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Bio

Lou Pingeot is a PhD student in the Political Science Department at McGill University and a 2015 Vanier Scholar. Her research focuses on global governance at the United Nations, in particular international development policies, peacekeeping and humanitarian action. From 2010 to 2013, she worked as a policy analyst in New York, where she published reports on issues ranging from UN use of private military and security companies to the “Responsibility to Protect”.

Abstract

Following the Rio+20 conference and in anticipation of the end of the Millennium Development Goals, the United Nations is at the center of debates on the future of sustainable development. In these debates, the UN Secretariat has positioned transnational corporations as essential and legitimate actors for new sustainable development goals. This policy does not follow a direct mandate from member states. Rather, the UN’s rapprochement with business in the ‘Post-2015’ process should be seen as an example of independent decision-making by the organization within the constraints of the current world order. This strategy dates back to the late 1990s and is meant to increase the UN’s authority and legitimacy and expand its mandate by making it more relevant to powerful actors in the international arena. The article questions whether the organization’s strategy vis-à-vis business is producing the anticipated effects, or rather reveals institutional dysfunction.

Keywords

United Nations, global governance, development policy, sustainable development, public-private partnerships

Text (8,020 words)

The UN is at once an inter-governmental organization following its members’ mandates, a forum for states to debate and negotiate, and an institution with its own logic and interests. While (neo)realist and (neo)liberal frameworks tend to see international organizations (IOs) as passive structures and mere vehicles for their member states’ interests, a growing body of literature is examining these organizations’ capacity for autonomy and independent decision-making. In the case of the UN, the focus has tended to fall on the role of the Secretary-General as an actor in international politics (e.g. Chesterman, 2007), but the broader UN Secretariat and the organization’s multiple funds, agencies and programs are also increasingly studied as bureaucratic institutions. This approach has not only uncovered organizational rational and ideological motives behind IOs’ actions, it has also problematized their behaviour, notably through the concept of organizational ‘pathologies’ (Barnett & Finnemore, 2004).

In contrast with a principal-agent model that focuses on potential divergent interests between principal and agent (which may lead the agent to act autonomously), constructivist and sociological approaches frame independent decision-making as a way for IOs to expand their authority (Barnett & Finnemore, 2004). Some have proposed to use the principal-agent model and constructivist theory in conjunction to ‘paint a broader, more nuanced portrait of IO activity’ than through one single approach (Oestreich, 2012: p. 2; see also Reinalda & Verbeek, 2004). As scholars of IOs have argued, the point is not ‘to create a mythical world of IO omnipotence to replace a mythical world of IO obsequiousness’ (Barnett & Finnemore, 2004: p. 12), but rather ‘a theory that can explain organizational
autonomy as well as responsiveness to the demands of member governments’ and sees IOs as actors, ‘albeit subordinate ones’ (Nielson & Tierney, 2003: pp. 242 and 244). Therefore, an analysis of IOs’ capacity for autonomous action is not necessarily incompatible with the view of critical theorists, who have argued for the understanding of IOs as instruments of legitimization of the hegemonic world order (e.g. Cox, 1983).

This article uses the UN’s strategy towards business in the ‘Post-2015’ sustainable development agenda as a case study to advance the understanding of why and how IOs make independent decisions and act autonomously of their member states. In the wake of the Rio+20 Conference and in anticipation of the expiration of the UN Millennium Development Goals (MDGs) in 2015, the UN has become the center of debate and negotiations to determine the future of sustainable development. As part of the Post-2015 process, the UN has launched various initiatives to facilitate consultations with state and non-state actors, including civil society and business. The UN Secretary-General and Secretariat have chosen to prominently feature and engage with representatives of large Transnational Corporations (TNCs) in these processes and have stressed the role that business should play in the future of sustainable development. These policies are consistent with the way the UN has positioned itself vis-à-vis business since the late 1990s, when Kofi Annan created ‘the world’s largest corporate citizenship initiative’, the UN Global Compact. Then as now, the UN rapprochement with business did not follow a clear mandate from member states. Although existing literature notes a shift from ‘confrontation’ to ‘partnership’ in the history of UN-business relations, it does not always identify the role of the UN itself, as opposed to member states, in engineering this transition.

