

**P R I V A T E   S E C T O R  
P A R T N E R S H I P S**

**A PERSONAL CONTRIBUTION**

**F R O M**

**A PRIVATE SECTOR PERSPECTIVE**

**Wallace R. BAKER**

**Avocat à la Cour  
Baker and McKenzie**

**Paris, France**



Prepared for the Division of Relations with National  
Commissions and New Partnerships (ERC/NCP)  
Sector for External Relations and Cooperation

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# PRIVATE SECTOR PARTNERSHIPS

## A PERSONAL CONTRIBUTION FROM A PRIVATE SECTOR PERSPECTIVE

### A Background Paper

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Koïchiro Matsuura  
Director-General of UNESCO  
Statement of 2 July, 2000

Wallace R. BAKER  
Avocat à la Cour  
Baker and McKenzie  
Paris, France

Paris, 2003

## Note of the UNESCO Secretariat

This background paper is a personal contribution by a senior member of the private sector. It analyses what might be done by the business community to help UNESCO address the strategic objectives determined in the Organization's Medium-Term Strategy 2002-2007 (31 C/4). These objectives and the related priorities contained in the Programme and Budget for 2002-2003 (31 C/5) are inspired by the pursuit of one central theme – namely, contributing to peace and human development in an era of globalization through education, the sciences, culture and communication. These documents also draw on the goals described in key documents such as *the UNESCO Constitution, the UN Universal Declaration of Human Rights, and the International Covenant on Economic, Social and Cultural Rights*.

Two fundamental questions are addressed:

*How can the business community benefit from partnership with UNESCO?*

*How can UNESCO benefit from increased linkages to the private sector?*

This paper discusses how UNESCO could encourage business to become an effective partner in furthering the Organization's mission and aims to develop more useful co-operation between UNESCO and the business world. The approaches are inspired by the Report of the United Nations Secretary-General to the UN General Assembly entitled *Towards Global Partnerships* (28/08/2001) which examines possibilities for an enhanced interface between UN agencies and the private sector.

The study was prepared by Wallace R. Baker, partner in Baker and McKenzie, an international law firm. UNESCO expresses its thanks to the author for the research undertaken and for his contribution and commitment to the debate on this important subject.

## Note on the Author

The author was educated in Europe and North America. He and the law firm in which he is a partner have been engaged in the wave of globalization driven by the business community. From a single office in one country his firm has grown to be a large international business of many lawyers of more than sixty nationalities in thirty-five countries with more than sixty-two offices. He is a witness of what can happen if people of all nationalities interact, educate their young people and each other and learn to work well together as teams to reach common objectives. Decisions are generally reached by consensus after careful study and discussion. His firm is local, regional and global and must understand the world's problems from all these perspectives in order to help find workable solutions to current problems in the best interest of business and the people. For this reason, he has developed a special interest in international organizations such as UNESCO.

## Acknowledgements

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*The author is responsible for the choice and the presentation of the facts contained in this report and for the opinions expressed therein, which are not necessarily those of UNESCO and do not commit the Organization.*

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## EXECUTIVE SUMMARY

### PRIVATE SECTOR PARTNERSHIP A PERSONAL CONTRIBUTION FROM A PRIVATE SECTOR PERSPECTIVE

#### **1. Why does UNESCO need the private sector?**

If UNESCO can attract a number of top-quality, dedicated, energetic, ethical companies as partners and find ways to work together efficiently, which is a complex problem, this can open up many new opportunities for it to better accomplish its mission.

Such partnerships, if they are good ones, will allow UNESCO to share its highly qualified, skilled, technical human resources – experts who are "results-oriented" and who can give good advice and deliver sought-after services across a broad range of cultural contexts. This special expertise, which is the essence of UNESCO's mission, is becoming increasingly necessary in the private sector.

Over the past century, the business community has continued to acquire powerful influence in the world and has become a strong voice in governments. Having such influential partners can help UNESCO do more and better work.

Business can help UNESCO raise more money to carry out new programmes because companies which make money also know how to raise money. Without adequate funding, little can be done. Better financial resources would ensure greater impact for UNESCO's well-designed and culturally-sensitive programmes.

#### **2. Why should business want to work with UNESCO?**

The long-term interests of the private sector are the same as those of UNESCO. Both have a fundamental interest in sustainable development which allows people and their countries to achieve real social progress and prosperity.

Wider access to education for all produces better trained and more efficient citizens and employees. Due to their better employment prospects, they can significantly raise their living standards and, as consumers, contribute to economic development and growth.



Business, because of its power and influence, is now required to accept its responsibilities to society and to operate in the public interest. It can no longer work solely for the benefit of its executives and shareholders. Consumers, media, investors, governments, NGOs, lawyers, scholars and youth are now advocating that business should become more responsible – ethically and environmentally. Many customers will reward a company by buying more of the company's products or services if they like the way it acts. For example, more capital markets and consumers are favouring ethical and green companies by helping them to become more profitable. In addition, corporate social responsibility improves employee morale and reduces business risks.

These trends will help induce the private sector to become a worthy partner for UNESCO if it sees the real advantages of such alliances. Increasingly, businesses are approaching UNESCO in order to create partnerships for mutually beneficial projects. The private sector can profit from the prestige and good publicity by supporting UNESCO's programmes and projects.

UNESCO's work to foster tolerance, human rights and duties, and a healthy peaceful society helps to provide the type of environment which business needs to prosper. In addition, business needs rules-of-the-game, (i.e. ethical and legal rules) which UNESCO is helping to develop just as it has worked to create standards in education, science, culture and communication and to protect human rights in these areas.

These are some of the important reasons why business and UNESCO should work together.

### **3. Structure of the Study**

The structure of the study deals with the various substantive issues which underpin and evidence the two major questions raised.

After an introduction, Chapter 2 examines how UNESCO could secure added value from private sector partnerships by completing internal reform measures necessary to address this task. It also notes the relevance of programme priorities to the interests of business and the timeliness of the partnership modality.

Chapter 3 studies benefits to the private sector accruing from partnership with UNESCO: prestige, linkage with a vast array of knowledge networks, association with NGOs and civil society organizations, and perspectives on the future priorities for sustainable human development which will require innovative socio-economic and legislative frameworks.

Chapter 4 lists advantages which UNESCO can gain from association with the private sector whose power and special skills can be complementary to the particular social and ethical objectives of this UN agency.

Chapter 5 gives conclusions to each of the previous chapters and a final conclusion to the report as a whole.

Chapter 6 lists recommendations, principles and procedures.

The last two chapters (Chapters 5 and 6) present the author's main conclusions and recommendations for future action. With regard to Chapter 6, sixteen specific points are suggested to serve as guiding principles and procedures for future operations. These cover, *inter alia*, the necessity for UNESCO to streamline its internal infrastructure responsible for partnerships to ensure optimal efficiency; criteria determining the choice of partner; monitoring and auditing; the desirability of cooperation with a wide range of partners which include the business sector, and the legal steps needed to guarantee full protection of the UNESCO logo. Two important recommendations advocate the mobilization of business expertise (either by direct employment or on a voluntary basis, as a way of assuring access to experience and know-how), and the establishment of a Senior Advisory Group to guide UNESCO's rapidly expanding partnerships with the private sector.

Readers who would like more background on present UN and UNESCO partnerships experience, may wish to read Annex I which gives an overview of current UN partnerships with the private sector. It discusses the UN Global Compact and guidelines for these linkages, as well as providing details of partnerships organized by specific UN agencies (ILO, the World Bank Group, UNDP, UNIDO, UNEP and UNICEF).

Annex II focuses on the specificity of fund-raising partnerships, notably UNESCO's internal guidelines for these and issues to be considered in granting use of the UNESCO name and logo.

## PRIVATE SECTOR<sup>1</sup> PARTNERSHIPS<sup>2</sup>

### A PERSONAL CONTRIBUTION FROM A PRIVATE SECTOR PERSPECTIVE

#### HOW CAN THE BUSINESS COMMUNITY HELP UNESCO? HOW CAN UNESCO HELP THE BUSINESS COMMUNITY?

## 1. Introduction

More and more leading companies have expressed a serious interest in some kind of co-operation with UNESCO which goes well beyond the passive act of supplying funds. They also want active participation in the planning and the action, and expect the projects and programmes to be meaningful and of practical use. In addition, capital markets, through the expanding "ethical" and "green" funds, signal that exemplary conduct by companies increases capital made available to them and can increase their profitability. Recently there seems to be a correlation between ethical and clean environmental conduct, i.e. corporate social responsibility (CSR) and profitability in part because such conduct improves a company's morale, reputation and image and reduces business risks. This gives UNESCO an important opportunity to work more closely with the private sector, which in the last century has gained enormous economic power, highly skilled technical and management experts, and intelligent, active employees.

It is unrealistic to think that UNESCO can do an effective job without taking into account and working with the private sector. Ignoring it will leave UNESCO in bureaucratic isolation and seal off potential access to massive private funds to do its important work.

Partnerships with UNESCO or sponsored by UNESCO with businesses can be even more effective if other partners are added where

appropriate – governmental entities, civil society entities such as non-governmental organizations (NGOs), associations and foundations, as well as universities and research centres, and others when more special or interdisciplinary, multilingual knowledge and capacity are required and a more diversified team is necessary to accomplish the objectives in view.

As suggested by UNESCO's Medium Term Strategy for 2002-2007, every programme should have partners, who should be identified and publicized within the Organization and their respective roles and contributions clearly stated.

In the fast moving world economy and civil society, as society and circumstances change, UNESCO like any institution or organization needs to reorganize and update its system of operation in order to be useful so it can survive and prosper and find solutions to new challenges.

Many types of partnerships, alliances and linkages have been formed in recent years between private companies, research universities and government entities, and between these different kinds of entities and institutions, where none of them separately could accomplish the objectives in view<sup>3</sup>.

Although some UN agencies, organizations and funds within the UN system have a histo-

ry of co-operation and partnerships with the business community, it was only in January 1999 that Kofi Annan announced that this activity in the form of a Global Compact would take on high priority in the UN system.

The paper poses the important questions relating to this new priority and includes information on UNESCO's continuing reform, the evolving roles played by the UN and UNESCO and the growing importance of the business community.

It also examines under what conditions and why the business community should be willing if not anxious to work with UNESCO to fulfill the latter's mission and how the author believes the world of business is changing so that this transition may become easier for many businesses. Business is now more and more either voluntarily or forced to pay increasing attention to major problems in society, not simply concentrating on making a profit. The business community must become even more socially and ethically responsible than it has been in the

past, and it has a special responsibility to safeguard the environment.

An important aim of the paper is to enumerate how UNESCO could benefit from strong partners from the business community. In this regard, certain conclusions and specific recommendations are suggested for possible future action.

Further information is contained in the annexes to the paper. Annex 1 deals with the UN's experience regarding cooperation and partnerships with private enterprise. This knowledge is important because UNESCO should learn from the partnership experience and expertise of other UN agencies, entities, funds, and programmes.

UNESCO's own cooperation and partnerships with business has for the most part been primarily in fund-raising from the private sector for which rules and guidelines have been formulated. Information on this activity is presented in Annex II.

## 2. Some Important Preliminary Questions

- (a) In order to attract the best business partners UNESCO needs to reform itself, which requires a clear view of its shortcomings. What changes need to be made in UNESCO?**

The reform process is well under way as evidenced by a speech given by Koïchiro Matsuura, Director-General of UNESCO, in July 2000 when he announced his plans for UNESCO as follows:

*"It is my ambition to turn UNESCO into an unchallenged reference, I would even say into an intellectual, strategic, and ethical authority, in all fields pertaining to its competence. To this end, UNESCO must first reorganize as a world centre listening to, collecting, assessing, and re-disseminating knowledge and experience available around the world, backed-up and documented to meet the highest standards of quality and professionalism."*

Many changes have already been made since Koïchiro Matsuura began his mandate in 1999. These include a new top management team appointed through open international recruitment, a streamlined structure of fewer staff and a network of decentralized offices. Programme execution places strong emphasis on results-based management.

Two of UNESCO's shortcomings in a modern world have been identified as its *visibility and ability to communicate its message to society at large*. These were studied by an Expert Group led by Nils Gunnar Nilsson, Chairman of the Swedish National Commission for UNESCO, whose report analysed the image of the Organization in the fast-changing society of the 21<sup>st</sup> century. These deliberations yielded interesting views. On one hand, there was the feeling that UNESCO has remained too bureaucratic and cannot illustrate its mission in a simple and easily understandable manner. On the other hand, its mission itself continues

to be both valid and attractive because UNESCO is charged with the in-depth analysis of major global issues (*such as education for all, the conservation of cultural heritage, environmental protection, the promotion of ethics and of access to public information*), and with mobilizing civil society to attain these objectives. Moreover, the report noted that, like other inter-governmental organizations, UNESCO is feeling the effects of the general disengagement occurring within the public sector. In short, to ensure its relevance and impact, UNESCO needs to make its action and achievement clearer and more comprehensible to the general public.

Such problems usually point to the need for management reforms and UNESCO is proceeding in this direction. The Director-General sees a need to restore excellence and relevance to UNESCO. His goals include staff collegiality, intersectorial co-operation, managerial transparency and oversight, and more active communication and dialogue internally and externally with UNESCO's many partners in civil society. This intelligent self-analysis is encouraging, since realistic progress and improvement must start with an honest acknowledgment and analysis of the problems. In UNESCO, like in other organizations, there is strong resistance to change. However, although many problems remain to be settled, the Director-General's resolve to modernize the Organization is clear.

- (b) If UNESCO is to undertake a programme for new partnerships with private enterprise, what aspects of UNESCO's special role within the UN system, its Charter and its priorities should be chosen?**

Education is UNESCO's primary mission. Why is this important? Education is considered not only the best guarantor of social progress but the *sine qua non* for generating tolerance and

inter-cultural understanding in an increasingly multi-cultural world. Such understanding is intended to engender dialogue and peace rather than conflict and violence. This is an extremely difficult but important objective which is absolutely necessary today. The world is a new level of community as a result of accelerated modern transportation, communications and other forms of globalization that have occurred throughout history, accelerating very rapidly during the last century.

UNESCO addresses the need to establish a standard for human conduct – such as that defined in the *Universal Declaration of Human Rights* which the Organization helped to define. This standard, based on tolerance and understanding, should guide the learning process and permeate its diverse experiences as far as possible.

The astounding scientific progress registered in the last century has changed the way we view the world and has greatly increased our understanding of it. The additional knowledge, science and technology our scientists have uncovered in such fields as computers, information and communication technology, brain science, artificial intelligence, socio-biology, biotechnology, medicine, psychology and other fields open up even greater vistas for understanding, shaping and improving human behavior in the future in order to accelerate improvements in society. Underpinning all this must be a code of human behaviour based on ethics and humanitarian values. Knowledge without these ethics will lack the practical relevance needed to bring about real social progress.

These values then underpin the general framework of priorities set forth in UNESCO's key documents, namely its *Medium Term Strategy 2002-2007* and its *Approved Programme and Budget 2002-2003*:

(i) Education for All

UNESCO's mission in education, considered to be a fundamental human right, has always

been at the heart of its mandate. This right must be transformed from an ideal into a reality in order to meet the enormous and paradoxical challenges of the 21<sup>st</sup> century. Though already described as the Knowledge Society, the Third Millennium faces grave imbalances in terms of educational access and opportunity. Education is the priority for every nation, rich or poor. Over the next fifty years, the world's population will increase by half to more than 9 billion people. Most of these people will be young and in the developing world. All have the right to education and will seek access to learning. Never before has history faced such a daunting task. Better and more widely available education is essential to help stimulate social and economic development and so to improve the quality of life for human beings. Its contribution to the reduction of poverty and to the prevention of disease (including AIDS) and its role in addressing population issues is long acknowledged. However, new social imperatives exist which threaten human well-being and global security. Education for all cannot be limited to literacy or to basic skills alone. This objective also covers education for citizenship to promote the values of peace, democracy, human rights, international understanding and solidarity, and cultural diversity, which have never been more crucial.

(ii) Water Resources and Eco-Systems

Many parts of the globe now suffer from clean water shortages and more are threatened with shortages in the future. This is a critical health and welfare problem. Our planet's ecological degradation by man is now unfortunately an important fact of life, although opinions seriously differ as to the extent of this problem and the remedies, if any, to be applied. It is bad news which some sectors of the business community are often reluctant to face because businesses fear the high clean-up costs of solutions and substantial investments to prevent future problems.

## (iii) Ethics of Science and Technology

Science's enormous advances in directly altering the traits of species at a genetic level open up new opportunities to raise crop yields, but pose extremely complex business and suspected health risks of unknown size for farmers and consumers, as well as for natural evolution when species pollute each other and exchange genetic information. In order to supplement and support this effort, more fundamental work also needs to be done on the relation of ethics to the new world community, because if each separate culture only follows its own ethics, this will be insufficient to bring peace to the world<sup>4</sup>.

The relation of ethics to business and economics is of primary concern if UNESCO is to increase its linkage to the private sector since this relationship needs to be subject to proper rules. Those have not yet been finally determined and will vary depending upon the project undertaken together.

## (iv) Diversity, Cultural Pluralism and Intercultural Dialogue

The variety and richness of human cultures are threatened by new life styles and modernization. Uneven progress toward democracy and modernization within different cultures creates lack of communication and fear and resentment of dominant cultures which can lead to violence. Languages and local cultures can disappear as a result of the power of the media and the growing preeminence of a few languages. When one language and one culture dominate international relations, finance, trade and the media, providing equality of economic and other forms of opportunity between individuals from other countries becomes more difficult. An important objective is to help avoid reinforcing ethnic hatred that so often leads to violence. Education in several languages and cultures should be helpful in avoiding clashes of cultures and increase tolerance, understanding and communication between cultures<sup>5</sup> (see extracts at the end of

this paper for basic texts relating to cultural diversity).

UNESCO's work in defining universal standards and values, despite diversity and cultural pluralism through intercultural dialogue, has become a necessity if less violence and better understanding are to occur.

## (v) Access to Information, especially in the Public Domain

The lack of access to new communication and information technologies and equipment cuts off poor people from the growing knowledge stored and transmitted by new technologies and emphasizes the gulf between the "haves" and the "have-nots" – a major cause of present and future instability and violence in the world. Recently the importance of citizens receiving good information on environmental problems has been classified as a fundamental human right.

In addition, there are transverse themes through intersectorial work on:

## (vi) Poverty Eradication

The causes of poverty are beginning to be better understood, although there is still little agreement on solutions. However, a well-educated population seems to be an important factor in economic development along with good government, sound socio-economic infrastructure and a population with the work ethic. Some believe reducing poverty is essential to avoid a systemic catastrophe<sup>6</sup>.

## (vii) Information and Communication Technologies (ICT's) and Knowledge Societies and other interdisciplinary work

New technologies transmit knowledge. Given the nature and complexity of many problems, analysis and knowledge are essential in many disciplines. A good answer in one discipline may not be a good answer when tested by



other disciplines and values<sup>7</sup>. UNESCO, through closer cooperation amongst its various sectors, is equipped to produce solutions drawing on many disciplines to solve society's difficult problems.

(viii) Africa

This continent continues to need special help, particularly in the field of education. Destruction of native cultures because of wars, the slave trade and colonialism will require special efforts in education to encourage private initiative and work toward the prevention of AIDS.

(ix) Least Developed Countries (LDCs)

Lack of education, poor health care and persistent poverty in these countries pose special problems and have emerged as serious risks to global growth. The dangers of a world reduced to the haves and the have-nots is self-evident and the principal responsibility of both nation states and of the UN system must be to stimulate democracy, growth and progress in the developing countries. The imbalance of access to IT technology – 80% of the world's population lacks access to electricity – is a statistic which amply illustrates the extent of current discrepancies.

(x) Women and Youth

Women make up over half of the world's population. In countries where they enjoy equal status and rights with men (including the right to vote, to education and to employment), their contribution to social and economic development has proved invaluable. However, elsewhere, many uneducated women still live in a state of poverty and even of semi-slavery or are denied their basic human rights. For these reasons they are unable to make contribute effectively to national development. In the same vein, the education of youth, beginning in the home, is a priority action because it is necessary to

assure the wellbeing of future generations and to prepare young people for social leadership and for their roles as responsible citizens. For these reasons, gender and youth issues remain major social priorities.

In focusing on these interesting, enormously complex and vast areas, it would also be useful to follow Kofi Annan's suggestion that UNESCO should move to closer participation with civil society and the business community and be less governmental in outlook – closer to people and local businesses, so it can produce practical results that will not be remote and bureaucratic. In short, the Organization should focus on its *raison d'être* and on its strengths.

**(c) Is this a propitious time for UNESCO to focus on Partnerships with the Private Sector?**

In this regard, three questions must be posed. Are UNESCO and the UN improving their images? In addition, what role in international society can these organizations play? And, in the current geo-political situation, how well can UNESCO perform its mission under existing or emerging conditions taking into account the new ways of thinking about a rapidly changing world?

(i) Improved Image of the UN and UNESCO

In one respect, this is a very good time for UNESCO to concentrate on private partnerships. Both the UN with Kofi Annan and UNESCO with Koichiro Matsuura have recently received very favourable press coverage relating to their plans for renewal of their respective organizations from the international press, *inter alia* in *Le Monde*, *Le Figaro*, *New York Times International*, and *The International Herald Tribune*.

In awarding the Nobel Peace Prize to Kofi Annan and to the United Nations Organization in October, 2001, Gunnar Berge, the Nobel



Committee Chairman, stressed that the body "wishes in this centenary year to proclaim that the only negotiable route to global peace and cooperation goes by way of the United Nations". He also declared that the United Nations was rising at last to the mission for which it was created. This award further enhances its image and prestige which should help it perform the difficult work it is more and more called upon to perform.

Even the United States, since its 1984 exit from UNESCO, appears to be impressed with UNESCO's reform efforts. The United States attitude to act alone in international relations appears to be changing since the World Trade Centre disaster culminating in the announcement on 12 September 2002 by President George W. Bush that the United States of America would rejoin UNESCO. The United States Congress recently voted to rejoin UNESCO. However, further action by the Senate and the Executive is still necessary for the United States to actually rejoin the agency.

It should also be noted that with science and technology becoming more accessible to many citizens through books, publications and science pages in major newspapers its influence in the world has been increasing. Since education in science and other bodies of knowledge is a UNESCO priority, UNESCO is now better positioned to respond to present day challenges.

