



**United Nations Road Safety Trust Fund**

**Fundraising Strategy and Policy (1<sup>st</sup> Revision)**

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Geneva**

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## I. Introduction

An estimated 1.25 million people are killed every year in road traffic crashes, and up to 50 million more are seriously injured.

Beyond human suffering, road traffic deaths and injuries cause significant economic losses to individuals and societies, keeping millions of people in poverty and creating an estimated US\$1.85 trillion burden on the global economy each year.

While the need to improve road safety has gained increasing recognition during the course of the UN Decade of Action for Road Safety, targeted efforts have not been adequately funded at the local, national, regional or global levels.

With estimates indicating that up to US\$700 million a year may be needed to tackle this far too neglected problem, securing adequate funding is a critical priority.

As a result, the United Nations Road Safety Trust Fund (UNRSTF) was created to catalyze funding, build up capacity and leverage the expertise of the UN system to directly address the needs of countries and other stakeholders, to achieve the road safety-related SDGs and to sustainably improve road safety.

The UNRSTF has a central role to play as a truly transformative force that accelerates broad-based financial support and catalyzes country-led process to implement known, effective solutions that save lives, avoid serious injuries and lift a major financial and economic burden.

## II. Fundraising Strategy

The fundraising strategy comprises of and is outlined below by: A) overall financing goals and targets, B) consideration of potential contributors, C) review of potential financing mechanisms and D) communications and advocacy considerations.

### A. Financing Goals and Targets

Annual funding potential for the Trust Fund from all sources (private and public) is estimated at cumulative US\$17 million in the short term (2018-2020), US\$325 million in the medium term (2021-2025) and US\$505 million in the long term (2025 and beyond).

**Table 1: Funding Potential by year**

	<b>Short Term 2018-2020</b>	<b>Medium Term 2021-2025</b>	<b>Long Term 2025 and beyond</b>
<b>Total</b>	<b>Up to US\$17M*</b>	<b>Up to US\$320M*</b>	<b>Up to US\$500M</b>

\*annual amounts in Short and Medium Terms are calculated at the last year of the term

## **B. Potential Contributors**

Numerous industries and sectors have an interest in road safety and could be seen as potential targets for fundraising.<sup>1</sup> Governments and their affiliated institutions have an interest in the issue given the toll of road crashes on economies, the pressing SDG targets, as well as alignment in development aid agency priorities of high-income countries.

Thirteen industries – Insurance, Healthcare and Pharmaceutical, Protective and Safety Products, Alcoholic Beverages, Communications Technology, Hospitality, Vehicle Manufacturers, Commercial Transport, Mass and Individual Transport, Engineering/Infrastructure/Construction, Oil and Gas, Media, Social Media and Entertainment, and Information Technology – may have a particularly strong interest in investing in road safety, given their stake in the issue. They vary widely in motivation and relative risk the Fund may face in partnering with them.

In addition to Corporate Social Responsibility (CSR) as a cornerstone of the private sector’s engagement with the UNRSTF, each industry has additional interests relative to their business.

Foundations can also play a key role in the Fund as they have the close link to civil society and implementing organizations on the ground. Their contributions will not only support programs, but will add to the credibility and diversity of the Fund.

## **C. Financing Mechanisms**

Going forward, the UNRSTF has the potential to access funding from 1) Direct Cash Donations, 2) Innovative Financing Mechanisms, and 3) Private-Sector Engagement and In-Kind Contributions, as listed below.

1. Direct Cash Donations:
  - a. Bi-lateral development agencies
  - b. Foundations
  - c. CSR budgets of corporations
  - d. Ultra-High net worth individuals
2. Innovative Financing Mechanisms:
  - a. Consumer-based, product-related initiatives
  - b. Impact investment structures: bonds, frontloading, debt
  - c. Government-structured instruments: taxes, dues, etc.
3. Private-Sector Engagement and In-Kind Contributions
  - a. Staff time and expertise from public and private sector
  - b. Product and services contribution from businesses

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<sup>1</sup> See Annex II, Annex III and Annex IV

The overview of *Direct Cash Donations* has been provided in above. A mechanism for in-kind contributions and non-cash engagement of Private-Sector will be explored for the medium and longer terms, in due time. This section provides details of the financing goals, targets and projections as well as for potential innovative fundraising mechanisms.