Does the UN’s business strategy serve the interests of its member states, of the world’s citizens, or of the UN itself? Independent initiatives from the UN Secretariat should not be seen only as problem-solving responses to pressing issues, but also as independent institutional strategies. Building on frameworks that reconcile rationalist and constructivist approaches to IO decision-making, I argue that the UN’s strategy of rapprochement with the private sector can be explained both by material interests (an increase in budget and mandate for the organization) and a will to reaffirm authority and legitimacy. Although the UN’s strategic alignment with business may not respond to direct mandates from its member states, this does not mean that the organization is immune to more informal pressure and to structural constraints. Establishing a dialogue between critical approaches and the literature on independent decision-making within IOs provides a more nuanced picture of how IOs can exercise their independence within the framework of the dominant order and discourse, and even use them to their own institutional advantage. Within the sustainable development agenda, the UN is using its links to business – through partnerships and multi-stakeholder initiatives – to align itself with the hegemonic discourse and gain legitimacy and authority in a neoliberal world.

In addition to a review of the literature on UN-business relations, research for the article’s case study – UN-business relations in the Post-2015 agenda – was based on primary documents (reports, briefings) prepared by the UN and business-led organizations to feed into the Post-2015 process. It also involved observation of meetings related to the Post-2015 process at UN headquarters in New York from April to August 2013, and informal
conversations with UN Secretariat staff, delegates from member states and civil society representatives. The first section provides an overview of how the UN Secretariat has facilitated and promoted business participation in the Post-2015 process and highlights elements of the controversy around the role that the private sector should play in the future of sustainable development. The next section places the Post-2015 process within the historical context of UN-business relations and finds that the rapprochement between the UN and business was engineered by the Secretariat itself, rather than the member states. In the third section, the UN’s business strategy is analyzed as part of an effort to increase the organization’s authority and legitimacy in a neoliberal world, while the last section shows that the UN Secretariat’s material interests also explain this evolution. The conclusions question whether the UN’s strategy is likely to be successful or rather reveals institutional dysfunction.

What should be the role of business in sustainable development?

In the context of apparent deadlock in global governance, some argue that the challenges of poverty eradication and sustainable development will be solved by self-selected and voluntary coalitions of governments, business and civil society, rather than binding inter-governmental mechanisms. Many OECD governments have rallied behind the concept of partnership-based, private sector-led sustainable development. Other UN member states and some civil society organizations, however, have raised concerns that these arrangements allow developed states to offload their responsibilities, lack accountability, and ultimately do not benefit those most in need.

The UN has not remained neutral in this debate. While the organization acts as a forum for member states, civil society and business to air their views and debate, it can also steer the conversation by setting up initiatives and publishing reports to feed into the process. In the Post-2015 process, the UN Secretary-General has decided to prominently feature representatives of TNCs in many of the initiatives he has established. Through these processes, the Secretary-General has helped position TNCs as legitimate actors in the Post-2015 debate and providers of solutions for sustainable development.

The corporate view on the Post-2015 Agenda

The High Level Panel of Eminent Persons on the Post-2015 Agenda (HLP) and the UN Sustainable Development Solutions Network (SDSN) are initiatives of the Secretary-General that have facilitated business input into the Post-2015 process. Ban Ki-moon established the HLP in July 2012 to advise on the global development framework beyond 2015. The panel, composed of twenty-seven individuals, is co-chaired by heads of states and includes representatives from government, civil society and the private sector (Paul Polman, CEO of Unilever, and Betty Maina, CEO of Kenya’s Association of Manufacturers). To prepare its report, the HLP organized a series of consultations with stakeholders, including business. Paul Polman of Unilever conducted extensive outreach to the private sector for the HLP, consulting ‘the chief executive officers of 250 companies in 30 countries, with annual revenues exceeding $8 trillion’ (HLP, 2013: p. 2).
Ban Ki-Moon launched the SDSN in August 2012 as an initiative to mobilize 'scientific and technical expertise from academia, civil society, and the private sector in support of sustainable-development problem solving at local, national and global scales' (as described on the SDSN website). The SDSN is another of the official 'work streams' in the Post-2015 process and has produced a report to inform the Secretary-General's own report on the issue (SDSN, 2013). The SDSN's work is based on twelve thematic groups of experts, one of which focuses on 'Redefining the Role of Business for Sustainable Development' and is led by representatives of the World Business Council for Sustainable Development (WBCSD) and the Novartis Foundation. Representatives of large corporations, including Anglo American, Citigroup, Siemens and Unilever, sit on the SDSN’s Leadership Council and other thematic groups. The process includes (as of early 2014) 21 corporations in addition to 10 foundations and financial institutions, 29 education and research institutions and only 9 NGOs. There were no explicit selection criteria for the SDSN corporate participants, except vague references to a commitment to sustainable development and the demonstration of leadership in this area.

