



RULES ON PRIVATE SECTOR ENGAGEMENT

Global
Green Growth
Institute

Approved:	31 May 2017	Authorization: Director-General
Current Version:	1	
Effective Date:	Date of Approval	Queries: Legal Services Unit

I. Introduction

A. Background

GGGI's mission is to support our partner governments in moving their countries towards a model of green growth that simultaneously achieves poverty reduction, social inclusion, environmental sustainability and economic growth. In order to achieve this organizational objective, GGGI's green growth approach is predicated on the involvement of a diverse set of key actors including governments, the private sector, international development partners and green growth practitioners.

In recognition of: (A) the interdependence of public and private actors; (B) the need for the private sector to closely collaborate with national governments in support of (i) the transition to green growth and (ii) the achievement of both economic growth and development outcomes (SDGs / INDCs/etc.); and (C) the growing importance of private finance in meeting development challenges, GGGI seeks to play an increasing role in leveraging and catalyzing private sources of finance and expertise.

GGGI appreciates the experience and resources that private sector actors can bring to development, and are committed to exploring new and innovative channels for working together when commercial objectives line up with its development objectives.

B. Purpose

These Rules on Private Sector Engagement have been developed in support of GGGI's efforts to engage with the private sector in a systematic and strategic way to deliver programmatic results, and outline the necessary processes for developing, implementing and managing engagements with the private sector.¹ These Rules are designed to provide a comprehensive organization-wide approach wherein GGGI and the private sector are perceived as partners that offer unique skills, knowledge, expertise and resources in order to achieve mutually desired outcomes. These Rules also build on the directives to strengthen partnerships with non-state actors and better utilize the potential of private sector partnerships reflected in the *Partnership and Outreach Strategy* and the *Private Sector Engagement Plan*, and to ensure core standards are maintained in our engagement with the private sector expressed in the *Sustainability and Safeguards Rules*.

The processes outlined in these Rules are based on the *Criteria for Engagement* elaborated in Part III, and cover all steps of a typical private sector engagement – from strategic thinking on how the private sector can help deliver planned programmatic results and outputs through selection of a private sector partner, negotiating and formalizing the engagement, implementing and managing the engagement, and

¹ In these Rules, references to private sector engagement, collaborative arrangement and partnership are used interchangeably.



concluding the engagement. A key purpose of these processes is to assist GGGI programmatic divisions and country offices to identify and manage risks associated with engagement with the private sector. Potential risks include, among others, damage to GGGI's reputation and credibility and risk of financial loss and drain on GGGI resources. The due diligence process referenced in Part II B below seeks to proactively identify threats, problems or unusual circumstances before engagement and then take appropriate measures to minimize identified risks.

C. Goals and Objectives

The overarching goal of these Rules is for GGGI to establish partnerships with companies, foundations, associations and other non-state entities that leverage each partner's knowledge, expertise, skills and/or resources in areas of common interest for the benefit of supporting GGGI partner governments in pursuit of systemic change towards green growth, while being mindful of the paramount need to safeguard GGGI's institutional integrity, reputation and resources (financial, human and otherwise).

In line with the *Agreement on the Establishment of GGGI*, GGGI's *Strategy* and its institutional regulations, rules, guidelines and procedures, and in accordance with relevant Council decisions, the objectives of GGGI private sector engagement are to:

- build on GGGI's demonstrated success in supporting governments to develop national, sub-national and sectoral green growth plans and to analyze cost and public-private investment requirements for action plans;
- develop solutions, approaches and new products, technologies and services to enhance GGGI's operational and strategic capacity, efficiency and effectiveness to better assist its partner governments;
- deliver programs at the local, national, regional or global levels that require participation from private sector actors;
- convert inclusive green growth plans, strategies and investment plans into implementable actions;
- encourage private sector buy-in of the green growth model and crowd in private investments and increase green investment flows;
- mobilize financial and in-kind resources to support GGGI's activities and those of its partner governments;
- promote joint efforts to address green-growth related opportunities and challenges;
- improve knowledge sharing and learning between private and public sector; and
- amplify key green growth messages through advocacy and awareness-raising.

D. Scope

The private sector, for purposes of these Rules, is broadly defined as:²

- a. for-profit and commercial enterprises of any size (whether privately held, publicly quoted, or wholly or majority owned by the state or local communities, and whether legally registered (formal) and unregistered (informal));
- b. corporate foundations;
- c. business associations, coalitions and alliances (including, for example, chambers of commerce, employer's associations, cooperatives, industry and cross-industry initiatives where the participants are for-profit enterprises). These organizations will be assessed on their own, rather than on the merits of their members; and
- d. state-owned enterprises that (i) are legally and financially autonomous, (ii) operate under commercial law and (iii) are not dependent agencies of the state.

Partnerships with the private sector are collaborative relationships between GGGI and private actors, as identified above, in which the parties agree to work together to achieve a common purpose or undertake specific tasks and, as mutually agreed, to share risks and responsibilities, resources and benefits.³

GGGI procures goods, works and services from the private sector. This procurement is separate from the private sector engagement activities covered by these Rules, and is governed by the *Rules for the Procurement of Goods, Works and Services from Firms* and the *Procurement Regulations*. Care should be taken to ensure that a private sector engagement with GGGI does not give a private sector entity preferential treatment in any GGGI procurement process.

