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The business of doing business with the United Nations

El negocio de hacer negocios con las Naciones Unidas

RESUMEN

Este artículo revisa los vínculos del sector privado, especialmente las empresas multinacionales, con las Naciones Unidas. En una primera parte se comenta sobre cómo se da la interacción en esta relación, para lo cual la sección se ha subdividido en dos etapas, la primera para el periodo que cubre desde la creación de las Naciones Unidas, a mediados de la década de 1940, hasta el año 2000, y un segundo momento desde el 2000 a la fecha. Se examina brevemente la evolución de esta relación para ver cómo ha ido cambiando en el tiempo hasta consolidarse en la actualidad. En la parte final se explican algunas de las principales motivaciones que llevan a las empresas a cooperar con las Naciones Unidas, exponiendo tres razones que se estima son las principales causas que explican este fenómeno.

Palabras clave:

Naciones Unidas, empresa multinacional, sector privado, cooperación, multilateralismo.

ABSTRACT

This article reviews the links of the private sector, particularly multinational corporations, with the United Nations. The first part comments on the nature and ways of this interaction. This section has been divided into two intervals: one covers the period from the creation of the United Nations, in the mid-1940s, to the year 2000; later, a second moment ranges from 2000 to date. The evolution of this interaction is briefly examined to see how it has changed over the years until its consolidation nowadays. In the final part of the article, some of the main motivations that lead companies to cooperate with the United Nations are outlined, arguing three reasons considered to be the most relevant causes to explain this phenomenon.

Key words:

United Nations, multinational corporations, private sector, partnerships, multilateralism.

1. Introduction

The Multinational Corporation (MNC) is not an invention of our time; however, it is in the past few decades that they have risen in the international system as relevant actors (Strange, 2009, p. 73). The emergence of these large companies in the international context was driven by the dissemination of the liberal ideals upon which the United Nations (UN) was created, at the dawn of the postwar era. Nowadays, they have acquired a huge momentum since the end of the Cold War. In this new scenario, marked by the acceleration of globalization, MNC have achieved colossal dimensions, in some cases economically surpassing Nation-States. This economic power has led them to exercise political power as well, with the ability to influence States' governments. With their incursion into the international arena, MNC now interact with the States and International Organizations, like the UN. As the former UN Secretary General Kofi Annan declared in 1998: "So let us choose to unite the power of markets with the authority of universal ideals" (UN, SG/SM/6448), establishing two years later the Global Compact, the greatest regime to link the UN with the private sector. Since then, the private sector has engaged continuously and actively in almost every single unit or agency of the UN system. The questions briefly discussed in this paper are how MNC engage in the UN multilateral system and why they do that.

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2. The Private Sector and the United Nations

The links between the UN and the business sector are not new. However, in recent years such ties have deepened and broadened, resulting in innovations in this relationship. We will see this evolution.

2.1 Evolution between 1945 and 2000

The contemporary international order is fundamentally the product of interactions between States, markets, and civil society (represented mainly by MNC and NGOs, respectively). Nonetheless, States and their organizations keep the central role in its conduction. That order, established in the postwar context, was largely designed by the US, based on liberal paradigms which seek to ensure peace through democracy, free trade, investment, market rules, and political settlement structures, and considered some spaces of participation for civil society and the private sector (Ikenberry, 1999, as cited in Muldoon, 2003, p.151). In other words, the international order of the postwar era has been designed in such a way that the inclusion of the private sector within the governance schemes was foreseen. Indeed, we can find references to representatives of the business sector at the 1945 San Francisco Conference (UN, 2001a, p. 4). The International Organization of Employers (IOE) has been working with the International Labour Organization (ILO) even before the 1945 Conference: it has been part of the tripartite structure of the ILO since its creation in 1919 (ILO, 2023)¹. Then, in 1946, the International Chamber of Commerce (ICC) was granted UN consultative status by the Economic and Social Council (ECOSOC) under article 71 of the United Nations Charter (ECOSOC, 1946). Later, in 1963, there was already discussions about the influence of MNC in the Codex Alimentarius Commission, created by the Food and Agriculture Organization (FAO) and the World Health Organization (WHO) to establish food standards (Utting, 2000, p. 9).

