



Strategy for Private Sector Engagement

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Executive Summary

1. The 2030 Agenda for Sustainable Development and the Sustainable Development Goals; the Paris Agreement building upon the United Nations Framework Convention on Climate Change; and the Addis Ababa Action Agenda of the Third International Conference on Financing for Development; as well as relevant multilateral frameworks under environmental agreements on biodiversity, chemicals and waste and ozone-depleting substances¹, all recognize and call for a strengthened relationship with the private sector, including the adoption of more innovative approaches to promote private sector sustainability, transformation and the leveraging of private sector technical expertise and financial resources.
2. The Strategy for Private Sector Engagement was created as a result of the UN Environment Assembly's Resolution (UNEP/EA.4/RES.4) "Addressing environmental challenges through sustainable business practice", which was adopted in March 2019. It also builds on the UN Environment Assembly's Decision related to the Programme of Work and Budget for the Biennium 2020–2021, which calls on the Executive Director to mobilize increased voluntary funding from a broadened contributor base using strengthened due diligence procedures prior to accepting funds other than from member States.
3. Against this backdrop, and cognizant of the role of a diverse private sector with geographic balance, ranging from micro-enterprises to cooperatives to multinationals, all of which can contribute to the implementation of the 2030 Agenda, the UN Environment Programme recognizes that the private sector engagement is of strategic importance in order to:
 - (i) **meet the objectives set out in the UN Environment Programme's Medium Term Strategy and its Programme of Work and Budget as approved by its member States**; and, where relevant by the decisions of the Multilateral Environmental Agreements administered by the UN Environment Programme; through transparently working with the private sector, encouraging the exchange of knowledge, supporting sustainable innovation, and increasing private sector strategic awareness of environmental issues, goals and means to address these;
 - (ii) **accelerate the private sector's embracement of sustainable business models and its contributions** to meeting the ambitions of the 17 Sustainable Development Goals; and
 - (iii) **contribute** to the discussion on, and implementation of, the relevant resolutions decided upon by the member States of the UN Environment Assembly and by the parties of the Multilateral Environmental Agreements administered by the UN Environment Programme, through leveraging private sector actions.
4. The Strategy is aligned to all other UN Environment Programme strategies and policies, including South-South and Triangular Cooperation and Resource Mobilization Strategy, among others.
5. The ambitious vision is that by 2025, the UN Environment Programme's engagement with the private sector has created **transformative changes, measurable positive impacts** and economic and social **benefits**; including creation of green jobs and capacity building in developing countries; **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.
6. The UN Environment Programme's Strategy for Private Sector Engagement towards 2025 is built on four pillars:
 - Creating positive, measurable and quantifiable **impacts** on environment and society;
 - Enabling **transformation** and facilitating changes towards a sustainable society;
 - Sharing knowledge and scaling up **innovation** of solutions for sustainability; and
 - Mobilizing **resources** to accelerate momentum towards a sustainable future.

¹ The Multilateral Environmental Agreements administered by the UN Environment Programme include the following: Convention on Biological Diversity (CBD); Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES); Convention on the Conservation of Migratory Species of Wild Animals (CMS), its regional and species related agreements; Basel, Rotterdam and Stockholm Conventions (BRS); Convention for the Protection of the Ozone Layer and its Montreal Protocol on Substances that Deplete the Ozone Layer; Minamata Convention on Mercury; Bamako Convention on the ban on the Import into Africa and the Control of Transboundary Movement and Management of Hazardous Wastes within Africa; Barcelona Convention Coordinating Unit for the Mediterranean Action Plan; Convention for the Protection, Management and Development of the Marine and Coastal Environment of the Western Indian Ocean (Nairobi Convention) and its protocols; and Convention on the Protection and Sustainable Development of the Carpathians (Carpathian Convention); among others.

7. The Strategy provides the UN Environment Programme’s management, staff and private sector partners, member States, sister UN organizations, policymakers, and science and civil society groups, the reasons and framework for engagement with the private sector. This includes the desired impacts and transformations, and the paths available to get there.
8. Furthermore, the Strategy puts forward the UN Environment Programme’s aim to be at the forefront of private sector collaboration through constructive, transparent and results-oriented engagement approaches. Additional information on relevant intergovernmental mandates² supporting this Strategy is provided in Annex 1. The Strategy builds on the lessons learned from current private sector engagement and on the aspirations and insights of the key internal and external stakeholders that were consulted during the Strategy’s development process. In total, more than 70 internal consultations within the Organization and more than 20 external consultations, including with representatives from member States were conducted. Steering Committee was established to guide the development of the Strategy. The Steering Committee consisted of the UN Environment Programme’s senior management and representatives from the secretariats of Multilateral Environmental Agreements.
9. In sum, the Strategy is presented in nine Sections starting with a brief setting of the scene (Section I), followed by the vision, mission and objectives for private sector engagement (Section II). Section III presents the principles for private sector engagement, and Section IV outlines the impacts and desired changes aimed at, using the Theory of Change methodology. Section V focuses on the framework for engagement and discusses the benefits to the different stakeholders, whereas Section VI identifies mutual benefits. Section VII introduces approaches to resource mobilisation. Section VIII explains management of the risks and opportunities that private sector engagement brings. The final Section IX focuses on definitions.

