. A/69/5, p. 176.

funds to solve global problems. Recent examples include the Forbes 400 Philanthropy Summit, which took place in the UN Trusteeship Council on 5 June 2013. It was sponsored by Credit Suisse and attended by UN Secretary-General Ban Ki-Moon and over 150 entrepreneurs, celebrities and philanthropists, such as Bill Gates, Bono and Warren Buffett. According to Forbes magazine the attendees, who represented “close to half a trillion of the world’s wealth, discussed how they can use their wealth, fame and entrepreneurial talent to eradicate poverty.” As follow up to this event Forbes released a Special Philanthropy Issue under the headline “Entrepreneurs can save the world.”

The interaction between companies, corporate philanthropists and the UN has grown steadily. Already in 2010, the annual report of the UN Secretary-General on UNOP contained a selective list of 99 transnational corporations that have established various forms of partnerships with the UN, among them Bank of America, BP, Coca Cola, Goldman Sachs, Nestlé, Shell, and Wal-Mart (see Box 4).34

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Box 4

Selective list of companies that have established partnerships with the UN


Source: UN Doc. A/65/347, Annex I.
Changing relationship between the UN and the UN Foundation

The mission of the UN Foundation and its relationship with the UN has changed significantly over the last 15 years. The Foundation started in 1998 primarily as a grant-making institution, with its sole purpose being to channel Ted Turner’s money to the UN. Since then its focus has shifted more and more towards launching its own initiatives outside the UN, such as the Energy Future Coalition (see www.energyfuturecoalition.org), brokering between donors and implementing agencies (inside and outside the UN system), and campaigning and advocating in support of the UN Secretary-General and his key priorities and strategies—including its stated goal to “scale up UN capacity to engage in transformative multi-stakeholder partnerships with the private sector, civil society, philanthropists and academia [...].” 35

The UN Foundation has been a driving force behind some of the “global partnerships” initiated by the UN Secretary-General since 2010. It is working closely with the UN to support the UN-Secretary-General’s Sustainable Energy for All initiative (see Chapter 6). It also “has been working to accelerate action by supporting the Secretary-General’s Every woman, every child multi-stakeholder movement through global advocacy, communications, and managing private sector engagement [...].” 36

Representatives of the UN Foundation have become close advisors to the UN Secretary-General and are participating regularly in internal meetings convened by the Office of the Secretary-General. In addition, the Foundation has provided resources to hire additional UN staff and has become a key outreach and campaigning arm for UN senior staff. The Foundation provided, for instance, “external communications, media and executive team support” around the official launch of UN Women in February 2011. 37

The Foundation itself describes its evolution as follows:

“The Foundation was created in 1998 as a U.S. public charity by entrepreneur and philanthropist Ted Turner. Since then, the role of the UN Foundation has evolved from a traditional grantmaker to an actively involved problem solver. Within the framework of more than 10 specific issue campaigns, we work closely with the UN Secretary-General to solve the great challenges of the 21st century—poverty, climate change, energy access, population pressure, gender equity, and disease.” 38

The change from funder to facilitator has outgrown the formal relationship agreement between the UN and the UN Foundation. An internal

35 Cf. UN Secretary-General (2012).
36 Cf. UN Doc. A/69/218, para. 21.
37 Cf. UN Doc. A/67/165, para. 28.
audit by the UN Office of Internal Oversight Services (OIOS) for the period 2008–2012 found that:

“The existing operational practices were not in line with the relationship agreement. UNFIP did not play a prominent role in reviewing and prioritizing project proposals submitted by implementing partners. UNFIP only authorized the commencement of project execution and implementation. Additionally, although the UNFIP Advisory Board met at least annually over the past five years, the Board did not review project proposals or select projects for approval. Instead UNFIP and the UNFIP Advisory Board received project proposals for information purposes only.” 39

As a consequence the OIOS audit from 2013 recommended that: “UNFIP should update the relationship agreement between the United Nations and the United Nations Foundation.” 40

UNFIP later reported that “UNFIP, the Office of Legal Affairs and the United Nations Foundation had worked extensively on developing a new, revised and restated relationship agreement between the United Nations and the United Nations Foundation.” 41 The new relationship agreement was signed by both parties on 23 October 2014.