Private sector engagement can be initiated from various sources including:

- GGGI (either HQ or country office) – generated from recognition of an opportunity or a need on the part of GGGI or its partner governments. Once the engagement concept is developed and validated, GGGI will search for an appropriate private sector partner;
- Private Sector - A private sector actor may come to GGGI to suggest a partnership. Most often the private sector actor is motivated by commercial opportunities and/or looking to achieve future profitability and sustainability.

² This definition is based on the one used in the UNDP *Policy on Due Diligence and Partnerships with the Private Sector* (2013).

https://popp.undp.org/_layouts/15/WopiFrame.aspx?sourcedoc=/UNDP_POPP_DOCUMENT_LIBRARY/Public/BERA_Partnerships_UNDP%20private%20sector%20due%20diligence%20policy%202013_FINAL.pdf&action=default

³ This definition is based on the one used in the *Guidelines on Cooperation between the United Nations and the Business Sector*.

https://www.unglobalcompact.org/docs/issues_doc/un_business_partnerships/guidelines_principle_based_approach_between_un_business_sector.pdf

In other circumstances, the motivation may also be supported by corporate social responsibility goal;

- Donor – Private sector engagement concepts are often driven by donor requests for proposals; and
- Public Sector - A government agency that is not a donor may suggest an engagement, and request the involvement of GGGI to ensure transparency and impact of the program.

The processes set out in these Rules must be followed by GGGI staff when developing, implementing and managing any engagement with the private sector aimed at delivering GGGI programmatic results. This includes existing engagements and cases where GGGI staff members provide services to the private sector in the name of GGGI in their professional capacity (with or without compensation).

These Rules are not intended to cover every possible situation in relation to GGGI engagement with the private sector; but are meant to guide GGGI personnel considering pursuing private sector engagement, as well as those with approval and clearance authority in relation to such engagements, in making appropriate judgements about when and how to engage private sector partners based on the principles and guidance provide in these Rules.

II. Guiding Principles

These Rules governing GGGI's engagement with the private sector are informed by the *Guidelines on Cooperation between the United Nations and the Business Sector*⁴ and the *Ten Principles of the Global Compact*,⁵ with a focus on developing transformative partnerships that are founded on the concepts of common purpose, integrity, accountability and transparency.

A. Common Purpose

Cooperative arrangements with the private sector should be directed towards the achievement of a common objective that is mutually beneficial to all stakeholders without violation of GGGI's Establishment Agreement, regulations, rules or procedures, or Council decisions. A prerequisite for engagement with any private sector actor is alignment with GGGI's mission and objectives, as well as the green growth plans and national priorities of the relevant country(ies).

⁴ See footnote 3 above.

⁵ See <https://www.unglobalcompact.org/what-is-gc/mission/principles>.

B. Integrity

1. *Advancement of GGGI Mission*

GGGI engages with private sector actors that are responsible corporate citizens and support GGGI's mission as laid out in the Agreement on the Establishment of GGGI, GGGI's Strategy and relevant Council decisions.

2. *Due Diligence*

GGGI seeks to work with private sector actors that are committed to meeting or exceeding internationally recognized principles in the areas of human rights, labor, the environment and anti-corruption.

GGGI will carry out a formal due diligence exercise prior to entering into a collaborative arrangement with any private sector actor. The due diligence process will capture pertinent information about potential partnerships with the private sector actors in order to maximize benefits and opportunities, while minimizing risks and negative consequences to GGGI and its partner governments and other stakeholders.

The due diligence exercise will examine whether a potential partner, among other things: adheres to internationally recognized principles in the areas of human rights, labor, the environment and anti-corruption, particularly, the Ten Principles of the Global Compact; and poses no undue risk to GGGI in relation to activities in which GGGI is involved. The due diligence requirements are further elaborated in Part IV A 2 below.

GGGI will not partner with private sector entities that systematically fail to demonstrate commitment to meeting internationally recognized principles in the areas of human rights, labor, the environment and anti-corruption.

While it is recognized that smaller and less formal private sector actors or those that are primarily domestically oriented may not have in place the same policies, frameworks and monitoring systems as larger or multi-national private sector actors, it is equally important to undertake the due diligence assessment with all potential private sector partners regardless of size and sophistication. With the completed due diligence assessment as a guide and taking into account the particularities of the private sector actor, including its size and sophistication, those with approval authority can make an informed decision on the appropriateness of the proposed partner and partnership.

3. *No Unfair Advantage*

Cooperation with private sector entities should not be exclusive or imply endorsement or preference for a particular private sector entity or its products or services, which could lead to creation of an unfair advantage in favor of the selected partner and/or result in market distortion and crowding out of other actors.

Nonetheless, partnerships should not preclude the private sector entity from participating in competitive bidding processes undertaken or managed by GGGI.

4. *Independence and Neutrality*

Engagement with private sector entities should not unduly influence GGGI's decision-making, compromise GGGI's independence or neutrality or its character as an inter-governmental organization of member states.

C. *Accountability*

Agreements⁶ with private sector actors should provide clear and efficient accountability for the parties. The partnership should clearly identify and clarify each partner's role and responsibilities, contemplated activities and management structures to ensure a transparent and accountable process. Partnership arrangements with the private sector should be implemented pursuant to a formal written agreement between the private sector actor and GGGI.