The Global Compact, a voluntary corporate responsibility initiative established by former Secretary-General Kofi Annan, fed directly into the Post-2015 process through its report to the Secretary-General (UN Global Compact, 2013). In addition, the Compact supported the work of the HLP’s business representatives, and promoted the active participation of members of its LEAD initiative (launched in 2011 with a select group of large TNCs) in the Post-2015 discussions. The Global Compact is considered one of the official ‘work streams’ of the Post-2015 process, which gives member companies a significant channel for influence. Although civil society was actively involved in many of the discussions surrounding the Post-2015 Agenda, it did not benefited from a similarly dedicated ‘work stream’.

The reports originating from the HLP, the SDSN and the Global Compact have all given business a central role to play in the Post-2015 Agenda. Business discourse permeates not only the business-led reports (such as the Global Compact’s) but also reports that emerge from processes where governments were in majority (such as the HLP). These reports share a focus on growth as a precondition for sustainable development, and reconcile the need for both sustainability and growth through new technologies to be provided by the private sector. The Global Compact report stresses that ‘corporations and investment institutions are needed to design green technologies’ (UN Global Compact, 2013: p. 12) while the HLP report notes that ‘much of the new technology and most of the new products will come from business’ (HLP, 2013: p. 10). The reports also promote the concept of an ‘enabling environment’ - a context that allows business and ‘corporate sustainability' to thrive (UN Global Compact, 2013: P. 12; HLP, 2013: p. 10) - and call on governments to establish a business-friendly trade system, pricing incentives, and transparent procurement, and to encourage and support responsible business (UN Global Compact, 2013: pp. 23-25; see also SDSN, 2013: p. 8).

The call for a multi-stakeholder system of governance is common to all reports, which note that ‘our world’s most critical global challenges are too large and too complex for any one segment of society to solve alone’ (UN Global Compact & WBCSD, 2013: p. 1), and that ‘the
scale and complexity of the sustainable development challenges of our planet are such, that it is clear that no single group of actors or institutions can make a decisive difference' (Leisinger & Bakker, 2013: p. 1). The reports stress the importance of partnerships for the future of sustainable development, with particular emphasis on the role of the private sector. A joint report of the Global Compact and the WBCSD notes that ‘the Post-2015 Development process presents an historical opportunity to engage the international business community to an extent never before realized’ (UN Global Compact & WBCSD, 2013: 6), while the SDSN thematic group on business calls for more partnerships between UN and business to achieve the SDGs (Leisinger & Bakker, 2013: p. 4).

A contested role

Proposals to rely on private sector capacity and public-private arrangements to reach Post-2015 goals come at a time when the role of partnerships and multi-stakeholder initiatives in achieving sustainable development and poverty eradication is contested. The issue has proven increasingly polarizing among UN member states and civil society organizations. The perceived failure of traditional governance has pushed the private sector into the limelight as an indispensible partner and actor. In this respect, calls for multi-stakeholder arrangements for development are not new. UN member states endorsed the idea that sustainable development could be achieved through multi-stakeholder partnerships (‘Type II’ partnerships) at the 2002 World Summit on Sustainable Development in Johannesburg. However, recent proposals are bolder. While the Johannesburg’s partnerships were meant to facilitate the implementation of intergovernmental decisions, the plan is now to bring business (as well as select civil society representatives) into the decision-making process. The World Economic Forum – a participant in the UN Post-2015 debates - argues that some issues should be taken out of regular inter-governmental fora so they can be addressed by ‘coalitions of the willing’ formed of powerful corporations, governments and handpicked civil society organizations (World Economic Forum, 2010: p. 8).

The UN Secretary-General has launched several initiatives working on such a multi-stakeholder basis, addressing issues ranging from women and children’s health (‘Every Woman Every Child’) to sustainable energy (‘Sustainable Energy for All’). His report on the Post-2015 Agenda notes that ‘multi-stakeholder arrangements have proven successful’ and proposes to increase the number of such UN-led initiatives through the creation of a UN Partnership Facility (UN General Assembly, 2013b: para. 69). Although this form of tripartite governance structure is not new and has been used for several decades by the International Labour Organization (ILO), the ILO was for a very long time an exception in the UN family. It took time and effort for civil society (and business) to get recognition and standing in its other parts, and it is only recently that this model has become more widespread.