The changing role of the UN Foundation has generated additional complications, as the OIOS report pointed out:

“Third party donors and other co-financing partners had made significant contributions to projects financed by the Foundation (approximately 63%). The source of such funding however, was not known to the United Nations until after the project documents were received by UNFIP for disbursement of funds. In one instance, a project had to be reconsidered as the United Nations had concerns about the donor. Inadequate review of donors by UNFIP may result in a reputational risk to the United Nations and conflict with its ethical values. UNFIP management indicated that reliance was placed on the rigorousness of the Foundation’s policies.” 42

In his 2014 report on UNOP the UN Secretary-General noted that Ted Turner’s contribution to the UN has greatly increased the interest of foundations and private companies in engaging with the UN. He also emphasized the significant impact that the UN Foundation has had throughout the UN system, beyond its grant-making role. The report added:

39 Cf. UN Office of Internal Oversight Services (2015), para. 15.
40 Ibid., para. 16.
41 Ibid.
42 Ibid., para. 18.
“The evolved mission and approach was demonstrated by the 
Foundation’s leadership initiatives and campaigns for United 
Nations causes in a number of ways [...]”  

According to the UN Secretary-General the relationship agreement be-
tween the UN and the UN Foundation has been reviewed and amended 
to ensure that it reflects this evolution of the Foundation’s mission and 
approach. But instead of providing a solid basis for effective and transpar-
ent governance, the new agreement seems to reinforce the exclusivity of 
this relationship and the preferential treatment of the UN Foundation by 
the UN Secretariat.  

The drafting of the new agreement took place behind closed doors with-
out any intergovernmental oversight or transparency to the broader pub-
lic, and, in contrast to the initial agreement, it has not yet been published.  

To comply with the recommendation of the OIOS report from 2013, 
UNFIP and the UN Foundation will undertake a review of the relevant 
policies and procedures in the context of the new agreement. Will the 
new agreement and a newly established Joint Coordination Committee 
of the UN and the UN Foundation be adequate to address the multiple 
activities of the UN Foundation and to ensure that they fully support the 
UN and its causes? An essential first step is that the revised and restated 
agreement follows the pattern of the previous two agreements and be 
made publicly available.  

The time has come for the Member States and the relevant oversight 
processes of the Advisory Committee on Administrative and Budgetary 
Questions (ACABQ) and the Administrative and Budget Committee of 
the General Assembly to give due attention to the impact of this kind 
of exclusive relationship on transparency and intergovernmental deci-

dion-making in the UN, and to any reputational risks to which the UN 
might be exposed.  

The UN Global Compact  

Initiated by Secretary-General Kofi Annan in 1999, the UN Global 
Compact (UNGC) was founded as a voluntary corporate responsibility 
initiative designed to “mainstream” a set of principles related to human 
rights, labour, the environment and anti-corruption in corporate activ-
ities.  

From its beginnings, the Global Compact principles (originally 
nine; the tenth anti-corruption principle was added in 2004) have served 
as the “framework for co-operation with the business sector”.

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45 Cf. UN (2009), p. 2.
To advance its programmes, the Global Compact is coordinated by a secretariat, the UN Global Compact Office, based at UN Headquarters. In 2006 a private non-profit foundation, the Foundation for the Global Compact, was established based on the idea that public-private partnerships are essential to solving global problems. The foundation solicits contributions from companies that participate in the UN Global Compact to support its programme activities, such as conferences and capacity building. Although legally separate entities the office and the foundation today present themselves as the “UN Global Compact Headquarters”.

The UNGC is open to all businesses that commit to respect the ten UNGC Principles. In 2015, the Global Compact reports more than 12,000 participants, including more than 8,000 companies and some 4,000 non-business participants, including academic institutions, public sector entities, cities and civil society groups. Business participants are required to report on their progress in the implementation and advocacy of the ten Principles.