D. *Transparency*

Cooperation with the private sector must be transparent. Information on the nature and scope of cooperative arrangements should be available within GGGI, to its members and publicly in accordance with GGGI's disclosure policy, and include disclosure of the partners, contributions and matching funds or resources for all relevant partnerships, including at the country level.

III. *Criteria for Engagement*

Engagements between GGGI and the private sector that fall within the scope of these Rules should be:

1. Relevant to GGGI's Vision, Mission and Strategy;
2. Consistent with the general policies of GGGI;
3. Responsive to the aspirations of GGGI's members;
4. Empower GGGI to implement its programmatic activities;
5. Effective and results-based with concrete outcomes that can be measured;
6. Efficient in the use of GGGI resources as compared to alternative actions;
7. Transparent in the sense of ensuring public access to information, while respecting institutional confidentiality, as appropriate, in accordance with GGGI's disclosure policy;

⁶ In line with the *Rules for Processing and Approval of Institutional Arrangements and Agreements*, the term agreements as used herein includes memoranda of understanding, letters of intent, frameworks of cooperation, non-disclosure and confidentiality agreements, funding agreements (in relation to funds from GGGI to a 3rd party, donor agreements (in relation to funds into GGGI, whether core or earmarked), and other institutional arrangements that commit organizational resources of GGGI or associate GGGI with a 3rd party; provided, that procurement contracts and employment-related agreements are not included in the agreements and arrangements covered by these Rules.

8. Non-exclusive;⁷
9. Enhancing of the credibility and autonomy of GGGI;
10. Building on commitment at the highest level within the private sector actor – including sustainable development and social and environmental best practice; and
11. Ensuring independence of GGGI from the private sector actor.

IV. Implementation

A. Engagement Process

The process of engaging with a private sector actor involves five steps:

1. *Developing an engagement concept*

The purpose of development of an engagement concept is to determine if, when and how the private sector could help deliver a program of work based on a strategic assessment of GGGI's expectations, desired results and requirements with respect to the engagement.

The engagement concept must be approved by (1) the relevant Assistant Director-General, in the case of a proposal by GGP&I or IPSD, (2) the Deputy Director-General, in the case of a proposal OED, and (3) the Director-General in the case of a proposal from the Office of the Director-General. In considering the merits of the engagement concept, the approving authority may consult with and seek the views of internal GGGI organizations units it deems relevant.

The engagement concept must include:⁸

- Clear results expected from engaging the private sector, linked to GGGI's work program results;
- Which sector(s) and/or country(ies) are targeted and why;
- What GGGI brings to the engagement, with reference to GGGI's value proposition and theory of change;
- What a private sector actor would gain from the engagement;
- What is needed to make the engagement successful (funds, capacity, etc.);

⁷ Each private sector actor has an equal opportunity to propose collaborative arrangements with GGGI, and GGGI may cooperate with a partner from the private sector even if a competitor of that entity is already in partnership with GGGI.

⁸ It is critical that the engagement concept be prepared and approved internally prior to in-depth discussion with a proposed partner(s). The engagement concept focuses on the anticipated scope, activities and benefit(s) of the collaboration with a private sector actors and provides the approving authority with information required to make an informed decision on the merits of the proposal conceptually; it being understood that the precise details would only be finalized following discussion and agreement on the proposal with the private sector actor(s).

- What kind of activities are envisioned;
- Confirmation that the engagement would not undermine or duplicate existing GGGI efforts; and
- Whether the engagement has the potential to draw on the interests, experiences, resources and capacity of other GGGI programs, members and partners.

2. *Selecting a partner*

Selecting an appropriate private sector actor to deliver the engagement concept requires assessing potential private sector entities to determine their potential contribution to the GGGI program and the risk to GGGI in engaging with such entity. Risk assessment requires due diligence to identify potential sources of risk and a strategy to manage risk.

For the sake of transparency and to manage expectations, it is important to make it clear to potential partners at an early stage of discussions that GGGI undertakes due diligence of its potential private sector partners and that GGGI cannot commit to a partnership until such due diligence has been satisfactorily completed.

Assessment

Each potential private sector partner must be assessed according to the greatest expected contribution to GGGI work program based on:

- Its ability to deliver on the engagement concept;
- The commonality of its objectives with those of the GGGI work program;
- Its potential to replicate successes/lessons learned/experiences within and across the private sector; and
- Whether there is a willingness and ability to promote the establishment of industry-wide standards and benchmarks.

Due Diligence

A due diligence assessment must be performed for each potential business partner and, where relevant, a risk management strategy prepared. No due diligence assessment is required if a private sector actor is only a general participant in a GGGI-sponsored event and is not providing any substantive contribution to the event financially, as a speaker, panelist or contributor, or otherwise, unless there are extenuating factors or circumstances in existence in relation to the private sector actor that gives rise to reasonable concerns that the party's participation may pose reputational or other risk to GGGI.

The due diligence exercise will examine whether a potential partner, among other things: (i) adheres to internationally recognized principles in the areas of human rights, labor, the environment and anti-corruption, particularly, the Ten Principles of the Global Compact; and (ii) poses no undue integrity, reputational or financial or resource risk to GGGI. GGGI will not partner with private sector entities that systematically fail to demonstrate commitment to meeting internationally recognized principles in the areas of human rights, labor, the environment and anti-corruption.

The following areas are to be reviewed to determine whether the potential partner is faced with any significant controversies.