**Fundraising Strategic Assumptions:**

- Private-sector donation includes what has been committed and projected donations, including an expanding funder based from businesses and at least two large foundations contributing during the medium term.
- Public-sector donation largely depends on bilateral funding from high-income countries, which will need political leadership and public support.
- Public-sector donation is calculated between 25% and 50% of the funding potential based on savings on percentage of economic loss due to fatalities and injuries from high-income countries (US\$1 trillion total a year, according to the International Road Assessment Program).
- Innovative financing for voluntary contributions will take at least one year to set up and collection will trickle in at a minimal level in the first one to two years.
- Innovative financing that requires policy and legislation changes will require a minimum of three years to set up, and will require wide public and political support and industry acceptance. Their funding potential have not been calculated into the funding projections.
- One large voluntary financing mechanism (such as a new car and tire contribution) will be established as a priority in the short term.
- Innovative financing using voluntary donation schemes, if successful, will yield 50% of the projected total potential by the end of 2025, and 70% by 2030.

**Table 2: Funding Potential by Types of Contributions, by year**

	Short Term 2018-2020	Medium Term 2021-2025	Long Term 2025 and beyond
Direct Cash Donation - Private Sector	12M	15M	25M
Direct Cash Donation - Public Sector	5M	40M	100M
Innovative Financing #1 - Voluntary	0M	265M	375M
<b>Potential Total</b>	<b>US\$17M*</b>	<b>US\$320M*</b>	<b>US\$500M</b>

\*annual amounts in Short and Medium Terms are calculated at the last year of the term

As reflected in Table 2, Innovative Financing Mechanisms have the greatest fundraising potential for the UNRSTF. They can largely be grouped into four categories<sup>2</sup>:

1. **Voluntary Solidarity Contributions** that engage consumers to donate a small sum at the point of product purchase.

<sup>2</sup> Based on work and research done by the FIA

2. **Frontloading and debt-based instruments** that transform financial pledges from governments and foundations into issuance of bonds on international capital markets.
3. **Taxes, dues or other obligatory charges**, which include initiatives such as the airline ticket tax levied at the national level but within a framework of international coordination. The revenues raised are allocated to international development.
4. **Incentives, insurance and other market-based mechanisms** that create investment incentives for the private sector with the aim of improving the effectiveness of finance rather than create new revenue streams for development.

**Table 3: Reference targets to be used to advocate for voluntary contributions** <sup>3</sup>

Potential Initiatives	Source of funds	Predicated unit amount	Total amount	Payer
<b>New Car<sup>4</sup> fund</b>	New vehicle	Up to US\$5/car	Up to US\$490M	manufacturers
<b>Tires fund<sup>5</sup></b>	Tire sales	Up to 5cts/tire	Up to US\$38M	manufacturers
<b>Gov't funding linked to cost of road crashes<sup>6</sup></b>	% of economic cost of fatalities and injuries	0.2% in high income countries	Up to 200M	Bi-lateral governments
<b>Insurance Premiums<sup>7</sup></b>	Vehicle insurance premiums	0.1% of premium	Up to US\$470M	Insurers/ Re-insurers
<b>Used Car<sup>8</sup> Market</b>	Sales of used vehicles in main used vehicle markets	Up to 0.1% of car value (avg US\$10)	~US\$1B in US and EU	Buyers (dealer or individuals)

<sup>3</sup> Most are based on options analyzed by Deloitte for the FIA.

<sup>4</sup> The top 20 car manufactures sell 98M new cars each year. 98M x US\$5 = US\$490M

<sup>5</sup> The top 10 tire companies sell 763M tires each year. 763M x \$0.05 = US\$38M

<sup>6</sup> According to IRAP, road crash fatalities and injuries cost high income countries just over \$1 trillion annually (2% of their GDP), amounting to US\$1trillion. US\$1 trillion x 0.2% = US\$200M

<sup>7</sup> Global motor insurance premium yields appx \$622B, if 75% of the insurance premiums added a 0.1% on top it would yield US\$470M annually.