The Global Compact has given itself a governance framework, adopted in 2005 and updated in 2008. Governance functions are shared by the following bodies (see also Box 5):

» **Global Compact Board**: chaired by the UN Secretary-General, comprised of 34 representatives of constituency groups (business, civil society, labour and the UN), including 24 representatives of companies and business associations, and giving ongoing strategic and policy advice and recommendations to the Global Compact Office. “Board members are champions willing and able to advance the Global Compact’s mission, acting in a personal, honorary and unpaid capacity.”

» **Global Compact Office**: formally entrusted with the support and overall management of the Global Compact initiative. It has received the endorsement of the UN General Assembly and is given UN system-wide responsibilities for promoting the sharing of best practices. The Global Compact Office also has responsibilities with regard to advocacy and issue leadership, fostering network development and maintaining the Global Compact communications infrastructure. Furthermore, the Global Compact Office plays a central role in advancing the partnership agenda across the UN system and has overall responsibility for brand management and implementation of the integrity measures.

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46 Cf. www.unglobalcompact.org/what-is-gc/participants.
49 Cf. UN Joint Inspection Unit (2010), p. v.
» **Global Compact Government Group**: bringing together governments that so far have contributed to the work of the Compact through contributions to the Global Compact Trust Fund.\(^{50}\)

» **Foundation for the Global Compact**: a tax-exempt charity registered under New York State law. It provides funding to activities of the Global Compact in the wider sense and to the Global Compact Office via the Trust Fund for the Global Compact (see Box 5).

» **Global Compact Leaders Summit**: a gathering of the top executives of all participants and other stakeholders, tasked with producing strategic recommendations and action imperatives for the future evolution of the initiative.

» **Local Networks**: groups of participants coming together to further the Compact’s ten Principles within a country or a region. This connects the Compact to specific national contexts and helps to manage the vast membership of the Compact. The Global Compact currently features 100 such Local Networks.\(^{51}\)

» **Annual Local Networks Forum**: the main occasion for Local Networks “to share experiences, review and compare progress, identify best practices, and adopt recommendations intended to enhance the effectiveness of Local Networks.”\(^{52}\)

Another element of the Global Compact system is the **Global Compact LEAD platform**, launched in 2011. “The primary objective of Global Compact LEAD is to support leading UN Global Compact participants in their efforts to achieve higher levels of corporate sustainability performance—as outlined by the Blueprint for Corporate Sustainability Leadership—and give them proper recognition for doing so.”\(^{53}\)

Global Compact LEAD currently has 55 participants, including Bayer AG, Heineken, Lafarge, Tata, Coca-Cola, and Vale. The initiative gives LEAD participants access to international fora and political processes. For example, LEAD organized a luncheon attended by the UN Secretary-General at the World Economic Forum Annual Meeting in January 2013\(^{54}\) and another at the UNHQ in July 2014.\(^{55}\)

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\(^{50}\) Cf. the Terms of Reference for the Global Compact Government Group Meetings, (www.unglobalcompact.org/docs/about_the_gc/Government_Group_ToR.pdf).

\(^{51}\) Cf. www.unglobalcompact.org/AboutTheGC/stages_of_development.html#Local_Networks.

\(^{52}\) Cf. www.unglobalcompact.org/AboutTheGC/stages_of_development.html#ALNF.

\(^{53}\) Cf. www.unglobalcompact.org/HowToParticipate/Lead/objectives.html.


In the 2011 paper *Global Compact Governance: Why Context Matters*, the Global Compact stated that the evolution of its governance had the following steps and characteristics:\(^{56}\)

“While the Global Compact was initiated directly by the former Secretary-General, intergovernmental support developed in an incremental, yet delayed, manner. […] With Secretary-General Ban’s tenure starting in 2007 and him chairing the Global Compact Leaders Summit in the same year, the Global Compact moved into its next phase.”