Table 1: Due Diligence Assessment Criteria⁹

Areas of Assessment	Examples of issues to look for (including whether policy/management systems are in place)
Responsible Leadership	<ul style="list-style-type: none"> • Good financial standing • Overall commitment to sustainability (e.g. participation in UN Global Compact, sustainability-related certifications, inclusion in sustainability indices, etc.) • Positive brand recognition • Leading market position • Track record of commitment to development and community involvement
Human Rights	<ul style="list-style-type: none"> • Avoid causing or contributing to adverse human rights impacts through business activities • Complicity in human rights abuses, including in supply chains • Respect rights of indigenous people where relevant • Rights and equal opportunity for all employees regardless of race, color, age, gender, sexual orientation, religion, marital status • Occupational health and safety issues
Labor	<ul style="list-style-type: none"> • Discrimination at work¹⁰ • Freedom of association and the right to collective bargaining • Occupational health and safety • Employment conditions
Communities	<ul style="list-style-type: none"> • Community health and safety • Impacts on livelihoods • Local participation • Social discrimination
Environment	<ul style="list-style-type: none"> • Pollution (including climate change) • Impact on ecosystems and landscapes

⁹ Based on UNDP *Policy on Due Diligence and Partnerships with the Private Sector (2013)*, Table 3: *Due Diligence Assessment Criteria*.

¹⁰ This also includes assessing potential partner's commitment to gender equity for example do they have family friendly policies, equal wage for equal jobs, work-life balance, etc.

	<ul style="list-style-type: none"> • Overuse of resources • Waste management • Mistreatment of animals
Governance	<ul style="list-style-type: none"> • Corruption • Fraud • Tax evasion
Product-related	<ul style="list-style-type: none"> • Product safety • Controversial products or services
Ownership or Management	<ul style="list-style-type: none"> • Controversies relating to the individuals owning or managing the potential partner

The detailed due diligence checklist attached as an Annex to these Rules is to be completed in relation to each potential private sector partner.

It is the responsibility of the project/program manager requesting to initiate a private sector partnership to complete the due diligence assessment and make a recommendation. The Country Representative should always be involved in the due diligence process in relation to an engagement or proposed engagement partner in his/her country of responsibility. Information on the potential private sector partners can be gathered through a number of methods, including (a) internet research,¹¹ (b) self-assessment form, (c) informal advice from other GGGI staff who have knowledge of a particular sector or have worked with a particular entity, (d) interviews, meetings, surveys and networking with private sector, government, customers and civil society organizations that have experience with the private sector actor and (e) for larger proposed engagements, hiring specialist expertise. Prior to submission of the due diligence assessment to the approving authority, the project/program manager must submit the completed assessment to the Sustainability Management and Safeguards team for clearance.

Approval

The selection of a private sector partner must be approved by (1) the relevant Assistant Director-General, in the case of GGP&I or IPSD, (2) the Deputy Director-General, in the case of OED, and (3) the Director-General, in the case of the Office of the Director-General, in all cases prior to the commencement of detailed discussions with the private sector actor or, in cases where the private sector entity has approached GGGI, before substantive discussions can continue.

In seeking the approval of the Assistant Director-General, the Deputy Director-General or the Director-General, as appropriate, the requestor must share the following with the approval authority: (i) the due diligence assessment of the potential private sector partners; (ii) recommendation on whether to pursue a

¹¹ For example, general web searches, entity's website, corporate social responsibility sites, independent watchdog and press sites.



partnership with one or more of the private sector actors; (iii) a summary of the due diligence for the selected partner(s), including an overview of the potential positive and negative aspects of the private partner(s); and (iv) the risk management strategy for the selected partner(s), as relevant.

The approval authority will make a determination on whether GGGI may pursue engagement with the private sector actor(s): (A) based on the recommendation, the completed due diligence assessment and the other information submitted by the requestor; and (B) taking into account all other circumstances deemed relevant by the approval authority, such as for example the levels of publicity, funding or staff interaction involved and the local nature of the entity or the activity(ies). Any other circumstances taken into account in making the determination, under clause (B) of this paragraph, will be explicitly referred to by the approval authority in the approval. The approving authority may consult with and seek the views of internal GGGI organizations units it deems relevant.

3. Negotiating and formalizing the engagement

Formalizing an engagement involves exploring with a selected private sector actor the mutual benefits in working together and negotiating a contractual relationship. Negotiations should focus on establishing a mutual understanding of expectations on both sides, clarification of what can and cannot be done through the engagement, and a clear path ahead including a time frame and deliverables.

The contractual document should be reflective of the appropriate contractual mechanism taking into account the circumstances (memorandum of understanding, contract, agreement, terms of reference, etc.) and must:

- Include specific, time-limited and achievable results and outputs, linked to a GGGI program;
- Define roles and responsibilities for realizing the results;
- Define capacity and resource requirements on both sides;
- Define indicators for monitoring and measuring performance, progress and results;
- Define a process to address breach of contract (including non-delivery issues); and
- Be consistent with the Criteria for Engagement set out in Part III above;
- Address (a) the use of the GGGI name and logo and (b) the ownership and use of intellectual property generated as a result of the engagement;

- Retain the right of GGGI to publicly communicate any opinion or concerns regarding the private sector actor's policies and procedures, as well as any issues that may or may not involve the private sector actor;
- Include a termination clause;
- Define a mechanism for raising grievances from third parties, as appropriate; and
- Address the need for final evaluation of the engagement.

