

UN-HABITAT PRIVATE SECTOR ENGAGEMENT STRATEGY

HABITAT AND PRIVATE SECTOR PARTNERSHIPS

UN-Habitat has developed a resource mobilization strategy whose goal is to generate sufficient, predictable, long-term funding to support New Urban Agenda and urban-related SDGs by tapping into a diversified donor base. Additionally, UN-Habitat hopes to build strategic partnerships modeled around innovative structures such as shared value partnerships, multi-stakeholder solutions, and digital engagement to drive large scale high impact programs.

To achieve this, UN-Habitat is launching a process to develop a forward-looking private sector strategy. The strategy will focus on UN-Habitat's role in partnering with the private sector to improve the long term financial sustainability of the organization and to mobilize co-investments to deliver on the objectives of the organizational strategic plan.

The purpose of the private sector strategy is to enable UN-Habitat to identify and foster effective partnerships with key private sector partners and other stakeholders while managing associated risks. Additionally, the strategy will guide the development of relationships at the highest level with companies, associations, foundations, and influential private individuals. UN-Habitat will build linkages with partners who are passionate about urban development and those whose business activities are relevant to the urban agenda.

THE VALUE OF PRIVATE SECTOR PARTNERSHIPS

Private sector partnerships with companies, individuals, and foundations hold both strategic and financial value for UN-Habitat. The private sector due to its operations, problem-solving capabilities, and influence is a critical partner to the realization of UN-Habitat's urbanization goals. With the right structures and strategy UN-Habitat's partnerships with the private sector will be able to generate the following benefits:

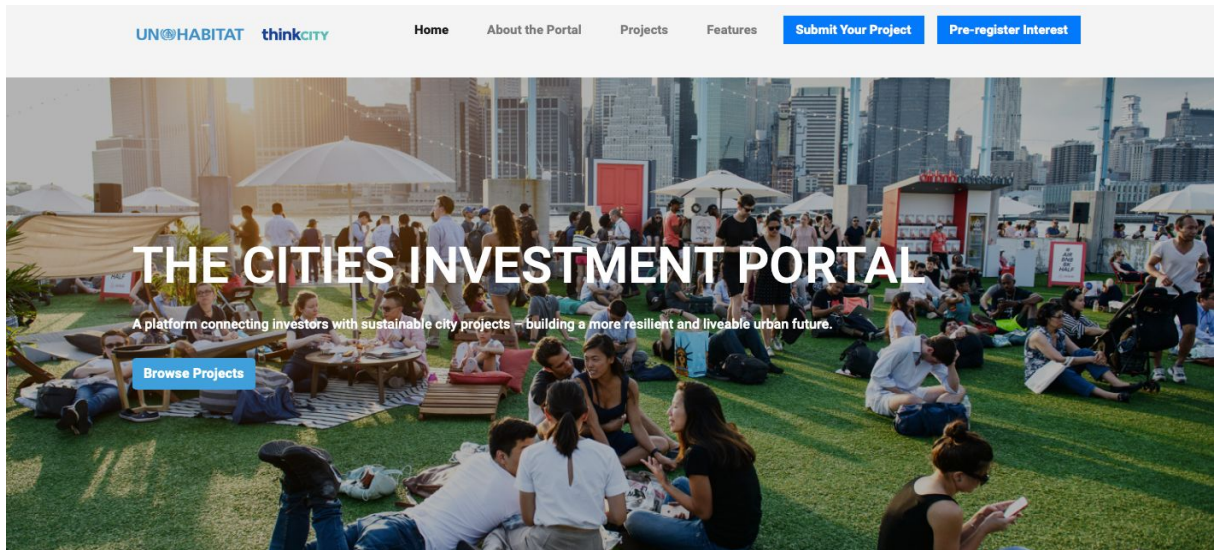
- **Funding:** Tapping into additional pools of funding is even more critical for UN-Habitat due to the financial pressure facing member countries due to COVID-19. The private sector is an ideal source of funding in filling existing and any future funding gaps.
- **Problem-solving skills:** Jointly, UN-Habitat and the private sector can draw from their separate experiences to develop solutions to address emerging challenges hindering UN-Habitat's work.
- **Program implementation:** The private sector leveraging its networks and technical ability can support UN-Habitat in developing, testing, and scaling projects to support the New Urban Agenda and other urban-related SDGs.

- **Advocacy:** By combining efforts with the private sector, UN-Habitat can use the power and influence of the two sectors to advocate for reforms and favorable policies to support sustainable urbanization.

