

ECOSOC Special Event
“How corporate philanthropy can contribute to advancing the Millennium Development Goals, particularly for sustainable development”

ECOSOC Chamber, 25 February 2008, 3.00 – 6.00 pm
Jointly organized by the United Nations Department for Economic and Social Affairs, the United Nations Office for Partnerships, and the Committee Encouraging Corporate Philanthropy

Summary *

Halfway through to the target date of 2015, many countries find themselves lagging behind in their efforts to achieve the Millennium Development Goals (MDGs). The active involvement of all parts of society is urgently needed for achieving the MDGs.

Over the recent years, corporate philanthropy has been growing strongly and also coalescing around the same values and goals that United Nations Member States had agreed on during major conferences and summits of the 1990s. At the same time, the globalization of business, the IT revolution and the growing commitment to philanthropy and corporate social responsibility (CSR) has also created new opportunities for public-private partnerships. While having engaged in partnerships with non-governmental stakeholders, including with the private sector, for many years, the UN is determined to do more and to find new forms of cooperation. The aim of the special event of ECOSOC was, therefore, for Member States to learn more about strategic philanthropy, to hear the corporate sector's view on partnership opportunities, and for corporate guests to learn about the work of the UN and the internationally agreed development goals with a view to exploring ways for building and strengthening partnerships to achieve common development goals and enhancing the overall development impact of corporate philanthropy.

The great potential of partnerships, participants were reminded, lies in the different assets that each sector could bring. The UN has development expertise and a clear set of internationally agreed goals. The corporate philanthropy community could bring in significant resources, including product donations, distribution channels, micro-loans and expertise through *pro bono* activities. The challenges of cross-sectoral partnerships, including “cultural” differences, could be overcome through a shared commitment to success, clearly defined goals and ownership, and accountability from both partners.

* This is an analytical summary of statements of individual participants prepared by the Secretariat and presented for information only. It is not an agreed or negotiated outcome of proceedings.

The corporate philanthropy community was invited to remain engaged in this dialogue in the future. This special meeting was seen as the launch of a series of exchange of views with the ultimate aim of enhancing the impact of development assistance and of philanthropy. The summary will be made available in the form of a conference room paper to *Development Cooperation Forum*, to be held during the 2008 High-level Segment of ECOSOC's annual substantive session to be held in July, which would address coherence in development activities of the various development partners.

The following key issues were addressed in the meeting.

The nature of strategic philanthropy

Panellists agreed that corporate philanthropy is becoming a force for social change and can have a major development impact as it becomes more strategic in its approach. Strategic philanthropy involves aligning the philanthropy of corporate foundations with their core business competencies to address a social issue or cause. In addition to financial contributions, through corporate philanthropy companies can bring strategic assets to international development – a business model, an investment approach to solving problems, advanced technical capacities, marketing acumen, multi-country presence, name brand visibility and logistical expertise. This often involves looking at the corporation's product-sourcing and supply chain practices, investing philanthropic money in areas that will maximize community benefits, and partnering with other philanthropic organizations as well as businesses and governments to achieve the highest degree of measurable effectiveness and impact.

Anchoring support to countries within an MDG-framework

It was indicated that while many members of the Committee Encouraging Corporate Philanthropy and corporate members of the Council on Foundations are *aware* of the Millennium Development Goals, they have not been consciously motivated by the MDGs in choosing their philanthropic goals and strategies. That being said, there is nevertheless a strong correlation between international corporate giving and one or more of the MDGs. Through various outlets, funding by U.S. corporations supports every one of the eight MDGs with the largest share going to health, education, poverty alleviation and environmental sustainability. Indeed, there is a strong recognition of the compatibility between philanthropic and business interests. Investing in development, building infrastructure, improving security as well as health and educational outcomes are prerequisites for economic growth and wealth creation.

Working with and through the United Nations to support countries

Public Private Partnerships (PPPs) have emerged as a new form of collaboration that goes beyond corporate giving. Normative and standard-setting

alliances, including with NGOs, were stressed as another form of engagement for common goals, as was collective corporate action, examples being the UN efforts to set up investor networks on climate change with partners or business alliances for nutrition or quality medical donations. Several corporate partners are working with the United Nations and investing in the research and development of vaccines and other medicines to fight new and emerging diseases as well as other neglected tropical diseases. The Global Fund to fight HIV and AIDS, TB, and Malaria and the GAVI Alliance are among some of the examples of such private-public partnerships.

There was a strong view that the corporate community can be more effective in supporting governments if they partner at the local level with United Nations country offices. While recognizing the expertise of United Nations staff and their widespread presence in developing countries, it was acknowledged that there are some institutional challenges for UN and private sectors partnerships. For example, it was noted that managing PPPs face significant bureaucratic, budgetary and cultural obstacles in their relationship with the UN, especially at country level principally because there is no system-wide policy for these partnerships. In addition, many UN system organizations lack formal mechanisms to identify or select suitable partners, and these partnerships are not well integrated into their core programmes, but are rather add-ons. A process to disseminate lessons learned from the partnerships with the private sector would be a good start in redressing this problem.