“As the initiative gained intergovernmental support, it acquired a political licence to operate. Political support acts as an enabling condition for advancing and deepening the relationship between the various parties involved.” […]

“Reflecting the vital function of donors, the Global Compact explicitly recognized and upgraded the role of the “Global Compact Donor Group” within the overall governance framework in 2008. The establishment of the Donor Group gives Governments a stronger say in the overall development of the initiative and allows for regular updates on the use of funds.” […]

“Implementing the idea underlying the Global Compact requires more than government legitimacy. Because of the initiative’s voluntary and multi-stakeholder nature, legitimacy cannot exclusively rest on a political mandate.” […]

“While the Global Compact is a business-led initiative (as businesses have the primary responsibility for implementation), it also promotes interactions between firms and other actors (e.g., from the UN system, civil society and labour).” […]

“Contrasting a traditional “command and control”-type of governance, the demand-driven nature calls for giving those parties who are willing and able to drive implementation a voice in governance. However, participant ownership also requires installing safeguards protecting the Global Compact from capture by any specific group of actors. The multi-stakeholder nature of governance entities is crucial in this regard, as it allows for the inclusion of voices from multiple domains and backgrounds.”

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**Financing the Global Compact**

The main sources of finance for the Global Compact are voluntary contributions from Member States and from the private sector. Donations and membership fees from private companies are collected by the Foundation for the Global Compact. “These contributions are received, administered and distributed through the Foundation for the Global Compact—a non-profit 501(c)(3)—and are therefore tax deductible in many jurisdictions.” \(^{57}\) In 2013 private contributions to the Foundation for the Global Compact amounted to US$14.6 million (or 80% of overall contributions).

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\(^{56}\) Cf. UN Global Compact (2011b).

Voluntary contributions from UN Member States are collected in a UN trust fund, the Global Compact Trust Fund, established by the Secretary-General on 18 January 2001 “to sustain the Global Compact Campaign and network.”\(^58\) In 2013, the Trust Fund contributions totalled US$5.5 million, US$3.5 million from Member States and US$2 million from the Foundation.

Additional means of support for the Global Compact come in the form of seconded staff to the Global Compact Office. While Member States regularly second personnel, private corporations have also seconded staff. In 2013, this is documented for ENEL, China Petroleum and Chemical Corporation—Sinopec and Fuji Xerox Company Ltd.\(^59\)

With operational activities ranging mainly from big conferences to smaller regional or local workshops, the Global Compact has a combined annual budget of roughly US$18 million. That money is being spent predominantly on staff (73 full time in 2013), consultants and conferences.

For 2010 to 2013, financial information on the Global Compact has been published in its annual reports. Statements for the activities of the Global Compact Office are not publicly available beyond the aggregated statements in those reports. Table 10 gives an overview of revenue for 2010–2013.

Before 2010 accounts for the Foundation and the Global Compact Trust Fund had been kept separately, and with different accounting periods. Also, the Foundation has made contributions to the Trust Fund (see Table 9). These factors limit severely the ability to assess overall trends for the financials of the Global Compact prior to 2010.

<table>
<thead>
<tr>
<th>Table 9</th>
<th>Contributions by the Foundation for the Global Compact to the Global Compact Trust Fund (in US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
<td>2008</td>
</tr>
<tr>
<td>---------</td>
<td>------</td>
</tr>
<tr>
<td>2008</td>
<td>300,000</td>
</tr>
</tbody>
</table>


Since 2010 income from private sources has more than tripled.

Since 2010, while money from public sources is more or less static (US$3.8 mn in 2010, US$3.6 mn in 2013), the income from private sources, mainly company donations and membership fees, has more than tripled (US$3.5 mn in 2010, US$14.6 mn in 2013, see Table 10 and Figure 3).

\(^{58}\) Cf. UN Doc. A/58/7, Suppl. No. 7, p. 50.