However, the main references to the private sector go back to the decade of 1970. Since that period, a certain pattern in the relationship between the UN and the private sector can be outlined. In 2000, The Economist illustrated the evolution of the perception of MNC in the international system:

In the seventies, it [the MNC] was seen as a dragon that was about to devour humanity. In the eighties the perception changes and it is seen as an herbivorous dinosaur, harmless and doomed to extinction. In the

nineties it is shown as a goose that boomed together with humanity enjoying the golden egg the goose has just laid, and where both have prospered. At the beginning of the 21st century, the MNC is seen as a demon before which humanity seems doomed (Schultze-Rhonhof, 2006, p. 111).

In the 1950s and 1960s in Europe, there was a widespread idea that the US had intentions of controlling the European economy through a network of American corporations, thus politicians of the old continent at the time considered this as a critical issue that had to be regulated (Sklair, 2003, p. 73). In July 1972 the ECOSOC, at the proposal of the Chilean government, adopted resolution 1721 which established a Group of Eminent Persons aimed at studying "the impact of MNC on Development and International Relations". The reports of this Group led to the creation, in 1974, of the Commission on Transnational Corporations and the United Nations Centre on Transnational Corporations (UNCTC). One of the main functions of the UNCTC was to develop a code of conduct to regulate the activities of MNC, as proposed by the Commission in its second session held in Lima in March 1976, beginning its work on the code in 1977 (UNCTC, 1978, p. 4). Later, in 1978, the NGO Berne Declaration published "L'infiltration des firmes multinationales dans les organizations des Nations Unies" which made public some excerpts of internal documents from some Swiss companies that revealed the lobby they did to try to influence the UN (Maurel, 2015, p. 57). In the 1980s some codes for MNC in specific topics were implemented: one on breast milk substitutes -WHO/UNICEF 1981-, another for the distribution and use of pesticides -FAO 1985-, and one on the ethics for the promotion of medicines -WHO 1988- (Utting, 2000, p. 2).

However, as indicated before, in the eighties the perception towards MNC changed. The discourse of economic liberalism began to grow, and at the interior of the UN the approach to foreign direct investment (FDI) changed: instead of regulation, the new narrative was one of promotion in benefit of the developing countries; deregulation was proposed under the premise that State control and planning could be detrimental to the efficient solutions provided by the markets (Utting, 2000, p. 23; Utting & Zammit, 2006, p. 1). In the 1990s, the positive appreciation of MNC strengthened even more, and within the UN a series of events took place that reflected this. The talks on the code of conduct for the MNC that had stalled in the eighties came to an end in 1992, and in 1993 the UNCTC ceased to function, its responsibilities were transferred to the UNCTAD, following the ideology that favor the market solution and the strong lobby of the companies before their governments (Utting, 2000, p. 2; Missbach, 2007, pp. 4-5). One of the last initiatives of the UNCTC, a set of environmental measures to establish obligations to corporations, wasn't approved in the Earth Summit of 1992 (Utting, 2000, p. 3). On the contrary, in the Agenda 21, chapter 30, the role

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of companies is recognized and the association between governments and the private sector is encouraged, among other things, for the application of the principles and objectives for sustainable development (UNDESA, n.d.) Meanwhile, due to an apparent important lobby effort made by the ICC and the public relations agency Burson Marsteller, strong references to regulatory issues weren't included (Madeley, 1999, pp. 159-165). The Earth Summit included the participation of a coalition of companies grouped in the World Business Council for Sustainable Development (WBCSD), at the personal invitation of the summit secretary himself, Maurice F. Strong², to the founder of this organization.