CURRENT GAPS

Based on sessions with project leads and other UN-Habitat representatives, here is a summary of the key gaps identified regarding UN-Habitat’s private sector engagement:

- **Charitable Foundations Partnerships (1 of 3)**
 - UN-Habitat’s engagement with the private sector has been sporadic and so far, it has not been based on a unified organization-wide strategy.
 - The relationships that have lasted are not the ones that hold the greatest potential/value but those that a dedicated resource has followed up on and sustained.
 - Habitat’s value proposition to the private sector appears to be very weak and their partnerships are defined by the private sector organization’s interests rather than Habitat’s internal goals and priorities. This finding raises the question - How does UN-Habitat cultivate interest within the private sector for projects that don’t fit into what private sector organizations are used to/ have done before?
- **Cities Investment Facility (2 of 3)**



- The presentation on the Cities Investment Facility (CIF) revealed that Habitat seems to have a clear framework for measuring the SDG and ESG angles of

these projects, however, Habitat's framework for measuring bankability remains unclear.

- Additionally, the value proposition defined in the CIF is very narrow focusing only on financial returns, without the consideration that in some cases the returns from some of the projects may be too low to appeal to the private sector. Missing from the value proposition is the unique level of access that Habitat has due to its networks with governments. The CIF can serve other private sector strategic interests such as market scoping and entry opportunities, and even generating reputational value for these partners.
- Apart from using events such as the World Urban Forum, the CIF lacks a clear and effective strategy to bring more private sector investors on board. There is a need to define alternative avenues through which the CIF can initiate contact with potential private sector partners.

● Private Sector Questionnaire Responses (3 of 3)