#### (ii) The Increasing Importance of the Roles of the UN and UNESCO in the world

Scholars and world leaders are seeking ways to organize a global world which has to a certain extent outgrown the framework of national governments. Hardt and Negri, in their recent book *Empire* (Harvard University Press 2000), give a complex theoretical explanation in order to find emerging order in a globalized world. The UN is indeed vital in this regard. The authors credit Hans Kelson, one of the central intellectual figures behind the forma-

tion of the United Nations, with foreseeing the need for universality and objectivity of international order. According to the authors, the logical, ethical, and legal conception and the supreme source of every national juridical formation and constitution would tend to put an end to conflicts between states.

With regard to the role of the UN in a global context, Kofi Annan recently stated that the UN system is not a world government – a fact which renders national governments and national politicians much more cooperative because they will feel less concern that the UN will try to take their governmental powers away from them. Some countries, have not had great faith in multilateral organizations where they believe action often gets bogged down by inefficiencies and disagreements, but have preferred to work primarily on a bilateral basis, country by country or sometimes unilaterally where necessary for quick action. Certain governments, due to lack of development and/or local political considerations, have been unable to provide the necessary leadership to do many of the things necessary to make progress in the world. The UN can in certain cases circumvent such difficulties through the close co-operation of NGOs, civil society, the private sector and the governments who join the consensus.

The Secretary-General has said that the UN is an organization trying to co-ordinate the work of all social actors who should work together. Others have described the UN system's role as a "facilitator" "honest broker", "match-maker", or "consensus builder" which can animate and coordinate action or organize special administrative bodies to do so. It can provide leadership for building consensus as a springboard for a co-operative action for many participants – civil society, NGOs, universities, governments, and the private sector. A good example is the Global Environmental Facility (GEF) for which the UNDP, UNEP, and the World Bank serve as implementing agencies in which the private sector participates in a variety of ways. The UN system has an advantage

in dealing with many countries because it is an organization with a potentially powerful international network that can help resolve problems provided it receives sufficient funds. Developing countries generally feel less hostility towards the UN than towards developed countries who often were their colonial masters. For these reasons, it should be easier for the United Nations than the nation states to overcome the multitude of other barriers to open friendly relationships in the world. UN agencies have created worthwhile projects which would not otherwise have happened if left to national governments whose politicians are primarily responsible to their own national electorate and primarily concerned by short-term issues. In effect, a mantle of leadership in certain activities has fallen upon the United Nations when no national state can – or is willing to – fill the need.

In this regard, present conflicts in the world mainly arise within national states amongst various groups for ethnic, religious, unfair social discrimination, historical or other reasons. In such cases, the partnerships with cooperating national states in peace-keeping need to be closely co-ordinated with relevant UN agencies.

Perhaps in the future, the UN and its agencies such as UNESCO will be the forerunners – and ultimately the backbone – of a limited world government. In the meantime, they are busy acting as a catalyst to convince governments, civil society, NGOs, educational institutions and the private sector to work together – a most important function. If they succeed, we may not need a world government, but will develop another system in which different sectors in society exercise a mutual balance (similar to that operating in some constitutional systems) to ensure that a global society remains in a healthy state. If this occurs, UNESCO as a part of its "facilitator" function should and will play a more and more important role. This kind of system has in fact begun to work already in many instances. No one can foresee the precise nature of the future

governance of the global international society but it seems obvious, with the present technological revolution in which information technology has exploded, the rapid modern transportation and communication systems which have been created, the international reach of most businesses and governments and some non-governmental institutions greatly expanded, that some new form of regulation needs to be found.

Hardt and Negri's book sketches a vision of the future which is described as "a new theoretical synthesis of the new millennium". The authors regard the United Nations as a possible precursor of a real "supranational centre" still under construction. In contrast to historical models, this new "empire" has "no emperor, no geographic capital, and no single seat of power" [...] "it is almost easier to say what Empire isn't than what it is: a fluid, infinitely expanding and highly organized system that encompasses the world's entire population. It is a system that no one person, corporation, or country can control". As Hardt puts it "The thing we call Empire is actually an enormous historical improvement over the international system and imperialism. [...] Because power under Empire is widely dispersed, so presumably just about anyone can effect its course". The author of this report is somewhat apprehensive whether this new "system" will be an improvement without more violence when conflicts occur, which do not seem to have solutions over territorial or other disputes complicated by ethnic, religious, cultural or social issues.

Other ideas on the shape of the future are found in Allen Hammond's book *Which World? Scenarios for the 21<sup>st</sup> Century, Global Destinies, Regional Choices*, (Island Press/Shearworks Books 1998) which suggests that economic forecasting is difficult, if not impossible, in a chaotic world. This author examines possible scenarios of outcomes which help us think about the future to facilitate planning or to limit surprises. His analysis includes the following factors: demographic,

economic, technological, environmental, security, and political in a global and regional framework. He proposes three scenarios: a "Market World", a free enterprise driven system which may not lift the bulk of humanity out of poverty; a "Fortress World" which is predominantly unstable and violent; and a "Transformed World" in which our collective behaviour changes because of enlightened leaders and thoughtful, committed citizens, and increased knowledge and education for a better and more hopeful society. This would value human welfare, happiness and social justice as the real goals of security and wealth creation.

Such visions of the future are often linked to the right kind of education and knowledge. In 1958, Julian Huxley's book *The Wonderful World of Life*, considered that these could be the fastest way of improving human capacities. The world's problems will probably only be solved, if they are solved, with the help of experience and knowledge from many disciplines.

These observations recall the concepts of *complexity, complex adaptive systems, chaos, networks and emergent phenomena in the natural sciences* which would also seem to have relevance to the study of global, political and social systems. *Complexity* as a thought process has received extensive study in France by Edgar Morin and his disciples as outlined in his book *Introduction à la pensée complexe* (ESF éditeur, Paris, 1990)<sup>8</sup>. According to this author, complexity does not have a noble philosophical, scientific, or epistemological heritage and it carries with it the idea of confusion, uncertainty, and disorder. It is a "problem" word not a "solution" word, which does not eliminate the simple but rather integrates this factor. It shuns simplification which reduces or mutilates reality. He believes error is often caused by the way knowledge is organized into systems of separate ideas (theories or ideologies) and is too compartmentalized into different disciplines. Perhaps that is why the economic ideas of the free enterprise

system (free trade and primarily economic thinking and action) alone do not seem to be curing the world's ills fast enough and appear to some to be worsening them. Improvement can only happen when the important actors in society work together and if analysis and knowledge from many countries and the various necessary disciplines are utilized.

A companion concept to complexity is *chaos* which is the subject of *Chaos - Making a New Science*, by James Geick (Penguin Books, 1988). The typical example of chaos is where small differences on initial conditions have unpredictable consequences – a butterfly flapping its wings in Brazil causes a hurricane in Florida. Some attribute this concept to Ray Bradbury's science-fiction of forty years ago. If this is true, two disciplines, literature and science, have indeed met.

Murray Gell-Mann, a Nobel Prize laureat in physics, has defined chaos as "a technical phenomenon on non-linear dynamics on which the outcome [...] is so sensitive to initial conditions that minuscule change at the beginning of the process results in a large difference at the end." (*The Quark and the Jaguar*, page 27, W. H. Freeman and Co, New York 1994). Thus, chaos is not pure randomness.

Another concept which currently is receiving much research and attention is the structure and operation of *networks* in high technology communications, not only Internet but also in biology, physics, chemistry, and other natural sciences, such as neural networks and blood circulation, and in the social sciences. Governments, the UN system, companies, and other organizations have networks which work more or less efficiently. Today's world is made up of many large organizations which use networks to send commands, controls, motivate and manage themselves in various ways. They can receive feedback, and learn, and remember. Even terrorists have their own networks which can remain passive or in a preparatory state before springing into action.

UNESCO's numerous regional and national offices have developed into widespread networks in fifty-five different countries. Furthermore, its programmes are almost entirely network-based. These relatively new concepts which have been subject to intense study during the last part of the last century lead us to think in new ways about the sciences, social sciences, other disciplines, the systems of governance in the world and the role the UN and UNESCO could play. These concepts may also be helpful judging progress in the law (see Baker, *Law, Chaos, and Complexity* in *The International Lawyer*, Nomos Verlagsgesellschaft, Baden-Baden 1999).

These approaches, coupled with an ever increasing base of new knowledge, underline how fast ways of thinking and knowing are now changing. This trend is likely to continue in the future, which means that methods and the content of education (a priority of UNESCO) need to be constantly updated if it wishes to be the "unchallenged reference" sought by Koïchiro Matsuura. Care needs to be taken that redistribution of knowledge is rapid so UNESCO speeds up the transmission and adds value.

These concepts are also relevant to the business sector which must operate in an increasingly complex and unpredictable environment. Forces are emerging which motivate businesses to incorporate more corporate responsibility for ethics, social norms and ecology into their management strategy. These forces, outlined in the next chapter, appear to be beginning to shape the business community despite spirited resistance from many companies to continue their business-as-usual philosophy.

### (iii) Expanding Power and Influence of Free Enterprise in the World

Except for the United States, Japan, the wealthier European countries, Australia, Brazil and a few other countries, the hundred largest

industrial corporations in the world which have large international business are more powerful than most countries if only economic power is taken into account.

As of 1998, only between 20 and 25 countries had a GNP larger than the sales of the largest industrial corporation (General Motors, the car manufacturer). The last ranking of the 100 largest companies (Merck, a pharmaceutical company) had sales in excess of the 1998 GNPs of more than 120 countries. About 60% of these companies were European (39) and Japanese (24) while the remainder were American.

The 21 November 2001 issue of *L'Expansion*, in its listing of the top 1000 corporations, confirms the continuous rapid growth of the largest French companies in the last ten years. With sales doubling from 627 to 1,225 billion Euros, they grew more than the economy itself. The ten largest French companies grew 130% in this ten-year period.

Although not usually classified as part of civil society, the business community has great influence with politicians in Europe and the United States, enjoys the same constitutional or human rights as individuals and has massive social and economic effects on civil society through its financial power, vast numbers of employees and influence. More and more companies are making efforts not only to be profitable, but also socially responsible. Corporate social responsibility has become an objective of many corporations, to promote social justice, respect human rights and work toward sustainable development.

It is interesting to compare the power of the huge Microsoft Corporation, one of the most successful United States corporations with a market capitalization of USD 333 billion and 47,000 employees, with the United States government during its recent anti-trust litigation. After suffering a defeat in the lower court for abusing its dominant position in the market, Microsoft prevailed in the Appellate Court

when this court decided that breaking up the company was not an appropriate remedy. Government prosecutors have sought to settle with Microsoft on a much more favourable basis whereby the company will be obliged to make only a few changes in how it does business, which probably will not significantly adversely affect its position in the market. This case is cited not to show that this situation is necessarily good for the country or the world, but as evidence that powerful corporations may have more power than nation states and their judicial systems.

In the United States in 2000, charitable contributions came to USD 203 billion, of which about USD 50 billion was from corporations and about USD 150 billion from individuals. Estimates by a research organization indicate that Americans could have given twice as much as they did. Education received USD 28.2 billion, which was considerably less than the USD 36.5 billion given to religious organizations. This indicates that the giving potential in the United States of both wealthy individuals and corporations is very significant. If the UN, UNESCO and other UN entities were seen as worthy recipients, those entities should be able to increase the scope of their activities if they could close the gap between themselves and potential donors.

For many years, leading United States research and teaching universities have had close alliances (partnerships) with private enterprise. There has been a large growth in industry-funded Research and Development to the point that the private sectors contribution is greater than that of the Federal government. After World War II, through the 1960s, the R & D funding ratio was about two-thirds federal government to one-third private. Today, it is roughly two-third private, one-third federal.

Thus, when one considers the millions of medium and smaller-sized business enterprises in the world and the continuing privatization (at least for the moment) of activities previously controlled by governments, it is clear

that enormous economic power, money, wealth, and influence now lies in the private sector. It also should be noted that a significant part of the financing of governments in many countries comes from the taxation of business enterprises as well as from individuals. In addition, companies pay wages to their millions of employees – another area where business enterprises' enormous power and influence is exerted. An additional characteristic of their power is that they often can act faster than governments in reacting to new situations. Those that do not can disappear or be absorbed by other companies.

At the present time, most governments in developed countries now accept the free enterprise economic theories to maximize the production of goods and services. Many have privatized their industries which were publicly owned. The free enterprise system in recent years has often been advocated by professors of economics at the University of Chicago Business School. So not only the practice of free enterprise but the theory has been widely accepted by governments and industry in many parts of the developed and developing world. This trend, added to the considerable number of governments both on the right and center-left of the political spectrum espousing the free enterprise system, has recently increased the influence and growth of this economic system. These factors, including the growing trend to mega-mergers, added to the continuing exploitation of the new frontiers outside of their borders to expand their business, has meant that the global reach of these companies and that of their networks have geographic coverage and power which exceed or equal that of most governments. Thus business represents an enormous economic force in the modern world. It also appears to be gaining ground in the few remaining totalitarian countries.

However, it cannot be said that this "triumph" of the market system in industrialized countries solves all problems. Poverty has grown in many regions resulting in pressure to forgive

or reschedule national debts in an effort to avoid social disorder.

In a recent book, *When Corporations Rule the World* (Kumarian Press 2001), David C. Korten records what he views as the failures of the free enterprise system and governmental development activities to raise the standard of living of the poor. Korten claims that development based on wealth or money does not work. Rather, it needs to be people-centered and local without large sums of money administered through some distant centralized government authority which takes away authority and the resources from the local people. If Korten is right, UNESCO's activities generally are people-centered and should help to solve the problems he has seen with the free enterprise economy and government development programmes which he claims are not working either. Korten also believes that in the United States money now votes more effectively than individual citizens, so traditional democracy has been largely lost

and politicians respond to money power rather than to the welfare of individual citizens.

Both the right and the left sides of the political spectrum understand that neither the free enterprise system alone, as practiced in the past, nor most governmental programmes alone are sufficient to raise poor countries out of poverty. Amongst the most successful economic weapons to date are the micro-loans, primarily to women and families, that help create small private enterprises and make them grow to create wealth.

To end this section, one can conclude that partnerships with powerful companies, as well as medium and smaller companies, can leverage UNESCO's actions significantly and a role for the United Nations and UNESCO is becoming recognized by business and other leaders as a useful potential partner to add what society lacks and that business alone is not able to supply.



### 3. Benefits to the Private Sector Resulting from Partnerships with UNESCO

#### (a) Prestige resulting from UNESCO's idealistic mission and its successful accomplishments

Some of UNESCO's present partners have taken great advantage of the prestige within the framework of existing partnerships. In some cases, one can question whether the private partner is not getting more out of the partnership than UNESCO in fulfilling its mission. In negotiating a partnership, a fair division of the benefits needs to be reached so that the principal purpose of partnership is to carry out UNESCO's mission, and benefits to the business are incidental even if substantial.

UNESCO may never match the non-profit International Olympic Committee in securing very large contributions (a budget of 3.7 billion dollars over three years<sup>9</sup>), but it can certainly do better than at present. Of course, sports are a spectacle and entertainment drawing millions of spectators which drives up the price of publicity companies are willing to pay. There is also the competitive phenomenon between potential advertisers that works in the Olympics Committee's favour. Good education is probably a more important activity in the world than excellent performance in sports even though it may not always seem to attract more money. However, if one takes the United States as an example, educational institutions do attract billions of dollars from private enterprise and wealthy businessmen.

Nevertheless, it must surely be possible to increase companies' interest in educational activities by UNESCO and create many more partnerships. Companies should have strong long-term interest in education in countries where they do business because they need educated employees. Many companies encourage their employees to act as part-time teachers in schools where teachers are in short supply or of low quality and the companies

provide training periods and apprenticeships to students which often result in employment upon graduation. This is a natural area for cooperation between UNESCO and the private sector, and one where private enterprise on its own often makes substantial contributions to educating youth.

In the industrialized countries, the business sector spends enormous amounts of money on educating its employees.

#### (b) Linking the education and training of private sector personnel to UNESCO's goals

Education and training of private sector executives and employees relating to corporate social responsibility by UNESCO and its civil society, university and NGO partners as well as other UN organizations through partnerships with private enterprises provide an important learning opportunity for private enterprise. Private enterprise is usually and primarily focused on short term profit because it is not easy to be a successful business enterprise as attested to by the fact that nine out of ten new businesses fail. There is now growing evidence that in the future the private sector with all its stakeholders and suppliers will be required to act with more corporate social responsibility. This includes social justice (respect for Human Rights) and it is slowly moving towards sustainable development (improving the environment and related problems) as well. This way of acting appears more and more to be a requirement for large companies, not only because of laws requiring it, but also because investors and customers will tend to disappear if the company does not have a positive social balance-sheet to accompany its successful economic and financial balance-sheet. Professor E. Merrick Dodd, writing in 1932, anticipated this development<sup>10</sup>.

An example of a possible partnership that could develop as part of the new emphasis on alliances is one in which UNESCO, the business community (including experienced retired businessmen), universities and business schools develop courses on corporate social responsibility (i.e. Business Ethics) and train teachers in this discipline, with a view to encouraging courses required for all business degrees under the auspices of a network such as the UNITWIN/UNESCO Chairs Programme which promotes innovative and socially relevant academic teaching and research. In fact, the groundwork for such an initiative has already been laid through UNESCO's co-operation with groups such as the European Business Network for Social Cohesion which encourages companies to prosper in ways that both stimulate employment and prevent social exclusion.

**(c) Advice and information to help companies adjust to emerging future society where business conduct is changing for the reasons listed in this part**

There is recognition by many private companies that there are "missing markets" in poor and developing countries. If global markets are to be expanded it must be in least developed countries, since developed countries' markets are often near saturation. If inhabitants in these countries moved out of poverty into a higher standard of living, they could buy more products. Most companies are not interested in attacking this problem because it is enormous, long term, and costly. But far-seeing companies can be recruited to help. This problem is not solely an economic problem but has deep cultural, ethical and human elements which in the past were often ignored or underestimated by businesses and government development agencies. UNESCO has its own mandate, namely education, culture, ethics, values, knowledge, and its strengths lie in these areas rather than in business skills. Of particular relevance UNESCO's promotion of and expertise in the area of cultural diversity

which has emerged as one of the most complex – and powerful – factors affecting the development process in the 21<sup>st</sup> century. Governments consult UNESCO to learn more about designing new education policies and systems which must be culturally sensitive to deal with the multiple needs of ethnically varied populations. It is now commonly held that, to understand a culture, it is necessary to study the complex web of relationships and beliefs, values and motivations which lie at its heart. The reference text in this regard is *Our Creative Diversity*, the report of the World Commission on Culture and Development, convened by UNESCO and chaired by Javier Perez de Cuellar, a former Secretary-General of the United Nations. The Executive Summary of this report states that "Development divorced from its human or cultural context is growth without a soul. Economic development in its full flowering is part of a people's culture."

From this milestone report, UNESCO has gone on to take two important initiatives – the preparation of a legal instrument, the Universal Declaration on Cultural Diversity, which was ratified by its 190 Member States in 2001 and contains in Article 10 an explicit reference to the link between culture and economic development, and the establishment of the Global Alliance for Cultural Diversity, a partnership amongst the public, private and civil society sectors to promote, inter alia, the growth of domestic cultural industries as an element of socio-economic development.

This linkage between culture and economic development are increasingly frequent and must be more deeply appreciated by the business sector. For example, it is interesting to note that the scholar Amartya Sen has equated economic development with "freedom", a human value which is widely appreciated, generally considered a universal value and recognized as essential. The World Bank's economic approach has sometimes been less successful than hoped, but it is now very much aware of the complexity and importance



of a "more bottom up" approach to improving life and increasing wealth in developing countries. Sustained economic progress comes after the acquisition of certain values, the establishment of enforceable rules, a reasonable court and system of governance with economic and other freedoms and the creation of institutions necessary for economic progress. UNESCO's strength in these areas accompanied by economic development help could make a major contribution. Therefore, those companies who wish to participate in alleviating this long term problem should find UNESCO useful in organizing partnerships with them and others.

The private sector is moving toward more corporate social responsibility due to forces building up in society and the market place, or it is doing it voluntarily. A list of these factors is as follows:

- (i) Customer pressure and political and public opinion.

Many customers consider the social responsibility of manufacturers before buying their products. So companies often make extensive efforts to be "green" and socially responsible through their public relations, environmental and personnel policy. The press is quick to exploit failures in responsible corporate action, particularly when the company is profitable. In case of lay-offs, it usually takes the side of the terminated workers and influences public opinion.

The United States public's perception of the great need to reinforce social responsibility of large corporations is perhaps best reflected by the enormous jury verdicts of millions of dollars for victims of alleged manufacturing defects in automobiles, not only for actual damages but also for punitive damages – to make the wrongdoer pay dearly for transgressing accepted rules of conduct – not unlike a heavy fine in criminal cases.

Companies spend large sums of money to improve their reputation because it is good for

their business. A good image is a most valuable asset. Large companies like Coca Cola spend fabulous sums on public relations to reinforce their image as well as their sales. A company's image embodied in its name or trademarks is vulnerable and activists groups and the press are well aware of this as a lever to force higher standards of conduct.

- (ii) Voluntary action by organizations and agencies representing business

- The World Business Council for Sustainable Development (WBCSD)

This organization, which voluntarily works toward sustainable development, began when Stephan Schmidheiny, a Swiss businessman, led a group of companies involved in the 1992 Earth Summit to Rio. It is an organization of many of the world's leading companies which claims to have invented and globalized the concept of eco-efficiency, i.e. the idea that cleaning the environment is not "all cost and no gain", that what is good for the environment is also good for the bottom line. This organization has also helped corporations see the business value of corporate social responsibility. The WBCSD seeks ways to make markets encourage rather than discourage environmental and social sustainable development. The WBCSD recognizes that markets are not accidents but human constructs and urges business to unite to craft the best markets possible to lead to corporate social responsibility via the three pillars of economic growth, environmental protection and social equity.

Its members are drawn from thirty countries and twenty major industrial sectors and have organized a global network of thirty national and regional business councils and partner organizations involving over 700 business leaders. (*See Annual Review 2000, Ten Years of Achievement, World Business Council for Sustainable Development*)

The WBCSD believes charitable giving from business is not enough – it must be actively engaged in upgrading human rights practices and moving toward sustainable development.