Under the leadership of the UN Secretary General Boutros Ghali the business sector began to move closer to the UN system. For example, in the 1994 UN General Assembly resolution A/RES/48/180, the Assembly describes as "active" the collaboration between the UN and the private sector. Later, Boutros Ghali himself called for associating transnational companies more closely with international decisions (speech at Davos, 01/26/1995) and for recognizing the primacy of transnational society over interstate society (speech at the Carlos III University of Madrid, 04/15/1994). In the same period, the FAO, during the 1996 World Food Summit, published the document "New Holland. agricultural machinery Worldwide" advocating for the benefits of New Holland Ltd. products, an agricultural machinery company that sponsored the Summit (Madeley, 1999, p. 161).

But the most important milestone in the cooperation between the UN and the private sector is the appointment of Kofi Annan as UN Secretary General. During his administration the links with the private sector deepened even more mainly because of his leadership (Bull, Bøås, & McNeill, 2004; Kell, 2005). Indeed, John Ruggie³ pointed out that Kofi Annan promoted major reforms in the structure and culture of the UN, going beyond the intergovernmental border to include the private sector in the mission and work of the UN. For Kofi Annan, an effective way to consolidate the leading role of the UN was through increasing the cooperation with the private sector, because he perceived the latter as the most efficient agent of change (Bull, Bøås, & McNeill, 2004, p. 485; Weiss, Forsythe, Coate, & Pease, 2017, p. 298), approach that was considered a "pragmatic turn" in governance structures, induced by the changes brought by globalization (Utting & Zammit, 2006, p. 2). To understand the vision of Kofi Annan his background is an important element to consider: he had business studies and experience with the private sector (Kell, 2005, p. 71)⁴.

When Kofi Annan took office as UN Secretary General he had already in mind deepening the partnerships with the private sector. He recommended the intensification of UN efforts to promote collaboration and consultation

with the private sector in order to achieve the development goals (UN, 1997). This would be reflected later in his Davos speech in January 1998⁵, and some months later this idea originated the UN Global Compact, launched in 2000. This initiative was supported by other relevant UN officials, such as John Ruggie, Maurice Strong, Georg Kell, Mark Malloch, and Gro Harlem Brundtland (Bull, Bøås, & McNeill, 2004, p. 485). All of them were involved in the establishment of the Global Compact and in the conception of the Millennium Goals.

However, not all UN entities shared this favorable view of the private sector. The ECOSOC Commission on Human Rights, for example, considered in 1998 that “these companies are frequently, if not always, behind massive human rights violations” (ECOSOC, 1998, p. 4). Thus, the ECOSOC reassumed the discussions on the elaboration of a code of conduct for MNC, already settled in 1993⁶. This was a similar position shared by many medium-level bureaucrats and in certain specialized agencies (Tesner & Kell, 2001, as cited in Bull, Bøås, & McNeill, 2004, p. 491). For example, the WHO identified in 2000 that certain tobacco companies had managed to enter and influence their own organization (WHO, 2000, as cited in Utting, 2000, p. 9).

2.1.1 *The New Century*

In 2005, UN Secretary General Kofi Annan pointed out that “[public-private] partnerships are an integral part of the work of much of the United Nations system” (UN, 2005). Indeed, a large number, if not most, of the UN system agencies have significantly increased their links with different non-state partners including the private sector (Martens, 2007, p. 20). Entities such as the FAO; United Nations Educational, Scientific and Cultural Organization (UNESCO); WHO; United Nations Industrial Development Organization (UNIDO); United Nations Development Programme (UNDP); United Nations Children’s Fund (UNICEF); United Nations Population Fund (UNFPA); among others, have projects and cooperation agreements with the business sector, especially MNC. Virtually all Fortune 500 companies have cooperation projects or agreements with a member of the UN System, mainly through partnership mechanisms. Among the most active companies in this scheme, we can find companies such as British Petroleum, Coca Cola, Daimler Chrysler, Microsoft, McDonald's, Nike, Novartis, Shell, Starbucks, to mention just a few (Martens, 2007, p. 20).

