

Policy Brief

Global Health-Related Public-Private Partnerships and the United Nations

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Summary

This policy brief addresses the policy implications of increased interactions between the UN and the corporate sector. In particular, it looks at the increased collaboration between the corporate sector and WHO, Unicef and UNFPA. It also explores the major global health-related public-private partnerships (GHPPPs) which function largely outside the UN. It concludes that, while guidelines and procedures to address public-private interactions (PPIs) have been developed within the UN agencies, they are inadequate to ensure the UN's integrity. Increased public-private partnerships (PPPs) with the corporate sector and the UN reflect a shift in the overall policy paradigm towards globalisation and market orientation.

PPPs put the normative functions of the UN at risk. PPPs also fragment more horizontal public health policies into a number of separate, technology-centred interventions designed at the global level that pay inadequate attention to national needs and other ongoing broader processes. The sustainability of the promoted approaches is of concern. Furthermore, PPPs may decrease transparency and public accountability. As an industrial policy, PPPs tend to favour transnational industries over smaller national companies. As funding for the GHPPPs comes largely from the same sources as other development aid, the sustainability of funding of more traditional channels, including the UN, is endangered.

This policy brief recommends that Finnish development aid money should not be diverted from the more traditional channels, such as the UN, towards GHPPPs. Finland should advocate a thorough assessment of the health-related PPPs. It should remain an active promoter of safeguarding and maintaining the UN's integrity and values in which public interests remain the core bases for health-policy-making within the UN agencies.

This is one in a series of policy briefs commissioned by the Finnish Ministry of Foreign Affairs to encourage sound thinking on aspects of globalisation. These briefs have been commissioned from and produced by the GASPP programme, an Anglo-Finnish research and public information programme based partly in STAKES, Helsinki. The opinions expressed are those of the authors. This initial series of briefs covers four topics of major international significance:

- 1 Global Social Governance Reform;
- 2 Global Health-Related Public-Private Partnerships and the United Nations;
- 3 The Impact of WTO Agreements on Health and Development Policies;
- 4 International Non-State Actors and Social Development Policy.

It is in the nature of a policy brief that some points are asserted and not thoroughly defended. More substantial argumentation and evidence for the opinions expressed in this policy brief may be found in the longer publication which accompanies these briefs (Deacon, Ollila, Koivusalo, Stubbs 2003).

Interactions between the United Nations and the Private Sector

Although there have always been interactions between the private sector and the United Nations (UN), such interactions have grown exponentially during the past five years. Regardless of the heated discussions and debates within the UN on public-private partnerships (PPPs), the UN does not have a common definition on what it means by them. The term "partnership" is used very loosely to refer to almost any kind of relationship, including corporate sponsorship and policy dialogues. A common definition is still being worked out, but the following working definition has been suggested: "Partnership is a voluntary and collaborative agreement between one or more partners of the UN system and non-state actors, in which all participants agree to work together to achieve a common purpose or undertake a specific task and to share risks, responsibilities, resources, competencies and benefits." Meanwhile, the WHO is increasingly using the term "interactions" for its collaboration with the corporate sector, while Unicef uses the terms "alliance" for a public-private partnership and "ally" for the corporate partner itself.

In this paper, the term public-private interaction (PPI) is used as a general term to refer to the various forms of interaction between the private sector and the UN. In general, PPP is used to refer to interactions in which the private sector is included in the agenda setting, policy-making and priority setting exercise. But as the term PPP is used very loosely in the original UN context, in being faithful to the original texts, some confusion over the terms is unavoidable.

The United Nations

In the 1990s, representatives of the business world were increasingly invited to participate in various ways in the work of the UN, including providing inputs into UN-sponsored global conferences, such as the 1992 UN Conference on Environment and Development. In September 2000, the

Heads of State and Government adopted the United Nations Millennium Declaration, which resolved to develop strong partnerships with the private sector and civil society organizations in pursuit of development and poverty eradication. Other subsequent intergovernmental meetings have also made recommendations linked to PPIs, all of which have built up a UN mandate for increased PPIs.

The Global Compact

In January 1999, the Secretary-General of the UN, Kofi Annan, called upon the business community to join the UN in a Global Compact in which business would "embrace and enact" nine principles of good conduct in the areas of human rights, labour standards and environmental practices, all areas in which universal values have been defined by international agreements. The Compact does not attempt to verify or monitor the companies' conduct. But even among UN officials, there is considerable confusion over whether or not inclusion of a company as a Global Compact partner provides an assurance of good corporate conduct.