² The UN Environment Programme’s engagement with the private sector is grounded in Governing Council’s Decision 22/7 “Engaging business and industry” which was approved during the 22nd Session of the Governing Council in February 2003. Such engagement was reinforced by the UN Environment Assembly’s Resolution UNEP/EA.4/RES.4 “Addressing environmental challenges through sustainable business practices” which was adopted in March 2019.

I. Setting the Scene

1. Despite progress on some environmental issues, ecosystems degradation is rising and posing ever-growing risks to societies. In our increasingly interconnected world, environmental challenges are both too complex and far-reaching to be addressed by any single entity. A healthy planet depends on all of us and requires an unprecedented effort from all sectors of society. We will not succeed in tackling the challenges on time without wide-spread cultural and behavioural change amongst consumers and the private sector.
2. The private sector drives the most frequently cited environmental realities, such as climate change, land degradation; loss of biodiversity; and generation of plastic waste. As such, the private sector has the power to reverse negative megatrends and enforce positive trends. Examples of this power include voluntarily adapting business operating practices by exploiting opportunities related to sustainable innovations, such as utilizing greener and more efficient technologies and practices.
3. The UN Environment Programme recognizes that in addition to partnerships with governments and civil society, partnerships between the public and private sectors can help bring about lasting solutions, as well as facilitate movement away from slow incremental changes towards transformational changes on key environmental issues. The UN Environment Programme's strategic target as set out in the vision, mission and principles of engagement, is to work with private sector entities who:
 - have **proven their commitment and ability** to take action and reduce their environmental footprint;
 - **provide resources or solutions** to solve existing and emerging environmental challenges.
4. In this context, the UN Environment Programme seeks to actively engage with a regionally balanced set of private sector entities that are committed and able to reduce their environmental footprint. By collaborating with these private sector entities, the UN Environment Programme can create larger positive impacts and contribute to the transformation of industries and sectors. This includes: the creation of green and decent jobs and supporting small and medium sized enterprises, as well as assisting developing countries to industrialize. This strategic target group includes both the forerunners -- those private sector entities that lead by example, follow the best practices and inspire others. And the challengers -- those private sector entities that still have room to improve but are committed to reducing their environmental impacts by changing their operations or business models.
5. The UN Environment Programme seeks to actively engage with a wide range of private sector entities that provide resources or practical solutions for solving the most pressing environmental challenges. This includes engagement with entities working in research and innovation, as well as entities who engage in or encourage investments that promote inclusive and sustainable economies. This strategic target group includes private sector entities of different size and level of maturity, ranging from micro, small and medium sized enterprises to large multinationals; and from incubators and start-ups to established enterprises. Leveraging private sector resources for catalysing change that contributes towards improving the wellbeing of our planet and environment is a key means for the UN Environment Programme to achieve positive impact from private sector engagement. Through this leverage, the benefits and value created becomes more than what could be achieved without active engagement.

II. The Strategic Vision for Private Sector Engagement

A. Meeting the UN Environment Programme's mandate by working together

6. This Strategy outlines the vision, mission and principles for reaching the desired outcomes and impacts of a more strategic path of collaboration with the private sector, whilst safeguarding the integrity, neutrality, objectivity and transparency of the UN Environment Programme, its staff, and its Programme of Work.
7. The overall goal of the Strategy is to build in consideration of private sector cooperation at all levels of the UN Environment Programme.
8. A vision statement is like a roadmap, setting a future direction and indicating the aims of the UN Environment Programme in the runup to 2025 in terms of its private sector engagement. A mission statement provides the *raison d'être* for the UN Environment Programme's engagement with the private sector, summarizing the overall rationale of the engagement.

B. The Vision of the Strategy

9. By 2025, the UN Environment Programme's engagement with the private sector has 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.

C. The Mission of the Strategy

10. To engage with the private sector in a transparent and impact-orientated way, driven by urgency to sustainably manage our environment; contribute significantly and measurably to achieving the Sustainable Development Goals and to the UN Environment Programme's mandate. Also to inspire, inform and enable partners, as well as nations and peoples to improve their quality of life without compromising that of future generations.

D. Objectives of the Strategy – the Four Pillars

11. The Strategy is built on four pillars that support the vision and mission, under which specific objectives have been set for the five-year period as follows:

Pillar 1: Impacts on Sustainable Development Goals and environmental goals: By 2025, the UN Environment Programme's engagement with the private sector has created positive measurable and quantifiable impacts on the Sustainable Development Goals, with a focus on the environmental dimension.

Pillar 2: Transformative changes of industries and sectors: By 2025, the UN Environment Programme's engagement with the private sector has contributed to increased action, awareness, promoted cultural and mindset changes amongst consumers, and inspired the private sector in developing sustainable business models and best practices that contribute to a holistic and sustainable transformation across industries and sectors.