Since this group is in commerce and industry, it encourages members' projects in corporate social responsibility with special emphasis on environmental issues. Its publications include *Partnerships in Practice: Industry, Fresh Water, and Sustainable Development*; *Corporate Social Responsibility: Making Good Sense*, and *Business and Climate Change: Case Studies in Greenhouse Gas Reduction*. Its books on eco-efficiency: *The Business Link to Sustainable Development* (1992), and *Changing Course: A Global Business Perspective on Development and Environment* (MIT Press 1992). These publications have been major contributions of practical knowledge. *Changing Course* recounts impressive and creditable case studies of industries moving toward sustainable development.

These companies know that the present trend where many of the least developed countries have failed to benefit from globalization, that genuine global environment and social sustainable development will not occur. Therefore, the private sector partnerships with governments and others from civil society become vitally important to work to reverse this trend. Unfortunately, government to government aid alone often does not seem to be efficient.

In its brochure *Partnerships in Practice: Industry, Fresh Water, and Sustainable Development WBCSD 2001*, the WBCSD reports on the partnership led by DuPont Agricultural Products on Chesapeake Farms on land owned by DuPont. It had twenty-six partners including environmental and agricultural non-profit organizations, government agencies, academia, agribusiness and a group of concerned farmers. Each group contributed specific talents to give deep study to the problems to ensure the project's success.

This project has demonstrated that sustainable agricultural practices can reduce the discharge of pesticides and nutrients into surface and sub-surface water.

Other partnerships described in this brochure include:

- **Rio Tinto's** project to restore degraded river basin catchments in Australia.
- **Business Council for Sustainable Development – Gulf of Mexico** brought together an alliance of government, industry, higher education and non-profit organizations in order to reforest the Mississippi river banks to get rid of a 6,800 square mile "dead zone" in the Gulf of Mexico where no fish could live.
- **Flanders'** efforts to avoid sewage pollution of the North Sea resulted in a public-private project with Aquafin (a technology company which designs, constructs, operates and finances waste water projects), private institutional banks, and the Flemish government.
- **Nestlé**, a global leader in bottled water, has a partnership to alleviate the growing water shortage in Africa through its South African subsidiary, which works with government agencies and non-governmental organizations and villages to provide skills needed to find and conserve more water through capture from village rooftops, through clearing invasive alien plants from mountain catch basins – a project which has taught that "grass roots up" works better than "top down". People must acquire the knowledge to solve their own problems.
- **Suez-Lyonnaise des Eaux** works with the Aguas Argentinas Consortium, which now operates the Buenos Aires water system. It has an agreement with the non-profit International Institute for Environment and Development in Latin America to develop

new strategies for water and sanitation in low income areas. Various public-private partnerships have emerged using innovative technological solutions as well as appropriate institutional approaches. Participation of low income communities is the crucial factor. They can provide labour as a form of barter to pay for connections in a tripartite contract including the concessionaire, the municipality and the community, which is an appropriate mechanism for neighborhoods with populations of 500 to 2,500. In larger projects, up to 50,000 people, the provincial government pays the cost of materials and advances the cost of labour.

The WBCSD is preparing a new collection of case studies, which will soon be on-line, gathering the "best of the best" case histories from its members. These case studies will extend the collection across all business sectors and regions illustrating learning processes, including those with disappointing results. This will be part of the Executive Primer and Work Book scheduled for release at the summit in 2002. (See WBCSD brochure *Corporate Social Responsibility: Making Good Business Sense*, January 2000 which includes chapters on Practical Steps and Hands-on Tools, CSR Navigator, CSR Tools, Self-assessment Questionnaire, Key Characteristics of Social Reports and CSR Indicators listing key issues i.e. values and governance, regulations and controls, business operations, accountability and disclosure, human rights, employee rights/working conditions, alliances in the business context, the development of ethical products, the social and environmental impact of investment)

The WBCSD is well aware that these issues concern a wider circle of stakeholders, not just the member companies themselves. The list it has prepared includes: *company owners, shareholders and investors, employees, customers, business partners, suppliers, competitors, government regulators, NGOs, pressure and influence groups, communities –*

*local, regional, state, national and international.*

The work of the WBCSD shows that some very large complex projects as well as smaller ones have been undertaken by companies, sometimes with many partners. Some partnerships are equipped with professional management provided by the company or specially hired for the occasion. Substantial funds have been furnished by the private sector and governmental partners.

- The Prince of Wales Business Leaders Forum (PWBLF)

Another active group founded by commerce and industry in the United Kingdom is the above international charity founded in 1990 to promote socially responsible business practices that benefit business and society and which help to achieve socially, economically and environmentally sustainable development. The PWBLF works with 50 of the world's leading multinational companies and is active in some 30 emerging and transition economies to promote corporate social responsibility (CSR). It also interacts with agencies such as the World Bank, and the United Nations Development Programme (UNDP).

- CSR Europe

CSR Europe (Corporate Social Responsibility Europe) is a dynamic business network which began in 1995-96 and whose mission is "to help companies achieve profitability, sustainable growth and human progress by placing Corporate Social Responsibility (CSR) in the mainstream of business practice."

With over 40 company members and 15 National Partners, CSR Europe achieves this objective via the following pathways:

- Serving over 50 000 business people and partners annually through print and online publications, best practices and tools

- Offering business managers learning, benchmarking and tailored capacity building programmes
- Including CSR issues in stakeholder dialogue and focusing particularly on the European Institutions."

[See <[http://www.csreurope.org/csr\\_europe/aboutus/aboutusmission.htm](http://www.csreurope.org/csr_europe/aboutus/aboutusmission.htm)>, viewed 1/1/2002]

CSR Europe works with 13 organisations in 12 European countries. These national partner organisations (NPOs) promote Corporate Social Responsibility at national, regional and local level, reaching more than a thousand companies in Europe.

The NPOs together with CSR Europe:

- provide expert products and specialised services to the business community
- identify ways for all organisations to benefit from the knowledge and experience of their peers
- engage in joint projects and programs that result in streamlined efforts to advance socially responsible business practices"

[See website page <[http://www.csreurope.org/csr\\_europe/nationalnetworks/NPOscontent.htm](http://www.csreurope.org/csr_europe/nationalnetworks/NPOscontent.htm)>, viewed 1/1/2002]

CSR Europe's growing importance is based on many reasons, including its special interest in increasing jobs, improving working conditions and the preparation of a database which provides a listing of good practices of over thirty-five companies listed [see <<http://www.csreurope.org>> viewed 1/1/2002]. Another example is the surveys it has sponsored, such as the one showing that 70% of European consumers say a company's commitment to social responsibility is important when buying a product or service, which indicates that CSR is in the best interest of companies. In addition, its close working relationships with European Union

leaders, which began when Jacques Delors was president, gives this group important synergies with European Union governing bodies and provides a bridge for businessmen to work with European political leaders to help define a European corporate social responsibility. This has led to a call by European heads of state for companies to develop their sense of social responsibility.

A recent Organization for Economic Cooperation and Development (OECD) publication provides a detailed overview of voluntary private initiatives, sometimes motivated by social pressure, for corporate responsibility (norms) relating to 246 codes of corporate conduct, which the report describes as "among the major global trends in international business in recent years". The adoption of codes of corporate conduct contain commitments involving labour relations, environmental reporting or environmental management systems, human rights, consumer protection, disclosure, fighting corruption, reporting and auditing standards.

The report notes that voluntary initiatives have a crucial, but necessarily only partial, role to play in effective control of business conduct. Although there is little global social capital, it must be built up because formal legal deterrence accounts for only a small part of law abiding behaviour. (*Corporate Responsibility, Private Initiatives and Public Goals, Governance OECD 2001*).

Other initiatives include companies which have taken initiatives on their own through their own foundations such as Novartis and IBM which have attempted to change their philanthropic models by contributing technical assistance to educators, beyond just giving away cash. For example, some 66% of the USD 125 million contributed to the IBM Foundation was given in the form of technical assistance.

- The International Association of Students in Economics and Management (AIESEC)

AIESEC is an NGO with active membership estimated at 50. 000 young people in some 83 countries. It receives considerable support from numerous international companies and is interested in a wide range of themes linking society and business, including the importance of corporate social responsibility. AIESEC maintains official relations with UNESCO and has co-operated in numerous activities, notably in the area of higher education and business ethics. This topic was the theme of a Round Table co-hosted with UNESCO in December 1998 and addressed questions such as ethics and cultures, professional codes of conduct, ethics and justice and the role of governments in promoting business ethics. This subject continues to be a major field of research for UNESCO's Social Science Sector as part of its work on trends shaping global governance and sustainable development [see <<http://www.aiesec.org>> viewed 1/2/2002].

(iii) Action of non-governmental organizations (NGOs)

This sort of voluntary action has not silenced criticism from militant NGOs which claim that industry does not address its most difficult or urgent matters when high costs or particularly sensitive or conflictive issues are involved. Many non-governmental organizations have acquired substantial assets and created worldwide networks and so, like the business community, they are increasing their power and influence. It is also Kofi Annan's vision for the UN in the 21st Century that these organizations should be a bridge between civil society and national governments. This concept provoked negative reactions from some governments.

NGO co-operation with the UN and its agencies and UNESCO has become much closer in recent years. The power and influence of NGOs with networks in many countries are particularly strong. The subjects which interest NGOs have recently expanded. Some relate to environment, i.e. Greenpeace with forty-one offices throughout the world working in areas

such as climate change, pollution, food safety, forestry and anti-globalization. NGOs also attack injustices they believe are caused by free trade and lobby in Davos. They are often critical observers of institutions like the World Bank and other financial institutions and their policies. Amnesty International focuses on Human Rights and on working conditions. Other NGOs have a special role in disaster relief, such as CARE and "Médecins sans frontières" which send doctors to trouble spots. The Third World Network represents the South and finally many NGOs serve many objectives, like OXFAM .

The power of NGOs to affect the life of multinationals is a reality. Aside from their own sources of funds (membership fees, publications and foundation grants) public aid for development furnished to NGOs by national members of the Aid Committee of the OECD was up to a billion dollars in 1966. The Brussels office of the World Wildlife Foundation receives 40% of its budget from the European Union. Companies like Total, a large French oil company, find it in its best interest to have a relationship with "France Nature Environnement". So the NGOs have money which allows some of them to become a strong influence in civil society.

By and large, advocacy groups are generally hostile to multinational corporations. Many are engaged in wide-ranging investigations and protests against perceived human rights abuses by corporations. Others are focused on drafting voluntary codes of conduct in an effort to act as agents of change. Examples of the latter include the Framework For Human Rights Principles For Australian Companies (drafted by Amnesty International-Australia) and the FLA Workplace Code of Conduct (prepared by the U.S.-based Fair Labour Association, which is composed of corporations and consumer, labour and human rights groups that include the International Labour Rights Fund, the Lawyers' Committee for Human Rights, the National Consumers League, the National Council of Churches,



Adidas-Salomon A. G., Eddie Bauer, Inc., Levi Strauss and Company, Liz Clairborne, Inc. and Reebok International, Inc.

There are also a multitude of human rights/corporate social responsibility organizations which have their own agendas. Most of these groups are actively harnessing the power of the Internet and many websites now exist regarding international human rights abuses and alleged corporate social breaches. Some of the more important websites include the following:

- The Global Alliance For Workers (<<http://www.theglobalalliance.org>>)
- Human Rights Watch (<<http://www.hrw.org>>)
- Universal Rights Network (<<http://www.universalrights.net>>)
- Workers Rights Network (<<http://www.tradewatch.org>>)

The postings on these websites are excellent resources to illustrate the multitude of risks and pressure points facing multinational corporations in abiding by domestic and international standards expected of businesses operating in the global marketplace.

The NGOs have increased their power and influence in the world very considerably in the last 50 years and some exert strong influence not only on multinational companies, but also on governments, consumers and public opinion. According to a recent poll, consumers in France are willing to support the work of NGOs by favouring products from companies which co-operate with such groups.

Environmental lawyers in the United States have recently explored options relating to global warming after taking a clue from broad-based class-actions lawsuits like those filed on behalf of Holocaust survivors or against the tobacco companies. Plaintiffs on behalf of

whom a lawsuit might be filed may not only be for those who live near a source of pollution but those who are thousands of miles away. Such a lawsuit would force the United States government and corporations to reduce emissions of heat-trapping greenhouse gases which scientists say are already warming the planet and posing serious risks to human health, property and even entire nations. Lawyers from NGOs like Greenpeace, the World Wildlife Fund and the Natural Resources Defense Council were among those meeting recently along with leading professors of international law. UNESCO has relationships and cooperates with NGOs, i.e. framework agreements with the International Council of Sport Science and Physical Education (ICSSPE), the International Council for Engineering and Technology (ICET), the International Council for Science (ICS), the International Council for Philosophy and Humanities Studies (ICPHS), the International Social Sciences Council (ISSC) and many others.

If UNESCO succeeds in working with companies in the private sector, there are surely interesting opportunities in creating tripartite partnerships with some of the NGOs with whom UNESCO already has projects where the addition of a private sector partner or partners could be advantageous.

Social justice and sustainable development have not always had a priority position on the businesses' radar screen. An exception occurs when an unexpected emergency arises where a non-governmental organization and the press launch a campaign against the company. This can be very damaging to the company's image since the latter is often its most important asset. A good image sells products. Such a dispute can go farther and include boycotts by consumers or lawsuits by injured parties, which increase the danger to the corporate image and may result in substantial damages if the law provides a remedy. Class actions under United States law allow the joining of many members of a class of plaintiffs which

provides a powerful weapon against large corporations who have damaged many people.

Examples of situations where companies have reacted to pressures generated by NGOs, public opinion and the press are:

**Shell Oil Company** became the first oil company to acknowledge responsibility for human rights, adopting a comprehensive set of "Global Business Principles" in 1999, which includes company-wide international training programmes and public reporting on corporate social responsibility and international human rights issues.

**Starbucks Coffee** adopted a programme in April 2000 called "Fair Trade Principles" to improve the livelihoods of coffee growers in Central and Latin America through measures such as guaranteed fair prices for harvests.

**Abbott Laboratories**, following a settlement with the United States Federal Trade Commission, appointed a "Chief Ethics Officer" in November 2000 to advise the company on ethical constraints in doing business around the world.

**Broken Hill Proprietary Co. Ltd** requires all firms with whom it contracts to comply with its internal Code of Conduct which can be more stringent than many national laws in areas such as the environment.

On December 20, 2000, several major multinational corporations (including **Chevron, Texaco, Conoco, Royal Dutch/Shell, BP Amoco and Freeport McMoran**) signed a first-of-its-kind voluntary code of conduct under pressure from the United States and British Governments in which the companies pledged to adhere to a set of principles in maintaining the safety and security of their operations within a framework that ensures respect for human rights and fundamental freedoms.

Most of these actions are responsive to ongoing legal and/or public relations problems. Multinational corporations – at least in the past – rarely have energetically addressed these concerns.

In order to avoid such problems companies are hiring lawyers and other consultants to complete a "corporate compliance" study to sensitize corporate executives to the new risks they run. This is risk management where legal and ethical issues pose new risks.

- (iv) Press coverage of Human Rights violations, ethical shortcomings, discriminatory personnel policies and irresponsible environmental conduct.

The press is a powerful voice in communicating information and influencing public opinion. Although adverse publicity is not a direct constraint like a court order, it can be very dissuasive. Very often, in such cases, an NGO is also involved.

Many large companies spend enormous sums of money to enhance the prestige of their brand name or trademarks, since they are generally regarded as most valuable assets. If the press, usually with the help of an NGO, publicizes unethical corporate conduct or violations of environmental regulations, there can be great damage to the company's goodwill and brand name. Large companies can be vulnerable in case of such misdeeds, and damage control is much harder today because of the often extensive media coverage.

Moreover, the media itself is not beyond scrutiny. This is the subject of a new report entitled *Good News and Bad: The Media, Corporate Social Responsibility and Sustainable Development* jointly published by the United Nations Development Programme, Sustainability (a long established think tank which studies business and development) and Ketchum (one of the world's leading public relations and reputation

management consultancies). Commissioned for the forthcoming World Summit on Sustainable Development (Johannesburg 2002), it shows how media agendas have evolved since the first Earth Summit in Rio in 1992. According to the report, the media too often overlooks significant long-term trends in favour of dramatic and immediate news. Furthermore, as businesses themselves, key media institutions could be more transparent and accountable and will come under increasing scrutiny from socially responsible investors.

(v) New laws

In the last century and more particularly in the last fifty years, many new laws have been enacted regulating corporate social responsibility relating to employees' rights, benefits, on-the-job safety for employees, product safety, consumer protection and laws protecting the environment. There has also been a contrary movement by industry toward deregulation in many developed countries to simplify the rules, especially relating to the most highly regulated sectors. However, there has been a clear trend to require corporations to become more socially responsible in their activities. This trend in legislation is likely to continue, subject to simplification and removal where market incentives can be mobilized to substitute for legislation with better results.

Although the Alien Tort Claims Act in the United States dates from the late 1770s, it has been newly applied since the mid-1990s to allow foreign citizens to sue corporations in United States courts for human rights violations and other illegal acts committed abroad.

Recent laws which have been passed to regulate corporations are, for example:

- the United Kingdom's Human Rights Act 1998 (which incorporates the European Convention on Human Rights into domestic law of the United Kingdom);

- the South African Constitution (which incorporates international legal principles into domestic South African law);
- United States Free Trade Agreements (such as the US-Jordan Free Trade Agreement introduced in the United States Congress in October of 2000, which incorporates specific provisions dealing with workers' rights and environmental protection and allows for dispute resolution proceedings in cases of alleged breaches of those rights and protections);
- the Australian Criminal Code Amendment (Bribery of Foreign Officials) Act 1999 (which incorporates the OECD Convention on Bribery of Foreign Officials) and the Crimes (Child Sex Tourism) Act 1994 (prohibiting such offenses when they occur abroad);
- proposed legislation in Australia (which would include a draft bill of rights as well as a corporate code of conduct imposing standards and regulating the overseas activities of Australian companies in the areas of human rights, environment, labour and occupational health and safety);
- the United States House of Representatives in June of 2001 passed legislation to remove from United States stock exchanges any oil company doing business in countries, whose governments reportedly used revenue to finance civil war and its casualties including, for example, the conscription of children.

In the United Kingdom, investment fund managers are under increasing pressure to become educated about socially responsible investing due to new regulations that took effect in June of 2000 requiring United Kingdom pension funds to disclose whether "social, environmental, or ethical concerns are taken into account in the selection, retention and realization of investments." The new United



Kingdom regulations do not require implementation of social policies, but only their disclosure. A by-product of the regulations will be opportunities for activists groups to name (and shame) investment funds into applying social, environmental, or ethical considerations in investment strategies. Similarly, in mid-November of 2000, thirty-nine leading financial investors in the United States responsible for USD 140 billion in investments urged CEOs of the Fortune 500 to adopt the Global Reporting Initiative, a standardized measure for social, environmental and economic reporting. The signatories to the letter sent to the CEOs of the 500 largest companies include leading socially responsible investors, such as the Calvert Group, Domini Social Investments and Investment Advisors for the Institutional Pension Funds for the city of New York. This initiative, which is complicated, has less of a following in Europe.

- (vi) Increasing litigation in developed countries for wrongs (torts) in the least developed countries

Litigation can be a most onerous burden for companies. The high cost expended by companies defending themselves under these laws and tangible and intangible damages incurred, demonstrate a trend toward the use of class actions to litigate international human rights disputes. They also confirm that claimants of modest means with complex claims can – in circumstances where their domestic legal systems are not capable of providing competent representation and funding – bring claims against multinational corporations directly in the courts of major commercial jurisdictions like Australia, the United Kingdom and the United States based on misconduct of their foreign subsidiaries.

A new type of litigation risk has also emerged in the form of third-party claims of fraud and misrepresentation. Illustrative of this trend is a consumer fraud lawsuit brought before a California court in 1998 by

human rights activists against a leading sportsware manufacturer for allegedly misleading consumers and shareholders regarding the company's treatment of its Asian factory workers. The lawsuit contends that the firm sought to mollify consumers and shareholders with a false advertising campaign (to counter charges that it employed Asian women working for very low wages in dangerous conditions), and seeks court-ordered refunds to consumers for all profits obtained through false statements. Lower courts dismissed the suit and the plaintiffs' appeal is now before the California Supreme Court on the issue of whether "image ads" are governed by the same laws as product advertising. In December of 2000, the California Attorney General submitted an amicus brief supporting the position of the human rights activists and arguing that a human rights public relations campaign should be subject to false advertising laws. The success of this claim (still pending) may portend additional lawsuits of this variety.

Another case was filed in California in 1999 as a public interest private Attorney General's action brought by the Labor Union of Needle Trades (AFL-CIO) and several NGOs, i.e. Global Exchange, Sweatshop Watch, and Asian Law Caucus against some leading "high end" clothing companies which included several leading brand names on today's market. This case was based upon alleged unlawful business acts and practices, unfair and fraudulent actions and making untrue or misleading advertising.

The complaint alleged that more than one billion dollars (wholesale value) worth of clothes manufactured by sub-contractors of the companies involved were sold under a made-in-USA label when they were made in Saipan in the Mariana Islands, which are located 120 miles north of Guam in the South Pacific Ocean. Although these islands are a Commonwealth of the United States, they are not subject to the same labour standards that protect United States workers. The garment

factories in the islands are owned and operated by foreign companies who send in their own managerial staffs. Plaintiffs alleged it was illegal to take advantage of this loophole in the law, i.e. that the place of manufacture was on United States territory, when everything else – workers, nationality of the manufacturing companies, their shareholders, executives and lack of labour standards – was foreign.

The complaint also alleged that the non-US workers imported into these islands to manufacture the goods were charged fees by the agencies operating in these islands of from USD 3,000 to 7,000 for the "privilege" of working in these factories. The fees were paid before arrival or taken out of wages (sometimes amounting to over 90% of their low wages). The labour conditions were abusive – no overtime payment, poor quality food, denial of salary when excessive quotas were not met, sub-standard housing and restrictions on workers' freedom .

The complaint states that the defendants exercise control over overtime policies and working conditions, quality standards and control and that they are responsible for the subcontractors they hire. The plaintiffs requested the court to issue an injunction to stop such practices and to order the companies to repay profits. In this case, the NGOs supplemented the efforts of the California Attorney General in investigating the facts and in enforcing the law.