In this regard, the relationship between the UN and the business sector would have changed, mostly in two dimensions. First, in a qualitative dimension: this relationship has transitioned from a hostile perception bias to MNC in the seventies and part of the eighties (Bull, Bøås, & McNeill, 2004, p. 481), to a renewed, positive, conception of the private sector considered

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nowadays as a positive agent, a partner⁷, to achieve the objectives and goals of the UN (UN, 2001a). In this transition of the approach to MNC, the mechanism of partnerships has been strengthened, which is defined as “voluntary and collaborative relationships between various parties, both State and non-State, in which all participants agree to work together to achieve a common purpose or undertake a specific task and to share risks, responsibilities, resources, competencies and benefits” (UN, 2003, p. 4).

However, this voluntary nature can mean that many of these associations lack central authority to oversee their work, which can lead to governance problems for the partnership itself. The absence of central authority also makes the responsibility of the association ambiguous. Both, governance and accountability, are considered as key factors for partnerships to have a positive and lasting impact in the UN (Rein & Reid, 2005, p. 9).

The second dimension of change in the UN-private sector partnerships is a quantitative one. There’s vast evidence of this kind of partnerships throughout the UN system⁸. In 2007, it was estimated that the number of UN partnerships with non-state actors had raised by 700% in twenty years, increasing exponentially from around fifty in the mid-1980s to nearly four hundred in 2005⁹. As UN Secretary General Kofi Annan expressed in 2001: “non-state actors are now engaged to an unprecedented degree in most areas of the United Nations endeavour. This ranges from peacekeeping and disarmament to human rights, good governance, sustainable development, and the eradication of poverty” (UN, 2001b, p. 7), and since 2001 the number of partnerships has considerably expanded.

There’s extensive evidence of relationships between the private sector and the UN in virtually all levels and entities of the UN system. Indeed, just to mention some examples, in the FAO many companies participate individually or as part of the official national delegations in the Codex Alimentarius commissions (for instance, the association of research companies in biotechnology participates in the consultations in the commission on genetically modified foods). The International Civil Aviation Organization (ICAO) has developed together with the International Air Transport Association (IATA) –which represents around 300 of the main airlines in the world, 83% of all air traffic– safety standards that are mandatory in all airports worldwide. The International Maritime Organization (IMO) works with different shipping companies of maritime cargo on the issues related to their jurisdiction. Also, it could be mentioned, the establishment of a Microsoft’s office to the UN in New York, with a high-level executive relocated from Brussels to interact with the UN headquarters. These few examples depict how diversified is the participation of businesses within the UN.

The most notorious mechanism in the relations between the private sector and the UN is the Global Compact. Established in 2000 by the UN Secretary General Kofi Annan, the Global Compact embodied at that time 44 MNC, today it registers more than 18,000 businesses participants. Interestingly, the greatest recruitment of new participants to the Global Compact in the last years was registered in Latin America and the Caribbean region, accounting for 22%, followed by North America 21% and Eastern Europe 19% (UN, 2022a, p. 55). The work of the Global Compact is based on ten principles, which are derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption (UN Global Compact, 2021, p. 5). These principles are articulated around four core areas:

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1) Human Rights

- Principle 1: businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

2) Labor

- Principle 3: businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labor;
- Principle 5: the effective abolition of child labor; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

3) Environment

- Principle 7: businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

4) Anti-Corruption

- Principle 10: businesses should work against corruption in all its forms, including extortion and bribery.

In the Global Compact Strategy 2021-2023, the UN Secretary General remarks the need “to scale up the global business community’s contributions to the 2030 Agenda and the implementation of the Paris Agreement on climate change. That is the overarching goal of the Global Compact’s strategic plan for 2021 through 2023” (UN Global Compact, 2021). As we see, this partnership works in two directions: first, the private sector contributes to the UN giving it more flexibility and providing resources to the UN system, complementing those allocated by States; and second, the UN gives to the business community guidance on how to comply and contribute in the delivering of the Sustainable Development Goals (SDG) and to tackle the issue of climate change, two of the main concerns of the UN.

