The Corporate Stranglehold over the United Nations:
How Big Business Already Wields Significant Power
over the UN Water Agenda

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The Polaris Institute is a public interest research and advocacy organization based in Canada. Since 1999 Polaris has researched the activities and impacts of the water services industry and has actively campaigned to reduce the power wielded by this industry over public policy. Since 2004 Polaris has researched the impacts of the bottled water industry and has campaigned for restrictions on the marketing of bottled water at municipal, provincial, federal levels.
Introduction

At the 5th World Water Forum in Istanbul, the global water justice movement along with progressive parliamentarians from over a dozen countries succeeded in derailing the Forum’s ministerial process. In this vein, close to a dozen countries (including Benin, Bolivia, Chile, Cuba, Ecuador, Honduras, Panama, Paraguay and Venezuela) signed onto a statement calling on states to develop a global water forum based on the principles of democracy, full participation, equity, transparency and social inclusion within the framework of the United Nations. A larger number of countries also signed a statement calling for water to be recognized as a human right within the United Nations Charter.

These actions echoed calls from many water justice activists throughout the week and in the ensuing months to have the United Nations (UN) convene the next World Water Forum. This strategy of calling for a new, more democratic, and representative home for a global water forum gained exposure in numerous media reports during and after the forum. It also successfully highlighted both the lack of transparency at the triennial meetings and the problems with the forum's pro business themes and workshops.

Forum organizers, the World Water Council (WWC)\(^1\), were forced to make defensive statements to the media countering that a UN organized world water forum would not be inclusive.\(^2\) Apparently, the WWC was fearful that if the United Nations organized a global water forum with help from the global water justice movement, their ability to set the agenda as well as forge business deals and partnerships would be limited under a more inclusive and accountable structure.

However, the WWC need not worry about private interests losing the ability to set agendas and control outcomes inside a UN event. Indeed, the World Water Council, its members and other corporations that make profit from buying and selling water already have a strong presence inside the United Nations. And, perhaps not surprisingly, the inverse is also a reality. With 5 UN agencies listed as members of the WWC, the United

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\(^1\) Please see page 5 for more information on the World Water Council.

Nations has a strong presence inside the WWC. Moreover, the Director of the Division of Water and Secretary of the International Hydrological Programme of the United Nations Educational, Scientific and Cultural Organization (UNESCO), András Szöllösy-Nagy (pictured above), has held a seat on the WWC’s 2006 – 2009 Board of Governors.

To be sure, the relationships between UN agencies and the WWC are but one of many links connecting big business and the United Nations system. The UN has ventured a long way down the road of business partnerships and private financing to the point where cooperating with business and using corporate funding has become a fundamental cornerstone of the entire institution.

If a global water forum were to take place under the umbrella of the United Nations today, it would have to be done in such a way as to overcome the corporate stranglehold that already exists in the UN, including the for profit water services companies, the food and beverage industry, plus numerous other large water using multinational corporations and their business associations. At the very least the global water justice movement needs to develop a counter-strategy to effectively checkmate this corporate influence in the UN if it is going to pursue the goal of making the UN the appropriate home of the world water forum.

Where does the corporate influence come from?

There is no easy way of assessing the full extent of the corporate infiltration of the United Nations given the diverse makeup of the UN system and the various roles played by businesses throughout. A 2006 report from the United Nations Research Institute for Social Development (UNSRID) found that agencies such as UNICEF, the UNDP, the UNEP, and the World Health Organization are actively engaged – and deeply aligned – with the private sector in thousands of different partnerships and initiatives. A cursory overview of the relationship between business and the UN over the past few years paints a picture of the private sector permeating every level of the United Nations through various avenues including public private partnerships, special advisers, and projects financed by corporations, among others.

Relations between the United Nations and big business have changed significantly over the past two decades mirroring the shift towards neo-liberal economic policies adopted by most Western governments and international financial institutions. Through the 1970’s and into the early 80’s, the UN was in fact mandated to regulate and monitor the activities of transnational corporations (TNCs) who were perceived to be unduly pressuring states in the Global South and responsible for certain aspects of underdevelopment. This work was done through the now defunct United Nations Centre on Transnational Corporations (UNCTC).