Such examples serve to illustrate that companies worldwide are now regularly monitored by powerful special interest groups which can have a decisive influence on the positive image of big business, as well as on their profit margins.

A number of similar cases have been filed, which allege environmental damage, injuries to employees as a result of toxic substances and pharmaceutical clinical trials on non-consenting young people<sup>11</sup>.

(vii) Investors' requirements.

A discernable new trend in the area of international human rights law and corporate social responsibility issues concerns the expectations of financial investors and managers of investments funds. Although such funds began in the 1930s in the United States, it was in the 1990s that such "ethical" funds growth accelerated.

In France, the Forum for Responsible Investment noted that nine of twenty-one funds (*socialement responsables ou "éthiques"*) were created since 1997, nineteen were created after 1999, which explains why the amounts invested passed from 324,5 million Euros on 31 December 1998 to 777,2 million Euros as of 31 December 2000. Forty-seven were focused on the concept of sustainable development. The largest savings and banking institutions are offering these funds to investors.

In the United States, more than USD 2 trillion by 1999 were invested in a socially responsible manner, up 82% from 1997 levels or about twice the growth rate of all assets under management in the United States, according to the Social Investment Forum (SIF) study, or about 13% of the amount under professional management in the United States.

A company, considered more ethical and cleaner environmentally, can, not only attract more capital than an equally profitable one not considered "ethical" or "green" due to the ethics of the investor, but also because managing a company following a more ethical path usually results in lower risks which tends to avoid costly liabilities for the company.

The above cases suggest that the United States court system and plaintiffs' lawyers along with NGOs are succeeding in enforcing in real life UNESCO's priorities – helping the least developed countries and raising ethical standards, when business conduct is not up to acceptable standards in these contexts.

- (viii) Resistance to the free enterprise economy by political views, religions and other cultures and communities

It is clear that a more liberal or left-wing political orientation causes citizens to accept fewer of the values of a free enterprise society. Others have also noted that the most avid environmentalists are often from the left of the political spectrum and include many young people. There has also been a strong negative reaction to market-place values by religious people of many faiths. Many protestors do not like change and modernization which tends to undermine traditional values.

- (ix) A growing literature and research base

A growing literature often embraced by the press is influencing public opinion with regard to the environment. The influence of meetings sponsored by the United Nations culminating in the Earth Summit in Rio in 1992 has been substantial and will continue with the Rio+10 scheduled for South Africa in 2002. Our Common Future, prepared under UN auspices, is a basic text for the ideas underlying sustainable development. There has been a deluge of books and articles on environmental issues, mostly by environmentalists. A sampling of these is of interest because the environmental concerns constitute an important part of corporate social responsibility. The gist of some of this writing is as follows:

The United States provides a good example of the debate between environmental values and business interests due to the fact that there has been a remarkable production of writing from businessmen who have become sensitive to environmental issues and who have become intellectual leaders in the environmental movement. Some consultants and many environmentalists often connected with NGOs have published many books and articles.

Businessman Paul Hawken in *The Ecology of Commerce* (Harper Collins 1993) notes that the ultimate purpose of business is not simply making money. He believes that because corporations are the dominant institutions of the planet, the promise of business is to increase the general well-being of humankind. His opinion is that we have reached an unsettling and portentous turning-point in society and that business is on the verge of a major transformation – that the democracy won in revolutionary times, and freedom from abusive governments is changing. He notes that corporations in the United States, like individuals, benefit from the constitutional due process clause, free speech under the first amendment and the other constitutional rights, so they have become super citizens. According to Hawken, corporations in the United States tend to dominate public thought and discourse. In Europe Article 10 of the European Human Rights Treaty also grants businesses the same rights as individual citizens.

John Elkington, a British business consultant, believes that socialism is dead as an economic theory but that it remains as a moral crusade. In his book *Cannibals Without Forks - The Triple Bottom Line of 21<sup>st</sup> Century Business* (New Society Publishers 1998), he poses the question as to whether capitalism is sustainable. The author borrows his title from a Polish poet who asked "Is it progress if a cannibal uses a fork?" For Mr. Elkington companies are cannibals since they eat up each other through acquisitions and mergers. The fork represents sustainability's triple-bottom line – economic prosperity, environmental quality and social justice. His book focuses more on environment sustainability and cites seven revolutions which, the author believes, are beginning to transform the world of business:

1. Markets will force triple bottom-line behavior by companies. "Triple Bottom-Line" is now the common CSR expression used at international and national levels.

2. Human values: hard commercial values like profit-only will shift to softer human values (the younger generation is more sensitive to these values). Business leaders will believe business is not only, or principally, about creating economic value but also about social and ethical values.
3. Transparency is out of control in the business world. NGOs, the press, and others will make sure it stays that way.
4. Life Cycle Technology: a company's responsibility does not end at the time of sale but it will be judged by its suppliers, products in transit, and the performance of their products from the cradle to the grave. Used products will need to be recovered by businesses in many cases.
5. Partnerships will become important with other companies, government entities, NGOs and others. Longer term sustainable strategies are being followed. Eighty-five per cent of NGOs polled believed they should get involved in more company partnerships.
6. Time: business will need to escape from short-term market-driven thinking in order to think about longer term social issues – or they will not survive the sustainability transition.
7. Corporate governance: this will become more complicated with triple-bottom line objectives, especially in large complex organizations. They will need sustainability audits to keep on the track.

If the environmentalists do not work with business and through markets, any environmental improvements in the world will not be possible. However, this is often a fragile or stormy alliance involving a wide range of opinions.

On one side are the libertarians who, though considered right-wing conservatives by the

environmentalists, regularly challenge the validity of the predictions made by this latter group. For example, Ronald Bailey in his preface to *The True State of the Planet* (Free Press 1995), notes that such disasters as worldwide famine and global warming have not actually happened with the exception of grave but sporadic instances. In *Hard Green: Saving the Environment from the Environmentalists A Conservative Manifesto* (Basic Books 1999), Peter W. Huber expresses skepticism that the computer models favored by environmental pundits can accurately predict the future. Moreover, he holds that economic scarcities can be remedied by market efficiency.

On the other side are the sort of views expressed by David C. Korten, previously quoted for his book *When Corporations Rule the World* (Kumarian Press 2001). He is a strong critic of the free enterprise system and believes that economic globalization has created dysfunctional societies marked by violence, extreme competitiveness, social fragmentation and environmental degradation. Rather, desirable goals are environmental sustainability, economic justice, biological and cultural diversity and intrinsic social responsibility. A similar conclusion is reached by David Min, a student writing in the *Harvard Law School Record* (March 9, 2001) who is troubled by the fact that capitalism seems to have moved beyond the economic sphere into the system of core social beliefs. For Min, real justice and democracy are incompatible with the principles of capitalism, namely wealth and efficiency. As an example, companies are managed on the basis of efficiency, not democracy, thus creating a fundamental dichotomy between these two objectives. This young author considers that, at some point, capitalism must defer to democracy – simply because the latter is more acceptable in human terms. Since young people often provide fresh and penetrating insight into such paradoxical issues, it will be interesting to see if Min's opinions attract further support<sup>12</sup>.

Clearly, at least in the United States, corporate social responsibility as a concept varies depending upon the politics of the writer, his or her experiences or the interest group he or she represents. Nevertheless, even the most conservative views acknowledge that there are environmental problems that should be addressed even though there is wide variation as to where a problem lies and what remedies are appropriate. All this makes UNESCO's task more difficult to ensure that its corporate partners are doing their duty in trying to reach sustainable development in carrying on their business given the different standards which are invoked.

Europeans and the European Union appear to have reached more of a consensus on the necessity for CSR.

Nevertheless, the situation is still dynamic and confrontational in some countries, where governments and particular industries remain generally hostile to binding agreements relating to environmental action such as that prescribed in the Kyoto Protocol (climate change) and to other environmentally protective policies. Some claim that environmental action is too costly and that it is bad for an economy, especially in a recession. Smaller industries are often cool toward the changes required to reach sustainable development because they fear that their costs will have a severe adverse effect on their profits.

**(d) UNESCO's knowledge networks - a potentially valuable partnership asset for the business community**

UNESCO and other United Nations agencies have potentially powerful networks. This means that they are natural partners for international, regional and local businesses because their global reach is comparable to large corporations and their employees and agents are international in outlook, nationality, training and experience. Thus United Nations personnel and that of UNESCO should more easily escape the limits, stereotypes and preju-

ices of those whose education and experience are limited to one country and national culture. In the past, this tended to be the case with employees of many multinational companies. However, this is changing rapidly as major international firms are now doing 70% of their business abroad and so require staff with sound knowledge and understanding of other cultural contexts.

This internationalism should be a factor which permits employees and agents of UNESCO and employees of private companies to cooperate and play the role of educators, particularly in the least developed countries as well as in the developed countries which still have too many painfully poor uneducated people.

Partnership networks imply mutual benefits, exchange of expertise, two-way interaction – the sum total of these elements being the optimal use of social capital. This term refers to social interaction and collective civic responsibility which helps stimulate growth and the creation of wealth in communities as well as in nations<sup>13</sup>. If UNESCO can strengthen its many networks – or, at any rate, help promote their reinforcement in co-operation with other bodies involved – then it will encourage the development of social capital at all levels from the local to the global.

UNESCO has numerous networks – in the programme and in the policy areas of the Secretariat. These reach out to civil society in all its forms:

- political via parliamentary leagues
- intellectual via programmes such as the UNESCO Chairs scheme, the Management of Social Transformation (MOST) and Man and the Biosphere (MAB)
- cultural through its long and distinguished track record in the preservation of cultural heritage and, more recently, through its promotion of reflection and debate on cultural diversity



- technological via IT programmes (the International Programme for the Development of Communication, IPDC, and the ORBICOM Network of Chairs in Communication)
- social via its 600 affiliated NGOs which are volunteer workers in their specific fields inter alia, education, women, youth, the arts, and the community via the UNESCO Club movement
- economic via its contacts with other organizations of varying character in this area (e. g. IGOs and NGOs, business organizations / lobbies, firms, experts, donors).

The efficiency and quality of these networks vary according to the dynamism of those in charge and their resources – and the efforts of UNESCO's staff in liaison with them.

However, given the growing voice of civil society, those wishing to tap into this repository of citizen spirit, opinion and desire to contribute to social development will find a wealth of talent through UNESCO's networks.

Today it is possible to identify some clear business links:

- education – all sectors of business IT firms
- science – pharmaceutical industry (in cooperation with the World Health Organization), energy companies and crop science
- culture – transportation, language services and the tourism sector
- communication – IT and multi-media industries.

When a partnership is designed and built with a business, other appropriate elements can be added from UNESCO's many networks to perform special functions inside the alliance.

Business webs such as Charles Schwab and Co. (online stock-brokers), eBay Inc. (online auctions), Cisco Systems Inc. (networking products), MP3. Com. Inc (digital music) and Linux Online (a free operating software system) constitute a special type of network. These webs have become a new form of wealth creation referred to as digital capital. According to Don Tapscott, Alex Lowry and David Ticoll, in their book *Digital Capital*, this results from inter-networking of three types of knowledge assets: human capital (what people know), customer capital (who you know and who knows and values you) and structural capital (how what you know is built into your business system).

To the extent that Internet can play an important role in UNESCO activities, recent developments in business webs (networks) should be observed to ascertain whether business web experience in Internet-based partnerships can be useful in reaching the Organization's objectives.

The costs of doing business by UNESCO, which uses the methods of an international bureaucracy, are probably much more than if necessary functions were separated and carried out via Internet – and other networks. Ronald Coase in his book *The Firm, the Market and the Law* (University of Chicago Press 1990) explores the thesis that inter-networking can dramatically reduce the costs of many types of transactions until they are virtually free. Such a perspective is very attractive to business. Furthermore, inter-networking can bring additional knowledge and expertise which render a product or service innovative in character, adding value to them in the market place.

Although the Net is expanding fast in industrialized countries, its use should be accelerated, through partnerships, in the developing world as a means of increasing communication and disseminating knowledge. The cost is probably less than traditional methods but both approaches should be combined. Despite the

crash of significant parts of the new economy, new vistas of knowledge-sharing have been opened up and bear close investigation by UNESCO.

It should be remembered that consultants and business enterprises have spent huge sums on research related to the best ways to generate and organize wealth.

Some have developed groups dealing with global risk management, with expertise in ethical risks, equitable commerce and triple bottom-line concerns. This expertise is probably applicable to UNESCO's operations if adapted to its purposes. Similarly, the impact of networking offices has been dramatically illustrated over the last fifty years, one case being the huge expansion of the Big Five international accounting firms. The same is true of business consulting companies and a number of international law firms which have become large businesses covering all major countries.

The lesson to be drawn by UNESCO is to increase the usefulness, efficiency and number of its networks and partnerships to the extent that they can do the required work more effectively and less expensively than if the Organization acts alone. UNESCO is well placed in this regard because of its mandate as a clearing house for new knowledge and information and for its function as a standard-setting organization through its normative action. Its clients are many – its Member States, their regions and local governments, other UN agencies, inter-governmental organizations, NGOs and civil society groups, the academic community and so on.

Ideally, UNESCO should retain a leadership role but to do so, it needs to understand how business is changing in order to be an effective and credible partner. In addition, the attitudes of both UNESCO personnel and the business community need to show mutual recognition for their respectively useful roles in society.

## 4. Benefits to UNESCO from Partnerships with Business

It was Kofi Annan's initiative, after seeking the "*rapprochement*" of the UN through close cooperation with civil society and NGOs, to invite the private sector to participate in the UN's work in co-operation with organizations from civil society, NGOs and governments. This was an obvious next step to get closer to the business community, an important part of the world, and not be insulated from it by member state bureaucracies. So, has this succeeded and what are the benefits to date?

### (a) Business – A powerful potential partner for UNESCO

In the last fifty years, the free enterprise system has become the most successful economic model which governments in developed and some developing countries have followed in shaping their own economic systems despite its failures to help many of the poorest countries and the poorest portion of rich countries. The system that has created tremendous wealth for millions seems to have failed in alleviating poverty for billions. The competitive system allows the strong to get stronger and the weak, all too often, to become weaker. Socially this is unacceptable and if it is not rectified could lead to the breakdown of society and the present free enterprise economic system. Protests in Seattle and elsewhere and attacks of eco-protesters on genetically modified crops are evidence of extreme discomfort of some segments of society. This failure provides an opening for the UN, UNESCO and other like-minded organizations to make important contributions by adding the other human ingredients necessary for a healthy world. The partnerships organized by or with UNESCO should help the poor by opening up opportunities for them, and help the business community incorporate corporate social responsibility into its day-to-day management. This provides an important responsibility and opportunity for UNESCO.

Although UNESCO is not a research university, it is useful to note what partnerships between businesses and some universities have produced.

Some universities in the United States have very successful partnerships with the business community for research and development which have produced such remarkable achievements as the Internet, the Global Positioning System (GPS) and the Human Genome Project. Although UNESCO may not have the same research capacity as top universities, it will need to produce products that business wants and can use. A partnership must be based on serving the best interests of each of the partners. If only one partner benefits, it cannot be a durable partnership.

In the case of the Massachusetts Institute of Technology (MIT), strategic relationships with companies provide sources of both knowledge and human capital. At MIT, there is growth in all areas of industry involvement: technology licensing, membership in the Industrial Liaison Programme, research sponsorship and gift income – all a part of the overall growth in private sector R and D investment. In fiscal year 2000, over 740 companies supported MIT through research sponsorships and/or gifts and 179 were members of the Industrial Liaison Programme.

A recent example of a large scale corporate partnership is Merrill Lynch's 15 million-dollar five-year Technical Research Initiative to fund collaborative projects across a broad range of disciplines in financial engineering, technology innovation and management spanning the School of Engineering, the Sloan School of Management and the School of Architecture and Planning.

As we have seen earlier in this report, funding of research in the United States up to 1960 was two-thirds government and one-third private.



In 2000, the business community in the United States funded about two-thirds and the United States government only one third.

United States industry expanded support to research universities from USD 133 million in 1976 to USD 2.48 billion in 1998. This is a huge surge in the financial contribution of industry to research and education. So it is clear that research, education and private money can make a remarkable contribution to technological progress as well as to progress in other disciplines. The creation of an advanced knowledge society requires all three.

**(b) Provision of skilled services by business personnel to UNESCO**

First, by working in partnership with businesses, UNESCO can benefit from the large pool of business personnel which can be made available and who can render services to partnerships. Successful businesses often have a high level of technical, administrative and management skills based upon their training and experience in business. To the extent this is transferable to its partnership programmes and projects, UNESCO should profit from it. This will require a case by case analysis to determine what skills can usefully be contributed by the private sector. Consider the partnership for the Mississippi River Reforestation Project quoted by the World Business Council for Sustainable Development in Chapter 3. Led by the Dupont Corporation, the project was successful due to co-operation amongst the multiple groups involved.

Furthermore, this issue reminds us of the cutting-edge expertise to be found in the business sector which has, overall, accounted for its ascent to power. In contrast and until the early 1990s, most governments continued to be run according to the traditional principles of public bureaucracy, notably the importance of hierarchy, lengthy and complicated administrative procedures and no special regard for cost-effectiveness. Over the past decade and

in the industrialized countries, there has been profound reform in the field of public management which has had far-reaching consequences. Today, the setting and meeting of clear management targets, greater accountability, proven staff expertise, performance-based career paths and job security are all accepted aspects of national civil services. "Small" government has become the norm. This, in turn, has impacted on international inter-governmental organizations, such as the UN agencies which are funded by their Member States. The gradual disengagement of the public sector has been cause for alarm, mainly due to the reduction in core funding for these organizations. Governments have become much more exigent, requiring clear goals and proven results for the projects supported. UNESCO has already experienced this in its Funds-in-Trust arrangements whereby certain donor countries select priority areas for support and define clear criteria for project management.

While it is true that the public and private sectors have different and distinct purposes, most intergovernmental agencies have sought to professionalize their administrations as part of their reform processes. They must demonstrate their ability to deliver results in efficient and effective ways so as to satisfy the criteria set by their various donor groups. By co-operating on a regular basis with the business sector, some of the latter's more positive management practices may be transferred. One thing is sure, business will expect international agencies to be credible and efficient partners in any co-operative project.

Businesses have considerable experience with strategic alliances which include many different kinds of agreements with third parties, which, in the United States, account for twenty percent of the average large firms' revenues and there is at present a twenty percent annual increase in the value of strategic alliances of the Fortune 1,000 companies<sup>14</sup>. Business alliances prosper because of trust between allies, where both parties share both control and profits. So, why cannot this be true of

partnerships with or sponsored by UNESCO? Although the nature of the organizations differ when UNESCO allies itself with a business, lessons learned in wholly business alliances can usefully be studied and adapted to cooperation with UNESCO.

**(c) Utilizing the financial resources of the private sector**

The increased economic power of the private sector can be utilized to good effect in fields such as education. One American university has USD 19 billion in its endowment, which is more than the GNP of Ecuador, and constitutes a net worth greater than all but a few large United States business corporations (New York Time Magazine, June 24, 2001, page 38). Not-for-profit projects have flourished in recent years as well. Some not-for-profit associations (the International Olympic Committee has been cited) are able to collect billions of dollars from private enterprise to carry on their activities encouraging sports by working with business in order to finance their activities. They, in turn, get massive promotion and publicity for their money. There is mutual advantage – a key element in a true partnership. These examples clearly indicate that funding potential is high in the private sector and there is no reason why UNESCO cannot capitalize on the business community's success to help with its work. However, to do so private industry should be an active partner, deeply engaged and committed and have a self-interest in a UNESCO partnership to support a project or programme.

In order to secure additional funding, UNESCO should encourage member countries to enact tax deductions for gifts to UNESCO or, where United Nations' local charitable corporations exist, take whatever action is necessary to allow a deduction for donors to UNESCO if channeled through such local charitable corporations. Another possibility is to constitute UNESCO foundations in countries where major donors are located or negotiate tax conventions which facilitate deduction of

funding for money given directly to UNESCO<sup>15</sup>.

Generous funding by the business community will probably not be possible until the deductibility issue is guaranteed in the donor's country. Free enterprise businesses, the offspring of the industrial revolution which are responsible for many environmental problems, must play a major part in the response to these opportunities of corporate social responsibility. They will be required to provide viable solutions if they intend to fulfill their corporate social responsibility and stay profitable.

In order to attract the most effective partners, UNESCO will need to demonstrate credibility, prestige and efficiency in carrying out its mission in order for top-grade partners to be interested in any continuing association with it.

UNESCO will need to be careful in its choice of private sector partners. Legitimate businesses are sometimes owned by criminal or terrorist organizations. Other companies, which, even though well known, have management which is extremely aggressive or dishonest or takes excessive risks to benefit the managers or the company. There is also a risk for UNESCO that a leading business which might be a good candidate to be a partner will fail – and integral part of the capitalistic system, i.e. creative destruction. But, in the main, most companies try to stay honest to build a good reputation, are prudent and avoid trouble, and many corporate executives exhibit the highest ethical standards. A discriminating choice of new partners will be essential to success.

UNESCO can learn from private enterprises how to better protect its name, trademarks and other intellectual properties so it can make these valuable assets available for use in joint projects in order to benefit both partners. This requirement will become more urgent as the value of this intellectual property increases,

due to the increasing prestige of UNESCO, and as successful partnerships multiply.

UNESCO, in order to benefit from co-operation and partnerships with the private sector, will need to develop principles of conduct which will ensure that the private sector partner will substantially carry out the mission of UNESCO. Care will also need to be taken

through appropriate rules, supervision and inspections that the money invested by free enterprise is properly used and that there is transparency. Such investment should not primarily benefit the private enterprise partner. There needs to be a balance of benefits between UNESCO and its private sector partners. UNESCO should always be the principal beneficiary.

## 5. Conclusions

Business, because of its importance, must necessarily play a large part in finding solutions to today's problems, if there are to be solutions. But this will require efforts and educating the public and business sectors in order for business to fully carry out its responsibilities to the public. This is not easy for any business, since it complicates management problems. It is difficult enough to make a profit for the shareholders without trying to fulfill other sometimes ill-defined if not controversial obligations of corporate social responsibility. Being responsible to shareholders alone for profit is easier than being responsible for profit to shareholders and to the interests of all the other stakeholders whose interests are diverse and subject to change. The difficulties for management of this trend towards corporate social responsibility and ethics have been recognized by a leading United States business consultant, Peter Drucker, who wrote:

"The success of management [...] has greatly changed management's meaning. Its success has made management the general, the pervasive function, and the distinct organization of our society of organizations. As such, management inevitably has become 'affected with the public interest.' To work out what this means for management theory and management practice will constitute the 'management problems' of the next fifty years." (Peter Drucker, *The Frontiers of Management* (1986) pp. 192-193).