Another relevant mechanism in the partnership between the UN and the private sector is the United Nations Fund for International Collaboration (UNFIP). The UNFIP serves as a bridge to interconnect the UN system and the United Nations Foundation, a public charity of \$1 billion established by Ted Turner¹⁰ in 1998. One month later that year, on March 1st, UN Secretary General Kofi Annan launched the UNFIP as an autonomous trust to manage the agreement between the UN and the UN Foundation. The 1998 agreement between these two entities was renewed in 2007 and 2014. In 2014 a Joint Coordination Committee and Advisory Board, chaired by the Deputy UN Secretary General, was created (UN, 2022b, p. 15). The Board of the UN Foundation is chaired by Ted Turner and among its members are renowned people like the Queen of Jordan, Gro Harlem Brundtland, former CEOs of important corporations and academicians. Nowadays, in the long list of partners of the UN Foundation we can find companies like Merck, Caterpillar, SC Johnson, Verizon, Amazon, Google, Goldman Sachs, Sony, etc.¹¹. Since its establishment, the UN Foundation and the UNFIP have partnered to deliver more than 700 projects, for around \$1.512 billion. In 2021, the UNFIP mobilized \$11.9 million to finance 22 health projects worldwide (UN, 2022b, p. 15); as a reference, the contribution paid by Ireland to the UN in 2021 amounted near \$10.73 million and Finland’s was around \$12.18 million¹².

The UN-private sector partnership in the past focused mainly on raising funds for financing activities or projects. However, nowadays this relation has a broader scope and is considered as an effective, long-lasting association. In fact, the evolution and increase of the UN-private sector relations has led to the emergence of new types of cooperation. An interesting demonstration of this can be found in the 2001 UN Secretary General report on this matter, entitled “Enhanced cooperation between the United Nations and all relevant partners, in particular the private sector” (A/56/323):

The increase in traditional forms of cooperation and the emergence of new forms of cooperation – non-state actors are now engaged to an unprecedented degree in most areas of United Nations endeavour. This ranges from peacekeeping and disarmament to human rights, good governance, sustainable development, and the eradication of poverty. They are also engaged in most United Nations activities ranging from its policy dialogue, standard-setting and normative work to its operational activities, advocacy and information work. In short, non-state actors have become increasingly influential in the United Nations system, at the global, national and local levels, and they offer a variety of competencies, constituencies, resources and network that cannot be ignored (UN, 2001b, p. 7).

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The current participation of the private sector within the UN system takes place in different fields and in different ways, to the point that the terms “partnership” or “association” have acquired some ambiguity; hence, it is difficult to argue if all partnerships are alike, on the contrary it seems that every association has its own particularities. Nonetheless, the 2001 UN Secretary General report A/56/323, outlined a categorization of five major types of cooperation between the UN and the private sector, which is still valid (UN, 2001b, pp. 18-32):

- 1) Policy-dialogue: official and informal participation of the private sector in official intergovernmental deliberations, and in the administrative and institutional regulatory structures of the UN.
- 2) Advocacy: raise public awareness and support for UN goals and programs through activities such as joint communications, product licensing, social marketing, etc.
- 3) Mobilizing private funds: cooperation between the UN and the private sector to jointly mobilize public and private resources to finance UN programs and projects.
- 4) Information and learning: exchange of information, research and learning. The goal is to create and mainstream knowledge and technical experience developed at intersectoral levels.
- 5) Operation delivery: direct support from the private sector for the design, implementation, management, and joint evaluation of operations, programs and projects carried out by the UN on the ground.

These types of cooperation are not exclusive, and it may be that in a partnership more than one of these modalities concur and juxtapose.

Correspondingly, in the 2012 UN General Assembly resolution A/RES/66/288, “The Future We Want”, the role of the private sector as an important agent to support the efforts of the UN and all governments is highlighted:

We acknowledge that the implementation of sustainable development will depend on the active engagement of both the public and the private sectors. We recognize that the active participation of the private sector can contribute to the achievement of sustainable development, including through the important tool of public-private partnerships (UN, 2012, p. 9).

Indeed, in this milestone resolution we can find many references to the business community and the potential it has to develop and contribute in many areas, like the work of the UN itself, sustainable development, food and nutrition, economic development, energy, climate change and so forth.