UN policies towards TNCs began to shift in the 1980s from regulating impacts on developing countries to facilitating the access of developing countries to FDI through agencies like the UN Conference on Trade and Development (UNCTAD, the UNCTC’s

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3 Elections for the new WWC Board of Governors will take place at the WWC’s 5th General Assembly in October 2009.
successor organization). In the late nineties, a new era of corporate infiltration began when UN agencies started developing partnerships with multinational corporations and seeking project funding from corporate philanthropists. This trend was set in motion with the $1 billion donation from media magnet Ted Turner in 1997, made possible through the creation of the UN Foundation. A year later, the United Nations Global Compact, a non-binding voluntary corporate initiative, was established where member companies were encouraged to learn from other members’ best practices.

Ted Turner and UN Foundation President Tim Wirth

Turner’s donation represented a shift towards private sector financing of UN projects, while the founding of the Global Compact reflected the rise of voluntary initiatives in place of state regulation as the favoured way of persuading multi-national corporations to act responsibly. The result has been in some cases positive, but the Global Compact and its associated programs also gives corporations the opportunity to wrap themselves in the blue flag of the United Nations without taking solid action to support UN rights based mandates. Indeed, corporations reap more benefit from these close relationships than the United Nations and its member states.

The infiltration of the UN by corporations was part of a broader shift to the prevailing neoliberal model of less government regulation and more private sector involvement in policy making. This change was recently summarized by Executive Director of the Global Compact Georg Kell in a speech to Dow Jones Private Equity Analyst Conference:

As recently as the late 1990s, indifference and mutual suspicion characterized the relationship between the UN and business…this began

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6 ibid.
7 ibid
to change with the launch of the Global Compact...when the UN started to reach out to business...The idea was that by embedding global markets in shared values, by offering opportunities for collective action through learning, dialogue and partnerships, greater sustainability for markets could be achieved while ensuring that the benefits of economic efficiency spread faster and wider.⁸

Voluntary corporate social responsibility (CSR) projects therefore emerged as the dominant model for regulating corporate behaviour by national governments and inside the United Nations resulting in the kind of relationship the UN has with the private sector today.

The UN has clearly bought into the CSR mantra that the goals and actions of corporations contribute to social and environmental justice and the broader objectives of the United Nations. The major flaw in this model is that when a decision needs to be made between ensuring increased profits and protecting human or environmental rights, corporations are ultimately beholden to their shareholders. The dominant capitalist model does not allow future returns on investment to be compromised. Therefore, voluntary programs like the Global Compact, which is part of the broader CSR movement, cannot protect people or the environment from the profit motive.

Dens of corporate influence on water issues inside the UN

The following pages provide a sampling of where the for-profit businesses and industry associations behind the privatization of water dwell inside the United Nations.

Global Compact’s CEO Water Mandate

As mentioned above, one of the chief spaces for corporate partnerships and influence within the United Nations is the Global Compact (UNGC). Set up by then General Secretary Kofi Annan in 1998, The United Nations Global Compact is an agreement based on ten principles of human rights, environmental protection, labour rights and corruption. It is designed to promote ‘responsible corporate citizenship’. The Global Compact sets out a voluntary and non-binding set of regulations and codes of conduct for companies. It has over 5,200 corporate members worldwide.

The UN defines the Global Compact as a dialogue forum to promote mutual learning amongst corporations. The focus is essentially on helping corporations learn about ‘best practices’. The codes of conduct are voluntary and ultimately lack enforcement mechanisms. As a result if member companies break the codes of conduct, the only serious ramification is a potential delisting from the Global Compact.

Monitoring member behaviour is based on companies pledging to report regularly on how they are implementing the Compact’s codes. To demonstrate progress, members use the Global Compact’s “Communication on Progress”, which is geared towards highlighting companies’ glossy CSR reports. Meanwhile, little substantial information about impacts of ongoing operations is provided. In a recent speech, UNGC Director Kell promoted the Compact’s reporting dimension as a way for companies to simply demonstrate commitment to transparency, as opposed to actually becoming more transparent.⁹ By encouraging corporate ‘best practices’ mutual learning and voluntary respect for human rights, the UN shies away from concrete action against corporate malfeasance.