<sup>8</sup> Over 100 million used cars are sold each year in the US and EU with an average value of \$10K, a 0.1% or an average of \$10 per car sold could yield as much as \$1 billion.

Most of the schemes have been evaluated by the FIA to have a reasonable potential for success.<sup>9</sup>

Based on the above funding potentials, the below table provides a summary of recommended fundraising priorities and activities in the short-term, medium-term and long term.<sup>10</sup>

**Table 4: Summary of Fundraising Priorities and Activities**

Summary of Proposed Fundraising Priorities and Activities		
	Overview Priorities & Activities	Outcome
<b>Short Term</b> 2018-2020	<ul style="list-style-type: none"> <li>Finalize fundraising policy with implementation plan</li> <li>Work with partner organizations, leveraging existing initiatives, on a targeted advocacy plan to increase public awareness, build a ground swell, and engage with key member states for political leadership</li> <li>Work with partners to gather key data and research needed to support advocacy and fundraising campaigns.</li> <li>Identify at least one key donor member state and one beneficiary member state who will provide political leadership and drive the issue in the UN, G7, G20 and other key convening.</li> <li>Focus on private sector engagement which will create some initial funding and engagement opportunity so the first call for proposals can be implemented in 2019</li> <li>Use the end of the “decade of action” as a platform to engage member states with a potential for the first “pledging conference”.</li> </ul>	<ul style="list-style-type: none"> <li>Within 2.5 years of launch of the Trust Fund (end of 2020), raise up to US\$24M from the public and private sector</li> <li>Fundraising Strategy and Policy firmly established</li> <li>Advocacy campaign fully in place to support fundraising</li> <li>The Fund is established as an example of a unique and effective public-private partnership initiative.</li> <li>Road Safety is “re-launched” by the end of 2020 as a global priority</li> <li>The launch of the first innovative financing mechanism initiative propels the Fund into the media, creating additional attention to Global Road Safety</li> <li>Proven collaborative practices so the road safety community is fully engaged and supportive.</li> </ul>

<sup>9</sup> The success criteria are based on a number of factors outlined in Annex 6 and Annex 7.

<sup>10</sup> Annex 5 provides examples of Innovative Financing Mechanisms.

	<ul style="list-style-type: none"> <li>Start planning for a large innovative financing mechanism idea, and launch one initiative by the end of 2019.</li> </ul>	
<p><b>Medium Term</b> 2021-2025</p>	<ul style="list-style-type: none"> <li>Establish strong member-state support with multi-year funding commitments</li> <li>Begin designing a mechanism to encourage multi-year commitment such as one that would link savings in progress in road safety to investments and contribution to the Fund.</li> <li>A 5-year progress report published</li> <li>Have at least one replenishment meeting lead by key donors</li> <li>Launch at least two different types of innovative financing initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>Increase funding pool, including in-kind contributions, to US\$60M/year and up to US\$265M from innovative financing by end of 2025</li> <li>Key Member-states fully engaged as donors and beneficiary countries are also investing in road safety in their countries</li> <li>At least two types of Innovative financing mechanisms fully functioning</li> </ul>
<p><b>Long Term</b> 2026-2030</p>	<ul style="list-style-type: none"> <li>At least one other replenishment meeting lead by key donors</li> <li>Design and launch a social impact bond or a similar pay-for-success mechanisms linked to successful implementation of a city or country-wide road-safety initiative</li> </ul>	<ul style="list-style-type: none"> <li>Innovative financing mechanism is generating at least 60% of the funding</li> <li>Member-State contributions makes up at least 20% of total funding.</li> <li>Have a sustained funding of US\$500M/year by the end of 2030.</li> </ul>

Other UN multi-partner trust funds which could share valuable lessons learned from demonstrated success in securing Member State contributions and operating on innovative financing mechanism are the UN Peacebuilding Fund and UNDP’s Lion Share Trust Fund, respectively.