Some years later, in 2015, the Agenda 2030 for Sustainable Development (A/RES/70/1) likewise stressed the importance of working with others actors besides States and international organizations, especially the private sector and civil society:

The scale and ambition of the new Agenda requires a revitalized Global Partnership to ensure its implementation. We fully commit to this. This Partnership will work in a spirit of global solidarity, in particular solidarity with the poorest and with people in vulnerable situations. It will facilitate an intensive global engagement in support of implementation of all the Goals and targets, bringing together Governments, the private sector, civil society, the United Nations system and other actors and mobilizing all available resources (UN, 2015, p. 10).

We recognize that we will not be able to achieve our ambitious Goals and targets without a revitalized and enhanced Global Partnership and comparably ambitious means of implementation. The revitalized Global Partnership will facilitate an intensive global engagement in support of implementation of all the Goals and targets, bringing together Governments, civil society, the private sector, the United Nations system and other actors and mobilizing all available resources (UN, 2015, p. 28).

More recently in 2021 it was adopted the UN General Assembly resolution A/RES/76/224 “Towards global partnerships: a principle-based approach to enhanced cooperation between the United Nations and all relevant partners”, in which it’s “recognized the vital role that the private sector plays in sustainable development” and “encourages the United Nations funds and programmes to continue to actively engage with other stakeholders,

including civil society, the private sector and foundations, with a view to diversifying potential sources of funding, especially core funding, for their operational activities for development” (UN, 2022, p. 5).

In the 2021 UN Secretary General report “Enhanced cooperation between the United Nations and all relevant partners, in particular the private sector” (A/76/319), the Secretary General acknowledged that “throughout the United Nations system, partnerships with external actors, in particular the private sector, are evolving towards deeper and more strategic collaboration, focusing on innovation, scalability and impact” (UN, 2021a, p. 1). Additionally, it’s recognized the important role the private sector can play in recovering from the COVID-19 crisis and the achievement of the SDG, hence “underscores the urgent need for revitalized, inclusive and networked multilateralism, with the private sector as a key player to address global challenges” (UN, 2021a, p.2).

This same approach to include more actively the private sector in the UN is found in the UN Secretary General proposal “Our Common Agenda”. In this document, there are many references to the private sector as an important actor and ally to achieve the vision the Secretary General has on the future construction of our world, acknowledging the participation, interests and contribution corporations can do in this task. Therefore, in the conception of a “renewed social contract”, outlined by the Secretary General, the private sector is one of the four central actors in this contract: State/institutions, private sector, civil society, and individuals (UN, 2021b, p. 24). Also, among the recommendations he made to accelerate the achievement of the SGD, he proposed to boost the partnerships with the private sector (UN, 2021b, p. 7). In that line, he suggests a new idea of an “inclusive multilateralism”, in which the private sector should be considered as a key actor; but this inclusion needs to be balance with accountability from all the activities the private sector does, considering the power and resources they have (UN, 2021b, pp. 67-68). In other words, there’s a twofold appreciation of the private sector: as an agent that contributes to sustainable development but at the same time is an agent that needs to be made accountable for its actions.

3. The motivation

Nonetheless the important contribution of the private sector to the work of the UN, the interaction between businesses and the UN has incited a strong debate about if it’s in the best interests of the UN such partnerships. On the one hand there are those who consider corporations as efficient

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agents which can contribute significantly to the work of the UN to achieve its objectives, particularly the SDG. However, on the other hand there is also criticism by some who consider it as a "commercialism" or even a "privatization" of the UN (Utting & Zammit, 2006, pp. 8-9). In addition, there have also been calls for attention because of accusations of some companies regarding human rights violations, environmental pollution, monopolistic practices, child labor and labor exploitation, etc.

As has been commented, the private sector has become increasingly involved in associations with the UN, through many different types of cooperation, partnering with virtually all entities at the interior of the United Nations System. This greater participation of the private sector in the UN is aimed at delivering first the Millennium Goals and nowadays the SDG. However, a natural question any person might have is: Why are MNC getting involved in this?