In addition to engaging in multi-stakeholder arrangements, traditional donors are also increasingly using public resources to leverage private finance as part of their development strategy. A 2014 report by the European Commission on ‘A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries’ notes that,
over the past decade, the Commission has spent about €350 million a year in support for private sector development (European Commission, 2014). The UK Department for International Department (DFID) plans to increase spending on private sector development to £1.8 billion by 2015-2016, more than twice the amount spent in 2012-2013 (ICAI, 2014: p. 1). UN reports feeding into the Post-2015 process support a continuation and reinforcement of this trend. The HLP report notes ‘the huge potential to use public money to catalyse and scale up private financing for sustainable development’ (HLP, 2013: 11). The Global Compact report similarly promotes ‘the leveraging of development assistance for private sector development’ and ‘development assistance that is designed to leverage corporate sustainability and business-led solutions’ (UN Global Compact, 2013: pp. 6 and 24).

However, proposals to make business a major deliverer of sustainable development have not been universally welcomed. Civil society groups from the Global North and the Global South have raised concerns that multi-stakeholder arrangements and partnerships allow governments to offload their responsibilities, provide weak or non-existent mechanisms to hold partners accountable for promised funding and delivery, and often exclude those stakeholders who have the most vital stake in the issue (e.g. ACORD; 2013; FOEI, 2012; Social Watch, 2013).

Critics argue that private investment should not be seen as a panacea for development, and that the use of public funds for private sector development risked placing profit making over development priorities. A report by the European Network on Debt and Development finds that international funding for private sector development from the European Investment Bank and the World Bank between 2006 and 2010 had mostly benefited companies based in OECD countries and tax havens (Kwakkenbos, 2012). This criticism has not been confined to NGOs. The UK Independent Commission for Aid Impact (ICAI), in an evaluation of DFID’s private sector development work, notes that ‘DFID needs to recognise that the private sector is not a developmental panacea’ and that governments have an important role ‘in ensuring that economic development provides benefits to the poorest in society’ (ICAI, 2014; para 3.4).

At the UN, member states do not unanimously support the move to a multi-stakeholder, partnership-based strategy for the Post-2015 Agenda. Although the General Assembly has adopted a bi-annual resolution favourable to partnerships since 2000 (‘Towards Global Partnerships’), support for the resolution has mostly come from European countries. Some countries have voiced concerns about multi-stakeholder partnerships and private sector financing for development during consultations on future sustainable development goals within the Open Working Group (OWG). At the tenth session of the OWG in 2014, Brazil and Nicaragua noted that a ‘responsible approach is necessary towards the participation of the private sector in development cooperation’ and warned that ‘existing partnerships have expanded outside of the purview of intergovernmental oversight’ (Permanent Mission of Brazil to the UN & Permanent Mission of Nicaragua to the UN, 2014). The Community of Latin American and Caribbean States made similar points at a thematic debate of the General Assembly on ‘the role of partnerships in the implementation of the Post-2015 Development Agenda’ (Muchhala, 2014).
The UN’s strategy towards business

The UN is actively promoting corporate input and participation in the Post-2015 Agenda in the context of ongoing debate on the role of business in sustainable development. Rather than following a clear mandate from member states, this strategy is led by the UN Secretariat itself. The organization is using business to make the Post-2015 Agenda – and therefore the UN itself as the locus of debates and decision-making – more relevant to powerful actors in the global governance scene, including the Bretton Woods Institutions (BWI), OECD countries and TNCs. This strategy is consistent with the way the UN has positioned itself vis-à-vis business since the late 1990s. Although early UN-business relations were largely determined by inter-governmental dynamics, the later period is defined by independent action from the organization itself.

Much of the literature identifies three eras in the history of UN-business relations: consensus and friendly interaction in the immediate post-war era; confrontation and so-called anti-business rhetoric in the wake of decolonization, symbolized by discussions on a binding instrument to regulate TNCs within the UN Centre on Transnational Corporations (UNCTC); and ongoing rapprochement since the end of the Cold War, epitomized by the Global Compact. This chronology is adopted by Sagafi-Nejad and Dunning, who highlight that the ‘relative tranquility and prosperity of the immediate postwar years gave way to a more confrontational and contentious period in the 1970s’ (2008: p.23), and Thérien and Pouliot, who characterize the early UN (1960-70) as prejudiced against the private sector (2006: pp. 57-58). Although Tesner and Kell (2000) see the alignment between the UN and the private sector in the 1990s as a natural return to the spirit of partnership embedded in the Charter, the rapprochement between UN and business is more often interpreted as a historic change in UN attitude to business (Thérien & Pouliot, 2006: p. 56), ending ‘decades of mutual suspicion between the UN and the private sector’ (Kell, 2013: p. 40).