Table 10

Financial contributions to the Global Compact 2010–2013 (in US$)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark</td>
<td>592,862</td>
<td>644,006</td>
<td>498,542</td>
<td>530,791</td>
</tr>
<tr>
<td>Switzerland</td>
<td>731,491</td>
<td>455,062</td>
<td>488,599</td>
<td>502,793</td>
</tr>
<tr>
<td>Sweden</td>
<td>538,280</td>
<td>547,289</td>
<td>571,495</td>
<td>530,950</td>
</tr>
<tr>
<td>Norway</td>
<td>406,588</td>
<td>375,236</td>
<td>413,951</td>
<td>457,362</td>
</tr>
<tr>
<td>Germany</td>
<td>339,575</td>
<td>338,825</td>
<td>426,648</td>
<td>459,305</td>
</tr>
<tr>
<td>Finland</td>
<td>271,600</td>
<td>281,700</td>
<td>375,630</td>
<td>462,595</td>
</tr>
<tr>
<td>Spain</td>
<td>466,009</td>
<td>457,415</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>France</td>
<td>136,110</td>
<td>142,140</td>
<td>129,534</td>
<td>135,220</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>119,200</td>
<td>124,120</td>
<td>128,096</td>
<td>160,370</td>
</tr>
<tr>
<td>Italy</td>
<td>102,960</td>
<td>107,865</td>
<td>74,700</td>
<td>65,500</td>
</tr>
<tr>
<td>Colombia</td>
<td>70,000</td>
<td>—</td>
<td>30,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Turkey</td>
<td>—</td>
<td>100,000</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Korea</td>
<td>50,000</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>China</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Chile</td>
<td>—</td>
<td>4,000</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total from governments</td>
<td>3,834,675</td>
<td>3,587,658</td>
<td>3,147,195</td>
<td>3,594,886</td>
</tr>
<tr>
<td>Interest and other income</td>
<td>192,022</td>
<td>252,710</td>
<td>151,842</td>
<td>76,235</td>
</tr>
<tr>
<td>Total from public sources</td>
<td>4,026,697</td>
<td>3,840,368</td>
<td>3,299,037</td>
<td>3,671,121</td>
</tr>
<tr>
<td>Private contributions to the GC Foundation</td>
<td>3,560,000</td>
<td>9,098,910</td>
<td>12,776,383</td>
<td>14,661,630</td>
</tr>
<tr>
<td>Total</td>
<td>7,586,697</td>
<td>12,939,278</td>
<td>16,075,420</td>
<td>18,332,751</td>
</tr>
</tbody>
</table>

Sources: UN Global Compact (2011a); UN Global Compact (2012); UN Global Compact (2013); UN Global Compact (2014).

The Global Compact in the UN system and business sector influence

While the Compact calls its governance framework “light, non-bureaucratic and designed to foster greater involvement in, and ownership of, the initiative by participants and other stakeholders,”61 a 2010 report by the UN Joint Inspection Unit (UNJIU) called this structure “cumbersome, costly and ineffective”.62

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60 According to data provided by the Global Compact (the Foundation and the Office). Please note that data included in internal Financial Statements of the United Nations (UN (2014a)), differs from the shown numbers. Especially, the UN names the United States as the largest single government donor ($2 million for the biennium 2012–13), which does not appear in the reports of the Global Compact. Also, the Global Compact appears to show pledges by the Danish government as actually received contributions. The UN calculates a difference of $180,220 between the pledges and received contributions for the biennium. Cf. UN (2014a), p. 113f, and Global Compact (2014), p. 31f.


The assessment by UNJIU drew attention to the lack of government representatives on the Global Compact Board, calling this “highly unusual, if not unheard of, for an intergovernmental organization such as the United Nations.”\(^6^3\) This weak government oversight is duplicated in the Global Compact Government Group, which is formally entrusted with overseeing the right use of funds and other contributions (like seconded staff) provided by governments. On this governance body, UNJIU concluded: “It is called on to programme and review the use of contributions made to the Trust Fund. However, in reality, its bi-annual meetings have a purely informative role.”\(^6^4\)

The UNJIU also concluded that the General Assembly Partnership resolutions, seven since 2000, do not close the governance gap. They fail to address and guide the self-set objectives of the Global Compact to be the world’s most inclusive voluntary initiative to promote responsible corporate citizenship, and its positioning in convening business-led advocacy in policy processes, the latest example being towards the Post–2015 Agenda. “To date, the initiative has enjoyed unusual administrative independence, showing a high level of creativity compared to other United Nations offices.”\(^6^5\)

As the Global Compact is financed through private contributions as well as voluntary contributions from Member States, the usual oversight mechanisms of the UN system do not apply. Its outsourced status con-

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\(^6^3\) Ibid.
\(^6^4\) Ibid., p. 25.
\(^6^5\) Ibid., p. 27.
UN gateways for the business sector

contrasts with the role attributed to the Global Compact and its ten Principles as provider of the framework for UN cooperation with the business sector. The Global Compact Office chairs and coordinates the UN System Private Sector Focal Points network and serves as the lead organizer of the network’s annual meeting. In 2013 more than 300 professionals from various UN entities, the private sector, representatives from local networks, as well as “partnership experts” attended. At the meeting, the UN-Business Partnership Handbook was released and the UN System Private Sector Focal Points Network (UN PSFP) was launched. This stated: “The group will work to promote a principle-based approach to engaging with business throughout the UN.”