The issue of water is taken up by the Global Compact through the CEO Water Mandate, a voluntary initiative that is designed to assist companies in the development, implementation and disclosure of water sustainability policies and practices. Like the Compact, the CEO Water Mandate is based on a set of core elements that members claim to adhere to through a series of non-binding pledges. Members are all encouraged to learn from other ‘best practices’. Most of the Mandate’s endorsers are major corporations that are reliant on water as a primary input. Endorsers include the water service giant Suez, Coca-Cola, PepsiCo, Nestlé, Groupe Danone, Unilever, Dow Chemical, Levi Strauss and Hindustan Construction Co.

World Water Council¹⁰ and the UN

Individual corporations are linked with the United Nations for their own purposes, but can also find their interests represented inside the institution and its agencies through quasi non-governmental actors. Water companies’ interests are promoted inside the United Nations through organizations like the World Water Council (WWC).

¹⁰ Other business friendly organizations like Aquafed, the World Business Council on Sustainable Development and the Global Water Partnership are also regularly referred to in UN documents and reports as important UN agency working partners.
Formed in 1996, the WWC sees itself as a think tank designed to provide decision makers with advice and assistance on global water issues. The WWC’s objectives are to push for ‘integrated water resources management’, a governance structure that sees water multinationals as central actors in the management of water utilities and resources worldwide.  

As the main organizer of the triennial world water forums, the WWC is intimately linked to the for-profit water services industry through its leadership and members. Indeed, the President of the WWC, Loic Fauchon is a member of Société des Eaux de Marseille, a Suez-Véolia joint venture.

The WWC is very influential in water policy inside the United Nations. The organization has special consultative status with the United Nations Economic and Social Council (ECOSOC), which coordinates the economic, social, and related work of UN specialized agencies, functional commissions and five regional commissions. According to its profile on the United Nations Department of Social Development website, the WWC is affiliated with over a dozen UN entities including (but not limited to), UNESCO-IHE, UNESCO-IHP WWAP UN Water, ECOSOC, UNDESA, Millennium Project, WMO, OCHA, FAO, WHO, UNEP, UNDP, UN Advisory Board on Water and Sanitation, UN Habitat, and UNICEF.

The WWC has made presentations at the United Nations Commission on Sustainable Development (CSD) in 2004, 2005, 2008 and 2009. A document from the 2004 CSD discussing the state of implementation of goals on freshwater management and sanitation says that “much of the sanitation-related advocacy work is being spearheaded by international non-governmental organizations and other partnerships.” The WWC (among other organizations including the Global Water Partnership) is touted in the document as one of the main partners in this work and as a group that helps to identify “critical needs at global, regional and national levels...design programmes for meeting these needs and serve as mechanisms for information exchange on water supply and sanitation issues.”

Reciprocating involvement in the WWC, four UN agencies (UN Habitat, the United Nations Educational, Scientific and Cultural Organization, the United Nations Environment Program and the Food and Agricultural Organization), and one UN institution (UNESCO-IHE Institute for Water Education) are presently listed as members of the World Water Council. In addition, as mentioned above, the Secretary of the International Hydrological Programme of the United Nations Educational, Scientific and Cultural Organization (UNESCO), has held a seat on the WWC’s 2006 – 2009 Board of Governors.

The WWC is regularly referred to in UN documents as a key partner with UN agencies on issues of water and sanitation.

Secretary General’s Advisory Board on Water and Sanitation

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12 As of July 2009, Véolia is negotiating to become the sole owner of Société des Eaux de Marseille.


14 Elections for the new WWC Board of Governors will take place at the WWC’s 5th General Assembly in October 2009.

15 See appendix for a list of UN documents referring to WWC.
The UN Secretary General’s Advisory Board on Water and Sanitation (UNSGAB) was established in 2004 by Kofi Annan to give advice on the issue to the Secretary General as well as promote the issue throughout the world. Gerard Payen, President of Aquafed – a lobby group created by private water services giants Suez and Véolia – and former Suez executive, is a member of the board. Other members of the UNSGAB, Margaret Catley-Carleson, Michel Camdessus and Angel Gurria, are involved with promoting private sector involvement in water management.\textsuperscript{16}

Conclusion

The full extent of corporate infiltration in the UN is much longer than that what is mentioned in this report. However, in order to further substantiate this increasing corporate power and influence on water rights issues, the Appendix to this paper contains snapshots of the roles played by several major water corporations in the United Nations.