Aligning business practices with core UN goals

It was noted that every industry in the world could tackle development challenges in a way that also made business sense. For instance, health care companies today are not only providing donations but also looking at pricing issues and investing in infrastructure. Financial institutions are not only engaged in microcredit/microfinance as philanthropy but also in knowledge development as part of their business endeavours. Businesses as partners could make strategic long-term commitments through their core activities or as risk management tools. Companies could utilize philanthropic donations to seed innovation that might in turn feed into their core business. Through employee volunteering on development projects in partnerships, companies were harnessing their core competencies to deliver on the MDGs. Other examples include companies supporting small and medium enterprises or providing carbon reduction facilities. Many corporations work with suppliers in developing countries such as coffee growers or bottling partners on development issues or local environmental protection measures. UNICEF's activities were also presented as a good example of successful partnerships between the UN system, corporations, local industry and NGOs which resulted in significant progress in eliminating child labor and fighting child trafficking.

Harmonizing approaches of public and private giving

The main challenge to effective partnerships for development is how to ensure that the diverse flows of financing (traditional development assistance and the new forms of giving are aligned for greater development impact), and further, how the actions of private donors could be made consistent with long-term country development strategies. For public aid, such coordination at the intergovernmental level had only recently emerged in the OECD/DAC. ECOSOC's new Development Cooperation Forum could provide a venue and medium for bringing corporate partners into the debate on aid effectiveness and on how Governments could facilitate private giving. Panelists agreed that partnerships could potentially have enormous leverage if appropriate approaches and tools were found to give greater degree of coherence to the work of numerous and diverse actors involved. Furthermore, it was also noted that all actors, including the private sector, the philanthropic community, Governments and the United Nations system, must be willing to bridge cultural and institutional differences in order to develop a long-term common agenda to accelerate progress towards achieving the MDGs.

Creating an enabling environment for the growth of philanthropy

It was agreed that the United Nations had a vital role to play in promoting a regulatory environment conducive to the spread and effectiveness of philanthropic giving. International grant-makers face several challenges where the UN could help. The most important challenge is different legal requirements and tax rules for philanthropy in giving and receiving countries. In the U.S., government regulations enforced to prevent financing of terrorism and money laundering have presented new challenges for international grant-making since 9/11. One panelist suggested that the UN could create a "Global Compact for Philanthropy". Member states could, on an intergovernmental level, discuss and promote the adoption of policies favorable to philanthropy. The European Union could also serve as an example in that it had just commissioned a study on the potential of simplifying the regulatory environment for philanthropy among its member states. Moreover, many international grant makers feel the need for some help in finding suitable partners overseas and in monitoring and measuring effectiveness across a wide distance. The UN should also develop system-wide policies and procedures for partnerships.

In the interactive dialogue following the panel, it was stressed that the UN's leverage for scaling up official development assistance is limited to advocacy, promotion, facilitation and norm setting. The UN performed these functions also through data collection, analysis and recommendations to intergovernmental bodies.

Key recommendations

The event was seen as the start of a whole range of new opportunities. It was clear that for achieving the Millennium Development Goals, it was necessary to engage all sectors of society. The UN needed and was willing to do more. Among other things, it would need to develop guidelines on partnerships for the UN system as a whole. A key contribution to facilitating and supporting of the growth and flow of philanthropic resources on a global basis was the proposal to create a compact which would address special rules and tax regulations, often in both the giving and receiving country and ways of promoting a common and consistent set of laws that would simplify giving between countries. A proposal to establish a UN Philanthropy Day that could encourage corporate philanthropy was also made during the reception that followed the meeting. While this proposal did not emerge during the formal part of the meeting, it is felt by the co-organizers of the Special Event that this could be an important way to mobilize interest and support for philanthropy world-wide.

The synthesis of, and the recommendations resulting from the discussion, will be reported to ECOSOC's substantive session in July 2008, particularly in the context of the Annual Ministerial Review and the Development Cooperation Forum. The Forum is a new function of ECOSOC which will be formally launched this year. Its aim is to review trends in development cooperation and promote greater coherence in the development activities of the various development partners. It is expected to become a principal mechanism for dialogue and policy review on development and aid effectiveness. It will be vital that the views of all stakeholders on these issues, particularly those of the private sector, be considered.

The co-organizers of the Special Event have agreed to continue exploring ways of implementing the recommendations made at the meeting and to make additional proposals to build upon this initial dialogue with the philanthropic community. These ideas will be considered by the Bureau and shared with the Council at a future date.