Timestamp	Email Address	Name of Organisation (no abbreviations please)	Status/and or Progress of Partnership	Theme of Partnership	Type of Partnership	Geographical location of the partners
5/20/2020 9:45:29	nao.takouchi@un.org	ISWA	MOU signed on 7 Oct 2019	Sustainable solid waste management	MOU	Global
5/26/2020 19:59:00	francesca.cabassi@un.org	Vanke Foundation	Alignment of Contribution signed	Waste management	Contribution Agreement	Global
5/26/2020 20:06:36	francesca.cabassi@un.org	World Wildlife Fund	signed MOU, ongoing conversation	sustainable waste management	MOU	Global
5/26/2020 20:18:30	francesca.cabassi@un.org	Adena for End Plastic Waste	MOU signed, project proposal in progress	Waste management	MOU	Asia-Pacific, Sub-Saharan Africa
5/27/2020 13:50:31	nao.takouchi@un.org	WWF	On-going through AoC	waste SDG monitoring and reporting	ACC	Global
5/27/2020 14:45:52	nao.takouchi@un.org	Doppelmayr Seilbahnen GmbH	ongoing	Waste Management and M	MOU	Global
5/27/2020 17:32:31	stefanie.holtz@un.org	Kanfer	ongoing	Sustainable Urban Mobility	Private Sector Partnership Agreement	Global
5/27/2020 17:54:31	stefanie.holtz@un.org	C4DLab - University of Nairobi	ongoing	Research on the future of UCM	MOU	Global
5/27/2020 17:55:07	stefanie.holtz@un.org	Parsons Accelerator	ongoing projects	Mobility Start Up Accelerator Previously AoC ; joint project under TUM (Transformative Urban Mobility)	MOU	Sub-Saharan Africa
5/27/2020 19:16:16	stefanie.holtz@un.org	Wuppertal Institute for Climate, Environment and Energy	ongoing projects	Supporting startups that do MOU	MOU	Sub-Saharan Africa
5/27/2020 22:10:03	Sahra.young@un.org	Atlanta Industries	Ongoing Programme (2 grants)	Electric Mobility, Low Carbon ACDC	Private Sector Partnership Agreement	Global
5/28/2020 14:35:27	stefanie.holtz@un.org	Partnership on Sustainable, Low Carbon Transport (SLoCaT)	ongoing	Sustainable Urban Mobility	MOU	Global
5/28/2020 14:58:27	New.kapp@un.org	Global Alliance of Waste Pickers	Member of WWC Advisory Group	Waste Waste Cities	Advisory Group	Global
5/28/2020 15:00:16	New.kapp@un.org	Banergy	Member of WWC Advisory Group	Waste Waste Cities	Member of WWC Advisory Group	Global
5/28/2020 15:02:37	New.kapp@un.org	Let's do it world	Member of WWC Advisory Group	Waste Waste Cities	Member of WWC Advisory Group	Global
5/28/2020 15:06:20	New.kapp@un.org	WASTE advisers on urban environment and development	Member of WWC Advisory Group	Waste Waste Cities	Member of WWC Advisory Group	Global
5/28/2020 15:08:51	New.kapp@un.org	3R WASTE Foundation	Member of WWC Advisory Group	Waste Waste Cities	Member of WWC Advisory Group	Global
5/28/2020 15:12:47	New.kapp@un.org	The Energy and Resource Institute (TERI)	Member of WWC Advisory Group	Waste Waste Cities	Member of WWC Advisory Group	Global
5/28/2020 15:16:37	New.kapp@un.org	Swiss Federal Institute of Aquatic Science and Technology	Member of WWC Advisory Group	Waste Waste Cities	Member of WWC Advisory Group	Global
5/28/2020 15:22:26	New.kapp@un.org	Association of Cities and Regions for sustainable Resource management (ACR+)	Member of WWC Advisory Group	Waste Waste Cities	Member of WWC Advisory Group	Global
5/28/2020 15:27:18	New.kapp@un.org	ICLEI - Local Governments for Sustainability South Asia	Member of WWC Advisory Group	Waste Waste Cities	Member of WWC Advisory Group	Global
5/28/2020 17:11:44	yahorina.trench@un.org	Global Development Incubator	ongoing discussions on co-funded UCM	Cities Investment Facility	MOU, ACC	Global
5/28/2020 17:24:53	yahorina.trench@un.org	International Business Machines (IBM) UK	LCI, NCA in the works	Cities Investment Facility	MOU, NCA	Global
5/28/2020 17:25:28	yahorina.trench@un.org	Think City	Partnership proposal being sent	Cities Investment Facility	MOU	Global
5/28/2020 17:58:52	yahorina.trench@un.org	Gateway Global	MOU is signed, waiting for further cities investment facility	Cities Investment Facility	MOU	Global
5/28/2020 18:19:43	yahorina.trench@un.org	United Cities Infrastructure	MOU is signed, waiting for further cities investment facility	Cities Investment Facility	MOU	Global
6/3/2020 19:22:13	souleymane.djawara@un.org	THE ITALIAN AGENCY FOR DEVELOPMENT COOPERATION	First phase completed but the e	1.6 UN-Habitat received an	Contribution Agreement	Sub-Saharan Africa
6/3/2020 19:44:54	souleymane.djawara@un.org	Helm University of Applied Sciences, Ltd	ongoing	Technical support	Contribution Agreement	Global
6/3/2020 20:19:55	souleymane.djawara@un.org	INSTITUT DE LA FRANCOPHONIE POUR LE DEVELOPPEMENT DURABLE	completed	Technical Assistance	Contribution Agreement	Sub-Saharan Africa
6/3/2020 20:56:26	souleymane.djawara@un.org	FONDAZIONE DI POLITICINCO	completed	Technical support	Contribution Agreement	Global
6/11/2020 20:59:08	portia.west@un.org	Major	MOU signed Sept 2019. Several Innovation/technology Mem	Technical support and an	Contribution Agreement	Global
6/11/2020 22:05:54	ana.cubillos@un.org	Planet Holding Limited	MOU signed	smart solutions for common	Memorandum of Understanding	Sub-Saharan Africa
6/11/2020 22:08:23	christophe.islande@un.org	Lebanon-Habon 14 Years	MOU signed	Adaptable housing solutions to be formalised	Memorandum of Understanding	Sub-Saharan Africa
6/11/2020 22:15:34	christophe.islande@un.org	KEA	Prospective	Housing innovations and pr	on-going conversation	OECD
6/11/2020 22:23:12	christophe.islande@un.org	International Real Estate Federation: FIABCI	Network	Adaptable housing solutions to be formalised	Memorandum of Understanding	OECD, Global
6/11/2020 22:36:40	christophe.islande@un.org	Caisses des Depots et Consignations - Habitat	Network	Housing finance and capex informal	Memorandum of Understanding	OECD, Global
6/11/2020 22:53:00	christophe.islande@un.org	Mc Kinsey Global Institute	Network	Adaptable housing solutions to be formalised	Memorandum of Understanding	OECD, Global
6/12/2020 5:49:37	Juliette.pague@un.org	Kenya Climate Innovation Center	On-going	Private Sector Development	Memorandum of Understanding	Sub-Saharan Africa
6/12/2020 5:57:12	Juliette.pague@un.org	The ASG	On-going	Private Sector Development	Memorandum of Understanding	Sub-Saharan Africa
6/12/2020 16:49:37	robert.njuga@un.org	CRIG	On track	Private Sector Development	Memorandum of Understanding	Sub-Saharan Africa
6/15/2020 16:02:20	angela.meehan@un.org	W. Gerten Energy Solutions AS	Completed some EIGM's awaiting	Human Rights and social in	Agreement of Cooperation	OECD
6/15/2020 17:54:11	souleymane.djawara@un.org	Kenya Green Building Society	on going	technical supports	Agreement of Cooperation	Sub-Saharan Africa, Global
6/15/2020 18:25:31	souleymane.djawara@un.org	Kenya Green Building Society	on going	technical advice	Memorandum of Understanding	Sub-Saharan Africa