The draft contractual document must receive all internal approvals and clearances required under the *Rules on the Processing and Approval of Institutional Arrangements and Agreements*, and be signed in accordance with the *Delegation of Authority* as then in effect.

In requesting approval of the contractual document, the requestor must share the following:

- an overview of the key elements of the proposed engagement;
- a summary of the due diligence;
- a summary of the potential risks and the strategy for managing them;
- a summary of the resource needs from GGGI (human and financial);
- recommendations for decisions and actions; and
- the draft contractual document.

In the interest of transparency, after signing, information on the nature and scope of the engagement, such as objective, partner(s) and contributions, but not necessarily the contractual document itself, should be made publicly available on GGGI's website.

4. *Implementing and managing the engagement*

In order to ensure a successful engagement: (i) a GGGI program/project manager should be appointed to oversee management of the engagement; and (ii) the commitments and obligations specified in the contractual document integrated into GGGI's work programs and plans.

The program/project manager will be responsible for:

- Ensuring appropriate contract administration (for example, project management, payments, invoicing, record keeping, etc. that follows GGGI's procedures);

- Regularly monitoring performance using indicators specific to the engagement and linked to the results of the relevant GGGI program;
- Reporting regularly on the engagement progress in accordance with GGGI procedures and the reporting plan agreed with the private sector entity;
- Following procedures provided in the contractual document for any suspected breach of contract (including non-delivery issues); and
- Providing public updates on the engagement process and results.

5. *Concluding the engagement*

In order to ensure completion of all commitments, a final evaluation report on the engagement should be prepared evaluating engagement activities, results and outcomes, both to meet accountability requirements and as part of ongoing feedback, learning and change process to help improve the management and quality of private sector engagements.

The final engagement report should [*be made publicly available on GGGI website and*] include:

- A description of the engagement activities;
- Engagement performance and results, with reference to specific indicators;
- Lessons learned; and
- An indication of whether the engagement will be or should be renewed, if applicable.

The engagement may also be subject to a GGGI internal or external audit.

V. **Final Provisions**

A. **Implementation**

Each Division Head is responsible for the proper implementation of these Rules in their respective division.

B. **Branding and Visibility**

GGGI will strengthen its brand and visibility in key thematic areas in order to enhance recognition of GGGI among private sector actors.

C. **Development of Guidelines and Tools**

GGGI will develop a set of tools and guidelines to ensure coherent, effective and efficient engagement with private sector actors, such as due diligence checklist and processes.

D. Training and Rollout

To strengthen private sector engagement and ensure that it is undertaken in an efficient and effective manner that safeguards the integrity of the organization, GGGI will establish a training program on private sector engagement and identify and train key staff.

E. Effectiveness

These Rules repeal and replace any previous policies, rules, guidelines and guidance on its subject matter. To the extent of any inconsistency between the guidelines, arrangements, conditions and procedures set out in these Rules and any existing rules, policies, guidelines or guidance, these Rules' guidelines, arrangements, conditions and procedures supersede and replace the contrary provisions to the extent of the inconsistency.

F. Amendment and Monitoring

These Rules on Private Sector Engagement may be amended, modified or repealed, in whole or in part, by the Director-General at any time.

These Rules are being introduced on a pilot basis for a six-month period from the date of approval. GGGI will accumulate experience and make note of lessons learned during the pilot period. Following the pilot period, an evaluation of the implementation of these Rules will be conducted, necessary adjustments will be made and the Rules will be mainstreamed into GGGI operations.

Following the conclusion of the pilot period and mainstreaming, these Rules will be reviewed periodically to ensure they remain fit for purpose and appropriate in relation to GGGI activities and operations and to take account of lessons learned in implementation.

G. Entry into Force

These Rules on Private Sector Engagement will enter into force on its date of approval by the Director-General.

Annex Private Sector Engagement Due Diligence Checklist¹²

This due diligence checklist is a mandatory requirement for any type of partnership between GGGI and a private sector entity. Special attention should be paid to complete it well in advance of the planned partnership. If the company is only a general participant in a GGGI-sponsored event, no risk assessment needs to be done.

Content of this document:

- Collate background information.
- Step 1: Assess the entity according to the greatest expected contribution to GGGI work program.
- Step 2: Research Potential Controversies.
- Step 3: Assess the Company Commitment to adherence to internationally recognized principles in the areas of human rights, labor, the environment and anti-corruption, particularly, the Ten Principles of the Global Compact and the Partnership Risks and Benefits.
- Step 4: Make a Recommendation.

Background Information

Company information	
Name of the company:	[Full legal name]
Contact details of GGGI's main contact(s) at the company:	[Contact details, website...]
Sector:	[Sector]
Company description / background:	[Description/background]
Controlling company and subsidiaries:	[Controlling company and subsidiaries]
Countries / regions of operation of the company:	[Countries/regions]
Date of assessment:	[Date]
Annual turnover in US\$:	[Turnover]
Number of employees:	[Number of employees]
Information sources:	[Sources, e.g., internal research, third party and information received from the company, etc.]
Credibility of the information:	[Credibility, e.g. if the information was received from the company, explain how credible it is (ideally, the company should provide documentation such as policies, certificates, etc.)]

¹² Derived from *UNDP Private Sector Risk Assessment Tool 2016*.

