

## **GC in Macedonia- Annual Activity Report 2005**

The GC in Macedonia was launched on Wednesday, 22<sup>nd</sup> December, 2004. The launch was result of the ambitious and complex process of consultations and discussions that UNDP undertook about the relevance of the Global Compact for Macedonia and the modalities of how it can successfully operate in Macedonia. The process was initiated in May 2004 leading to acceptance of Global Compact principles by 25 Macedonian companies at the end of 2004.

### Number of participants

The GC in Macedonia has to report that the number of members has increased to 45 at the end of 2005; out of which 44 are companies and 1 is NGO.

According to the criteria listed in the Trade Companies Law, 35 of the 44 companies are small and medium size, while 9 are large companies.

### Learning and dialogue

- In Macedonia, as in many transition countries, there has not been placed much attention to Corporate Social Responsibility. However, employers - representatives of some big foreign investors in the country showed interest and responded to the global trends, which is not the case with the domestic ones, especially the SMEs.

Therefore, need for training on GC, in order to develop further understanding of the GC principles, CSR principles and standards as well as exchange of best practices was evident. To asses the training needs more thoroughly, during the first quarter of 2005 a survey of the GC companies was undertaken – to get more details about companies' understanding of the social responsibility, indication of the areas and socially responsible activities of companies as well as outline areas of needed training. The results indicated lack of relevant knowledge and practical tools to fully implement the principles and were used for developing internal strategy for directions in which the Macedonian GC Network could be heading.

- For instance, the companies have identified the “creation of sustainable competitiveness through social responsibility” as an area where they need training, followed by communication with „the public on the impact on the society and the environment “ and „the role of the private sector in poverty reduction“. To follow the survey findings, in October 2005.

UNDP organized a two days training event whereby the participants had the chance to learn the ideas, aims, and practical tools behind the initiative. The training sessions were made by two lecturers from the Faculty of Economics

in Skopje, but the focus was on interaction between the participants and exchange of views and experiences on the matters debated.

- Additionally, in May and in November 2005, two forums on Corporate Social Responsibility were organized, as a joint effort of Macedonian Corporate Governance Council and Global Compact Network in Macedonia, supported by UNDP and USAID.

The Conferences brought together high government officials: the Vice Prime Minister, the Minister of Labour and Social Policy, the Minister of Environment and Physical Planning, the Mayor of Skopje city, Trade Unions representatives, as well as representatives from business community in Macedonia (some of Macedonian largest and well-known firms as well as small and medium enterprises), and civil society groups, business associations, NGOs, donor community, medias.

A key component of the proceedings was introduction to key CSR concepts, including the Global Compact initiative implemented in the everyday operations of the Macedonian companies, and at the second national Corporate Social Responsibility (CSR) Conference, Macedonian companies presented examples of how they have incorporated CSR in their long term strategic decision making process as a way of improving their business.

The events outlined CSR principals and best practices used internationally, but also the important component of the proceedings was the series of case study presentations by Macedonian firms detailing some of their own CSR successes.

While there is much more work to be done by several stakeholders in Macedonia: Corporate Governance Council, Global Compact Network, government, businesses and civil society, these Conferences opened the floor and broad discussions on the topic CSR and GC in Macedonia.

#### Specific joint project

11 Global Compact members from Skopje have taken initiative in order to save the Zoo. The Skopje Zoo unfortunately is in a poor state for some time and is in urgent need for refurbishment. The director stated that it has been difficult to attract resources to bring the Zoo back into shape and is all the more thrilled that companies of the Global Compact have come together to revitalize it. The fact that companies joined together their efforts and resources to support the Zoo (computers, PR, food and additional support depending on the new plan that is under development) - and partnered in a project that will benefit the city of Skopje shows that companies in the country are taken their responsibility as corporate citizens serious.

#### Activities undertaken in support of the CoPs made by the company

The Directory of the Macedonian Global Compact Network was prepared and presented during the Second Conference on CSR. The preparation of the Directory of the

Macedonian Global Compact was a major step in activities the companies undertake towards generating knowledge and experience about reporting. It is the first time that corporate social responsibility activities are being presented and published in Macedonia.

#### Strategic statement/activities planned for 2006

Macedonian GC Network is relatively young network, hence need to support its growth and development. The objective behind it is to set in motion changes to business operations so that GC principles become part of the business strategy, culture and day-to-day operations as well as that the GC further promote for GC principles within Macedonian business community.

Several activities are to be undertaken in 2006:

- Propose and agree on the preferred governance structure
- Set the rules/structures/tools of the GC Network
- Reporting
- Short and mid term actions, including:
  - Events to further promote CSR and present draft Code of Ethics to Macedonian business community
  - Focus on implementation of principles
  - Focus on advocacy on corruption and environment as requested by participants
  - Implementation of joint projects

All these are to be structured around:

- Education/learning
- Discussions/dialogue
- Public Events
- Communication
- Joint initiatives/projects/partnerships

Having in mind that the obligation for the first reporting on GC activities – preparation of Communication on Progress is due for the companies that firstly joined the GC, assistance is needed in this area.

Acceptance of the Code of Conduct drafted in 2005 is also important tool for implementation of GC principles and thus requests further assistance. These are the areas to be supported by the Project in 2006 though organizing several, thematic workshops for the GC member companies. This will be done in cooperation with institutions and associations interested on these topics, like the Corporate Governance Council in relation to the activities for the Code of Conduct.

Additionally, dialogue on specific topics of interest and increased importance for GC participants will be initiated. Based on the feedback from the companies, the first topic is the Environment protection and different aspects from the standpoint of implementation of those GC principles in everyday practices.

Development of GC Network Web page is also an activity that could be supported.

As one important outputs of the assistance it will be expected that first joint projects will be developed and undertaken by the GC Network. Participation and contribution of GC members to the outlined activities will also be looked for.