Criticisms have been raised about the Compact as a concept, as well as about the lack of vigilance over the practices of the companies that are part of the Compact. In the critics' view, the Compact provides companies with an effective means of enhancing their image and influence without really making any obligations as to their conduct. In this way, the UN has been charged with lending its hand via the Global Compact and other "partnerships" with transnational companies to "bluewashing" their reputations through association with the UN and its leaders.

The World Health Organisation (WHO)

WHO started to elaborate its thinking about PPIs in the late 1990s. As part of the renewal process of WHO's long-standing "Health For All" policy, a working group on partnerships for health was formed. It was, however, only in 1998 after the election of Gro Harlem Brundtland as WHO's Director-General that interactions with the corporate sector started

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to be promoted as an important part of organisational policy. Over the last five years or so, funding from corporations has risen to about 10% of WHO's total budget.

WHO, as a specialized UN organization on health, needs to receive its mandate from its own governing bodies, the World Health Assembly (WHA) and the Executive Board (EB). So far, the WHA has not given an explicit mandate for the WHO to engage in close co-operation with the corporate sector. In 2000, the Director General endorsed Guidelines for working with the private sector to achieve health outcomes as a managerial tool for the Secretariat.

UNICEF and UNFPA

UN Funds rely solely on voluntary contributions. Unicef's cause has for a long time raised significant amounts of its funding from non-state actors. Citizens have given their time for Unicef's, particularly by collecting money for it. But in recent years, Unicef has increasingly emphasised the importance of the corporate sector. Currently about 6-8% of Unicef's total funding has come from corporate sources, but this proportion is expected to rise to 10% by the year 2005. Many of Unicef's interactions with the corporate sector are fund-raising and corporate image enhancement.

UNFPA has traditionally procured contraceptives from the corporate sector. UNFPA's major PPPs involve helping contraceptive producers to develop new markets and to meet national level contraceptive needs. Search for more substantial private financing of UNFPA's activities is only now being initiated.

The UN Funds are directed by the policies of the UN's General Assembly and guidance from the Economic and Social Council (ECOSOC). The 1990 World Summit for Children and its follow-up, the 2002 UN's Special Session on Children guide the specific areas of action of Unicef. The outcome document of the Special Session acknowledges the role of the private sector in mobilizing resources and encourages corporate social responsibility and, inter alia, the enhancement of partnerships with business, while also pointing out the need for

corporations to abide by national legislation

The Programme of Action resulting from the 1994 International Conference on Population and Development (ICPD), which guides UNFPA work, includes a chapter on partnerships with the non-governmental sector, under which a sub-chapter is devoted to the profit-oriented sector. The follow-up meeting for ICPD in 1999 also stressed the role of partnerships.

Major Global Health-Related Public-Private Partnerships

The new Millennium has seen the emergence of a new form of public-private partnership: these are major global health-related public-private partnerships (GHPPPs) dealing with essential public health issues and involving the creation of new structures largely outside the UN's auspices. The first to emerge was the Global Alliance for Vaccination and Immunisation (GAVI) in 2000 which has since been used as a model for constructing other new partnerships, such as the Global Fund to Fight Against AIDS, Tuberculosis and Malaria (GFATM) and the Global Alliance for Improved Nutrition (GAIN), which focuses on micronutrients and is still being constructed

The organizational structure of the GHPPPs is fairly convoluted, which makes public accountability complicated and less transparent. The most striking feature of the governance structure is that the GHPPPs include industry in policy-making and agenda setting, but lack mechanisms to deal with conflict-of-interest issues. While GAVI still has WHO and Unicef agencies as voting members on its board, GFATM includes them only as non-voting members. Within GAIN, only one of the international organisations (UN and other multilateral agencies) will have a seat.

While these new structures have been justified by claims of efficiency gains, any efficiency is compromised by the enormous transaction costs incurred in building up and maintaining the policies, procedures and mechanisms related to the GHPPPs. Efficiency, in terms of Fund staff time per dollar dispersed, may still be relatively high because of the size of the grants awarded,

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and because many administrative tasks are outsourced. But there are concerns about the efficient use of money and whether countries have the capacity to absorb that amount of money.

The GHPPPs have introduced new business-like thinking. GAVI has been praised for introducing results-based funding systems into the health area. In practice, results-based thinking has not yet proved to be effective, but has introduced additional demands for monitoring and reporting systems.