Corporations are for-profit entities and as such they operate mainly guided by the benefit they obtain or may obtain in the future. Hence, without an adequate incentive most probably there would be no private activity (Koch, 2006, p. 24). In that regard, the motivations for the private sector to have a greater participation in the UN could be explained by three broad general reasons.

First, the "corporate social responsibility". The image of being socially responsible is an advantage to compete in world markets (Witte & Reinicke, 2005, p. 43), and a good image could be obtained thanks to the prestige of the UN, something that has been described as "bluewashing", in reference to the distinctive colour of the UN (Bruno and Karliner, 2000). The image of a company is one of the most valuable assets that any company has. Al Ries and Jack Trout, in one of the most influential texts in the world of marketing – "The 22 Immutable Laws of Marketing" (1993) – described the importance of the consumer perception of the company and its products, pointing out that the perception of the brand was more important than the actual quality of the product or service itself (Ries & Trout, pp.15-20). For example, Witte and Reinicke suggest that two of the main motivations that led MNC to establish associations with the UN were to reinforce their social responsibility image and to increase their reputation (Witte & Reinicke, 2005, p. 63). It is that good image of the company in front of its consumers and investors that decides the income, and therefore the destiny of the business. This is something that Shell had clear when in 2005 published a document of prognosis to the year 2025, "Global Scenarios to 2025", foreseeing that companies would be more concerned about the opinion of civil society than those of the tribunals (Fernandez, 2006). Therefore, we would be facing a "strategic philanthropy" that seeks to improve the environment in which a corporation wants to do business (Porter & Kramer,

2003, as cited in Utting & Zammit, 2006, p. 4), especially in a context in which individuals and civil society organizations are more critic to the private sector and its operations, and are also more concerned about global issues like climate change or human rights. For example, within the companies that actively participate in the Global Compact, we can find some MNC like Microsoft, Nike, Novartis, Rio Tinto, Areva, etc. which are accused of bad corporate practices like monopolistic practices, inducing violations of human rights, or harming the environment.

Another reason would be to gain access to markets. Serving poor markets is a good business opportunity: despite the fact that its inhabitants live on less than 2 dollars a day, they represent a market of more than 4 billion people, with 14 trillion dollars in potential consumption, and that demographically grows annually at a rate of 6% (Prahalad, 2010, pp. 3-4). For instance, in a 2007 UN Global Compact report it was recorded a UNDP's partnership with Allianz to develop insurance programs for poor populations in India (UN Global Compact, 2007, pp.15-16). In 2021, the UNDP announced the launch of the Insurance and Risk Finance Facility (IRFF), a project aimed at "strengthen the protection of vulnerable communities from socio-economic, climate and health-related disasters, by significantly increasing the role of insurance and risk-financing in development" (UNDP, 2021), this initiative's target is the protection of poor populations from crisis and disasters, and among its partners we can find the insurance company Allianz. Precisely, Utting and Zammit found out that most of the associations between the UN and the private sector had been taking place in large developing economies, attractive for doing business such as India, China, Brazil or South Africa (Utting & Zammit, 2006, p. 6). Thus, these associations could be understood as an additional instrument that corporations possess to penetrate new markets or to consolidate their share of them. In the UN system it can be found partnerships involving companies like Coca Cola, Microsoft, Cisco Systems, Hewlett-Packard, Vodafone, Intel, Citigroup, Unilever, among others; curiously, these same companies are amongst the most active in penetrating these new markets with innovations in their marketing strategies. Once again, if we turn to marketing concepts, we can understand the great potential in current and future income that these associations could bring for those companies that first serve these markets, especially if they have a good image in those markets or a pre-established network due to one of these partnerships. Additionally, Kobrin argues that large multinational corporations could cover or reduce their R&D costs through these partnerships, because the UN would be assuming part of those costs (Kobrin, 2009).