Pillar 3: Innovations leading to solutions on sustainability: By 2025, the UN Environment Programme's engagement with the private sector has promoted and supported the private sector in developing independent and joint innovations that create solutions to global and regional environmental challenges.

Pillar 4: Resources and income to scale up and accelerate momentum: By 2025, the UN Environment Programme's engagement with the private sector has successfully mobilized private sector's human, managerial and financial resources to mainstream and scale up technologies and innovations and accelerate momentum towards a sustainable future³.

III. Private Sector Engagement Principles

12. The following principles embody the values that will guide the UN Environment Programme's engagement with the private sector. These principles are aligned with established guidelines that regulate cooperation between the United Nations and the private sector and embody the 10 Principles of the UN Global Compact⁴.

Principle I: Alignment with the UN Environment Programme's Objectives, Mandate and Mission

13. All engagement with the private sector shall be aligned with the UN Environment Programme's intergovernmental mandate, objectives and Programme of Work. Each active engagement with the private

³ In line with the objectives outlined in the UN Environment Programme's Resource Mobilisation Strategy.

⁴ The UN Global Compact's principles on human rights, labour, environment and anti-corruption are expected to be key components of the UN Environment Programme's Partnership Policy and the accompanying Procedures that are in the process of being updated.

sector shall have objectives, desired impacts and outcomes defined. These objectives, desired impacts and outcomes shall, explicitly and concretely:

- Bring about environmental, economic and social benefits, with a focus on meeting the broader 2030 Agenda through leveraging private sector contribution to the achievement of the Sustainable Development Goals and the Multilateral Environmental Agreements' goals⁵.
- Support and provide additionality to achieving the desired outcomes and strategic objectives of UN Environment's Programme of Work; be consistent with established guidelines and principles that regulate the cooperation between the United Nations and the private sector.
- Promote adherence to UN system-wide framework and to the UN Global Compact. The UN Environment Programme is a proud partner of the UN Global Compact, having signed a Letter of Intent in September 2018. The 10 Principles of the UN Global Compact (see Figure 1 below) are fundamental criteria to our due diligence process in engaging the private sector. The UN Environment Programme continues to encourage its partners to become members of this important initiative. Furthermore, the UN Environment Programme follows the UN Common Approach to Prospect Research and Due Diligence for Business Sector Partnerships which was approved in August 2019.

Figure 1. UN Global Compact Principles



14. Engagement with the private sector is fundamental to the successful implementation of the Programme of Work. Active engagement is guided by transparent, impact-orientated criteria, embodied in the applicable due diligence processes, which include, but are not limited to, a screening of the partner's capability and commitment to raising standards, capacity building and ambition to support the Programme of Work's objectives, at both subprogramme and specific project level.

⁵ To enable the ongoing work of the Multilateral Environmental Agreements, active engagements with the private sector shall be aligned with their respective mandates.

Principle II: Impact-Oriented and Results-Based Engagement

15. The intention of all engagements between the UN Environment Programme and its private sector partners is to accelerate the creation of positive societal and environmental action and positive impacts, as well as to articulate those impacts through the Sustainable Development Goals (SDGs). This applies to the full spectrum of modalities (see also Section V)⁶.
16. All private sector engagements involving mutual dialogue and active participation shall be based on transparent, defined mutual benefits to both parties, and start with a definition of the expected and desired outcomes and impacts. This should include a selection of concrete and causal indicators with clear links to the Programme of Work and the Sustainable Development Goals, the means of measuring performance in terms of desired outputs, results and impacts, as well as how the engagement outcomes will be evaluated. An indication of the timescale and milestones shall be included.
17. This is ensured through a systematic framework for identifying and describing the expected benefits, especially positive impacts on the environment. This framework shall encompass a post-engagement evaluation of the actual benefits achieved through private sector engagement in each subprogramme.

Principle III: Transparency and Disclosure

18. In all engagements with the private sector, the UN Environment Programme is obliged to ensure transparency. The format of engagement, that is how the UN Environment Programme works with private sector entities, is always public information. Publication of details of the cooperation is public to the extent possible without violating disclosure of mutual confidentiality. Information on private sector engagements are available both on the UN Environment Programme's website, and on request, in line with the UN Environment Programme's Access to Information Policy.
19. Transparency is fostered in all engagements in order to provide all stakeholders, including the public, adequate information on the overall volumes of private sector engagement, on the names of entities engaged with, on the nature of the activities as well as their alignment and contributions to the UN Environment Programme's mandate, operations and objectives. Transparency is a means to ensure that the neutrality and integrity of the UN Environment Programme is maintained and safeguarded.
20. Furthermore, the UN Environment Programme is itself obliged to disclose information regarding the value of any engagement, regardless of the nature of the activity. For activities including any in-kind contributions, the exact amount of the corresponding financial value will be disclosed, subject to confidentiality agreements.

Principle IV: Adding Value by Working Together

21. All private sector engagements should aim to create additional value through inspiring positive actions. As a leading global environmental actor, the UN Environment Programme has a unique capability to convene

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