- The responses to the private sector questionnaire indicate a lack of a unified understanding of partnerships with the private sector and the specifics of partnering with different kinds of organizations. For instance, the 46 organizations mentioned in the list have been categorized into 19 different types - with some whose functions are fairly similar.
- The nature and activities of the non-financial partnerships have not been properly documented. Of the 46 partnerships, only 15 have a funding aspect to them, meaning that the nature and activities of the remaining 31 remain unclear.
- Finally, while documenting the existing partnerships is a good step, it is more efficient if these partnerships are documented at inception to be able to measure and track success.

Overall Finding:

UN-Habitat lacks a clear, streamlined private sector engagement strategy to enable the organization to not only form partnerships with the private sector but also sustain these relationships long-term. Previous partnerships were formed on an ad-hoc basis and a more systematic approach is needed. Additionally, different units within the organization are forming their own independent private sector partnerships and such a siloed approach means that Habitat is not optimizing its current relationships with the private sector. Finally, and most importantly, UN-Habitat lacks a dedicated team with oversight over all existing and prospective private sector partnerships that ensures UN-Habitat's resources are dedicated to sustaining the most valuable partnerships.

RECOMMENDATIONS**1. Dedicated resource overseeing all partnerships**

- The recommendations to Habitat all depend on one crucial factor - investing in a dedicated team of experts to own and oversee Habitat's private sector partnerships.
- UN-Habitat needs a designated central team with a bird's eye view of the existing engagements with the private sector across different offices and units of the organization. The team will be able to support the organization in streamlining and managing relationships with different partners and also optimizing the value derived from these partnerships.
- Beyond owning the private sector engagement strategy, the team will support the implementation of the strategy across regional offices and in different sections.
- UN-Habitat should explore two options outlined below in establishing a private sector partnerships team:
 - An internal team with the lead sitting at the Headquarters, supported by regional representatives
 - A private sector partnership hub located in a dynamic and innovative city.

Private Sector Partnerships Team

When constituting the dedicated resource, whether internal or external, UN-Habitat should pay attention to the following:

- *Expertise and a deep understanding of the private sector:*
 - The Team acts as the intermediary between the private sector and UN-Habitat's technical units; proactively advising on prospects, evaluating opportunities, and actively leading in negotiations with the private sector. They support UN-Habitat regions and technical units in developing priority needs suitable for private sector involvement and contribution.

- The team should have a deep understanding of the private sector, the language and incentives that private sector firms pay attention to, and even the different types of private sector companies in order to negotiate effectively for UN-Habitat.
- Senior members of the team should know and understand the giving/partnering capacity of whichever private sector partner UN-Habitat is approaching. Secondly, the officers should have the skill to negotiate and secure deals with the private sector.
- Lastly, the officers should also be aware of the language and approach to use when building relationships and raising funds from a philanthropic private sector partner.
- *Flexibility and independence to work efficiently*
 - To work efficiently and to meet the expectations of the private sector, the private sector partnerships team should be able to operate nimbly and make decisions as quickly as possible.
 - The team will, therefore, need delegated authority to make decisions on plans, activities, and a budget to avoid some of the lengthy processes within the UN that can discourage private sector contributions. Other UN agencies such as UNHCR have successfully implemented this model for their private-sector partnerships team.

2. Centralized private sector engagement approach

- UN-Habitat needs a coordinated approach and guiding principles across all initiatives and departments when engaging the private sector to be able to attract and grow long-lasting partnerships.
- The strategy should outline Habitat's priorities which also informs the kind of partnerships to seek and dedicate time and resources to maintain.
- Additionally, the strategy should provide for a referral system across Habitat, where each department can serve as a 'Business Development' arm and refer partners who are not suitable for them to another department.