In a climate of increased corporate power the United Nations obviously cannot ignore multinational corporations and their influence on public policy. However, by moving away from a mandate of regulating the power and influence of corporations to becoming a major promoter of public private partnerships and a welcome un-critical place for TNCs, the United Nations has embarked on a troubling and dangerous path.

The time has come for the global water justice movement to re-think its strategy regarding the world water forum and its demand that it be relocated somewhere inside the United Nations system. If the movement continues to pursue the strategy of bringing the world water forum under the auspices of the UN, then it is imperative that a parallel campaign strategy be mounted, not only to checkmate the considerable influence wielded by the water corporations themselves in the UN, but also the corporate power that has penetrated most of its agencies.

At the very least, these issues need to be discussed and debated within the water justice movement now before it is too late and we find out that we have walked into a blackhole.

\textsuperscript{16} It should be noted that anti-privatization activists, David Boys, Antonio Miranda and Jocelyn Dow are also members of the UNSGAB.
Appendix

Sample of United Nations documents where the World Water Council is mentioned in reference to work on water and sanitation, this list is not exhaustive:

- Economic and Social Council, E/ICEF/2008/10, 27 March 2008
- Governing Council of the United Nations Environment Programme UNEP/GCSS.IX/4, November 30, 2005
- UN-Habitat Governing Council of the United Nations Human Settlements Programme, HSP/GC/20/2/Add.2, November 17, 2005
- General Assembly, A/59/167, July 22, 2004
- Economic and Social Council, E/CN.17/2004/5, February 10, 2004
- General Assembly, A/56/189, July 17, 2001
- Governing Council of the United Nations Environment Programme, UNEP/GC.21/2/Add.1, December 18, 2000
- General Assembly, A/55/447, October 3, 2000
- Administrative Committee on Coordination, ACC/1998/18, November 30, 1998

Examples of direct corporate involvement in the United Nations by water corporations, this list is not exhaustive:

Véolia Environment

- Véolia is a member of the Global Compact
- Véolia’s influences the United Nations through its membership in organizations like the World Water Council (WWC) and Aquafed. Véolia subsidiaries, Société des Eaux de Marseille (JV with Suez), Société des Eaux d’Arles (JV with Suez) and Proactiva Medio Ambiente (JV with FCC) are also members of the WWC.
- In 2002, Véolia Environment provided the impetus for an initiative called Access to Basic Services for All, which seeks to develop an international standards framework on how to build public-private partnerships for utilities. According to a UN Global Compact document, Véolia approached the United Nations Institute for Training and Research (UNITAR) about the possibility of becoming involved in a project promoting P3s for local public services provision. UN-Habitat and UNITAR worked together with private companies, local and national Governments and NGOs, to produce draft guidelines on access to basic services.\(^{17}\) UN-Habitat and UNITAR have also begun to work with Véolia

Environment to develop guidebooks targeted at elected and appointed policymakers, in response to the need to build capacity to implement guidelines.

- Véolia partners with the United Nations Children’s Fund (UNICEF) through its disaster response segment Véoliaforce. Volunteers from the company are mobilized in the event of a humanitarian crisis and offer UNICEF their expertise in supplying water and energy to affected communities. While helpful in times of emergencies such arrangements form the basis for broader collaboration or business opportunities for the company.

- Véolia executives had a heavy presence at the 2008 UN Habitat World Urban Forum in Nanjing, China, where the company’s senior executive for partnerships, Cedric Baecher, representing the private sector gave the final remarks at the closing session of the forum.\(^\text{18}\) The report of the fourth session of the World Urban Forum emphasized that Governments and local authorities should create an enabling governance and regulatory environment to facilitate private sector investments.

- In October 2002, both Véolia’s predecessor Vivendi and Suez sponsored a United Nations Education, Scientific and Cultural Organization (UNESCO) conference on the legal framework for water. The conference resulted in a report bearing the logos of UNESCO, the Académie de l’Eau and the logos of the two companies. In another link to UNESCO, Vivendi’s representative at the 3rd World Water Forum in Kyoto was introduced as representing the company as well as UNESCO.

**Suez**

- Suez is a member of the United Nations Global Compact as well as the CEO Water Mandate.