The main conclusions of this study should be considered in the light of this statement.

### (a) Conclusions related to Chapter 2 - Some Important Preliminary Questions

In order to attract the best, strongest and most efficient partners, UNESCO will need to accelerate its internal reforms. If these are accomplished, UNESCO should become a very

attractive partner and a world-class prestigious organization.

One should recall the remarkable and important role UNESCO has played on many occasions in the past. It has acted as an international body engaged in working out ethical norms or standards of conduct (soft law) in many fields which later often find themselves introduced into treaties or enforceable national laws.

It is now time that UNESCO return to centre stage and do more of the most important work for which it was created, especially since a global society appears to be becoming more and more of a reality in many respects. There is an enormous job to be done in providing conditions for peace in a world divided by language, culture, level of science and technology, modernization and democratic governance. UNESCO is well placed to help in providing a forum for dialogue and communication between cultures and in facilitating the setting of universal minimum standards of conduct as it did in the preparation of the Universal Declaration of Human Rights<sup>16</sup>.

UNESCO is in a strategic position to help work out by discussion those aspects of globalization and modernization that should be limited or restrained for the benefit of humanity. Not everything modern is necessarily good.

The next question concerns the priority activities UNESCO should address. UNESCO's own choice of "Education for All" is simple and direct but also subtle with transversal cross-cutting themes, intersectorial and interdisciplinary work.

A last question is whether the time is ripe for UNESCO to focus on partnerships in the private sector. The answer to this question is that it is a good time to work out useful and efficient partnerships with businesses and others subject to

the conditions indicated. The private sector is important and so powerful that any realistic efforts to educate and reform society must include it as a major player. It also notes that certain elements in the present world situation support such an effort, such as recent favourable publicity for UNESCO and the UN and their increasingly important role in society. However, a national, regional or worldwide recession, if it occurs, could be a negative factor.

**(b) Conclusions related to Chapter 3 – Benefits to the Private Sector Resulting from Partnerships with UNESCO**

Business can enjoy more of the prestige resulting from UNESCO's idealistic mission and its successful accomplishments by working in UNESCO's sponsored partnerships.

Education and training of executives and employees in corporate social responsibility is something the Division of Relations with National Commissions and New Partnerships of UNESCO and other civil society entities can do through organizing partnerships with private enterprise, business schools and universities. Developing courses in CSR, with teachers drawn from the ranks of successful and/or retired businessmen, would be a natural activity for UNESCO to undertake with qualified partners. This would also help to clarify the ground rules for all UNESCO sponsored partnerships. Some business schools have begun to consider offering such courses, not only to students but to experienced executives in summer courses.

There are a number of trends in the business environment which are changing the business-as-usual attitude of corporate executives which prepare them to be better partners for the UN and its agencies. UNESCO can help supply the needs which businesses lack in becoming more socially and environmentally responsible. Business is recognizing or being forced to recognize that it must change for many reasons:

Customer pressure and political and public opinion are two important factors.

Peer pressure arising from voluntary actions of socially responsible business leaders.

Changes are also being driven by global, regional, and local NGOs whose power via the media has grown enormously in recent years. They are now capable of seriously damaging or perhaps even destroying a corporation's most valuable asset – its good will, name and reputation – a potentially lethal weapon.

Additional forces acting on the business sector include press coverage of improper business practices and new laws regulating corporate conduct as well as new use of old laws by imaginative plaintiffs' lawyers. We have also reviewed the growing level of litigation which is influencing corporate conduct and have noted that many investors now want to make ethical and "green" investments. In addition, there are many opponents of the free trade and the free enterprise system, which is synonymous with the industrialized world. This leaves the impression, in poorer countries, of an arrogant exercise of power, rather than of co-operation with others. Finally there is a growing and abundant literature being fed into public opinion and taught in universities that form the attitudes of younger generations. All these forces will surely have an effect on the business community and hopefully will motivate or force changes in corporate conduct, where needed, to move toward ethical and social responsibility as well as environmental sustainability.

Caution should be exercised, however, in overestimating the changes that will be made in the business community, since some businesses do not accept the concept of corporate social responsibility nor will they easily change their sole focus on the profit bottom-line – usually for the most part a short-term objective driven by markets. Progress in this regard will fluctuate depending on the place and the company. Nevertheless, these trends

are important because they should encourage businesses to seek partnerships with the UN as well as with UNESCO and provide strong business sector partners who will help UNESCO get action on the ground and increase the funding of its projects.

But more importantly, the trends identified above will, if they continue, induce business to adjust due to customer pressure since businesses recognize more and more that the customers are the ones who have the ultimate power to determine their success or failure. They are beginning to decide more and more, with the incitation of the press and the NGOs, what they want from business corporations in terms of conduct and products. This can be described as a new form of democracy where customers vote when they use their money to purchase products. UNESCO, like governments, plaintiffs lawyers, particularly in the United States and the United Kingdom legislators, foundations, and NGOs can help channel the pressures on business so they are as socially useful and represent the highest values we have been able to define up to now.

**(c) Conclusions related to Chapter 4 –  
Benefits to UNESCO from  
Partnerships with Business**

Strong partners from the business sector will bring extra skills – technical, managerial, administrative and others – to partnerships organized by UNESCO. It can also bring the latest knowledge, particularly in technology and knowledge of large organizations, law, accounting and many other fields. Knowledge and expertise are not only located in universities and research centers but great reservoirs are found in private businesses – particularly practical knowledge.

Large corporations often have powerful connections and influence with politicians and with society at large. A good corporate partner should be willing to contribute these assets to UNESCO partnerships to reach its objectives.

Large businesses can bring more money into UNESCO projects and programmes, particularly if the business has a hand in designing their design and execution. Thus business becomes a real active partner, an active one and not just a "cash cow" to be passively milked. This means that UNESCO like the UNDP can better leverage its own funds by securing outside investors in these projects, provided it has credibility. This credibility can be enhanced by first-class partners if the project is sound and workable.

The reform of UNESCO, its improving image, and the help the powerful and the expanding free enterprise system can bring to it are favorable factors allowing UNESCO to strengthen its influence in the world and in attracting strong partners. However, the key question is whether UNESCO will be able to attract the best companies and be successful in working with them to better perform its mission. To do so, it must deliver something of value to these companies, which think they primarily are in the business of making a profit by delivering good products and services which please their customers. Cooperation in various educational projects, with business schools or universities as partners and private businesses, appears to be a natural area of mutual interest, but others need to be found and developed where there is a real interest on the part of a business and UNESCO receives significant benefits. Some argue that UNESCO and business do not have enough in common to work efficiently together. To discover the best points of convergence of interests will be one of UNESCO's most difficult but important tasks. Designing the structure of partnerships will also be important in order to make them efficient. Combining a UNESCO bureaucracy with the structures in a business may not be an optimum design to accomplish the work to be done.

Working with small companies, particularly from the least developed countries, will also educate UNESCO personnel regarding problems these companies face and what their employees need in terms of education.



Bottom-up economic development like micro-loans seem to have worked better than macro-projects, so working with smaller business on ethical and environmental issues could also be very productive.

Even though this report is not directed to fund-raising, this activity should not be neglected. It should be carefully organized and coordinated and skilled personnel expert in this work hired. In addition, work should be done to maximize methods for donors to secure tax deductions in their respective jurisdictions, not only for their investments in partnerships with UNESCO which may even now qualify for deduction, but also for their donations. With regard to United States partners or donors, UNESCO should do what is necessary to be able to use the United Nations Foundation as a conduit for funds coming to it from the United States or make other equivalent arrangements in the United States and in other countries. In this way governments, through tax deduction, join in the funding of partnerships through their willingness to allow tax deductions.

Although mistakes will surely be made in the choice of partners from the business sector, they can be limited if UNESCO moves cautiously and builds up its internal expertise and capacity and learns through experience to do this work carefully.

#### **(d) Final Conclusions to this Report**

Education is UNESCO's major mission – how to educate and what content to teach in a world where cultural diversity continues to increase. However, though essential, education alone cannot eradicate all evil in the world. But it can help if social conditions are such that, regardless of origin and financial resources, everyone has a reasonable chance to get a good education and to accede to the highest positions in society. Unfortunately, this is not the case at present, which may account for violent reactions of those who believe they have no hope to succeed in contemporary society.

The major concern in UNESCO's Constitution is peace. "Since wars begin in the minds of men", education and equal opportunity, to the extent it can be created, must orient action into peaceful channels. However, where war is being waged or violence occurs in everyday life and poverty reigns, changing attitudes by education is difficult if not impossible. Since 1945, the victorious countries in World War II imposed peace on defeated countries and major wars were avoided up to the present. Since education is hardly possible where there is war or violence, it will need to be accomplished in peaceful countries and peace forced upon or negotiated in violent or warlike societies.

United Nations entities and UNESCO have already co-operated and created partnerships with the private sector which need to be strengthened. The free enterprise economic system (the private sector) has grown to take a more powerful position because of its influence and increasing economic and financial power in the world, compared to governments, as globalization accelerates. Many non-governmental organizations have also become powerful multinational organizations helping governments control the activities of the private sector and looking after the "public interest". UNESCO should also study the experience of some NGOs in promoting a healthier global civil society with more voluntary associations and corporate citizenship. Some NGOs have often been imaginative and entrepreneurial in developing strategies for resource mobilization<sup>17</sup>.

With good press and renewed energy, UNESCO can begin to take the leading roles it can properly play and for which it was designed. The momentum now needs to be accelerated through more internal teamwork and new dynamic partnerships with private enterprise, universities and civil society. UNESCO's method of reaching this goal includes providing renewed leadership in the "collection, assessment and re-dissemination of the knowledge and experience available around the world", as defined by Koïchiro

Matsuura. In the future UNESCO could become an even more effective partner in creating useful knowledge by its choice of the most important and urgent subjects to be studied, its employment of world-class leaders to do this important work and its organization of conferences and research on these subjects. UNESCO's power to determine what should be on its agenda is an important function that has now been skillfully accomplished.

UNESCO's work in setting standards in Education, Science, Culture, and Communication should lead to better understanding between peoples of different cultures. This is

the goal expressed by Kofi Annan, when he accepted the Nobel Prize for the United Nations and himself when he said: "We can love what we are, without hating what and who we are not". Producing better understanding, tolerance, if not love, and "soft law", are a means to lead to more peace and are a valuable contribution that UNESCO can make.

These actions will be UNESCO's continuing journey into the future if it is faithful to its mission. The Organization should go forward with its present agenda and adapt it to present and future needs in order to get results.

## 6. Recommendations as to Future Operations – Principles and Procedures

- (a) Enhance and optimize UNESCO performance. Accomplish the present reorganization as rapidly as possible in order to enhance the prestige of UNESCO. However, prestige alone will probably not be a sufficient incentive to drive a dynamic partnership programme.
- (b) Recruit the most talented, energetic and idealistic people to work for UNESCO, including leading business and professional persons and make an intelligent choice of personnel from UNESCO and its networks to work in these new partnerships. Early retirement of many talented corporate executives and professional people constitute a rich and growing pool of talent, due to increased life-expectancy, which should not be overlooked.
- (c) Constitute a Senior Advisory Group for UNESCO to help facilitate cooperation with the private sector with strong representation from the business community to provide the necessary expertise.
- (d) UNESCO will need to study and design new partnerships, programmes and projects with businesses, universities and others which should motivate desirable private-sector partners to work with UNESCO. After careful study UNESCO also should prepare an inventory of the companies it believes should be the best partners and not passively wait for offers of partnership by companies.
- (e) Centralize information and control in appropriate units of UNESCO for partnerships and fund raising without destroying individuals' efforts and initiatives in the various divisions and units which must be deeply involved.
- (f) Focus efforts on UNESCO's main purpose: education and its other related priorities.
- (g) Limit the number of new partnerships formed by UNESCO until UNESCO develops more capacity, expertise and experience and can properly evaluate or have a third party evaluate existing partnerships.
- (h) Develop guidelines and procedures which will maximize the chances of a right choice of business partners – a most important decision.
- (i) Foster partnerships, not only with the business community, but with other partners in civil society such as governmental entities, universities and others where appropriate.
- (j) Ensure close monitoring of partnerships ("Contrôleurs de gestion").
- (k) Conduct periodic internal audits of UNESCO's efforts to organize partnerships.
- (l) Organize, professionalize and improve fund-raising – take steps to insure the tax deductibility of funding and gifts in donor countries to encourage more outside financial support. Co-ordinate new partnership activity with new fund-raising efforts.
- (m) Co-operate with other educational and not-for-profit organizations.

- (n) Co-ordinate partnerships' activities with other UN agencies.
- (o) Reinforce protection of names, trademarks and "brand name" (UNESCO's intellectual property) as they become more valuable. Centralize their management and control. This will contribute to the promotion of stronger partnerships, facilitate policing of their unauthorized use and enhance UNESCO's ability to better control its intellectual property policy. At present, there are significant violations by third parties that are occurring so specialized personnel should be charged with this policing responsibility.
- (p) As a part of its new partnership effort, initiate a study of a UNESCO partnership for a business and ethics programme with the private sector, business schools and universities to prepare courses, train teachers and promote the proper ethical and environmental conduct (corporate social responsibility) for business, in accordance with the best standards and norms that others and UNESCO can formulate.

## 7. End Notes

1. The term "private sector" in this paper means those entities engaged in business, i. e. not government organizations, except for those government-owned organizations engaged in business. The private sector as used in this paper is not considered part of civil society even though the power it exerts in civil society often far exceeds those of civil society organizations, i. e. citizens and organizations of citizens, associations, and organizations like Greenpeace, Civicus, World Wild Life Fund (commonly referred to as non-governmental organizations or NGOs). Foundations will be considered separately as foundations, even if financed partly or wholly by businesses.

Article 10 of the European Convention on Human Rights, as confirmed by the Cour de Strasbourg 22 May 1990 in *Autonet vs. La Suisse* Série A178, provides that companies benefit from human rights under this convention. In the United States they also benefit from protection of the Bill of Rights and other constitutional guarantees. When one also considers the powerful lobbying influence and the contribution of large campaign funds in some countries, the relative power of a large business compared to the individual citizen is massively greater. Although for the purposes of this paper businesses are considered separately from civil society, it is obvious that their effect on government and civil society is enormous.

2. [A] Partnership with a private sector entity, i. e. the business community, means an agreement between (...) [UNESCO] and a private sector entity to work together for a common purpose, with the parties committing resources (financial, personal and/or technical) to agreed activities, to be implemented by the parties in accordance with terms of the agreement. This definition is from *The World Bank Group, Business Partnership and Outreach Group - Briefing Note No. 1* - web: <<http://www.worldbank.org/business/03assessment.html>> (see under "Briefing Notes": Business Partnership: *Definition & Approval* (<<http://www.worldbank.org/business/briefings/note1.pdf>>).
3. United Nations. *The United Nations and Business - Working with the UN System: New Dimensions in Cooperation: Case Studies from the UN System*. <<http://www.un.org/partners/business/cases.htm>> (viewed 1/1/2002).

OECD. 2001. Corporate Social Responsibility - Partners for Progress. OECD Code 042001131P1.

Corporate Social Responsibility is businesses' contribution to sustainable development. This book illustrates that partnerships provide a powerful mechanism for helping firms become socially responsible. It includes the results of a 15 November 2000 Round-

Table Conference "Partners for Progress – Towards a New Approach to Corporate Social Responsibility".

In "Part I / Corporate Social Responsibility in a Global Economy / Overview of Discussions", Mary Robinson, UN High Commissioner for Human Rights, is quoted: "Business decisions can profoundly affect the dignity and rights of individuals and communities... It is not a question of asking business to fulfil the role of government, but of asking business to promote human rights in its own competence."

UNESCO. 1999. *160 EX/40: Private Sector Involvement and Cooperation with United Nations System*. UNESCO Joint Inspection Unit, JIU/Rep/99/6

4. Tu Weiming in *Family, Nation, and the World: The Global Ethic as a Modern Confucian Quest*, Carfax Publishing Ltd., Social Semiotics, Vol. 8, Nos 2/3 (1998), wrote:

"The modern West's dichotomous mode of thinking (spirit/matter, mind/body, physical/mental, sacred/profane, creator/creature, God/man, subject/object) is diametrically opposed to Chinese habits of the heart.

[...]

The possibility of a radically different ethic or a new value system separated from and independent of the Enlightenment mentality is not realistic. It may even appear to be either cynical or hypercritical. We need to explore the spiritual resources that may help us to broaden the scope of the Enlightenment project, deepen its moral sensitivity, and, if necessary, creatively transform its genetic constraints in order to realize fully its potential as a worldview for the human community as a whole.

A key to the success of this intellectual joint venture is to recognize the conspicuous absence of the idea of community, let alone the global community, in the Enlightenment project. Fraternity, a functional equivalent of community in the three cardinal virtues of the French Revolution, has received scanty attention in modern Western economic, political and social thought. Willingness to tolerate inequality, faith in the salvific power of self-interest, and unbridled affirmation of aggressive egoism have greatly poisoned the good well of progress, reason, and individualism. The need to express a universal intent for the formation of a 'global village' and to articulate a possible link between the fragmented world we experience in our ordinary daily existence and the imagined community for the human species as a whole is deeply felt by an increasing number of concerned intellectuals. Understandably, the basic unit in any society, past and present, namely the family, looms large in

contemporary political discourse. The idea of global stewardship implicit in this line of thinking demands a new ethic significantly different from the Enlightenment mentality."

There is much work to be done to increase the universality of the Universal Declaration of Human Rights to better embrace all cultures. See Franck, Thomas M. Jan./Feb. 2001. *Are Human Rights Universal?* New York, Council on Foreign Relations, Foreign Affairs.

5. Benedict, Ruth. 1950. *Pattern of Culture, An Analysis of Our Social Structure as Related to Primitive Civilizations*. Mentor Book. The author demonstrates that in primitive societies truth and virtue depend upon the culture of the society. One poor culture seemed to produce a less ethical society if viewed from western culture.

François de Bernard in his contribution to *Dictionnaire critique de la mondialisation*, GERM, Editions Le pré aux clercs, on cultural diversity, suggests that globalization, which is above all the imposition of the economic laws upon all other activities, can only bring a matrix to other activities by making them efficient. Globalization, he describes as an immoral mother who conceives and raises her children only to collect their income. She is possessive and selfish. However, he notes there should also be a globalization of cultures, i.e. making available for more people to discover, exchange and share the infinite variety of cultures in the world.

6. Camdessus, Michel. 2001. "La réduction de la pauvreté dans le monde : un devoir international ?". In *Rapport moral sur l'argent dans le monde en 2000*. Paris, Caisse des dépôts et consignations & Association d'économie financière, pp. 97-104. Also see in the same publication Join-Lambert, Marie-Thérèse. 2001. "La pauvreté en France et en Europe". p.443.
7. Fortunately, many leading educational and research organizations have recognized the need for international interdisciplinary (*pluridisciplinaire*) education. The University of Paris Dauphine <<http://www.dauphine.fr/>> combines courses in management, applied economics, information technology relating to management, applied mathematics, sociology of organizations and law. A leading example of an interdisciplinary organization in the United States is the Santa Fe Institute <<http://www.santafe.edu/>>, where interdisciplinary conferences and courses are given including a summer school on complexity.
8. Also see Simon, Herbert A. 1994. *The Architecture of Complexity in the Sciences of the Artificial*. MIT Press, 2<sup>nd</sup> Edition, Chapter 7.
9. International Olympic Committee. 2000. "Olympic Marketing Revenue Distribution". In *Olympic facts and figures*. <<http://www.olympic.org/ioc/e/facts/>

[marketing/mark\\_intro\\_e.html](http://www.olympic.org/mark_intro_e.html)> (viewed June 2001). Funds from Private Sources such as broadcast rights fees, sponsorships, supplierships, licensing, ticket revenue, coin and philatelic programs were budgeted to generate in excess of USD 3.5 billion for the Olympic quadrennium 1997-2000 and 3.7 billion for the years 2001-2004 (32% sponsorship, 55% television, 10% tickets and hospitality, 2% licensing, 1% others).

10. Dodd Jr., E. Merrick. 1932. *For Whom are Corporate Managers Trustees?* Harvard Law Review, XLV No.7, pp.1146-1163. He expresses the view that public opinion ultimately makes law and a corporation is an institution with social service as well as profit-making functions.
11. The author is indebted to United States lawyers Gerald L. Maatman Jr., and David Hackett, to Australian lawyer Martijn Wilder, to British barrister James Cameron (professor at College of Europe, Bruges, Belgium), and to Swedish lawyer Claes Cronstedt, who provided most of the information in this section (vi), the previous one (v), and a portion of the next section (vii). They specialize in corporate social responsibility issues, i.e. human rights, employment law, natural resources, trade, and environmental law.

See also *Litigation Against Multinational Companies is Increasing*, an article in which Claes Cronstedt points out that parent companies are being subjected to litigation for wrongs committed by their subsidiaries or companies they allegedly control (joint ventures). He notes that in January 1999 the European Parliament voted to create a legally binding set of regulations for European multinational companies in developing countries which would clarify what rules should apply. Presumably existing international standards such as ILO's regulations, OECD's guidelines for multinational companies and the fundamental rules on human rights in the UN Declaration of Human Rights will be taken into account. Mr. Cronstedt believes courts, especially those in common law countries, will further accelerate the trend toward more active enforcement of corporate social responsibility rules.

Claes Cronstedt is a member of the Board of the Swedish Amnesty International Business Group [<<http://www.amnesty.se/business>> (viewed 1/1/2002)], and a member of the Board of International Alert [<<http://www.international-alert.org>> (viewed 1/1/2002)], an organization which works with conflict prevention in developing countries. He also played a leading role in initiating the Wallenberg litigation in the United States against the Soviet Union requesting millions of dollars in damages to force this country to release Raoul Wallenberg, if alive, or to give information relating to his death. Mr. Wallenberg, a Swedish diplomat, helped many Jews escape from Nazi authorities in Hungary during World War II.