#### **D. Communications and Advocacy Considerations**

Given all the competing priorities, getting road safety higher on the radar and supported by a broad public/private sector donor base requires building an open platform of mutual understanding and trust. While the Fund has the support of the road safety community, there is some skepticism that a UN-led fund will be able to mobilize the required political will, awareness and funds. This can be addressed by ensuring coordination both when raising and spending funds. As the UNRSTF moves forward to seek opportunities to leverage the expertise, credibility and reach of all partners, it is essential that key stakeholders have a sense of ownership in the development and implementation of the UNRSTF. Taking this inclusive approach will enhance its ability to reach key decision makers and influencers across diverse platforms with messages that focus on securing political will and making the business case for this under-the-radar-crisis that impacts everyone in every country.

To build credibility and broad support, the UNRSTF must aim to:

- Position the Fund as a catalyst for impact that go far beyond traditional corporate social responsibility and voluntary partnerships.
- Identify and design a financing mechanism that shows how leveraging new financial tools to address road safety can crowd in private capital and align economic and social returns.
- Show how business, government and society can work effectively together to build the partnerships needed for SDG road safety delivery.
- Encourage Member States to consider funding road safety not only as a development aid priority but also as a wider economic priority, in order to increase availability of funds.
- Seek opportunities to integrate road safety into broader economic and development platforms addressing child welfare, economic justice and sustainability.

To succeed, any strategy will ultimately require the Fund, in close collaboration with stakeholders, to harness the expertise, priorities and reach of UN organizations as well as of NGOs and civil society. And to use this to encourage Member State support, establish a stable fundraising mechanism and hold governments accountable. The reach and credibility of known allies such as EuropeAid, among others, will be invaluable in developing a coordinated approach to encourage Member State support through the intergovernmental platforms as well as other high-level events.

A sustained, strategic approach to communications and advocacy that positions road safety as a development, economic and SDG priority will be vital in garnering Member State support. Although the overall contribution from member states in road safety, as a whole, may be small, it is imperative to bring them on board to lend credibility to the Fund. The UNRSTF's ability to accelerate progress and amplify the economic argument for prioritizing road safety will be greatly enhanced if it can identify a G7 country willing to take a leadership role including, ideally, a multi-year commitment and help in placing this issue on the agenda of a G7 gathering.

By focusing adequate resources and attention on communications, advocacy and fundraising strategy at the outset<sup>11</sup>, the Fund has the opportunity to succeed where other efforts have failed. A focused, strategic approach should include the following:

- A. Alignment on overall goal of Advocacy and Communications
- B. Speaking in one voice with shared messaging, key facts and figures
- C. Aligning messages by priority sector

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<sup>11</sup> Detailed recommendations on communications and advocacy as well as approach described above can be found in Annex 8. Many of the detailed suggestions in Annex 8 arose from in-depth conversations with key stakeholders during the development of this strategy and during the first Advisory Board meeting in August 2018.

- D. Identifying high-profile event engagement opportunities
- E. Leveraging “quick win” funding successes to gain traction
- F. Measuring communications/advocacy successes
- G. Addressing key challenges related to fundraising

Initial recommendations for building an external engagement strategy, comprise under:

- 1) Partnerships and Messaging,
- 2) Customized Engagement and Outreach,
- 3) Donor Visibility and Engagement
- 4) A coordinated approach to Engagement.

A detailed communications and advocacy strategy which includes partnership mapping and engagement process, alignment and prioritization of influencer engagement opportunities and an engagement roadmap will need to be developed to ensure success.

### 1) **Partnerships and Messaging**

Consistency across the Fund when speaking to potential donors and other key stakeholders is critical. To engage and leverage communications efforts effectively, priorities should be to:

- Develop the mission **statement/preamble** to enable a cohesive platform
- Develop **clear messaging on governance** issues
- Develop **core messaging** that will resonate with each target audience including

**Develop outreach materials** that can be tailored to each audience based on their funding priorities

### 2) **Customizing Engagement and Outreach**

As part of the process of prioritizing and identifying partners including bilateral development agency and emerging donor’s, the Fund will need to customize strategies depending on their interests. The Fund should consider what is important to donors from health to sustainability, including the following:

- Show donors the evidence and data. Amplify the economic cost of inaction and show evidence of return on investment.
- Begin rebuilding or establishing interest with development agencies by joint support of road safety related research with relevant partners in priority countries,
- Position road safety as a solvable and relevant issue that fits into their broader development concerns.
- Position the Fund as a platform and convener to bring together emerging donors with the more established donors to show value add.