This chronology correctly identifies a change in the discourse on business at the UN, but tends to gloss over what ‘the UN’ is. The early history of UN-business relations, characterized as confrontational, was primarily driven by Cold War inter-governmental dynamics. The history of the UNCTC and the code on TNCs cannot be told without dwelling on the establishment of the G77, the attempt to create a New International Economic Order (NIEO) and the creation of UNCTAD (United Nations Conference on Trade and Development). The formation of a Commission on TNCs and debates on the possibility of a code for corporations reflected the fact that the G77 dominated the General Assembly (Coleman, 2003). The engagement of the UN with business, and in particular with TNCs, was mostly led by inter-governmental debates and dynamics.

In contrast to these inter-governmental debates, the later rapprochement between the UN and business was engineered by and large by the UN Secretariat, and in particular by the Secretary-General. This strategy, to some extent, was following the lead of governments, which in Rio in 1992 had embraced the private sector (along with civil society) as a key actor in efforts to achieve sustainable development. But the Global Compact, which symbolized the UN-business rapprochement, was an initiative of the Secretary-General, without a prior mandate from member states. Individuals within the UN played a key role in
this process led by the organization, in particular Kofi Annan and John Ruggie, who served as United Nations Assistant Secretary-General for Strategic Planning from 1997 to 2001. Ruggie was one of the main architects of the Global Compact and has written extensively on corporate social responsibility (e.g. Ruggie, 2007).

In his speech to corporate executives at the World Economic Forum in Davos in 1999, Annan proposed an alliance between the UN and TNCs. Underlining that ‘the spread of markets outpaces the ability of societies and their political systems to adjust to them’ and warning that ‘history teaches us that such an imbalance between the economic, social and political realms can never be sustained for very long’, Annan argued that the UN could ‘help make the case for and maintain an environment which favours trade and open markets’. In exchange, he asked corporate executives to ‘encourage States to give us, the multilateral institutions of which they are all members, the resources and the authority we need to do our job’ (UN Press Release, 1999).

The Secretariat-led nature of the UN-business rapprochement is illustrated by the weak inter-governmental oversight of the institutional architecture linking the organization to business. The Global Compact was endorsed ex-post facto by member states and ‘initially lacked intergovernmental legitimacy’ (Kell, 2013: p. 38). The Compact falls outside regular UN processes because of its extra-budgetary funding coming from a small group of member states, and it is not submitted to oversight by the General Assembly. The UN’s internal watchdog, the Joint Inspection Unit, flagged this lack of inter-governmental oversight as a potential risk in a 2010 report, noting that the UN was putting itself in a situation where ‘any external group or actor(s) may divert attention from the strategic goals agreed to promote interests which may damage the reputation of the United Nations’ (UN Joint Inspection Unit, 2010: executive summary). Like the Global Compact, the UN Fund for International Partnerships (UNFIP), created to liaise with the UN Foundation (which administers the grant given by billionaire Ted Turner to the UN), is not submitted to member states’ control (Bull, Bøås & McNeill, 2004: p. 482). In addition, although civil society organizations’ accreditation with the UN is submitted to member states’ review through ECOSOC, there is no parallel process for corporations, except through the business organizations they may be members of.

The Secretary-General’s activism on UN-business relations has sometimes generated tension with member states, as recent debates around the potential creation of a UN Partnership Facility have demonstrated. In his 2012 Five-Year Action Agenda, the Secretary General introduced the idea of a Partnership Facility to ‘scale up UN capacity to engage in transformative multi-stakeholder partnerships with the private sector, civil society, philanthropists and academia’ (UN, 2012). However, rather than introducing the concept to the member states through a dedicated report, the Secretary-General chose to include it as one of many items in the proposed budget for 2014-2015, raising suspicion among some member states that he was attempting to rush the project through. The regular budget cost of the new Partnership Facility is estimated at $1.5 million dollars, with an extra $12.9 million coming from extra-budgetary sources (UN General Assembly, 2013a: p. 71), which indicates that member states that are not directly contributing to the Facility would have limited oversight over its activities.
Constructing authority and legitimacy in a neoliberal world

The organization’s business rapprochement strategy, rather than following direct mandates from member states, is motivated by both external changes in the UN’s environment and internal bureaucratic dynamics.

Adopting the neoliberal discourse

The UN has faced decreasing relevance in the realm of global economic governance since the 1980s, when negotiations on foreign direct investment moved to the World Trade Organization and the OECD, starting a period of liberalization (Hummel, 2005). The UN Intellectual History Project has documented how, in the 1980s, ‘the UN was challenged to demonstrate its relevance and capacity for development’ (Jolly et al., 2004: p. 279). While the 1970s was a period of UN-led innovation in development thinking, in the following decade ‘the intellectual leadership in the international arena shifted from the UN system to the Bretton Woods institutions [...] The UN too often reacted, standing on the sidelines [...]’ (Jolly et al., 2001: pp. 174-175).