Relationships between GGGI staff and the company	[Disclose any information about relationships between GGGI staff members involved in partnership development and the company that is being assessed].
Comments:	[Comments]

Previous Relationship with GGGI	
Does GGGI have, or has it previously had, any relationship with the company?	
<input type="checkbox"/> If yes , please briefly explain in the comment box the nature of the relationship with the company.	<input type="checkbox"/> No previous partnership.
Comments: [Comments]	

<p>Description of the planned collaboration:</p> <p>[What is planned under the partnership, what kind of an agreement would it involve, what are the roles of the partners, what human resources are being committed by GGGI and the partners, how much money, if any, is the company giving to GGGI to implement, etc.]</p>
Comments: [Comments]

Step 1: Assess the Private sector entity according to the greatest expected contribution to GGGI work program

1.1 Assessment		
Assessment of the private sector entity according to the greatest expected contribution to GGGI work program based on:		
Its ability to deliver on the engagement concept.	<input type="checkbox"/> No evidence	<input type="checkbox"/> Evidence <input type="checkbox"/> Not known
The commonality of its objectives with those of the GGGI work program.	<input type="checkbox"/> No evidence	<input type="checkbox"/> Evidence above threshold <input type="checkbox"/> Evidence within threshold <input type="checkbox"/> Not known

Whether there is an internal willingness or an external perceived need to effect change.	<input type="checkbox"/> No evidence	<input type="checkbox"/> Evidence above threshold <input type="checkbox"/> Evidence within threshold <input type="checkbox"/> Not known
Its potential to replicate successes/lessons learned/experiences within and across the private sector.	<input type="checkbox"/> No evidence	<input type="checkbox"/> Evidence above threshold <input type="checkbox"/> Evidence within threshold <input type="checkbox"/> Not known
Whether there is a willingness and ability to promote the establishment of industry-wide standards and benchmarks	<input type="checkbox"/> No evidence	<input type="checkbox"/> Evidence above threshold <input type="checkbox"/> Evidence within threshold <input type="checkbox"/> Not known
Comments: [Comments]		

Step 2: Research Potential Controversies

2.1 Potential Controversies

Potential partner private sector entities may be exposed to controversies or there may be factors that can cause reputational risks to GGGI.

Use the comment box to provide details of the criticism. Controversies and reputational risks may relate to issues such as:

Labor	Governance
<ul style="list-style-type: none"> • Discrimination at work¹³ • Freedom of association and the right to collective bargaining • Occupational health and safety • Poor employment conditions 	<ul style="list-style-type: none"> • Corruption • Fraud • Tax evasion
Communities	Product-related
<ul style="list-style-type: none"> • Community health and safety • Impact on livelihoods • Local participation 	<ul style="list-style-type: none"> • Product safety • Controversial products or services, e.g. use of conflict minerals in the products

¹³ This also includes assessing potential partner's commitment to gender equity. For example, do they have family friendly policies, equal wages for equal jobs, work-life balance policies, etc.

<ul style="list-style-type: none"> • Social discrimination • Indigenous peoples 	•
Environment	Ownership or management
<ul style="list-style-type: none"> • Pollution (including climate change) • Impact on ecosystems and landscapes Overuse of resources • Waste management • Mistreatment of animals 	<ul style="list-style-type: none"> • Controversies related to the individuals owning or managing the company

Significant criticism from local or global NGOs / media/social media or other significant partners of GGGI (including CSO advisory committee, marginalized people etc.) locally or globally	<input type="checkbox"/> No evidence	<input type="checkbox"/> Evidence <input type="checkbox"/> Not known
Significant criticism from governmental agencies / political parties that makes GGGI participation politically sensitive	<input type="checkbox"/> No evidence	<input type="checkbox"/> Evidence <input type="checkbox"/> Not known
Recurring local public events against the company (e.g. local demonstrations)	<input type="checkbox"/> No evidence	<input type="checkbox"/> Evidence <input type="checkbox"/> Not known
Global public events (e.g. significant demonstrations at several locations, significant online protests)	<input type="checkbox"/> No evidence	<input type="checkbox"/> Evidence <input type="checkbox"/> Not known
Relevant legal case in progress/in court etc.	<input type="checkbox"/> No evidence	<input type="checkbox"/> Evidence <input type="checkbox"/> Not known
Other (specify):	<input type="checkbox"/> No evidence	<input type="checkbox"/> Evidence <input type="checkbox"/> Not known

Comments: [Comments]

Conclusion

All “No evidence” boxes ticked

⇒ Continue with the risk assessment.

One or more “Evidence” or “Not known” boxes ticked

⇒ Research publicly available sources (e.g. search for public statements from the company), or contact the company to assess how it addresses the identified significant controversies. List these elements in the comment box below.

Comments: [Comments]

Step 3: Assess the Company's Commitment to ESG and the Partnership Risks and Benefits

3 a) Company's engagements ¹⁴		
Is the company a participant in the UN Global Compact?	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known
If "yes" to the question above: a) Is the company actively communicating its progress and level of reporting? See: General Communication on Progress (COP)	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the company have any sustainability-related certifications or reporting (e.g. ISO14001, SA8000, AA1000, OHSAS 18001, or GRI Principles)? Provide details in the comment box below.	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known
Is the company included in any sustainability or ESG-related indices (e.g. FTSE4Good, Dow Jones Sustainability Indexes, etc.), or similar national/regional initiatives? Does the company abide by any voluntary sustainability or ethical principles or guidelines ¹⁵ ? List them in the comment box below.	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known
Comments: [Comments]		

3 b) Company's commitment to ESG issues ¹⁶		
Human rights:		
Does the company have a policy and a monitoring system that seeks to prevent or mitigate adverse human rights impacts, especially on the local communities, that are directly linked to its operations ? ¹⁷	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the policy and a monitoring system cover occupational health and safety issues , ensuring that workers are afforded safe, suitable and sanitary working conditions? ¹⁸	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known

¹⁴ The company does not have to have a positive answer to all these questions, especially SMEs and even larger domestically oriented companies may not be engaged in these initiatives.