### **Private-Sector Outreach**

Traditionally, private-sector engagement with the UN has been built around a known brand such as UNICEF or WFP. Successful outreach to the private sector will depend on communicating the business case and “*what’s in it for me*” for potential partners to engage.

The private sector, like most donors, is motivated by impact and measurable results. Lack of understanding of the business case is the biggest barrier to scaling up engagement on road safety outside the commercial transport sector. Their buy-in is particularly important as the innovative financing mechanisms with the most potential are likely ones led by the private sector. While there is no one size fits all approach for engaging different sectors, outreach should aim to do the following:

- Show why road safety is an issue that makes sense for business
- Quantify the efficiency gains in achieving progress on road safety if business is fully aligned
- Move beyond relatively low CSR budgets to help private-sector sustainability leads make the case that integrating road safety as a core business opportunity makes sense for business. Sustainable and significant multi-year commitments will only be possible if they are linked to a company’s core business interests.
- Seek ways to place road safety on the radar of business by liaising with their industry associations and leverage their platform to build one-on-one relationships as well as advocate to groupings of key private-sector decision makers.

### **3) Donor Visibility and Engagement**

Successful and on-going public and private sector donor engagement requires building equal and two way partnerships. The private sector (as well as foundations and high net worth funders) will expect recognition and visibility for their contributions to road safety and the Fund. It will be important to have developed clear guidelines on rules of engagement around potential co-branding and especially use of the UN logo. In order to attract and keep donors and to create awareness about the role of the Fund a menu of visibility opportunities needs to be developed and promoted. Furthermore, it is essential to create a donor activation template to raise visibility and recognition of contributors and their contribution. While this should be flexible and tailored to each donor, we expect to position the fund as a unique platform that will provide donors with some of the following:

- Audience with and opportunities to connect with global, regional and local decision-makers, experts and stakeholders;
- Co-convened events, panels, roundtables, regional summit to showcase private sector/donor solutions, vision and leadership;
  - Sponsorship opportunities at high profile convenings; joint press conferences, recognition on Road Safety Trust Fund website, newsletters, op-eds and press releases
  - Availability of UN officials to speak at private sector events
- Opportunities to publicly showcase a partner’s work with and support for the Fund

Successful funds like the Global Fund for AIDS, TB and Malaria have “Friends of the Global Fight” which support the Fund without being part of the formal governance structure. These “friends” groups or “private sector working groups” allow visibility and engagement, and provide critical fundraising and advocacy support without the need to include every donor in the governance structure of the organization. As the partners, donors, members of the governing bodies, and other stakeholders are already fostering key private sector buy-ins and relationships, it will be important to develop a constructive way of working together with the Fund’s secretariat. A “Friends of the Fund” could be a structured way of working together and leveraging each other’s strengths and network.

When funders contribute to a fund, they often expect to have a role in the governance of a fund. However, “Buying a seat at the table” as a means to gain support from funders should be avoided to ensure independence of the UN Fund. Other funds have different governance and advisory committees to support the mission of the fund and broaden engagement of stakeholders.<sup>12</sup>

#### 4) A Coordinated Approach to Engagement

The Fund should serve as a **coordination hub** for fundraising, policy, advocacy and communications across core allies and stakeholders. This will enable speaking in one voice, using consistent messages, and ensuring that the legitimacy and credibility of the UN is front and center in all engagement opportunities. Equally important is avoiding replication of existing research, strategies, and projects but rather of leveraging the strength and expertise of the core stakeholders and allies.