In a recent article, *A Tainted Trademark. A Hard-Earned Lesson*, a private paper, Claes Cronstedt points out that a company's unethical social behaviour can cause massive damage to its trademark and reputation, so a careful review of a company's corporate social responsibility policies is a necessity to prevent such damage.

In a recent private paper by James Cameron, entitled *Access to Justice and Litigation Involving Multilateral Corporations*, the author notes that Article 6 of the European Convention on Human Rights can serve as a basis – an implied right to sue – for human rights violation in British courts. It is possible that other member states will follow the same tendency. He also notes that the defense of *forum non conveniens* may not require litigation take place outside of British courts where a British parent company is concerned even if the alleged wrongful action occurred in a foreign country. British courts have exhibited an increasing desire to protect plaintiffs' rights in three cases. The conclusion that Barrister Cameron draws is that it is increasingly difficult for parent companies in the United Kingdom to argue that they are not responsible for activities of their subsidiaries when workers are injured or the environment is damaged.

Mr. Cameron concludes that "our society has noted the shift in power to private corporations" and "there is now an expectation that responsibility will come with that power". International legal experts may attempt to propose legislation or a treaty to set out general rules of court jurisdiction.

It is noteworthy that the World Bank allows NGOs to participate in proceedings before its Inspectors' Panel brought to hold it accountable for non-compliance with its own "operational policies and procedures".

So far, NGOs are not allowed to bring an action before international courts and become third parties in international judicial proceedings but they can claim human rights violations provided they are victims. There is a question whether they can file an *amicus curiae* brief in international judicial proceedings. NGOs participation is crucial, not only at the project level but also in the Global Environmental Facilities policy-making.

NGOs can also make submissions to the Secretariat of the Commission for Environmental Cooperation of the North American Agreement on Environmental Cooperation. [See Beyerlin, Ulrich. 2001. *The Role of NGOs in International Environmental Litigation*. TLA Committee in Transnational Enforcement of Environmental Law, Washington Meeting].

12. Edgar Morin, a leading French sociologist, expresses a similar view. He believes that economic development, even if sustainable, leads to an ethical and spiritual underdevelopment. He believes that, unfortunately, world governance, with politics geared toward humanity and civilization, is not possible at

present and its birth, if it is not to be aborted, will be long time in coming. He calls for world citizenship, a world civil society and a strengthening of the United Nations (Edgar Morin. 26 Mar. 2002. *Une mondialisation plurielle*. Le Monde, pp. 1, 19).

George Soros, an astute financier who made a large fortune in world financial markets has expressed similar sentiments when he said "I'm very critical of market fundamentalism -- the belief you can leave everything to markets. Markets are eminently suitable for wealth creation, the allocation of resources among private needs. But they are really not designed to take care of social objectives, collective or common objectives. [...] It is generally acknowledged that the gap between the haves and the have nots is getting wider, and that is a basis for growing disenchantment and distress. [...] There needs to be a parallel track that seeks to improve the economic and political conditions in the world. Without it, the world is going to get more and more polarized. That, in a way, serves to accomplish the purpose of the terrorists. [...] I'd like to make it clear that entrepreneurs, and the private sector generally, have something very valuable to contribute, but it cannot be counted on to bring systemic improvement." He added that there is growing awareness on the part of corporations that 'public goods' are a precondition for economic growth. "But one has to recognize that particularly corporations -- their objective is to make a profit. Therefore, whatever philanthropy they engage in ... is definitely subject to this constraint of serving interests of the donor first and the recipient second. It's built into corporate philanthropy." (See David Bank. 14 Mar. 2002. *Soros Insists Government Funding Must Raise Philanthropy for Gains*. Wall Street Journal, p.2)

13. Putnam, Robert. 1993. *Making Democracy Work: Civic Traditions in Modern Italy*. Princeton University Press. The author describes social capital in some Italian municipalities made up of networks, norms and trust that facilitates cooperation and has made some municipalities function better and become wealthier than others where there is unco-operative and unethical behaviour.
14. Dent Jr., George W. Nov. 2001. *Gap Fillers and Fiduciary Duties in Strategic Alliances*. In *The Business Lawyer*, Vol. 57, No.1, American Bar Association.

In the United States, care should be exercised by non-profit corporations which joint-venture with for-profit corporations to be sure the former reserve full management control, otherwise the non-profit corporations will not secure tax exempt status. *Redlands Surgical Services v. Commissioner*, 242 F.3d 904 (9th Cir. 2001) and *Plumstead Theatre Society, Inc. v. Commissioner*, 675 F.2d 244 (9th Cir. 1982) cited in Stephen M. Albrecht M.P.H., "Note - Joint Ventures Between Non-Profit and For-Profit Healthcare Providers: *Redlands Surgical Services v.*

Commissioner", *Tax Lawyer*, Vol. 55, No. 1, Fall 2001, pp. 309-318.

15. As a result of a conference held in Evian in 1969, the International Standing Conference on Philanthropy (Geneva) (Interphil) was formed. It asked M. B. Ludwig, a Swiss lawyer, to draft a European Convention on the Tax Treatment in Respect of Certain Non-Profit Organizations. This draft was discussed in November of 1970 at the Secretariat of the Council of Europe. The Commission of the European Communities requested and had a report on this convention prepared by Professor Claeys Bonnaert, a Belgian lawyer. The draft was revised by a committee of experts and a report prepared by J. van Hoorn Jr., a Dutch tax expert. The Council of Europe, based on the report of the Legal Affairs Committee Doc.3052, recommended (Recommendation 656) in 1972 that the Parliament Assembly's Recommendations "Invite the member governments to study the possibility of removing the juridical and fiscal obstacles to an increase in international activities by non-profit organizations with a view to promoting greater European Solidarity" and "examine the possibility of concluding a European agreement in this field." See also <<http://www.nonprofits.org/npofaq/12/08.html>> (viewed 1/1/2002) for a list of non-profit organizations active internationally except those in the United States and Canada. Unfortunately, comments of the governments and the OECD did not favor such a tax treaty because it was said that the deductibility provisions in each country are all different. If European tax harmonization occurs, then this subject can be re-examined and decisions taken, so
- there is a common market in philanthropic gifts as well as in commerce. See Parliamentary Assembly of the Council of Europe. 3 Jan. 1976. *Recommendation 656: on tax treatment of non-profit organisations. In Statutory Report. Communication on the activities of the Committee of Ministers. Third part of the 27<sup>th</sup> Ordinary Session of the Assembly (January 1976)*. Doc. 3707, pp.5-6.
16. UNESCO's work on these problems began in 1947 when Julian Huxley, UNESCO's Director sent the poet Archibald MacLeish to the Human Rights meeting in the United States to apprise the Commission of UNESCO's interest in their work. This "philosophers' group" was a committee on the Theoretical Bases of Human Rights, for whom Jacques Maritain was its most active member. The committee sent a questionnaire to statesmen and scholars around the world including such notables as Mohandas Gandhi, Pierre Teilhard de Chardin, Benedetto Croce, Aldous Huxley, and Salvador de Madariaga soliciting their views on the idea of a universal declaration of human rights. This vitally important work undertaken by UNESCO is described in a new book by Mary-Ann Glendon, *A World Made New, Eleanor Roosevelt and The Universal Declaration of Human Rights*, Chapter 5 "A Philosophical Investigation", New York: Random House (2001) pp.73-78.
17. See *Promoting Corporate Opportunities for Business and Civil Society Engagement*, Civicus, World Alliance for Citizen Participation (1999) and *Sustaining Civil Society, Strategies for Resource Mobilization*, Civicus (1997).

## **ANNEXES TO THE REPORT**

## ANNEX I

## Overview of Present UN Partnerships with the Private Sector

**(a) The Global Compact**

On January 31, 1999 at Davos, the UN Secretary-General Kofi Annan initiated a new policy in challenging and inviting world business leaders to "embrace and enact" the Global Compact in their companies and to support appropriate public policy to ensure its acceptance. This Compact with the private sector would bind the latter to respect human rights, follow fair labour practices and act responsibly to safeguard the environment by promoting sustainable growth. The Compact was designed to meet two goals: safeguard open markets and underpin them with social values. As a result, businesses are invited to integrate the aims of the Global Compact into their business strategies in addition to making a profit. On another occasion, Kofi Annan noted that most businessmen justifiably think they have helped to make this world better, safer and happier since it is primarily business enterprise that has created and continues to create wealth. Wealth has been an indispensable tool to reaching a higher standard of living, better education and a higher quality of life for many millions of people. Unfortunately billions of humans alive today are unable to share in this wealth. [See <<http://www.un.org/partners/business/cases.htm>> for case summaries describing private sector partnerships from fifteen different organizations in the UN system].

Referring to the United Nations Fund for International Partnerships (UNFIP) set up in 1998, the public charity in the United States responsible for channeling the USD 1 billion contribution in support of UN causes made by Ted Turner, Kofi Annan stated "This successful partnership serves as a model to demonstrate my commitment to engage the private sector

in a concrete manner. Jointly, we can work together in addressing the world's problems." [see <<http://www.un.org/unfip/>>, and <<http://www.unfoundation.org/>> and <[http://www.unfoundation.org/grants/index\\_women.asp](http://www.unfoundation.org/grants/index_women.asp)>].

**(b) The Secretary-General's Report on Co-operation between the UN and all relevant partners, in particular with the private sector (28 August 2001)**

This report gives a clear picture of views of the member states and others of the different types of co-operation with the private sector *i.e. Policy dialogue, Advocacy, Mobilizing Private Funds, Information and Learning, and Operational Delivery*. It also reviews the Global Compact which is described as a multi-stakeholder learning, dialogue and action network that embraces several types of co-operation mentioned above and gives background as to the UN units which participated in agreeing to the nine principles set forth in the Global Compact. Several hundred companies are currently engaged in the network two-thirds of which are from more than a dozen developing countries.

The Global Compact is "based on the conviction that weaving universal social and environmental values into the fabric of existing economic rules, global markets, and corporate practices will help advance broader societal goals and address some of the downsides of globalization while supporting open markets. The Global Compact is not intended as a corporate code of conduct [...] rather it should be viewed as a values platform and learning network". The compact has a "three-pronged implementation strategy: learning, dialogue, and action".

This report continues with a section on managing co-operation with the private sector which includes sections on guidelines and modalities, management structures and capacities and involvement of the private sector from developing countries to adequately reflect UNESCO membership and the potential role of the private sector.

The contents of the important Millennium Declaration are also discussed, which include reaching peace, security and disarmament, development and poverty eradication, protecting our common environment, human rights, democracy, and good governance, protecting the vulnerable in responding to the particular needs of Africa, the growth of micro-enterprises and the empowerment of women.

In the conclusion of this report, note is taken of the number, diversity, and influence of non-state actors which has "grown dramatically in the last ten years [...]" who are "engaged to an unprecedented degree in most areas of the United Nations endeavour".

Annex 1 defines the private sector as individuals in business, commercial enterprises, business associations and coalitions but excludes corporate philanthropic organizations since they operate with complete independence from the governance structures of any corporations.

Annex II gives fifty-six examples of existing partnerships and divides them into the following categories :

A. Global public policy networks such as Global Alliance for Vaccines and Immunizations.

B. Voluntary standard initiatives on sustainable development such as the Global Reporting Initiative and the Tour Operators Initiative for sustainable development (tourism is the largest industry in the world).

C. Advocacy and Fund Raising Partnerships such as UNICEF. The Netaid Foundation is

another. This is a partnership with CISCO Systems, UNICEF, UNDP and the United Nations University founded by the Listwin Family Foundation, an online community with the mission of informing people regarding poverty issues and empowering them by linking volunteers to take action through online volunteering or donations on the internet.

D. Partnerships to facilitate private investment such as Microstart, a global pilot initiative to identify and build a new generation of reliable micro-finance institutions. This is managed by the UNDP.

E. Global Knowledge and Learning Networks which include the World Bank Group's Business Partners for Development. The Global Water Partnership is also included in this category. It shares experience in sustainable management of water resources and has built up a network of regional technical committees.

F. Operational delivery partnerships which include the Refugee Registration Project with support of the Gates Foundation to design and deploy a refugee registration system. Another is the joint UN Programme Tackling AIDS in Africa with Coca Cola and its local bottling entities as a partner, the largest private sector employer in Africa.

G. Country level co-operation which has been organized to carry on work controlling malaria in Azerbaijan and on reducing child labour in garment manufacturing elsewhere.

H. Building partnerships, i.e. building capacity in developing countries as does Empretec which assists and trains personnel in promising small and medium-sized enterprises in developing and transition economies helping them to grow, internationalize and form successful joint-ventures and other business linkages with transnational corporations.

I. Partnerships to Address Global Health Issues such as the Global Polio Eradication Initiative,

a partnership with WHO and UNICEF, Rotary International (1.2 million business and professional leaders in 163 countries), and the International Partnership Against AIDS in Africa, a coalition of African governments, the UN, donors and the private and community sectors.

J. Partnerships to address global environmental issues such as the Global Environmental Facility, an innovative institutional mechanism facilitating inter-agency cooperation and hundreds of consultations and partnerships with donor and recipient governments, development banks, the scientific and technical community, non-governmental organizations and the private sector. It finances and supports more than one hundred and fifty projects carrying out practical actions in the following areas: biodiversity, atmosphere, climate change and ozone depletion, international waters and land degradation. The Prototype Carbon Fund falls into this category of partnerships. It is a public-private partnership supported by governments and the private sector set up to "show how project-based emission-reduction transactions can promote [...] sustainable development" and to "learn by doing and develop a knowledge-base of processes and practices that facilitate climate-friendly investment". Another partnership listed in this category of partnerships is the Clean Air Initiative to improve air quality in cities.

This report ends with Annex III UN Guidelines for Partnerships with the Business Community. Appendix II sets forth rules for use of the United Nations name and emblem by the business community.

This document gives a full report on the path-breaking activities of the UN in mobilizing the private sector to carry out its mission, often with the public sector and other partners. An obvious conclusion is that, to do this, the UN agency concerned, (in this case UNESCO) needs to work on building up its capacity to design, organize and manage such partnerships which are often complex arrangements.

**(c) Private sector involvement and co-operation with the United Nations System (JUI/REP/99/6, Geneva, 1999)**

Convincing arguments are made by the authors, Francesco Mezzalama and Louis-Dominique Quedraogo, as to why the UN system should strengthen its partnerships with the private sector. This report was forwarded to the Executive Board of UNESCO on August 22, 2000 with the Director-General's favourable recommendations for action.

This Joint Inspection Unit points out that the UN system and the Development Banks already have enormous connections with the business community. It is estimated that the value of opportunities arising for business approach USD 30 billion annually. Thus strong relationships with business already exist.

The private sector has had a close co-operation with the UN and the Economic Commission for Europe (ECE). The United Nations Conference on Trade and Development (UNCTAD) relies on the private sector to provide an international standard for accounting and reporting. The oil, chemical and shipping industries contribute to the regulatory work of the International Marine Organization (IMO) in the field of maritime safety and marine environment protection. The same is true for the work of the Food and Agriculture Organization (FAO) in producing normative programs (Codex Alimentarius). This agency has also prepared a strategic document, *Strategy for FAO/Private Sector Partnership to Achieve Food Security*, to provide a framework for action with the private sector. The World Intellectual Property Organization (WIPO) has worked closely with the private sector for over a century developing norms for intellectual property.

Small and medium-sized enterprises (SMEs) in developing countries have been the main clients of UN programmes. The International Trade Centre (ITC) focuses on SMEs as the main target of its trade promotion, advice on



product development, marketing, and training.

The International Labour Office (ILO) estimates that it has trained 100,000 entrepreneurs in more than seventy countries. The United Nations Industrial Development Organization (UNIDO) estimates it has helped 22,000 SMEs and has set up information networks to help businesses succeed.

The Joint Inspection Unit underlines a new attitude in the UN "to embrace the private sector and cooperate with business rather than confront it".

The Secretary-General, as early as 1998, spoke of the UN and the private sector overcoming a legacy of suspicion and bridging their differences and by working together to become a stronger force. The UN has evolved in its attitude toward the private sector.

Business in turn has changed its attitude to realize how important are adequate institutional frameworks provided by governments and that a strong UN is good for business.

UN leaders have also stressed that the primary objective of private business partnerships with the UN was not fund-raising but to espouse the values of the UN, channeling investments toward the least developed countries and certain socio-economic sectors and to build a strong new constituency for the United Nations organization as a whole, i.e. not only has the UN been supported by governments but by the growing powers of the private sector in skills and other resources, including financial. In other words, the United Nations is not "simply after the private sector's money". It needs a much closer, creative, fertile and richer network of relationships which will benefit the private sector as much as it will UNESCO, a real and successful relationship of co-operation and partnership.

The JIU report noted that UNEP has succeeded in working very closely with commercial

banks and investments and insurance companies to encourage the incorporation of environmental concerns into their business priorities and their core business operations, which has had a large ripple effect throughout the economy. UNEP is also doing this in other business sectors aimed at promoting responsible entrepreneurship in environmental matters.

The report states that it is imperative to inform and highlight to the private sector all benefits, direct and indirect, that accrue to it from the work with the United Nations. This has resulted in the development of a most informative website <<http://www.un.org/partners>>.

In addition the authors of this report note that all focal points in all UN agencies, funds and programmes should be created and staffed with appropriately trained officials, who can receive training at the UN Staff College, to develop a cadre of "partnership brokers" whose Consultative Committee on Programme and Operational Questions (CCPOQ) builds core competencies for effective partnerships between the UN, business and civil society.

It is stated that the UN should assist in bridging the differences between NGOs and business without harming its relations with either group, because these efforts have proved to be win/win situations for all partners. NGOs may also be helpful in assessing the value of the UN's cooperation with certain businesses.

Mezzalama and Quedraogo ask for a commitment by Member States to develop through multilateral channels, the normative, economic and technical infrastructure that facilitates prosperity for business at the international level. Governments must provide the favorable environment, including enforcing respect for human rights and institutions – judicial, executive, and legislative – in order for business to flourish, facilitating privatization where appropriate, and to be efficient as one of the motors in society creating wealth for all.

Chapter III entitled "A Rewarding but Complex Relationship" in Section A. (a) "Mobilizing Private Sector's Resources for UN Programmes" describes how resources have been mobilized from the private sector in the past.

The JIU report notes on Page 8 that UNESCO only receives 2 to 4 % of its overall extra-budgetary resources over recent years from the private sector. It might be concluded that such a small amount indicates a lack of interest, lack of know-how and a lack of understanding of how much the private sector could leverage UNESCO's actions through active partnerships. However, there may be massive potential in the long run in the private sector for funding, provided conditions are right and real partnerships are built.

Other agencies have done better. The World's Health Organization has been promised a substantial private donation by a mining and trading company to fund National Immunization Days in Angola and to assist WHO in polio eradication in that country. Presumably, any employer will benefit from his employees' good health.

UNICEF has raised over USD 18 million with the help of airlines in collecting leftover currency from passengers. The Economic Commission for Europe raised USD 1.5 million from the private sector.

With regard to in-kind contributions, the JIU report cites a number of examples as follows:

- During the Kosovo refugees' crisis, a leading computer software company provided computer support to the United Nations High Commission for Refugees (UNHCR), which included registration kits, computers, digital cameras and specialized ID card printers.
- A pharmaceutical company donated drugs over a long period of time to combat river blindness.
- One hundred and twenty-six enterprises provide assistance to United Nations Population Fund in AIDS prevention. Other companies lend technical experts.
- Making staff available to UN offices is another possible way to cooperate although it needs to be carefully done to avoid many practical and ethical difficulties.
- The Economic Commission for Europe has 3.5 % of its personnel in the Secretariat on loan from the private sector.
- It notes that the loan of personnel often brings expertise to specific sectors (steel, chemicals, gas, etc.). These people often bring a more practical approach to the issues addressed and their companies benefit by acquiring a broader view of the problems of their sector. UNEP is fully in favour of this practice.
- Nowhere has this system been developed to the extent of the World Bank through its well established Staff Exchange Programme, which takes employees from primarily large companies for two years. The companies hope to develop long-lasting relationships, cultural exchanges and enhance their skills – all of which should be of benefit to them.
- Some companies finance research projects.
- Others help with advertising, marketing, public advertising and communications, and Internet expertise to raise the profile of certain UN operations and to make other programmes more effective. Superior Internet expertise is clearly in the private sector. Reaching out to young people is critical in the fight against the AIDS epidemic.
- The report noted that it would be impossible to prepare an exhaustive list of projects undertaken by UN agencies, funds and

programs, but it notes that strong technical expertise and practical concrete objectives are the precious elements brought to the UN organizations by the private sector. The report gives an impressive summary of such partnerships on page 10. The diversity of these projects is astounding.

- The UN organizations also play an important role in encouraging private investments in critical development areas – micro-finance sometimes referred to as "the next emerging market".
- Not only is the UN involving private enterprise in the operational level but also in the policy-making level as the ILO has done for many years with representatives of the employers and employees.
- More recently this is occurring in the telecommunications, environmental, meteorological services, intellectual property or other technical and scientific fields particularly where new knowledge is emerging.
- The International Telecommunications Union with its 188 member state members also has 580 "Sector Members" which come largely from the private sector. They participate in the policy guidelines. The ITU hopes to increase the number of Sector Members to 1000 by 2002.

At the Rio Earth Summit in 1992, business-and-industry was identified in Agenda 21 as one of the major groups whose participation should be sought by the UN in setting strategies and policies for sustainable development. In this regard, the General Assembly has begun to seek advice from the business community.

After outlining the already important participation of the private sector, the report goes on to list some of the difficulties encountered:

- Weak normative framework, i.e. no uniformity on financial rules, few rules set up for relations to private sector, the use of the

UN name and emblem need clarification, how donors can be acknowledged, and so on.

- Selection of partners – the exercise of due diligence should be the rule. This is complicated by cross-ownership of companies. Most companies have in the past sometime been subject to some controversy and like human beings, they are not always perfect.
- The need to appropriately acknowledge contributions and preserve the integrity of the UN. The present rules vary greatly. The UN should avoid favouring one company over another unfairly and should not promote a company's business, products, or services.
- Conflicts of interest and undue influence. It is essential that the UN be neutral and not become a hostage to any private interests due to the economic or financial power of the business involved.

The report also discusses the dangers of working with the private sector and outlines how effective tools can be developed to avoid these. The relationship is complex between the UN and business, due to the different primary aims of each group. Many UN activities are more complex and long-term than the imperative goal of business which is to make a profit in the short term. However, the challenge is to identify win/win activities both for the UN and business. This requires much imagination and educating both partners in many cases.