¹⁵ Examples of voluntary sustainability or ethical principles include: e.g. Principles for Responsible Investment, Extractive Industries Transparency Initiative, Voluntary Principles on Security and Human Rights, Equator Principles.

¹⁶ The company does not have to have a positive answer to all these questions, especially SMEs and even larger domestically oriented companies may not have all the different policies and systems in place.

¹⁷ An example of a **framework specifically designed for human rights**

¹⁸ Useful resources can be found at **ILO website**

Does the policy and monitoring system cover land or property issues, i.e. does the company ensure that all affected owners and users of the land or property used by the company have been adequately consulted and compensated ?	<input type="checkbox"/> Yes <input type="checkbox"/> Not applicable	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the policy and monitoring system cover the rights of indigenous peoples , and in particular the principles of self-determination and self-governance, the right to lands and natural resources, including issues of resettlement, and the right to free, prior and informed consent?	<input type="checkbox"/> Yes <input type="checkbox"/> Not applicable	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the policy and monitoring system cover the company's security arrangements , i.e. whether or not they comply with international human rights principles for law enforcement and the use of force (e.g. have security personnel received adequate human rights training)? ¹⁹	<input type="checkbox"/> Yes <input type="checkbox"/> Not applicable	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the company have an appropriate dispute resolution mechanism that is in line with the human rights norms and principles?	<input type="checkbox"/> Yes <input type="checkbox"/> Not applicable	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the company have a policy and a monitoring system that seeks to prevent or mitigate adverse human rights impacts that are directly linked to products and services by its business relationships (business partners, entities in its value chain, other non-State or State entities)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known
Labor:		
Does the company have a policy and a monitoring system to ensure fair labor practices ²⁰ at its operations ?	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the policy and monitoring system adequately ensure equal opportunity to all employees and applicants regardless of ethnic origin, color, age, gender, sexual orientation, religion, marital status?	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the company have a policy and a monitoring system that seeks to promote fair labor practices in its interactions with suppliers and business partners ?	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the policy and monitoring system ensure freedom of association and the right to collective bargaining ?	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the policy and monitoring system ensure the elimination of forced or compulsory labor ?	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the policy and monitoring system ensure the elimination of child labor ?	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known

¹⁹ Useful resources can be found at [Global Compact website](#)

²⁰ International Labor Standards provide a framework for fair labor practices. The fundamental conventions include: Freedom of Association and Protection of the Right to Organise Convention, 1948; Right to Organise and Collective Bargaining Convention, 1949; Forced Labour Convention, 1930; Minimum Age Convention, 1973 (No. 138); Worst Forms of Child Labour Convention, 1999; Equal Remuneration Convention, 1951; and Discrimination (Employment and Occupation) Convention, 1958. (ILO)

Environment:		
Does the company have a policy and a monitoring system to minimize environmental damage at its operations ?	<input type="checkbox"/> Yes <input type="checkbox"/> Not applicable	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the company have a policy and a monitoring system which it applies to working with suppliers to improve environmental performance, extending responsibility down the supply chain ?	<input type="checkbox"/> Yes <input type="checkbox"/> Not applicable	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the company have a policy and a monitoring system to reduce emissions (emissions to air, waste and effluents)?	<input type="checkbox"/> Yes <input type="checkbox"/> Not applicable	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the company have a policy and a monitoring system to ensure that natural resources are used in a sustainable manner?	<input type="checkbox"/> Yes <input type="checkbox"/> Not applicable	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the company take action to reduce energy consumption ?	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the company prevent, minimize and remedy significant impacts on biodiversity ?	<input type="checkbox"/> Yes <input type="checkbox"/> Not applicable	<input type="checkbox"/> No <input type="checkbox"/> Not known
Does the company have emergency procedures in place to prevent and address industrial accidents affecting the environment and human health effectively?	<input type="checkbox"/> Yes <input type="checkbox"/> Not applicable	<input type="checkbox"/> No <input type="checkbox"/> Not known
Good governance:		
Does the company have a policy and a monitoring system stating that it will not engage in corruption at any time or in any form in its interaction with suppliers, intermediaries, governments and business partners?	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known
Comments: [Comments]		

Conclusion		
Is the company's commitment to ESG appropriate in relation to its exposure to risks? In principle, most answers would be expected to be positive for multinationals. For smaller and domestically oriented companies more flexibility can be applied.		
<input type="checkbox"/> ● Yes ⇒ Continue risk assessment.	<input type="checkbox"/> ● No or not known / exception ⇒ Explain in the comment box below why you believe that the company is willing and able to address significant gaps. ⇒ Continue risk assessment.	<input type="checkbox"/> ● No or not known ⇒ Refrain from engaging.
Comments: [Comments]		

3 c) Partnership Risks

GGGI must maintain impartiality and accountability to all of its private and public stakeholders. GGGI's engagement with the private sector must therefore allow GGGI to remain unbiased, while supporting its overall goals and objectives. Similarly, the agreed partnership must not in any way compromise the integrity and independence of GGGI or that of the parties involved.