All three GHPPPs deal with essential public health issues, the policy-making and agenda setting for which should be at the core of UN health-related agencies. The GHPPPs are conducive to narrow agendas with donor-driven, short-term, high profile goals. The GHPPP agendas are rarely integrated with emerging processes within the countries aimed at developing national health systems. With the exception of funding from the Bill and Melinda Gates foundation the GHPPPs have not been able to raise any significant amounts of additional money for development aid. GHPPPs are competing for the same resources and may end up undermining other more sustainable and wider approaches for health development.

Procedures for Selecting and Approving PPPs

In recent years, many UN agencies have been developing guidelines and procedures for managing interactions with the private sector. The UN guidelines, issued in July 2000, are intended to serve as a common framework for all organizations of the UN proper (that is, the UN secretariat, and UN funds and programmes). WHO's guidelines were endorsed by the Director-General in 2000. The Unicef Guidelines and Manual for Working with the Business Community was issued in 2001. The UNFPA guidelines have been recently finalised. While the UN and WHO guidelines are readily available, only a two-page summary of the Unicef guidelines has been made public. The UNFPA guidelines have not yet been made available.

Procedures for decision-making on

private sector interactions include, in principle, two distinct processes. The first is to analyse the actual substance or content of the interaction and to search for the best form of interaction with the best partners. The second is to look at the characteristics of private sector entities that are potential partners and then to choose the appropriate company. It has been noted, however, that in practice it is often the private sector entity rather than the UN body that is active in seeking out a partner. Thus, it is likely that, in many cases, the UN process assesses only the proposed activity and screens the potential partner.

Within WHO, the relevant cluster makes the substance assessment. In principle, the Legal Office and the Department of Government and Private Sector Relations deal with all potential private sector interactions, but in practice all interaction initiatives do not pass through these structures. Unicef's Private Sector Division is the organization's focal point for PPIs, approving any international PPI. Unicef's office in Geneva is charged with corporate screening. UNFPA had not, as of October 2002, made any decision on the organisational structure through which it will coordinate its private sector interactions.

Interviews indicated clearly that, in some agencies, it was not widely acknowledged even as a possibility that PPIs or PPPs may involve risks to the UN agency. Several officials interviewed were caught by surprise when asked about possible risks. In an interview with UNFPA, it was apparent that potential risks had not even been thought of in planning national training agendas, although the guideline apparently does include information on risks and conflicts of interest. In UNAIDS, it was said that in the past any PPI was considered beneficial if it diminished the stigma attached to HIV/AIDS. As of June 2002, UNAIDS has engaged in practically any partnership that presented itself, although it was starting to review this practice.

Experience to date suggests that the UN needs to strengthen its capacity to assess proposed PPIs. There are cases that provide evidence of a shift in WHO's normative advice towards the interests of corporations. Unicef has recently launched several partnerships with corporations that clearly

violate Unicef's own criteria and that are potentially detrimental for public health policies.

PPPs in Global Health Policy Making

The Policy Paradigm

Global policy-making is affected by increased globalisation and market orientation. Increased collaborations with the corporate sector, clearly indicated by the emergence of PPPs, not only reflect a shift in the policy paradigm, but also reinforce that development. Serious effort needs to be made to ensure that this shift does not affect the fundamental aims of UN organizations. The very definition of a public-private partnership, implying a common agenda and priority setting, may impede UN agencies from acting in the public interest, as they also have to accommodate private interests in their agendas and priorities. Furthermore, as policy-making on essential public health matters gets removed from the auspices of the UN system, there is a risk of the UN's relevance to global public health diminishing.

A significant shift in UN policy towards transnational corporations (TNCs) occurred in the 1980s; by the early 1990s, various regulatory initiatives had ground to halt. But their alternative, voluntary codes of conduct, have had a limited impact on improving the behaviour and practices of corporations overall. While social responsibility of corporations is certainly welcome, efforts towards obligatory regulations may be undermined by emphases on voluntary codes, corporate social responsibility and PPPs.

Normative Functions

WHO has the norm and standard setting function in health, while Unicef, UNFPA and UNAIDS officially do not. For these normative functions, WHO in particular needs to safeguard its impartiality very carefully. But as UN programmes and funds, including Unicef, UNFPA and UNAIDS, also have UN prestige and through that some, albeit more

informal, normative capacity, they, too, need to exercise caution.

During court cases against the tobacco industry in the United States, large volumes of internal documents from the industry became public. These documents revealed the tobacco industry's systematic efforts to undermine not only any progress on tobacco control, but also WHO as an organisation. Because of WHO's total condemnation of smoking, the strategies of the tobacco industry are likely to be more blunt, than those of other industries with which WHO collaborates more closely. Nevertheless, the documents shed light on the various ways in which the Organisation can be infiltrated and undermined by industry.