Annex 1 of the report summarizes the guidelines of several agencies – UNICEF, WHO, FAO, and UNESCO (the latter relating to fundraising), Annex II lists the current list of focal points in each agency.

Annex III is the General Assembly Resolution 92I of December 7, 1946 which provides as follows:

### ANNEX III

Extracts from General Assembly Resolution 92(I) of 7 December 1946, Official Seal and Emblem of the United Nations.

The relevant part of the resolution reads as follows:

"2. Considers that it is necessary to protect the name of the Organization and its distinctive emblem and official seal;

Recommends, therefore:

- (a) That Members of the United Nations should take such legislative or other appropriate measures as are necessary to prevent the use, without authorization by the Secretary-General of the United Nations, and in particular for commercial purposes by means of trade marks or commercial labels, of the emblem, the official seal and the name of the United Nations, and of that name through the use of initial letters;
- (b) That the prohibition should take effect as soon as practicable [...]."

It allows members of the UN to take measures necessary to stop the use of the UN name, and official seal of the UN, unless authorized by the Secretary-General. As we shall see below in the UN guidelines, each UN agency is invited to make its specific rules subject to the approval of the Secretary-General.

Annex IV states the UN Staff Rule 101. 6 relating to Outside Activities and Interests which provide as follows:

- "(a) Staff members shall not engage in any continuous or recurring outside occupation or employment without the prior approval of the Secretary-General.
- (b) No staff member may be actively associated with the management of, or

hold a financial interest in, any business concern if it were possible for the staff member to benefit from such association or financial interest by reason of his or her official position with the United Nations.

- (c) A staff member who has occasion to deal in his or her official capacity with any matter involving a business concern in which he or she holds a financial concern shall disclose the measure of that interest to the Secretary-General.
- (d) The mere holding of shares in a company shall not constitute a financial interest within the meaning of this rule unless such holding constitutes a substantial control.
- (e) Staff members shall not, except in the normal course of official duties or with the prior approval of the Secretary-General, perform any one of the following acts, if such acts relate to the purpose, activities or interests of the United Nations:
  - (i) Issue statements to the press, radio or other agencies of public information;
  - (ii) Accept speaking engagements;
  - (iii) Take part in film, theatre, radio or television production;
  - (iv) Submit articles, books or other material for publication."

This report on August 12, 2000 was transmitted to the Executive Board by the Director-General together with comments by the Administrative Committee on Coordination (ACC).

The Director-General of UNESCO agrees that the nature of the objectives of the partnership

between the UN System and the Private Sector needs to be further clarified in the UN system itself. He expressed his willingness to share UNESCO's guidelines for fund-raising and its guideline for Selecting Partners and the use of its name and logo with a view to agreeing on system-wide guidelines. He further advised of his general agreement with the recommendations in the JIU report of 1999 and expressed his wish to continue his collaboration with the UN system "with the aim of working out suitable mechanisms for information sharing and best practices with regard to relations with the private sector to insure consistency of policy and harmonization of relevant procedures throughout the United Nations System."

**(d) Partnerships with The Private Sector  
- UN Guidelines (17 July 2000)**

The Secretary-General, Kofi Annan, has illustrated his vision by this statement: "Thriving markets and human security go hand in hand; without one, we will not have the other. "

The guidelines issued for co-operation between the UN and the Business Community cover Background, Purpose and Rationale, Choosing a Partner, General Principles and Modalities, Institutional Capacities, Future Reviews Annex 1 (The Global Compact's Nine Principles) and Annex 2 (Explanatory Background. Note on the Use of the Name and Emblem).

These guidelines are based on the efforts of the Secretary-General to renew and reform the United Nations, explaining the emphasis on the new direction of partnerships with non-state organizations, including the business community. They should serve as a common framework for all organizations in the UN proper and also as a framework for other organizations of the UN system, such as UNESCO, which are encouraged to develop more specific guidelines in accordance with their particular mandates and activities. It is emphasized that co-operation with the business community can take many forms – advo-

cacy, fund-raising, policy dialogue, humanitarian assistance and development co-operation.

Suggestions are made for the use of the UN emblem and name, fund-raising, management of partnerships without sufficient policy guidelines in the past, creating a focal point within each UN organization which should post relevant information on the UN/business website and exchange experiences on a regular basis with other UN organizations and build shared databanks and problem-solving methodologies.

Since co-operation with the business community is influenced by changes in the political and economic environment, the guidelines should receive critical reviews regularly and be updated.

For example, a commercial entity acting as a private partner may be allowed the use of the UN name or that of the UN organization as long as the principal purpose of such is to show support for the purposes and activities of the UN, including the raising of funds for the organization, and the generation of profit by the commercial entity is incidental.

In connection with a special event or initiative, including fund-raising for such an event or initiative, the UN emblem or that of a UN organization like UNESCO may be exclusively authorized for use by a limited number of business entities. Currently the Office of Legal Affairs grants such authorization for the UN.

Choice of a private partner should be limited to those demonstrating responsible citizenship by supporting UN causes and core values as reflected in the Charter and other relevant conventions and treaties. They should, within their sphere of influence, demonstrate a commitment to meeting or exceeding the principles of the Compact by translating them into operational corporate practices.

Businesses that are compliant in human rights abuses, tolerate forced or compulsory labor or

child labour or that are involved in the sale or manufacture of anti-personnel mines or their components, or otherwise do not meet relevant obligations or responsibilities of the United Nations are not eligible for partnership. (See for the full text *II-CCPOQ 17<sup>th</sup> session / 2000 ACC / 2000 / POQ / CRP. 1*)

With minor modifications, the above guidelines could be adapted to fit UNESCO's needs. As previously mentioned, it would be helpful if gifts and donations could be made to UNESCO in a manner which facilitates tax deductions.

#### **(e) Partnerships Organized by Other UN Agencies**

An overview of other UN agencies seems appropriate so that the prior experience of the entire the UN system can be taken into account. The question of why and how to cooperate more closely with business in partnership has been considered by UN agencies in the past in various contexts. It will be useful to review a number of examples of what has been done, because with this background UNESCO can better determine how to organize itself to maximize its performance via new private sector partnerships that it may wish to create.

##### **(i) International Labour Organization**

The ILO was established by the Treaty of Versailles in 1919 and in 1946 became the UN's first specialized agency. In 1969 it celebrated its 50th anniversary and was awarded the Nobel Peace Prize.

The ILO is far more advanced in having cooperative arrangements or partnerships with business, because representatives of both business and labour are integrated into its structure and form a part of its organization. Workers' and employers' representatives participate directly in formulating ILO policy and in decision making through the Governing

Body (28 government members: 14 representing workers and 14 representing employers) (executive council) and the International Labour Conference (the General Assembly). These two bodies, with the International Labour Office which serves as its secretariat, operational headquarters, research centre and publishing entity, all constitute the tripartite structure. Each of the one hundred and seventy-four national delegations to the Conference has four members: two government representatives, one worker delegate and one employer delegate. In 1998-1999 its budget was about USD 481 million with USD 93.7 million allocated to technical assistance.

Since its foundation, it has worked to elaborate and adopt international labour standards relating to working conditions, human rights, freedom of association, the abolition of forced labour and child labour and the elimination of employment discrimination.

The ILO, in addition, has a wide range of activities, which include promoting basic principles and rights, technical cooperation activities to raise living standards and to make full productive use of human resources, i.e. employment creation and vocational training.

The ILO works actively with governments to set up and implement technical co-operation activities, but its operational activities now have more tripartite participation, which increasingly involve not only government agencies but workers and employer organizations in project preparation and implementation. "Under a policy of active partnership with its constituents, the ILO has established 16 multidisciplinary teams of technical specialists to provide rapid assistance". The major share of the expenditures goes to Africa, followed by Asia and the Pacific, the Americas, Europe and the Arab States.

In 1999, a major programme review concluded that it was important to take into account the concerns of each tripartite constituent



without detracting from the overall unity of ILO's action. It also noted the importance of an effective management structure.

Other activities include education, research, information activities and promoting employment and human resource development, improvement of working conditions and enhancing social protection and eliminating child labour (IPEC). This is the world's largest technical co-operation programme supported by governments, employers and workers organizations and intergovernmental and voluntary organizations. It operates in sixty countries and is expanding rapidly.

ILO's work includes a range of activities designed to assist in the establishment of independent and democratic employers' organizations able to play an active role as representative institutions in democratic societies.

Its relations with non-governmental organizations (NGOs) involve:

- the integration of non-governmental social partners in the identity of the organization itself
- the use of consultative status for non-governmental international organizations that meet certain criteria, such as international NGOs with an important interest in a wide-range of ILO's activities
- collaboration at the operational level with a variety of international, national and local organizations. The choice here depends upon whether the NGO has demonstrated interest in the ILO's meetings and activities.

As a tripartite organization, the ILO "does not simply collaborate with NGOs but actually integrates civil society with its structure". This integration reflects a "continuous and concerted international effort in which the representatives of workers and employers, enjoying equal status with

those of governments, join with them in free discussion and democratic decision with a view to the promotion of the common welfare."

The NGOs included are international in nature and have aims and objectives in harmony with the spirit, aims and principles of the ILO Constitution and the Declaration of Philadelphia.

One can draw the following conclusion regarding the ILO. It appears to have integrated representatives of civil society, labour and employers into its operating structure. As the oldest and most mature UN agency, it has gone beyond simply co-operating or working in partnerships for varying periods of time with business with its tripartite integrated structure.

#### (ii) The World Bank Group

The World Bank Group has been subject to criticism by NGOs and other civil society groups primarily because its efforts to alleviate poverty, which was apparently not one of its original objectives, have too often been perceived to be ineffective, if not counterproductive, for the populations concerned. In addition, its close relationship to the international financial community (banks, etc.) and the large multinationals has left some with the impression that the latter have harvested the benefits rather than the people whose poverty was supposed to be alleviated. Host country inefficiencies and poor governance structures have also contributed to this negative perception.

One area which has provoked a sharp negative reaction is that of the environment where certain projects have allegedly caused suffering to local populations. Undoubtedly, the World Bank has had to deal with many difficult environmental problems, due to the fact that its projects, often in the past, were ambitious and large. More recently, it has been working on smaller projects and its many pos-

itive initiatives in environmental matters should not be overlooked.

Its general counsel, Ibrahim F. I. Shihata, has written: "[The] World Bank has become a pioneer in addressing the environmental consequences of development activities and a world leader in the establishment of new environmental policies and procedures<sup>1</sup>."

Some of these initiatives are the Bank's Global Carbon Initiative set up in February 1997 administered by the Bank. Others are the Global Water Partnership [See <<http://www.gwp.sida.se/gwp/gwp/welc.html>>].

It is also active in the International Union for Conservation of Nature and Natural Resources (IUCN) implementing programmes on biological diversity in fifteen regions of the third world. It is also active with the World Wildlife Fund (WWF) in a global alliance for forest conservation and sustainable use, which provides for a network of protected areas, including, by the year 2000, ten per cent of the world's major forest types.

The World Bank has broadened the concept of development to include sustainable development. The latter concept was absent from Article 1 of the World Bank's articles. The World Bank Group, despite criticism of its action, is advancing its agenda in social and environmental responsibility in addition to its agenda for economic development, since these concepts are closely linked. (See Rudolph Dolzer, *The World Bank and Global Environment: Nouvelles Frontières*, Liber Amicorum, Ibrahim F. I. Shihata, Kluwer Law International, The Hague. London. Boston. New York).

The World Bank itself has made extensive efforts to take more account of the complex social problems faced by local populations and to better understand the situation of each country. As well, it has enlisted partners among the NGOs and private sector to design and realize projects more successfully so that these are closer to the ground and to the people who should benefit from the projects. The bank's own judgement of successful projects has ranged from 50% to 75%.

As part of this reform effort, the World Bank convened a conference on October 3, 1998, chaired by James D. Wolfensohn, with a number of international companies to announce the Business Partners for Development (BPD) programmes<sup>2</sup>. Mr. Wolfensohn remarked that this was a natural development. He explained that there is a recognition shared by civil society, by international institutions, by the private sector and by governments themselves that if there is to be an effective investment, particularly in developing countries, it must embrace the community and have an integrated approach that cares about social issues and requires interactive work between the private sector, government and business. Antagonisms that have existed between these sectors should end and co-operation should become the rule.

He noted that the World Bank's work with more than seventy private sector partners was in its best interest. He spoke of the Orinoco Delta region and Petrolios de Venezuela, the Kalian Mine in Indonesia with Rio Tinto and how it was appropriate to work with companies in the water business such as Compagnie Générale des Eaux (Vivendi) and Suez - Lyonnaise des Eaux to insure clean sanitary

1 For an overview of the Bank's role in global environmental politics, see Ibrahim F. I. Shihata, *The World Bank's Contribution to Development of International Environmental Law*, In Liber Amicorum Professor Ignaz Seidl-Hohenvelden in Honor of his 80th Birthday, page 631 et seq. (Gerhard Hafner et al. Eds. 1998)

2 This section is based on a transcript of a *Press Conference on Business Partners for Development. The Tri-partnership of business, government, and civil society*

water for municipalities. Although the corporate social responsibility of some of these companies has been subject to criticism by NGOs, the World Bank believes they should work together for the common good.

Private sector financing help of USD 20 million was planned but this had already reached USD 38 million. These projects were divided into clusters. Each partnership designed its own specific objective and vision for itself:

Natural Resources: (oil, gas and mining companies) to develop guidelines / systems / structures for dealing with community issues and mitigating risk by optimizing development impact on host communities through tri-sector partnerships. *Co-convenors: BP Amoco, WMC Resources Ltd, CARE International and the World Bank Group.*

Water and Sanitation: to identify specific lessons learned about partnerships from existing projects which are providing responsive and affordable water services to urban poor and to demonstrate that these can be replicated and scaled up to national and regional levels. *Co-convenors: Générale des Eaux (Vivendi), WaterAid and the World Bank Group.*

Global Partnership for Youth Development: to identify and share what works in building successful partnerships for youth, the next generation of laborers and consumers. Then to work through existing national and global infrastructures to mobilize significant new resources in order to strengthen and scale up the best practices in youth development. *Co-convenors: Kellogg's, the International Youth Foundation and the World Bank Group.*

Global Road Safety Partnership: to reduce deaths, injuries, disabilities and associated social costs of road traffic crashes through collaboration and co-ordination of road

safety activities. *Co-convenors: the International Federation of Red Cross and Red Crescent Societies and the World Bank Group.*

The Knowledge Resource Group (KRG) connects and collects lessons learned on tri-sector partnerships from all clusters. *The KRG is co-convened by the Prince of Wales Business Leaders Forum, CIVICUS, which is a worldwide association linking and providing support to NGOs and the World Bank Group.*

Mr. Wolfensohn commented that he was totally convinced the World Bank would learn a great deal working with civil society and business.

Mr. de Beauce of Vivendi noted that he was enthusiastic about his initiative because Vivendi's environmental business is intimately linked with the concept of sustainable development and, therefore, his company is totally committed to this initiative. He reported that his company co-convened a meeting, got a steering committee going and worked to get projects agreed. He noted that he thought this type of partnership was appropriate because it poses a question of a balance between economic and social considerations. He further noted it raises the issues of the changing role of the nation as a framework to integrate the effectiveness of the private sector and of the need to involve civil society. He spoke of several water projects in partnership with governments in South Africa.

Mr. Jaclot, who spoke on behalf of Suez – Lyonnaise des Eaux, outlined the tremendous need for good water in poor countries – one person every eight seconds dies from lack of adequate sanitation and drinking water and the urgent necessity to provide water to customers that matches their needs and means, while progressively modernizing the network.

Mr. Marshall from CARE USA commented that the three sectors of society, government, the

private sector and civil society can no longer afford to promote separate agendas. Eighty per cent of the capital flowing into the developing world is private money and government money is shrinking.

Civil society is finding its own voice and realizing its power to engage governments and private enterprise to improve peoples' lives in a sustainable fashion.

One purpose of this initiative was to study how such partnerships could be protected from being abused and merely remaining rhetorical. Plans should be brought down to reality so that, functionally, there are tangible results. USD 30 million was budgeted for the twenty-five pilot projects chosen to accustom civil society, business and government to working for the benefit of the community and for the benefit of business. Though this amount is minimal compared with needs, there seemed to be a convergence of interests replacing conflict between the private and public sectors and the integration of NGOs into a number of partnerships was noted.

On the World Bank website, one finds on the home page reference to the Business Partners for Development (BPD), "project-based initiative that studies, supports and promotes strategic examples of partnerships involving business, civil society and government [...]. [The World Bank believes] tri-sector partnerships benefit the long-term interests of the business sector while meeting the social objectives of civil society and the state by helping to create stable social and financial environments. [It believes it can demonstrate such partnerships] provide win-win-win benefits to all three par-

ties, can be much more widely used throughout the world and can be scaled up to national and regional levels."

"The World Bank convened a range of global firms and civil society organizations willing to share expertise and experience, devote resources and work alongside governments and local community development organizations. [It planned] 29 'focus projects' [...] to share practical experience [in] building partnerships."

The World Bank is one of the UN agencies which recently appears to have attempted to develop a comprehensive partnership programme with the private sector. UNESCO should follow closely the World Bank's initiatives in order to judge its success, learn from its experience and adapt and integrate into its own programme ideas that are appropriate to its mission to the extent that they are applicable to UNESCO. An independent review of the results of World Bank Partnerships is expected in the near future<sup>3</sup>.

### (iii) The United Nations Development Programme (UNDP)

The United Nations Development Programme (UNDP), with forty-three years of experience, is the world's largest multilateral organization for grant-based technical co-operation, with one hundred and thirty-five offices located in developing countries. It is the chief co-ordinator of operations of the entire UN system. It works to build developing countries' capacities for sustainable human development by helping to alleviate poverty, manage natural

3 See The World Bank Group's website for webpage Home / Business World / Business Partnerships / Business Partnership & Outreach Group (BPOG) <<http://www.worldbank.org/business/03bpog.html>>, and for webpage Home / Business World / Business Partnerships / Partnership Guidance & Assessment <<http://www.worldbank.org/business/03assessment.html>>, where can be found the document: Briefing Notes No. 1 - Business Partnerships: Definition and Approval (November 2000) <<http://www.worldbank.org/business/briefings/note1.pdf>>.

resources, improve governance. It attempts to harmonize two central themes – sustainable development and human development.

Real development not only generates growth but distributes growth's benefits equitably and empowers people rather than marginalizing them. Peoples' choices should be enlarged and opportunities opened. The environment should be regenerated rather than destroyed and citizens' participation should be enhanced in decisions affecting their lives. This model of development depends to a large extent on the quality and sustainability of the interaction between the three spheres and types of stakeholders that make up society: state, civil society and the market.

In order to reach these goals, the organization organizes partnerships with governments, civil society, grass roots organizations and private sector institutions.

Its resources average 1.3 billion a year that are derived from members of the United Nations or its agencies. Its activities stimulate another USD 9 billion a year in collaborative funding from public and private sources.

The UNDP has stimulated a debate on how to put people first with the Human Development Report (HDR), written by independent specialists and published by Oxford Press, which shows that people are relatively better off in countries that invest more in social sectors such as basic health and universal primary education rather than military spending or prestige projects.

The HDR has also developed the Human Development Index (HDI) to facilitate measurement so as to arrive at an aggregate judgement on the extent of poverty in a community based on three basic indicators: a short-life (longevity), lack of basic education and lack of access to public and private resources (both lead to lack of knowledge).

The HDR introduced two gender specific indices – the Gender-related Development

Index (GDI) takes note of inequality of achievement in men and women and the Gender Empowerment Measure (GEM) which evaluates progress in advancing women politically and economically.

The UNDP has prepared a fact-sheet describing partnerships with the private and other sectors at <[http://intra.undp.org/brsp/fact-sheet\\_private\\_sector.htm](http://intra.undp.org/brsp/fact-sheet_private_sector.htm)>, UNDP/CSOPP/IP: Partnerships.

**(iv) United Nations Industrial Development Organization (UNIDO)**

UNIDO has also worked with business partners along with civil society organizations and developing countries governments in order to reach the significant benefits which can be obtained from constructive goal-oriented partnership. Its goal is to contribute to global industrial development.

It focuses on the globalization of value chains to include business from the least developed countries and the development of advanced information and communication technologies in order to improve the quality, efficiency and international competitiveness of small and medium-size enterprises (SMEs) in developing countries.

The business community is not "just a cash-cow but [...] a provider of highly specialized knowledge and expertise", according to Wilfried Luetkenhorst, Director of the UNIDO Private Sector Development Branch.

The Global Compact provides a focus for firms to develop their own activities to enhance corporate social responsibility and the multi-sector partnership programme seeks to harness the collective resources of business, government and civil society organizations.

The losers in the globalization process are isolated enterprises – the winners are those functioning within networks.



Guidelines are necessary to insure that objectives are in accordance with UN principles. UNIDO's draft guidelines were discussed in a Vienna conference in October 2000. Mr. Josef Schleischer of Daimler Chrysler stated at this conference that he believes that partnerships with businesses and UNIDO are a key to future development of developing countries. [see <<http://www.unido.org/doc/341403.htmls>>]

**(v) The United Nations  
Environment Programme  
(UNEP)**

With regard to Corporate Social Responsibility (CSR), activities are summarized in CSR – Key Players – Environment (at <<http://www.pwblf.org/csr/csrwebassist.nsf/content/e1g2.html>>). UNEP action, including its partnership programme, is described as follows: "The United Nations Environment Programme promotes leadership and encourages partnerships in caring for the environment. Each division of UNEP works in partnership with industry and has specific projects of direct relevance to industry. The Technology, Economics and Industry Division aims to encourage cleaner, safer industry practices; efficient use of natural resources; environmentally sound management of chemicals; and pollution reduction. The Sustainable Production and Consumption Programme helps companies reduce their consumption patterns and to move towards the adoption of low waste, energy efficient technologies. The Globalisation of the Environment programme looks at the implications of trade liberalisation, uneven application of standards, widespread debt and researches the relationship between trade, economic policies and the environment. The Global Environment Outlook project's first biennial report looks at the worldwide environmental assessment process. UNEP's current events calendar includes: Global 500 awards, Clean up the World Day and World Environment Day. UNEP also provides detailed information on environmental legal instruments. The UN

website has a page on how business can work with UNEP giving an overview as well as contact details."