- Suez’ influence on the United Nations comes primarily from its membership in organizations like the WWC and Aquafed (Aquafed President, Gérard Payen was CEO of Suez’s water division between 1995-2002). Suez subsidiaries, United Water, Degremont, Lyonnaise des Eaux de Casablanca, Sino French Water (JV), Société des Eaux de Marseille (JV with Véolia), Société des Eaux d’Arles (JV with Véolia) are also members of the World Water Council.

**Nestlé**

- Nestlé is a member of the Global Compact and the CEO Water Mandate

- In early 2009 Nestlé, in collaboration with the Swiss mission to the UN and UN Office for Partnerships organized a forum called ‘Creating Shared Value’. The term 'Creating Shared Value' was coined by Nestle and is the company’s variation on the theme of Corporate Social Responsibility. The forum was a platform for Nestlé executives to engage with 'world leading experts in corporate strategy, water, nutrition, and rural development'. The Water panel included Ger Bergkamp of the WWC, Georg Kell (head of the UN Global Compact) and Nestlé Chair Peter Brabeck.

• Neslė along with 18 other companies in Colombia provided financial support towards the development, printing, and publishing of AIDS information booklets, in partnership with UNAIDS.\textsuperscript{19}

• On 1 October 2008, the Global Compact Office, IBLF and UNDP brought together senior business executives with UN staff from a selection of United Nations Programmes, Funds and Agencies, to discuss how the UN System and its various entities work, and how companies and the UN System could work better together. Nestlé and more than 30 representatives from business participated.\textsuperscript{20}

• In 2005, the UN refugee agency (UNHCR) launched an initiative to rally corporate support and boost private-sector involvement in refugee work. Nestlé was an instrumental player on the initiative’s Council that helped the UNHCR with strategies to organize public-private partnerships, and find new sources of private-sector funding.\textsuperscript{21} Nestlé has also made donations money to the UNHCR.\textsuperscript{22}

• Nestlé has partnered with the UNDP in Pakistan on a livestock project.\textsuperscript{23}

The Coca-Cola Company

• The Coca-Cola Company is a member of the United Nations Global Compact and the CEO Water Mandate.

• In 2007, UN-Habitat entered into a partnership with Coca-Cola India to support water and sanitation initiatives in India and Nepal.\textsuperscript{24}

• Coca-Cola teamed with the United Nations Development Programme (UNDP) in 2002 on a project called “E-learning for life” with the Malaysian Ministry of Education.\textsuperscript{25}

Groupe Danone

• Groupe Danone is a member of the United Nations Global Compact and the CEO Water Mandate.

• Groupe Danone is linked to the WWC through the company’s Evian Volvic Sources Internationale.

• Groupe Danone embarked on an advertising campaign in Germany for the company’s Volvic brand of bottled water used the ad slogan ‘1 litre for 10 litres’ accompanied by the UNICEF logo. The goal was to tell consumers that for every litre of Volvic water purchased 10 litres of clean drinking water would be provided for communities in Ethiopia. The campaign was structured around a donation of $250,000 euros from Groupe Danone to the United Nations Children’s Fund (UNICEF). German magazine Der Spiegel called the campaign unclear and revealed that when calculated with monthly sales figures the donation amounted to 0.28 cents per liter sold during the three month campaign. Groupe Danone revived this ad campaign in North America in 2008 with a pledge to donate

\textsuperscript{19} http://data.unaids.org/pub/BaseDocument/2007/collective%22...
\textsuperscript{20} http://www.unglobalcompact.org/NewsAndEvents/news_archive...
\textsuperscript{21} http://www.unhcr.org/41fa5cfd4.html
\textsuperscript{22} http://www.community.nestle.com/partnership/africa/ethiopia/Pages/unhcr-water-project.aspx
\textsuperscript{24} http://www.un.org/Pubs/chronicle/2002/issue2/0202p22_elea...
$500,000 to UNICEF. This marketing campaign has been extended to France, Japan and now the US.

- In April 2008 a partnership was signed between Danone Waters Deutschland GmbH, UNESCO and the German Commission for UNESCO aimed at promoting and supporting biosphere reserves. The partnership coincided with the launching of Groupe Danone’s bottled water brand “Volvic Landfrucht.”

[26] http://www.enewsbuilder.net/focalpoint/e_article001174565...