In this context, initiatives such as the Global Compact have been interpreted as a way of re-legitimizing the UN as an essential locus of global governance. The UN-business rapprochement illustrates the ‘desire of the organization to regain authority and legitimacy in an increasingly market-oriented world’ (Bull & McNeill, 2007: p. 3; see also Zammit, 2003: p. 45). It makes it more attractive to the BWI, the OECD and the G20, thus ‘allowing the UN to move back again to the center of debates on global governance’ (Thérien & Pouliot, 2006: p. 65).

The recent period has seen an increasingly close alignment between the discourse of the UN and the discourse of the BWI. While some argue that each side of the debate has adopted elements from the other side (with, for instance, the BWI adopting the concept of ‘human development’ promoted by UNDP), in fact the UN seems to have largely embraced the BWI discourse with limited reciprocity. The rapprochement between the UN discourse and the BWI discourse did not result in a midway meeting of minds: ‘the Left — the UN agencies — has in fact conceded more than the Right — the Bretton Woods institutions’ (Thérien, 2004: p. 17). Indeed, concrete initiatives under Secretary-General Annan’s UN reform strategy have aligned the organization with what was initially the World Bank/IMF agenda (Cammack, 2006).

Ruggie argues that when Annan proposed the Compact, he ‘predicted precisely the kind of backlash that hit ten months later at Seattle and in various venues since’ (2000). Annan was indeed prescient about the rising discontent with globalization, but he chose to align the UN with the corporate social responsibility agenda rather than the demands for corporate accountability. As Bruno and Karliner note, ‘many in the [anti-globalization] movement believed that the Secretary General had chosen sides in the globalization debate at a moment when the doors were potentially opening for much more substantial change’ (2002: p. 51).
Indeed, the UN’s legitimization efforts have a very specific target. This strategy is heavily oriented towards the most powerful international actors: the G20, the OECD, the BWI and TNCs. The point is not to make the UN more relevant and legitimate for less prominent developing countries or social movements, for instance; it is to court the powerful. Maurice Strong, the Secretary General of the first Rio Conference in 1992, made it quite clear when he defended his outreach to business leaders by arguing that ‘the environment is not going to be saved by environmentalists. Environmentalists do not hold the levers of economic power’ (cited in Bruno & Karliner, 2002: p. 22).

A number of scholars of UN-business relations interpret the institution’s active promotion of pro-business and pro-globalization discourse as proof that the UN is participating in the re-affirmation and legitimization of the hegemonic neoliberal order. Using a neo-Gramscian framework developed by Robert Cox (e.g. 1983), they see initiatives such as the Global Compact as a ‘passive revolution,’ a term developed by Gramsci to explain how the ruling classes survive crises of hegemony through a top-down strategy aimed at preventing the development of a revolutionary adversary (Soederberg, 2007). In the case of the UN and TNCs, the Global Compact and similar initiatives are meant to pre-empt a more radical critique of the existing economic order: ‘concepts such as private-public partnerships and corporate social responsibility are important contributions to the consensus needed to sustain hegemony’ (Bull, Bøås & McNeill, 2004: p. 490). In this analysis, the UN is uniquely placed to support and reaffirm the hegemonic order, as it possesses a high level of legitimacy and is perceived as a more neutral broker than the BWI. Indeed, ‘international organizations can best support the hegemonic order when they do not appear as instruments of the dominant states or dominant social groups but as autonomous institutions’ (Hummel, 2005: p. 6).

While this analysis correctly identifies the UN’s role in promoting the hegemonic neoliberal discourse, it tends to see the organization as a mere tool of powerful member states. This fails to consider that IOs can have an institutional interest in aligning with the hegemonic order to demonstrate and reinforce their legitimacy. In this case, UN leadership made a decision to position itself on the pro-corporate, pro-globalization side of the debate to increase its legitimacy and its authority in a neoliberal world.