This listing organized by the Prince of Wales Business Leaders Forum cites many other key players in environmental work on its CSR roadmap broken down into media, monitoring, management systems, natural resources, policy and research and urban.

**(vi) UNICEF**

The United Nations Children's Fund (UNICEF) is an example of a UNESCO agency that has developed a *Corporate Partnership Procedure Manual (1994)*. UNICEF has entered into partnerships with airlines in its service programme "Change for Good" which pass out envelopes on their flights to passengers leaving one country to go to another for the purpose of collecting the leftover foreign currency coins. This programme has generated USD 31 million since 1991. It is supported by 37 national committees in industrialized countries which help to raise funds. Its sale of greeting cards since 1949 totals more than USD 1 billion.

The manual suggests that a national committee, before proposing a partner, should conduct market research to learn more about the corporation: "What it does, how it does it, its corporate philosophy, how successful it is, what other cause-related marketing activities it has undertaken, [...] who owns it, etc. [...] It is extremely important that potential partners and the proposed terms be thoroughly screened. [...] It is equally important that you be able to clearly and convincingly articulate the wide range of UNICEF activities and understand what the corporation is seeking by approaching UNICEF. By matching these needs, you will be in a position to determine what the partnership can offer.

It has developed forms for screening information and for determining the scope of the partnership.



UNICEF's manual cautions that a pro-active partnership-seeking strategy should only be undertaken when a national committee has the capability of being a strong partner with the necessary human and other resources to manage the partnership over time."

A partnership begins with the signing of an agreement; the cultivation process and relationship building with the corporate partner must be actively pursued to develop, sustain, evaluate and expand the partnership.

The manual also notes that the person responsible within the national committee must meet certain criteria by being intimately familiar with the business community, ideally have a management or marketing background, strong management skills and be well versed in the scope of UNICEF's activities.

As with any relationship, corporate partnerships need to be nurtured to be carried out effectively and to continue to grow. There should always be a key contact or "focal point" within the national committee who ensures that the corporation's key staff (including the CEO) are appropriate, timely, effective and kept up-to-date as personnel in the corporation changes.

What is noteworthy in the partnership to collect spare coins is the intelligent idea that is at its centre. Passengers are happy to get rid of extra coins which usually cannot be converted easily to another currency. The extra cost of this activity to the airlines is negligible. The cumulative amounts collected are significant for UNICEF. The airlines participate in an activity which enhances their prestige and leaves a positive feeling with the passengers about the airline. The end result is a win/win situation.

## ANNEX II

### Overview of UNESCO Private Sector Partnerships which have been mostly limited to fund-raising

**(a) The Results of the Report of January 5, 1995 on these activities.**

By mid-October 1994, one hundred and sixty-two projects related to private funding were identified.

Type I - Substantial projects/programmes entirely determined by UNESCO's program services or commissions and for which private sector funding has been obtained or envisaged.

Type II - Fund-raising projects aimed at supporting specific projects / programmes determined by UNESCO (e. g. recruitment of an external agent to seek private funding for a specific programme).

Type III - Fund-raising projects with no clear connection to a specific UNESCO project / programme (e. g. production and distribution of UNESCO medals, telephone cards, etc.)

As is evident from the description of the scope of the survey, there is little similarity to the recent plans to integrate private sector participation in designing programmes and projects to carry out UNESCO's mission, where the private sector is an active participant in the planning, management and execution as envisaged by Kofi Annan to leverage the action of the UN and its agencies by working closely with the private sector.

In the past, the private sector seems to have been treated more as a "cash cow" to passively be milked for UNESCO projects and programmes. Occasionally, the opposite has occurred, the private sector partner delivered

relatively little funding to UNESCO but profited greatly by the association with UNESCO. It is now realized that the private sector needs to be much more deeply engaged in UNESCO activities to obtain more effective action. Such support can be multiplied many times over if such partners are active and are convinced that the project is worthwhile and if they are proud to be a part of a prestigious partnership or take an active part in a world renowned program or project. By their more active participation, they should benefit more themselves producing a strong win/win situation.

Other UN organizations, as we have seen in the previous chapter, are far ahead of UNESCO in developing these relationships not only with the private sector but also with the leading actors in civil society and NGOs.

The report noted that, out of the one hundred and sixty-two projects, sixty-one "successful projects" obtained funding from one or several private donors – a success rate of 38%.

French and other European donors were the preferred targets. Since UNESCO is in Europe, this may seem natural, but there are many other outstanding candidates who should be pursued in the Americas and Asia through the network of Field Offices. Partnerships could be national, regional or worldwide to meet the needs of the new decentralization process.

The report goes into great detail in analyzing various types of fund-raising and is broken down by country, region, list of projects / programmes, sector of activity of fund-raising source, charities, social, culture, foundation and industry sectors, and provides a list of funding sources and amounts.

This report noted the following problems, identified by Programme Services:

- (i) the absence of an overall strategy for mobilizing private corporate and individual donors;
- (ii) the absence of a framework of tax-deduction facilities for private sector contributions in all relevant countries;
- (iii) the lack of information about potential donors from the private sector, their interest and requirements;
- (iv) the concern about the protection of the Organization's dignity and of the "values it upholds", in particular with regard to "unscrupulous partners".

The report had the following observations and recommendations:

- (i) Private sector funding sources will play an increasingly important role for extra-budgetary funding of UNESCO's activities in all sectors;
- (ii) Each sector should undertake its own specific approach to private sector fund-raising; several sectors have delegated this task to experts recruited internally and externally;
- (iii) Private sector fund-raising should be project led; the approach to private sector fund-raising should be chosen on a case by case basis;
- (iv) Personal contacts are a key factor for the success of private sector fund-raising initiatives.

An autonomous approach to private sector fund-raising by each programme service, which often prevailed in the past, has the advantage of flexibility and freedom but has the weakness of not drawing enough on the strengths of the organization as a whole, and the fact that more

and more the initiatives can overlap, effect one another and are sometimes interdependent, puts a premium on prior planning. This aspect of the problems has been identified and suggestions in this respect include:

- (i) project sectors: private funding to certain project sectors (education, science, social science, communication) may be increased by creating intersectoral 'packages' of projects or by 'piggybacking' specific projects to attractive initiatives (combination of cultural projects with others);
- (ii) project regions: private funding to certain project regions (Asia and Pacific, Africa, Arab States) may be increased by creating interregional or global 'packages' or projects or by 'twinning' projects in specific 'difficult' regions with other projects in more 'attractive' regions;
- (iii) sectors of activity of private funding sources: whereas the number of contacts should be increased with funding sources of the first group (social, cultural, NGOs, private foundations, UNESCO Associations), the success rate (quality) rather than the number of contacts with companies of the other, more commercial groups should be increased;
- (iv) origin of funding sources: whereas the number of contacts should be increased with funding sources in Germany, Italy, Japan, the United States of America and in the Middle East, the success rate (quality) of contacts with funding sources in Europe and especially in France should be improved.

**(b) UNESCO's internal guidelines for private sector fund-raising (April 1997)**

UNESCO has its own Guidelines for Fund-Raising (*Private Sector Fund-Raising in*

*Favour of UNESCO, Private Funding Section - April 1997).*

The fund-raising covered in this document is more limited than that described in the UN guidelines which appear to apply to more active new partnerships. However, some of the provisions in this document could also be adapted for use in new more active partnerships. Nevertheless, this document does require a clear indication of other supports (contribution in kind, provision of expertise, training) which should be provided by the recipient of the funding.

The draft contract annexed to the document provides that a working group should be formed with three representatives of each of the parties to monitor the execution of the relevant project – a more limited function than potentially more active new partnerships might have.

**(c) UNESCO - Guidelines  
for selecting partners  
and use of name and emblem  
(159 EX/30)**

The purpose of this document is to initiate a process aimed at stricter application of existing regulations and the adoption of a UNESCO Partnerships Policy attuned to current trends.

This document collects and provides an overview of rules and regulations relating to the organizations of partnerships with governments, national commissions, the United Nations, other intergovernmental organizations and non-governmental organizations. It also notes "Director-General may accept voluntary contributions, gifts, bequests, and subventions, associations and private person" [Article IX UNESCO Constitution].

On Page 3 of this document there is a short paragraph "other Private Sector Partners" as follows:

*"Other private sector partners*

10. UNESCO's co-operation with the private sector ("world of business") has become far more intense and varied in recent years. In some respects it could therefore be regarded as a new form of partnership. Nor is cooperation with the private sector limited to partnerships aimed at obtaining funds but for many years has also been concerned with the implementation of activities in all the Organization's field of competence. For example, in its relations with publishers and audiovisual companies, the Secretariat must both scrutinize the intellectual content of the project and check that the contractor is reliable and financially sound."

Document 159 EX/30 then goes on to outline current problems as follows:

**(i) Harmonization of Rules**

There is a need to have an overall harmonization of the regulatory framework which sometimes distinguishes between partners in member states and international partners, and sometimes upon dividing up partnerships depending on their legal status or their functions, i.e. NGOs, foundations or private extra-budgetary funding sources. Some are too specific and others too general.

**(ii) Need for a Guide for Partners**

There is no general guide for partners to enhance the existing network of partners to make available a general institutional introduction stating the objectives, prospects, and conditions of partnership, and to establish the ethical framework for them.

The Administrative Committee on Co-ordination (ACC), which brings together under the Chairmanship of the Secretary General of the

United Nations the heads of all the organizations of the UN system, will intensify consultation and exchanges of information on existing and currently developing practices with regard to partnerships, even though each organization may have specific needs. The <<http://www.un.org/partners>> website has begun to do this. With a view to preparing a guide, the Secretariat will consult with the distinctive nature of its unique network of national commissions.

### (iii) Enforcement of Rules

Failure to respect rules relates mainly to use of UNESCO's name and/or emblem and co-operation with National Commissions.

### (iv) Priority Measures

This document then sets out the Director-General's principal measures to strengthen UNESCO's partnership policy in two stages:

"A. Identification of national and international partnership priorities for UNESCO and its programmes by:

- identification of the advantages for UNESCO offered by potential partnerships, not only in terms of mobilizing resources but also in terms of enhancing its image
- identification of the advantages for potential partners offered by UNESCO
- formulation of a coherent partnership concept and a classification system

B. Development of an appropriate framework for the implementation of partnerships by:

- preparation of a handbook for partners
- identification of the relevant capacities for the evaluation, establishment, supervision, co-ordination and implementation of partnerships
- improvement of the regulatory framework concerning all forms of partnerships and all types of current and potential partners
- adaptation in the longer term of the relevant provisions of the UNESCO Manual."

As an immediate measure, the Secretariat has already established a Working Group to prepare a short guide relating to decisions granting or withdrawing patronage and ensuring the rights and obligations of beneficiaries.

The working group established by the Director-General on visibility will look into forms of partnership in the specific field of communication.

An annex gives an overview of the internal UNESCO regulatory framework governing its partnerships, but barely touches on partnerships with businesses except to suggest that special rules may be required by the normal functions and activities of businesses and the need to insure that useful synergies can be mobilized.

### (v) Cumbersome Nature of UN Regulations and Procedures

Bureaucratic procedures can be a major impediment to efficiently working with business, long delays discourage private business which sometimes can and needs to make quick decisions.

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**Extracts and notes on Education and Cultural Rights:**

**the UNESCO Constitution,  
the Universal Declaration of Human Rights,  
the International Covenant on  
Economic, Social and Cultural Rights,  
Extracts from UNESCO's Guide to  
Human Rights, Institutions, Standards,  
Procedures relating to Cultural Rights,  
Universal Declaration on  
Cultural Diversity**

# UNESCO CONSTITUTION

That since wars begin in the minds of men, it is in the minds of men that defenses of peace must be constructed.

The States, Parties to this Constitution, believing in full and equal opportunity for education for all, in the unrestricted pursuit of objective truth\*, and the free exchange of ideas and knowledge, are agreed and determined to develop and to increase the means of communication between their peoples and to employ these means for the purposes of mutual understanding and a truer and more perfect knowledge of each other's lives.

## ARTICLE 1

### PURPOSES AND FUNCTIONS

The purpose of the Organization is to contribute to peace and security by promoting collaboration among the nations<sup>†</sup> through education, science and culture in order to further universal respect for justice, for the rule of the law and for the human rights and fundamental freedoms (ethics) which are affirmed for the peoples of the world, without distinction of race, sex, language or religion by the Charter of the United Nations.

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\* The "unrestricted pursuit of objective truth" is a noble objective, but it should be borne in mind that successive scientific revolutions have demonstrated that accepted scientific truths are often proved wrong or outdated as new ways to explain the nature of the physical world are discovered. In the social sciences, philosophy, ethics, religion and other fields, where culture and values play an important role objective truth and virtue vary depending upon the historical, cultural and other conditions, which account for differences in perceptions. Many conflicts arise in the world today, at least in part, because of different opinions on these issues. This means that tolerance, or better yet, friendship and love are essential to keep peace among people of different cultures.

In addition it might be more productive to pursue useful knowledge for the purpose of benefiting mankind rather than the more abstract idea of "objective truth".

† Channeling all UNESCO's actions through national governments, although they are the major if not the only channel to education for all in most cases, is not sufficient to reach maximum excellence in education or UNESCO's other priorities. UNESCO also needs to work with individuals, associations, businesses, churches, local, regional and national governments, non-governmental entities, universities, and others within each nation and between different nationalities. All sectors in society must participate in this effort to accelerate improvement in public and private educational systems and help accomplish other UNESCO priorities in each country. Partnerships with businesses, schools, universities, NGOs, civil society entities and others can make progress in this way. Ethics relating to Science and Technology and the relationship between ethics and business (economics) should also be a priority of UNESCO.

## UNIVERSAL DECLARATION OF HUMAN RIGHTS

This universal declaration of human rights as a common standard of achievement for all peoples and all nations, to the end that every individual and every organ of society, keeping this Declaration constantly in mind, shall strive by teaching and education to promote respect for these rights and freedoms.

### Article 26

(1) Everyone has the right to education. Education shall be free, at least in the elementary and fundamental states. Elementary education shall be compulsory. Technical and professional education shall be made generally available and higher education shall be equally accessible to all on the basis of merit.

(2) Education shall be directed to the full development of the human personality and to the strengthening of respect for human rights and fundamental freedoms. It shall promote understanding, tolerance, friendship among all nations, racial or religious groups, and shall further the activities of the United Nations for the maintenance of peace.

(3) Parents shall have the right to choose the kind of education that shall be given to their children<sup>†</sup>.

### Article 27

(1) Everyone has the right freely to participate in the cultural life of the community, to enjoy the arts and to share in scientific advancement and its benefits.

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<sup>†</sup> This apparently reflects a fear that a nation or state, or other type of organization teaching hatred or violence will indoctrinate children with racial or ethnic hatred, nationalism, intolerance, racial superiority, or terrorism, that will lead to more wars. The family was thought to be a more natural and less dangerous framework for education subject to the children's choice to choose upon maturity. However, recent history has taught us that parents in extremist sects and some intolerant countries can also teach their children to continue their own hatreds and prejudices through many generations. It is also often the case that children reject their parents' teaching and embrace a way of life dangerous to others. The nature and quality of the education given is obviously critical in fulfilling UNESCO's mission regardless of who educates the children and the young people.



# INTERNATIONAL COVENANT ON ECONOMIC, SOCIAL AND CULTURAL RIGHTS

## PREAMBLE

The States Parties to the present Covenant,

[...]

Recognizing that in accordance with the Universal Declaration on Human Rights, the ideal of free human beings enjoying freedom from fear and want can only be achieved if conditions are created whereby everyone may enjoy his economic, social and cultural rights.

### Article 13

1. The States Parties to the present Covenant recognize the right of everyone to education. They agree that education shall be directed to the full development of the human personality and the sense of its dignity, and shall strengthen the respect for human rights and fundamental freedoms. They further agree that education shall enable all persons to participate effectively in a free society, promote understanding, tolerance and friendship among all nations and all racial, ethnic or religious groups, and further the activities of the United Nations for the maintenance of peace.

2. The States Parties to the present Covenant recognize that, with a view to achieving the full realization of this right:

- (a) Primary education shall be compulsory and available free to all;
- (b) Secondary education in its different forms, including technical and vocational secondary education, shall be made generally available and accessible to all by every appropriate means, and in particular by the progressive introduction of free education;
- (c) Higher education shall be made equally accessible to all, on the basis of capacity, by every appropriate means, and in particular by the progressive introduction of free education;
- (d) Fundamental education shall be encouraged or intensified as far as possible for those persons who have not received or completed the whole period of their primary education;
- (e) The development of a system of schools at all levels shall be actively pursued, an adequate fellowship system shall be established, and the material conditions of teaching staff shall be continuously improved.

### Article 15

1. The State Parties to the present Covenant recognize the right of everyone:

- (a) To take part in cultural life

**EXTRACT FROM UNESCO'S  
GUIDE TO HUMAN RIGHTS, INSTITUTIONS,  
STANDARDS, PROCEDURES**

**Dedicated to the 35th anniversary of  
the adoption of the International Covenant on  
Human Rights (1966)  
and the International Year of Mobilization against  
Racism, Racial Discrimination, Xenophobia and  
Related Intolerance (2001)**

Cultural rights are specified in several human rights instruments including: the Universal Declaration of Human Rights (1948); the international Covenant on Civil and Political Rights (1966); the Declaration of the Principles of International Cultural Co-operation (1966); and the Universal Copyright Convention (1952), as revised in 1971. Mention should also be made of the Recommendation on the Status of Scientific Researchers (1974), the Convention of the Hague for the Protection of Cultural property in the Event of Armed Conflict (1954), and the Recommendation on Participation by the People at Large in Cultural Life and their Contribution to It (1976).

During the last decade of the 20<sup>th</sup> century, cultural rights have received increasing attention from international governmental and non-governmental organizations as well as from human rights specialists. Among the manifold reasons for which they have become a subject of international debates and discussions, there is no doubt an acknowledgement of the fact that the cultural factor can be found among the most important sources of internal conflicts. Violations of cultural rights of various groups, rejection of the right to be different, to have different cultural identities have become very dangerous pathologies which fuel aggressive ethno-nationalism, xenophobia, racism and anti-semitism. Therefore culture and respect of cultural rights have also been recognized as an essential element in the prevention and resolution of conflicts. This resulted in increased attention paid to the elaboration of and respect for the cultural rights of persons belonging to minorities, indigenous people and other vulnerable groups.

By the end of the 20<sup>th</sup> century there is also a full recognition of the importance of culture for the development not only in its economic dimension but also for "human development" understood by the World Summit for Social Development (Copenhagen 1995) as the social and cultural fulfillment of the individual. Without the implementation of cultural rights – the right to education, the right to take part in cultural life, without the freedom of artistic, scientific and intellectual activities and pursuits, human development is impossible. The observance of cultural rights, in particular the right to cultural identification, is seen now as a constitutive element of the respect of human dignity.

## **EXTRACT FROM UNESCO'S UNIVERSAL DECLARATION ON CULTURAL DIVERSITY**

### **IDENTITY, DIVERSITY AND PLURALISM**

#### **Article 1 – Cultural diversity: the common heritage of humanity**

Culture takes diverse forms across time and space. This diversity is embodied in the uniqueness and plurality of the identities of the groups and societies making up humankind. As a source of exchange, innovation and creativity, cultural diversity is as necessary for humankind as biodiversity is for nature. In this sense, it is the common heritage of humanity and should be recognized and affirmed for the benefit of present and future generations.

#### **Article 2 – From cultural diversity to cultural pluralism**

In our increasingly diverse societies, it is essential to ensure harmonious interaction among people and groups with plural, varied and dynamic cultural identities as well as their willingness to live together. Policies for the inclusion and participation of all citizens are guarantees of social cohesion, the vitality of civil society and peace. Thus defined, cultural pluralism gives policy expression to the reality of cultural diversity. Indissociable from a democratic framework, cultural pluralism is conducive to cultural exchange and to the flourishing of creative capacities that sustain public life.

#### **Article 3 – Cultural diversity as a factor in development**

Cultural diversity widens the range of options open to everyone; it is one of the roots of development, understood not simply in terms of economic growth, but also as a means to achieve a more satisfactory intellectual, emotional, moral and spiritual existence.

### **CULTURAL DIVERSITY AND HUMAN RIGHTS**

#### **Article 4 – Human rights as guarantees of c ultural diversity**

The defence of cultural diversity is an ethical imperative, inseparable from respect for human dignity. It implies a commitment to human rights and fundamental freedoms, in particular the rights of persons belonging to minorities and those of indigenous peoples. No one may invoke cultural diversity to infringe upon human rights guaranteed by international law, nor to limit their scope.

### **Article 5 – Cultural rights as an enabling environment for cultural diversity**

Cultural rights are an integral part of human rights, which are universal, indivisible and interdependent. The flourishing of creative diversity requires the full implementation of cultural rights as defined in Article 27 of the Universal Declaration of Human Rights and in Articles 13 and 15 of the International Covenant on Economic, Social and Cultural Rights. All persons should therefore be able to express themselves and to create and disseminate their work in the language of their choice, and particularly in their mother tongue; all persons should be entitled to quality education and training that fully respect their cultural identity; and all persons should be able to participate in the cultural life of their choice and conduct their own cultural practices, subject to respect for human rights and fundamental freedoms.

### **Article 6 – Towards access for all to cultural diversity**

While ensuring the free flow of ideas by word and image care should be exercised that all cultures can express themselves and make themselves known. Freedom of expression, media pluralism, multilingualism, equal access to art and to scientific and technological knowledge, including in digital form, and the possibility for all cultures to have access to the means of expression and dissemination are the guarantees of cultural diversity.

[...]

## **CULTURAL DIVERSITY AND INTERNATIONAL SOLIDARITY**

### **Article 10 – Strengthening capacities for creation and dissemination worldwide**

In the face of current imbalances in flows and exchanges of cultural goods and services at the global level, it is necessary to reinforce international cooperation and solidarity aimed at enabling all countries, especially developing countries and countries in transition, to establish cultural industries that are viable and competitive at national and international level.

### **Article 11 – Building partnerships between the public sector, the private sector and civil society**

Market forces alone cannot guarantee the preservation and promotion of cultural diversity, which is the key to sustainable human development. From this perspective, the pre-eminence of public policy, in partnership with the private sector and civil society, must be reaffirmed.