WHO's most likely corporate ally is the pharmaceutical industry. At the same time, however, it is the very industry that has the most business interests at stake and from which WHO should, therefore, keep an adequate distance. In the late 1990s, concerns started being raised that the distance was shrinking too much. Besides the apparent shifts in WHO's normative advice towards corporate interests, the damage from its perceived loss of integrity is worrying.

At the country level, governments and their regulatory agencies need to be allowed to keep their impartiality in order to ensure proper normative functions. But some features of the suggested partnership model run the risk of impeding national regulatory functions. Several GHPPPs require the public party to set up at the country level a co-ordination body with private partners. By requiring that the national regulatory agencies take part in these coordinating bodies, or at least provide supportive statements on regulatory matters for funding proposals to the GHPPP, the GHPPP interferes with the functions of independent regulatory bodies at the national level.

Policy Coherence and Broader Policy Aims

Partnerships rarely synchronise their activities with emerging processes within countries aimed at developing national health systems. Neither do they usually link with other international processes, such as sector-

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Policies linked with PPPs do not always accord fully with other policies that UN organizations should pursue. For example, even if strengthening patent protection were a prerequisite for reaching consensus in a particular PPP, in light of the health sector's cost-containment crises that are partly caused by the increasing prices of the pharmaceuticals, strengthening patent protection should not be a policy priority for WHO.

Funding from foundations is often perceived as unproblematic. But some, including from within UNRISD, have suggested that the consolidation of the Bill and Melinda Gates Foundation at a time when Microsoft was being charged with breaking US anti-trust laws may have been more than coincidental. If it were in the public interest to strengthen anti-trust laws or to weaken patent protection, should the UN agencies not take this into account when considering their policies on partnerships with the corporate sector?

Policy Priorities

Certain private sector interactions may help to strengthen efforts towards a clearly defined task, since they often involve a concerted effort for a limited period of time directed at a specific goal. PPIs are more conducive to short-term technocratic and result-oriented solutions that emphasise narrow vertical interventions with pre-set indicators. They can also easily result in fragmented policies designed in the North, rather than more comprehensive long-term development policies in which the recipient remains in the driving seat.

Corporations tend to have more of an interest in solutions that can be sold, that is, those in which technologies play a role. They may also favour technologies which are more expensive than necessary. At worst, PPPs risk being closer to industrial policies than development policies.

Sustainability

Issues of sustainability pertain to whether the initiatives, approaches, funding and results are viable in the long-term. In recent years, new initiatives have mushroomed in the hope of attracting attention to a variety of health problems. Many of these initiatives, however, have quickly withered away.

The sustained funding of the GHPPPs themselves is insecure. In the case of GAVI, money besides that from the Gates Foundations, which have committed funding for GAVI's first five years, have not been abundant. GFATM has not been able to gather as much resources as it had anticipated, while many of the contributions received so far have already been granted to country recipients, and the Fund has not received significant additional funding since.

GHPPPs typically provide initial funding to start up a new programme at a country level. With GAVI funding the national vaccine programmes have become substantially more expensive, not least because of the addition of newer vaccines. Even if prices of new vaccines were lowered, the costs of the new programmes may still be financially unsustainable in the longer-term. The HIV/AIDS drug programmes that are to be started at the country level will need funding beyond that received from GFATM.

Sustainable results usually require sustainable policies, structures and approaches. Vertical approaches are often prone to creating their own vertical structures with insufficient integration to existing structures.

The Organizational Modes of Functioning of the UN

Private sector involvement may have significant effects on the ways in which UN organisations work. The first issue of serious concern is that GHPPPs, and other new emerging organizational structures for health-related development aid that circumvent the UN, are competing for the same funding resources as those of the UN system. This threatens the financial sustainability of UN systems. Furthermore, removing essential

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health policy issues from the auspices of the UN and dividing them up among various PPPs undermines the relevance of the UN to important global public health matters.

Some UN agencies, such as WHO and Unicef, have been successful in attracting corporate money. However, it is important that they are not reliant on corporate money and thereby dependent on corporations.

PPPs may simplify procedures and accelerate the speed with which the UN structures take decisions and carry them out. But the UN agencies should work in close consultation with their governing bodies and member states in all matters that are highly relevant to policy. The demands of business-type efficiency in decision-making and action do not always mesh well with intergovernmental consensus building. In such cases, issues related to policy may be reduced to technical matters. It has also been suggested that independent GHPPPs should be constructed for the very purpose of circumventing WHO's governing bodies.