_Becoming a provider of pragmatic solutions_

To be authoritative, IOs must appear neutral and invoke a bigger purpose than themselves – that they serve others as apolitical technocrats (Barnett & Finnemore, 2004). The UN’s strategy vis-à-vis business is often framed as a pragmatic, result-based approach, a move from ideology to pragmatism and to ‘what works’ (Utting & Zammit, 2006). Sagafi-Nejad and Dunning, for instance, note that the ‘earlier attention to ideology has been gradually replaced with a more pragmatic approach’ (2008: 209) while Tesner and Kell argue that ‘by the end of the 1980s, the world had passed from the ideologues to the managers in both the North and the South’ (2000: p. 2).
The Global Compact, Public-Private Partnerships (PPPs) and multi-stakeholder initiatives are usually presented as pragmatic solutions to intergovernmental blockages. The shift from intergovernmental to ‘global governance’ (with participation of the private sector and civil society) (Hummel, 2005) is deemed to have occurred because of failures in international negotiations and implementation. As Coleman argues: ‘unable to achieve enactable TNC regulatory structures through the inter-governmentalism of ECOSOC or the UN General Assembly, one may suggest that the latest in a line of frustrated UN Secretaries-General chose a beyond-state approach, negotiating with transnational business interests directly to achieve at least a partial outcome’ (2003: p. 341). Contributions to the Post-2015 process have made the same point, arguing that a shift to multi-stakeholder governance is necessary in light of the failure of government-led processes. The SDSN report, for instance, notes that ‘the business-as-usual (BAU) trajectory is marked by a failure of international coordination and cooperation’ (SDSN, 2013: p. 4).

The promotion of public-private arrangements as pragmatic solutions often assumes that UN actions are motivated by what works, more rarely by what works for the UN. Rather than the best way for the UN to reach its stated goal (sustainable development), the organization’s strategy towards business should be understood as a self-interested move. Not only does it allow the UN to portray itself as a provider of ‘pragmatic’ solutions, thus increasing its legitimacy and authority; it also responds to material motivations.

**Material Interests**

*Securing funding*

Financial motivations have been identified as a key driver in the UN’s strategy vis-à-vis business. The policy of rapprochement has to be put in the context of decreased funding for regular UN activities, with administrative and budgetary growth coming to a ‘virtual standstill’ in the 1980s after decades of institutional expansion (Fomerand & Krasno, 2003: 6). In 1997, the UN was brought to the brink of bankruptcy by the US refusal to pay $1.5 billion in arrears, before Ted Turner stepped in with the offer to giver $1 billion to UN activities over 10 years (Zammit, 2003: pp. 42-43).

In this context, ‘it is important to ask to what extent UN agencies are pursuing a narrow financial agenda’ (Utting, 2000: p. 7) or, in other words, a strategy motivated by bureaucratic survival. This agenda includes the pursuit of private funds for UN-led projects, but it also sees business as a potential ally in ensuring funding for the UN itself. Indeed, Annan made very clear that the creation of the Global Compact and the attempt to gain business endorsement of the UN were part of his strategy to encourage the US to pay its arrears (Bruno & Karliner, 2002: p. 52). By courting business leaders, the UN is not looking for direct funding so much as for support that could lead to funding. In other words, it is hoping to leverage legitimacy to improve its financial fortune.

Funding – and the threat of withdrawing it – is of course one of the tools that principals can use to control their agent (e.g. Nielson & Tierney, 2003). The UN’s financial crisis could thus be interpreted as a US strategy to control the organization. However, the US never made
UN-business rapprochement an explicit condition of renewed funding. Rather, the UN chose to adopt this strategy as it was deemed likely to generate support from US TNCs and increase chances of secure funding. This is an example of opportunistic behavior and illustrates the need for a more nuanced understanding of how IOs can make independent decisions within the constraints established by powerful member states.

Finding new roles

In addition to securing funding, the UN’s strategy towards business aims to create new roles for the organization. The rapprochement between the UN and business and the establishment of UN-led PPPs position the UN as a convener and a broker between governments, civil society and the private sector (Tesner & Kell, 2000: p. 151). ‘[Partnerships] signify the continued power of intergovernmental organizations that have found new tasks in being facilitators and administrators of voluntary multi-stakeholder partnerships’ (Bäckstrand, 2010: p. 164). Former Secretary-General Kofi Annan specifically stressed the role of the UN as a broker between business and civil society in his speech to corporate executives in Davos: ‘we are ready to facilitate a dialogue between you and other social groups, to help find viable solutions to the genuine concerns that they have raised’ (UN Press Release, 1999). Kell (one of the architects of the Global Compact) and Levin argue that the initiative is a reflection of the ‘Secretary-General’s resolve to revitalize the UN and make it relevant again by positioning it as part of the solution to the problems of globalization’ and ‘a strategy to make the UN relevant by leveraging its authority and convening powers in ways that will actually produce the positive social change it aspires to create’ (2003: pp. 152 and 161).

The Secretary-General’s proposal to create a new Partnership Facility clearly fits into this institutional expansion strategy. In addition, the UN’s agencies, funds and programs have established their own channels and mechanisms to partner with the corporate sector. In 2014, for instance, UN Women established a Private Sector Leadership Advisory Council composed of ten corporate leaders from firms including Unilever, Anglo American and Chanel.