The Secretariat could consider facilitating a “Friends” group among and governed by donors, which would provide the facility for collaboration, coordination, engagement and leveraging of expertise of the private sector . Equally important will be the efforts of the partners of the UN family, who can play a key role in gaining the support of member states and beneficiary countries. The work of partners could play a vital role in informing and supporting the Fund. However, it will be imperative to have a coordinated approach with clear delineation of roles and responsibilities. A dedicated fundraising and advocacy team made up of the fundraising/Advocacy lead of the Fund, Secretariat of the Special Envoy, representative of the FIA High Level Panel and other representatives from partner organizations specifically working on promoting and supporting the Fund could be established informally to coordinate activities and align messaging.

#### E. Making the Fund a “Game Changer”

The Fund should establish a clear vision in creating sizeable and immediate impact on the overall global reduction of road traffic fatalities. The Fund’s framework plan (see Global Framework Plan of Action for Road Safety) offers the Fund’s vision, targets, common plan and ways to help countries through coordinated financing and cooperation with others. The framework plan will guide the Fund’s strategic funding support to ensure tangible impact on improvement of road safety and sustainability in countries. It will also prevent

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<sup>12</sup> Examples of other models can be found in Annex 9.

duplication in efforts and allow strategic choices on interventions. These characteristics along with the strategic guidance and expertise of the multi-stakeholder based governing bodies differentiate the Fund from other means of investment in road safety.

### **III. Fundraising Policy and Risk Assessment**

#### **Earmarking**

While non-earmarked funds would allow for the full value of the pooled funding to be realized, earmarking on contributions could help to align Fund priorities with donor interests. Contributors are encouraged to provide un-earmarked contributions and in case of specific requirements, earmarking is permitted at the outcome level and at the country or level, as specified in TOR section IV.A. Such specific requirements could be reflected in the contribution agreement or MOU. However, earmarking may also be done informally, without specific financial tracking done by the MPTFO, if a funder has a special interest that does not pose a conflict of interest and is in line with the goals and objectives of the UNRSTF. Proportional earmarking could be considered with a proportion dedicated to the pooled funding and the other to a specific outcome or country.

#### **In-kind contributions**

While direct cash contributions are a priority to fundraising in the short-term, the Advisory Board and Steering Committee, in their August 2018 meetings, agreed to allow in-kind contributions, if they align with the overall framework of the Trust Fund and do not present additional cost to the Fund.

#### **Risk Policy Considerations**

As the UNRSTF considers a range of business partnerships, it is an imperative to look beyond dollars raised when considering the benefits and risks of any engagement. There are inherent reputational risks to consider on a case-by-case basis to ensure compliance with core UN values and principles.

In assessing the risks, UNDP policy (Appendix 1) uses three levels of risk; highest, significant and lowest. In order to mobilize resources, it is understood and expected that certain impact opportunities may require some level of risk such as developing partnerships with Uber/Grab/Lyft, Tesla or large infrastructure firms with known risk factors that are not directly related to road safety. Other types of engagement such as the alcohol industry present high risk directly related to road safety. Other types of engagement such as the alcohol industry present high reputational risk to the UNRSTF and therefore, as advised by the Advisory Board and Steering Committee in August 2018, contributions from the alcohol industry will not be accepted by the UNRSTF in the short-term.

To address these issues, it is essential to agree early on to a shared understanding and common language for proactively and transparently identifying, assessing and managing risk that is acceptable to all UNRSTF partners. As described under TOR section IV.C, a

fund risk management strategy will be detailed in the operations manual and the Steering Committee [with guidance from the Advisory Board] shall regularly assess risk and mitigation measures against the developed risk management strategy.

Developing a shared understanding of the Fund’s risk appetite will help avoid reputation risk that could damage the Fund’s credibility. The highest risk industries for the Fund are those that directly contribute to road safety problems (such as alcohol and, to a lesser but growing extent, consumer electronics). However, any transactional engagement with the business sector, including launching co-branded marketing and advocacy campaigns, has the potential to present risk and require adherence to UN licensing and branding policies.

### **The Purpose of the UNRSTF Risk Policy**

The UNTFRS will follow the risk criteria developed and managed by UNDP’s Multi Partner Trust Fund Office (Appendix 1) to enable effective and creative collaboration, while maintaining a principled approach that manages risks and ensures the integrity and independence of the UN. It will still be important, however, for all Fund partners to have a shared understanding of the unique risk concepts.