Business involvement seems to decrease transparency within UN agencies and their sense of direct public accountability while increasing their sense of accountability towards corporate partners. One striking example of this lack of transparency is the secrecy surrounding the Unicef guidelines. Furthermore, the unclear lines of public accountability in the GHPPPs that share decision-making with business are of concern.

Safeguards

The most important safeguard for UN agencies is that their secretariats have a clear understanding of the relevant organisation's mandate and the public interests they are meant to pursue and defend. But conflicts of interest, especially conflict that go beyond personal benefits to individuals, have been poorly conceptualized, recognised and managed in the agencies. The design of the PPP governance structures, in which an industry with vested interests sits on the essential decision-making body, reflects a fundamental neglect of acknowledging and dealing with conflicts of interest.

Another fundamental principle is transparency of the UN organisations about their relationships with the corporate sector and about the principles that guide these relationships. The current lack of transparency threatens the organisations' public accountability.

Guidelines, instruments and procedures are necessary, even if not sufficient, prerequisites for adequate PPIs. The practices of PPIs, however, have, at times, preceded the official mandates, procedures, guidelines and other tools to steer the developments. But recently most UN agencies have developed, or are in the process of developing, guidelines and procedures for interactions with the private sector.

Assessments of the risks and benefits of the partnerships tend to focus on the risks for the public image of the UN agency, programme or fund and on the immediate benefits of the PPP. They pay less attention to the more difficult evaluations of the risks and benefits in a broader and longer-term framework. The guidelines and procedures devised so far seem to lack procedures for monitoring PPPs or criteria for dissolving PPPs if needs be.

Undue Advantage

The current phrase, a "win-win situation", to describe an arrangement such as a PPP in which everybody is believed to benefit provides little ground for openly weighing up the pros and cons of the arrangement, or for analysing in an unbiased way "who wins what". A major stated justification of PPPs has been increased corporate responsibility, although corporations should not need the enticement of the UN emblem and prestige to behave responsibly.

While business interests, rights and gains are not the focus of this paper, one might ask whether it is fair to give some companies the advantage of UN prestige and not their competitors. Compared to the New Economic Order initiatives of the 1970s, the current initiatives favour large transnational companies over small and medium size companies.

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A Strategy for Finland and Like-Minded Countries

Funding

- *Adequate resources for the UN system should be secured.* Such funding should preferably be provided in long term commitments and linked with active input for UN policies and their implementation at the various UN agencies.
- *Regular development aid money should not be channelled to GHPPPs.* The initial aim of GHPPPs was to raise additional funding for development aid. If Finland found that it had an unexpected surplus of unallocated funds that it would like to disperse in a short time frame, GHPPPs could be an easy avenue to do so. In anticipation of such occasions, Finland should have a policy on GHPPPs in place. However, currently such funding does not seem justified.
- *Finland should consider funding NGOs and academic institutions monitoring PPPs between the UN and the corporate sector and monitoring the corporations involved.*

Policies

- *Finland should take an active part in health-policy making at the UN system.* This implies active participation in EU discussions on UN policies; in cases in which the EU is not required to have a common voice, the articulation of Finnish positions at the various UN agencies, including the health-related UN Funds; and the provision of adequate resources for participation in the governing bodies of the

various health-related agencies. The health-stands should be developed in collaboration with the relevant sectoral bodies.

- *Finland, perhaps with some like-minded countries, should advocate an assessment of PPPs and PPIs within the UN and of the safeguards in place to ensure UN integrity and that public interests remain at the core of all UN activities.* The utmost care should be taken that the interactions with the private sector do not interfere with the normative functions of the UN bodies.
- *The role of the governing bodies of the UN agencies, such as WHO, Unicef and UNFPA, should be strengthened.* Special care should be taken to ensure that PPPs do not undermine the role of the governing bodies.
- *The health-related work of the UN should be guided by long-term horizontal policies and values endorsed by the UN system, such as the "Health For All" policy.* Country-level work should be guided by national policies and integrated to other ongoing broader processes. There are current concerns that horizontal policies are being overridden by fragmented policies which include a myriad of globally designed, short-term, technology-driven, vertical approaches, a direction that is prompted by PPPs.
- *Health policies should take precedence over industrial policies in health-policy making.* Agencies with global health-policy-making functions should have proper mechanisms and procedures in place to ensure an adequate distance from industry, especially concerning their interactions with the health-technology and health-service industry.

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