Conclusions

Different theoretical frameworks illuminate different aspects of the UN’s strategy vis-à-vis business and suggest that an eclectic approach may further our understanding of why and how IOs make independent decisions. A rationalist reading of the UN’s strategy emphasizes its interest in increasing its funding and mandate, while a constructivist approach underlines the organization’s efforts to re-enforce its legitimacy and authority in a neoliberal world. The two approaches are complementary to understand how the UN is using its constructive power to define how and by whom (multi-stakeholder coalitions) problems (sustainable development) should be solved, and in the process is carving out new roles for itself as a convener and a broker of these solutions. While the UN responds to external stimuli and the preferences of its more powerful members, it is not just a tool of the hegemonic order. Rather, the organization chooses to embrace the hegemonic discourse to further its own institutional interests. The article invites to reconsider the concept of
‘corporate capture’ of the UN, used by some civil society organizations (e.g. FOEI, 2012). Rather than corporations seeking out the UN, recent developments have been very much driven by the UN seeking out corporations – and some have questioned the organization’s legitimacy to push its corporate social responsibility agenda onto business (Sethi, 2003).

This raises two questions about the UN’s strategy: is it successful, and what is its normative significance? The effectiveness of public-private and multi-stakeholder arrangements for development is increasingly being questioned. Although the reports emanating from the Post-2015 process present them as innovative solutions and argue that it is the first time that business has been involved in the UN development agenda, in fact business was a key actor in the 1992 Rio conference and in following UN initiatives (e.g. Thérien & Pouliot, 2006: p. 59). Indeed, the major outcome of the Johannesburg Summit in 2002 was the creation of the concept of Type II partnerships, seen as facilitating the inclusion of business and civil society in sustainable development initiatives. However, the record of PPPs has been found wanting (e.g. Biermann et al., 2007) and the literature on the Johannesburg partnerships has underlined their low legitimacy and effectiveness through quantitative assessments and case studies (Bäckstrand & Kylsäter, 2014). Both TNCs participating in the Post-2015 process and the UN, however, have an interest in glossing over this historical record and in pretending that the proposed solutions are path-breaking, since it allows the organization to claim both new roles and legitimacy as a problem-solver, and business to present itself as an innovative solution. The poor record of the solutions that the UN is actively promoting suggests that the organization is more interested in advancing its own legitimacy and institutional interests than in what actually works, thereby demonstrating dysfunctional behaviour (Barnett & Finnemore, 2004).

Does the UN’s business strategy put the organization back at the center of global governance? While multi-stakeholder arrangements and partnerships have given the UN a new role, they constitute an opt-in, opt-out model of governance that is unlikely to increase the organization’s legitimacy in a stable and durable way. The UN is promoting multi-stakeholder arrangements in the belief that it will become one of the members of these self-selected coalitions, but it does not seem to consider that more powerful actors can easily exclude it from such mechanisms. The organization should not forget that the World Economic Forum in its ‘Global Redesign’ report proposes not only to increase the number of multi-stakeholder arrangements, but also to take some issues off the agenda of the UN system altogether so they can be addressed by ‘plurilateral, often multi-stakeholder, coalitions of the willing and able’ (World Economic Forum, 2010: p. 8).

Is there any alternative to the strategy the UN has chosen to adopt? Some argue that the organization received little support from member states during the financial crisis created by the US, and therefore had no option but to try and appease its most important contributor. However, one can question whether a strategy of differentiation, rather than alignment with the hegemonic discourse embodied by the BWI, would have been more successful in building broad-based support for the organization. ‘By seeking consensus with the private sector and OECD and close working relations with the IFIs [International Financial Institutions], the value added by the UN in developing an alternative paradigm may be threatened’ (Emmerij, Jolly & Weiss, 2001: p. 145). As it increasingly tailors its
policies to the interests of the powerful, the organization may eventually lose its legitimacy (Barnett & Finnemore, 2004). By pushing for more corporate participation in the Post-2015 Agenda and promoting the view that business is part of the solution, the UN is showing independence and leadership, but it is not leading towards what many hope for. The strategic alignment with TNCs ignores or pretends to ignore that those who hold the levers of power rarely have an incentive to voluntarily enact changes that may threaten their position. For those who hoped that the organization would turn to global civil society, in particular social movements, to legitimize its governance role (e.g. McKeon, 2010) and would ‘work in and build on key areas of comparative advantage’ (Jolly et al., 2001, p. 301), the embrace of the corporate sector is bad news.

References