Evaluate market risks and select applicable statements below:

<p>Impartiality</p> <p>GGGI will not – and will not be perceived to – give any unfair advantage to one or more businesses within an industry, sector or market, neither is it perceived to have endorsed a particular business, product or service.</p>	<input type="checkbox"/> Correct	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known
<p>No market distortion</p> <p>The partnership will not have negative unintended consequences by distorting a market by giving one business or group of businesses an unfair advantage and/or by crowding out other economic actors.</p>	<input type="checkbox"/> Correct	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known
<p>Non-exclusivity</p> <p>GGGI will not enter in an exclusive relationship with a company that would exclude GGGI from working with another company from the same sector.</p>	<input type="checkbox"/> Correct	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known
<p>Reasonable benefit</p> <p>The benefit to the company from the collaboration will not be disproportionately high compared to the public benefits or benefits to GGGI.</p>	<input type="checkbox"/> Correct	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known
<p>Non-dependency in procurement / No conflict of interest</p> <p>The company has been informed that partnering with GGGI will not provide preferential treatment in procurement process.</p>	<input type="checkbox"/> Correct	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known
<p>Political Risks²¹</p> <p>It is unlikely that any potential political risks would arise during the partnership.</p>	<input type="checkbox"/> Correct	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known
<p>Comments: [Comments]</p>		

²¹ Political risks include the consequences and likelihood of changes in government. Special attention should be given to countries under United Nations sanctions. Political risks also include the risk of having the government withdraw support for the partnership or GGGI engaging in close partnership with an actor that is seen as business arm of the political elite.

3 d) Partnership Benefits

The balance between expected risks and expected benefits must be in line with the risk tolerance of GGGI. GGGI may generally be willing to bear higher risks if the benefits of the partnership clearly outweigh the risks.

Select applicable statements below:

There are significant potential gains in terms of achieving one or more of GGGI's strategic priorities within the GGGI's Strategic Plan.	<input type="checkbox"/> Correct	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known
The company is among the most suitable partners available in the country context.	<input type="checkbox"/> Correct	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known
There is considerable potential for long-term engagement with the company, in which resources are contributed on a significant scale, and there may be a significant outcome in terms of human development.	<input type="checkbox"/> Correct	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known
The partnership is likely to create immediate results in the well-being of communities that are facing high rates of poverty and a low human development.	<input type="checkbox"/> Correct	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known
The partnership will create wider awareness of, and support for, GGGI and its causes from positive exposure and publicity surrounding the collaboration.	<input type="checkbox"/> Correct <input type="checkbox"/> Not relevant	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known
The partnership allows access to new innovations for development.	<input type="checkbox"/> Correct <input type="checkbox"/> Not relevant	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known
Other (specify):	<input type="checkbox"/> Correct	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known

Comments: [Comments]

Conclusion

All “Correct” boxes ticked under Market risks and Political risks.

The risk-benefit analysis indicates that the partnership is worth pursuing.

⇒ Go to step 4 ‘Make a recommendation.

One or more “Incorrect” or “Not known” boxes ticked under step Market risks and Political risks, but they are clearly outweighed by the “Yes” boxes ticked under step Benefits.

The risk-benefit analysis indicates that the partnership is worth pursuing.

⇒ Record your reasoning in the comment box below.

⇒ Go to step 4 ‘Make a recommendation.

One or more “Incorrect” or “Not known” boxes ticked under step Market risks and Political risks and they are *not* sufficiently outweighed by benefits.

⇒ Refrain from engaging.

Comments: [Comments]

Step 4: Make a Recommendation

Based on the information collected in this template, make a recommendation as to whether or not GGGI should engage in the partnership. Some partnerships may be considered worth pursuing given certain conditions. These conditions should be defined at this stage, and should be communicated to and accepted by the private sector partner. Use the box below to set out your proposal as to whether or not GGGI should engage in the partnership, including the conditions, if applicable. Remember that it is essential that there is separation between the staff who are directly involved in developing the relationship and making a recommendation as to whether or not to proceed, and the staff (ADG, DDG or DG) who make the final decision.

Recommendation by the initiating unit

If all ●: approve without or with conditions (see below).

If one or more ●: refrain from engaging.

Rationale for the decision: [Rationale]

Conditions: [Conditions]

The Project Manager should regularly scan publicly available information and informal intelligence systems for new controversies surrounding the company or its industry. Any significant issues that might cause potential damage should be flagged and recorded. Similarly, the Project Manager should regularly assess whether or not the company is meeting the conditions (if any) defined in step 4 above. Especially if there are specific conditions set for the partnership it is recommended to prepare a monitoring plan.

The Project Manager can be supported in the monitoring activities by the Country Office or HQ, especially in difficult cases.

Has a monitoring plan been defined?

Yes

⇒ Attach the monitoring plan to this document or explain in the comment box below where it can be found.

No

⇒ Explain in the comment box below why a monitoring plan has not been defined.

Comments: [Comments]

Sustainability Management and Safeguards

Concur or Do Not Concur - with recommendation of initiating unit.

Comments (if any):