In the process of expansion into new markets the internal strategies of MNC are not enough, it is also necessary to have a flexible cost structure. Regulations mean costs that companies cannot control, hence they will

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always try to avoid them. In an effort to evade regulation that is contrary to their interests, corporations would be partnering with the UN, where international regimes that can impose rules of global scope that limit their actions are discussed and established. If we consider that one of the essential characteristics of any MNC is precisely its mobility, an international regime could greatly limit this capacity. However, the private sector also needs legislation that protects their interests. In this regard, Utting and Zammit conclude that public-private partnerships are framed in a threefold scheme that would seek to achieve a hybrid mixture of deregulation, for example in labor issues; voluntarism on other aspects, on commitments to reduce gas emissions for instance; and strong regulation in other issues, for example on intellectual property (Utting & Zammit, 2006). To achieve this, it is imperative to exert some degree of influence in their national governments and in the International Organizations where global regimes are discussed. This would be the third and major cause of the increased role of the private sector in the UN system, as well as the most important for States to consider, particularly for middle and small power States.

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NOTES

- 1 The ILO became the first specialized agency of the UN in 1946.
- 2 Maurice F. Strong was a corporate executive, international bureaucrat, personal representative of Kofi Annan, and member of the World Economic Forum Initiatives Committee on Global Governance
- 3 Ruggie was Kofi Annan's chief advisor for strategic planning between 1997 and 2001. He was one of the main proponents of the Global Compact, and one of the architects of the approach to the Millennium Development Goals. Later, he served as special advisor to the Secretary General on the Global Compact, and in 2005 he was appointed Special Representative of the Secretary General on human rights and transnational corporations. He was director of the Center for Business and Government at the Kennedy School of Government, and a member of the Committee on Global Governance Initiatives of the World Economic Forum.
- 4 Kofi Annan has a BA in Economics, postgraduate studies in Economics, and a MBA from MIT's Sloan School of Business.
- 5 See press release SG/SM/6448, from Kofi Annan's speech "*Markets for a Better World*" (Davos, 01/31/1998).
- 6 John Ruggie was Kofi Annan's chief advisor for strategic planning from 1997 to 2001. Maurice Strong was the Secretary of the 1992 Earth Summit, an adviser to UNSG Boutros Ghali and Annan, and Kofi Annan's personal representative. He was also advisor to the former World Bank President James D. Wolfensohn, and director of the United Nations Foundation. Mark Malloch held the position of Administrator of the United Nations Development Program (UNDP) from 1999 to 2005. During that period, he was also chairman of the United Nations Development Group, a committee made up of the heads of all United Nations funds, programs and departments dealing with development issues. Georg Kell was the director of the Executive Office of the UN Secretary General between 1997 and 2000, and responsible for conducting and promoting cooperation with the private sector. Founder of the Global Compact, he served as its director from 2000 to 2015. Gro Harlem Brundtland was director of the WHO from 1998 to 2003.

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7 See: UN, Subcommittee on Prevention of Discrimination and Protection of Minorities. *Relationship between the enjoyment of economic, social and cultural rights and the right to development, and the working methods and activities of transnational corporations*. E/CN.4/1999/4.

8 See: UN. *Report of the Secretary General. Cooperation between the United Nations and all relevant partners, in particular the private sector*. A/56/323, p. 6. See also the statement of the German Minister of Foreign Affairs Joschka Fischer in the 55th UN General Assembly (09/14/2000): “[...] Germany strongly supports the Secretary General’s idea for a global compact with major companies. The German initiative for a resolution in the General Assembly on global partnerships will take up this and other issues relating to the globalization process [...] The World Bank’s promising idea of establishing a future fund for the purchase of vaccines deserves every support. Particularly in the fight against AIDS, new partnerships between Governments and companies are crucial [...]”. (UN, 2000, p. 15).

9 E.g. the document “*The United Nations and the Private Sector, a framework for collaboration*” (Global Compact Office, United Nations, 2008), provided a list with all UN agencies/offices working in this partnerships, listing virtually all of them.

10 This number of associations was an approximation and not an exhaustive list, since there is no database within the UN that keeps track of all the associations throughout the whole UN System (Utting & Zammit, 2006, p. 13).

11 A worldwide famous TV/media entrepreneur, founder among others of CNN, TNT and TBS.

12 The whole list could be found at the website of the foundation [<https://unfoundation.org/who-we-are/our-partners/more-of-our-partners>].

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