Also, the Global Compact and its Principles are used by the UN Office for Project Services (UNOPS) as a measure for sustainable procurement and have been featured in the Annual Statistical Reports since 2006. However, the accountability and oversight mechanisms of the Global Compact do not report on or assess regularly its central role within the United Nations for business-UN relations.

Who is influencing whom?

That the Global Compact shows little signs of effective government oversight coincides with another recurring concern: while advertising itself as a corporate social responsibility vehicle, the Compact may in fact be a Trojan Horse for corporate influence at the United Nations, with its purpose inverted from influencing corporate actors towards key UN norms to bringing corporate influence and thinking into the policy-making of the UN. The Compact list of potential benefits for participating companies includes “(u)tilizing Global Compact management tools and resources, and the opportunity to engage in specialized workstreams in the environmental, social and governance realms”, in addition to networking and the exchange of best practices.

The Global Compact has developed a series of high profile events that provide a UN venue for hundreds of corporate CEOs to meet formally and informally with heads of state and government and serve as a potential platform for their political initiatives.

The Compact’s work in connection with the Post–2015 Agenda also illustrates an approach weighted towards bringing corporate political influence into intergovernmental processes rather than the reverse. The 2013 Activity Report of the Global Compact lists various activities conducted to give Global Compact members, and especially its LEAD club, preferential access to public decision-makers and the opportunity to share their

The usual oversight mechanisms of the UN system do not apply.

67 Ibid.
70 Cf. www.unglobalcompact.org/AboutTheGC/index.html.
views. That these views are not contradictory to larger business interests is not surprising.\textsuperscript{71} During the UN Global Compact Leaders Summit 2013, the UN Secretary-General “unveiled the Post–2015 Business Engagement Architecture” as one of the activities designed to “ensure that the views and contributions of businesses and the private sector feed into the Post–2015 process”\textsuperscript{72} (see Figure 4). This “architecture” shows how the Global Compact envisions aligning sustainable development and business priorities.

The Global Compact has been most instrumental in opening up the United Nations to the business sector. While it may have been designed to do exactly the opposite—sensitize businesses for public interests through the promotion of the ten Principles—it also serves as a platform and promoter of corporate interests in the UN. This is aggravated by its dependence on private funding and its overly complex governance structure, which gives little space to Member States while limiting oversight to those making financial contributions. In fact, the Global Compact is one of the few UN entities which are predominantly dependent on private money. This may have repercussions on how its mandate is being interpreted and implemented.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure4.png}
\caption{The Global Compact’s Post–2015 Business Engagement Architecture}
\end{figure}

\begin{table}[h]
\centering
\begin{tabular}{|c|c|c|c|}
\hline
\textbf{Sustainable Development Goals} & & \textbf{Long-term Business Goals} & \\
\textbf{Inclusive growth} & \textbf{Revenue growth} & \\
\textbf{Social equity and progress} & \textbf{Resource productivity} & \\
\textbf{Environmental protection} & \textbf{Risk management} & \\
\hline
\end{tabular}
\end{table}

\begin{itemize}
\item Drivers and Incentives
- Market based
- Society based
\item Corporate Sustainability
- Respect
- Support
- Leadership
- Engage
\item Platforms for Action and Partnership
- Issue platforms
- Local initiatives and networks
- Business sector initiatives
- Technology-powered partnership hubs
\item Transparency and Accountability
- Public records of commitments to principles and goals
- Measurement practices
- Reporting standards
- Certification schemes
\end{itemize}


\textsuperscript{71} For more, cf. Pingeot (2014), chapters III and IV.1.
\textsuperscript{72} Cf. UN Global Compact (2014), p. 12.