Principles for Private Sector Engagement

- Priority will be given to long-term, sustainable partnerships and not one-off engagements.
- All partnerships must be aligned with UN-Habitat's internal priorities, vision, and mission.
- Partnerships will be value-driven, and where possible will include measurable outcomes and the expected impact.
- Habitat will adopt a nimble, and flexible approach, amending the strategy based on the outcome of earlier and ongoing engagements.

- Transparency and accountability are expected from the internal team in all private sector engagements.

3. **Strong, clear value proposition, applied consistently across the organization.**

- UN-Habitat needs to develop its unique value proposition to facilitate its conversations with the private sector and to get their buy-in especially for projects that the private sector may not have engaged in previously.
- The value proposition should define the key incentives for the private sector to partner with UN-Habitat and also reflect Habitat's priority areas.
- It is recommended that this is linked to the delivery of SDG 11; Making cities inclusive, safe, resilient, and sustainable and positioning UN-Habitat as a center of excellence and ideal partner towards that goal.

Proposed value proposition:

Generally, UN-Habitat's value proposition includes the following:

1. **Convening authority** & ability to bring together multiple stakeholders from Government, Foundations, and Business.
2. Long-term country presence, **knowledge of local contexts**, and networks in different countries.
3. **Connections** to local governments and access to multiple sizable projects.
4. **Technical expertise** and the ability to support sustainable urbanization and the future of cities.
5. **Credibility and goodwill** that can enable foreign firms to build their reputation in new markets.
6. **Exclusive source** of high-return projects in emerging markets.*

A tailored proposition informed by the above will be developed for each conversation and pitch presented by UN-Habitat to governments and private sector actors. In phases 2 and 3 a single line value proposition will be developed based on input from more stakeholders including the private sector.

**UN-Habitat, when working with governments that are not able to pay for advisory support, can explore partnerships with these cities where Habitat has the exclusive mandate to source for investors and technical partners for their projects. Exclusivity to government projects will give UN-Habitat more bargaining power in negotiations with the private sector.*

4. **Defined priorities within UN-Habitat to inform private sector engagement:**

- UN Habitat's resources should be dedicated to building and sustaining the partnerships that hold the greatest value for the Sustainable Urbanization agenda and for the organization.
- To achieve that, a key step is defining the priority areas and needs for private sector partnerships within UN-Habitat.
- Clearly defined priorities will also inform the kinds of partners that Habitat should be approaching, and the pitch presented to these partners, and further, inform the pipeline for engagement, allowing for pro-active selection of partners and a stewarding and 'referral' approach that allows the organization to optimize and maximize all opportunities. This allows for a more strategic and broader shared value approach to private sector engagement.

5. Measurable performance indicators: What does successful private sector engagement look like for UN-Habitat?

- Habitat's long-term private sector engagement strategy needs to define the primary objective of engaging with the private sector; be it for fundraising, to catalyze private sector investment in the sustainable urbanization agenda (through funds that do not necessarily go through UN-Habitat), or to influence private sector practices for the benefit of the new urban agenda.
- Ideally, meeting all three objectives should be a goal, but in terms of measuring success, it is important to determine measurement indicators for each objective and even determine the leading objective for each prospective partnership.

6. Partner identification and vetting tool:

- A risk analysis, risk mitigation approach to private sector engagement is highly recommended. It is important that any partner brought on is appropriately vetted to maintain the reputation and goodwill of UN-Habitat. Moreover, it is also critical that UN-Habitat's engagement with the private sector is proactive and informed by an inclusionary approach- which are the Industry sectors UN-Habitat must engage with because failure to do so undermines the organization's ability to deliver on SDG 11- either because these industries have the greatest impact- negative or positive- on urbanization?
- A robust due diligence process will help vet and mitigate risks while also helping identify ideal partners for the organization. The earlier proposed central team should lead on central due diligence with an approving task team made up of broader team members beyond that team. Existing guidelines, produced in line with the UN Global Compact should be updated to reflect organizational specific criteria.

7. Internal training and knowledge building:

- Internal training exercises should be conducted across all of Habitat's departments on private sector engagement and how to build and maintain these partnerships.
- The training will ensure that the staff is aligned on UN-Habitat's priorities and

value proposition when engaging the private sector.

- To complement the training exercises, easy-to-read handbooks and guides should be prepared as reference documents for existing and new staff to use when engaging the private sector.