Relationship between the product/service/activities and the risks for road traffic injury/death warrants careful consideration. Even if a company meets all of the other criteria, their business and products can still contribute to risk that create a potential for conflict. Assessment of such partnerships by Fund’s governing bodies and the UNDP’s Multi-Partner Trust Fund Office will speak volumes to the reputation and credibility of the Fund.

### **UNDP Due Diligence Assessment Criteria for Multi Partner Trust Fund**

UNDP has set out criteria<sup>13</sup> for assessing and selecting partners and principles to guide the establishment of partnerships. A decision about whether to engage with a partner will be taken based on the due diligence including a risk/benefit analysis of the partnership, see also Appendix 2 (UNDP Partner Template for Private Sector Risk Assessment). The risk/benefit analysis shows if the balance between expected risks and expected benefits is in line with the risk tolerance of UNDP. UNDP may generally be willing to bear higher risks if the benefits of the partnership clearly outweigh the risks.

Before assessing risk of private-sector partners, it is worthwhile to keep in mind UN’s clear “Exclusionary Criteria” that provides guidance on whether to engage in cases where subsidiaries, parent companies and distributors or suppliers are engaged in activities that fall under exclusionary criteria. The exclusionary criteria of UNDP include:

- Businesses involved in armaments and/or weapons or their components, or replica weapons sales to children
- Tobacco or tobacco products businesses

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<sup>13</sup> UNDP Due Diligence Process criteria is outlined in Appendix I

- Violations of UN sanctions and the relevant conventions, treaties, and resolutions, and inclusion in UN ineligibility lists or UNDP vendor sanctions list
- Businesses involved in pornography
- Businesses involved in substances subject to international bans or phase-outs, and wildlife or products
- Businesses involved in gambling including casinos, betting etc. (excluding lotteries with charitable objectives)
- Companies in violation of human rights or complicity in human rights violations
- Companies that use or tolerate forced or compulsory, or child labor

The UNDP has identified key “High Risk” sectors that will need special scrutiny are the following:

- Oil and Gas
- Metals and Mining
- Utilities
- Large infrastructure
- Agriculture and Fishing
- Timber, pulp and paper
- Alcohol
- Chemicals
- Clothing, toy, consumer electronics (supply chain)
- Fast food, high sugar drinks and soda

### **Risk Policy Assumptions**

- The Fund will promote a culture of risk awareness, which encourages careful assessment of risks and benefits involved with UNRSTF operations and decision-making.
- Engagement should not provide exclusivity in its collaboration or imply endorsement or preference of a particular business sector entity or its products or service.
- The Steering Committee and Advisory Board will provide high-level guidance on risk policy and management relying on the MPTF office and UN system experience. The Steering Committee, with the guidance of the Advisory Board, will determine the UNRSTF’s risk tolerance and will notify all Fund partners of the most significant known risks and review emerging and potential partnerships with the private sector to ensure the risks are within the Fund’s appetite. This will be further developed in the operations manual of the Trust Fund, as per TOR section IV.C.
- The Fund’s Secretariat is responsible for leading discussions with partners to translate risk appetite, as endorsed by the Steering Committee, into appropriate strategies and to communication to all partners.

### **Risk Policy Recommendations**

- Guidelines in the operations manual should be developed to clarify how the private sector can externally portray their partnership and engagement with the Fund to ensure a shared understanding across the Fund and partners.

- Guidelines should be developed clearly stating Fund rules regarding a participating organizations' (UN or other) concern that the Fund not engage with a company.
- Guidelines should include shared language to ensure common understanding and appetite for acceptable kinds of high-risk partnership engagement. This could include cooperation and open dialogue, at times, rather than transactional collaboration.
- In the short to medium term, the Fund should prioritize private-sector partnerships that help build credibility and attract other funders and partners, and avoid high-risk partnerships that could be a distraction or cause unnecessary controversy until a firm track record of the Fund is established.
- Review marketing and communications campaigns to ensure the benefits outweigh the risks, and ensure that cause marketing efforts do not present any conflict of interest or UN endorsement of a product (e.g., claims around the safety of a vehicle).