

**Summary report
of the
Barcelona Local Networks Forum, 21-22 September 2005**

Prepared by the Barcelona Center

The Barcelona Local Networks Forum was the third annual event convening representatives of Local Networks (companies and focal points), UN agencies and donor governments from around the world to share experiences, review progress, and adopt recommendations enhancing the effectiveness of Local Networks. This year's conference was particularly important as it was the first time that it took place with its new elevated status within the governance framework of the initiative. Input from discussions at the conference has been combined with previously available guidance in a draft document entitled *Guidance for Local Networks*. This latter document is being circulated with this summary report and comments are encouraged.

Opening address

Mireia Belil, Director of the Fundacion Forum (Forum Foundation), opened the Local Network Forum by introducing the Barcelona Center's core functions. These include: organizing the annual Local Networks Forum, carrying out research activities, generating a knowledge base and acting as a knowledge hub for the Global Compact.

Emilio Fernandez Castaño, Director of International Affairs, Spanish Ministry of Foreign Affairs, announced Spain's recent decision to join the Global Compact donor government group.

Georg Kell, Executive Head of the Global Compact Office, presented an update on the Global Compact including the current status of participation; the adoption by the Secretary-General of the recommendations arising out of the governance review of the initiative; developments in the work with the financial sector; and recognition of the initiative in the 2005 World Summit Outcome document. Moving forward, the Global Compact Office will increasingly focus on providing support for Local Networks, brand management and issue leadership.

Local Network governance

The Global Compact Office - led by the Head of Local Networks, Manuel Escudero, Susana Weyer and Nessa Whelan - proposed a model for local network governance. The following questions were discussed in working groups: how to increase capacity; how to improve communications; how to mediate complaints; and how to achieve financial sustainability. The working groups reported back to the plenary.

The following main points emerged from the discussions:

- Barriers for companies to join Local Networks have to be kept low.
- Local Networks should focus on adding value to attract company participation.
- Articulation of the business case was recognized as particularly important in recruiting new participants.
- There was a major call for improved communications, and the website was recognized as a key tool in this regard.

- A standard template for annual Local Network reports was requested.
- Local Networks would like more tools to facilitate information exchange.
- The Global Compact Office should keep Local Networks informed of any policy decisions and give advance notice of communications that will be sent directly to participants.
- The need to have translations of all Global Compact documents was highlighted.
- There was support for a set of basic requirements for Local Networks. Once these requirements are fulfilled, Local Networks should be able to organize themselves as they like.
- Some suggested that Local Networks should raise their own funding, while others were of the opinion that the proposed Foundation for the Global Compact should provide seed-funding for emerging Local Networks in low-income countries. The possibility of government funding was also discussed.
- Some felt that governments should play a greater role in Local Networks, especially in countries with a strong public sector.

GC's cornerstone: Communications on Progress

Three presentations made by the Global Compact Office introduced the topic of CoPs. Jerome Lavigne-Delville presented “CoPs received: the current situation”, Claude Fussler described the challenges and promises of CoPs in his “The CoPs challenge”, and Gavin Power presented the “The Financial Markets Initiative”. The working groups then focused their discussions around four issues: the collection of CoPs; the support to companies regarding CoPs; the format and frequency of CoPs; and the design and structuring of the next reporting period.

The following main points were emphasized in the report back from the working group discussions:

- Demand was expressed for simplified CoP templates.
- A request was made for support for the translation of CoP templates and CoPs.
- In the process of implementation of CoPs, clear responsibilities should be allocated to the Global Compact Office and to Local Networks.
- CoP information should be centralized at the global level. In particular:, CoPs should be submitted directly to the Global Compact website by companies; the Global Compact Office should act as guardian of the overall process; and requests for and reminders about CoPs should be sent directly by the Global Compact Office to companies' CEOs, with enough time to allow for the preparation of a good CoP.
- Most agreed that Local Network Focal Points should play an important role with respect to CoPs. It was felt that the Global Compact Office should continue to play the lead role in determining common formats for CoPs and catalyzing information sharing between Local Networks with respect to CoPs. The value of the qualitative aspects of CoPs, including the inclusion of best practice stories, was emphasized. A plea was made not to neglect them in favour of the quantitative aspects.
- It was felt that there should only be sanctions at the global level for failure to communicate progress. The Global Compact Office should use firmer language and communicate a clear message about the consequences of not submitting a CoP.
- It was suggested that the Global Compact Office provide Local Networks with training on CoPs.
- SMEs were identified as having the most difficulties in preparing their CoPs. Some solutions suggested were to create a company-company tutoring space, as well as a

reduction in the frequency with which SMEs are required to communicate their progress. It was felt that SMEs urgently need materials to guide them in the preparation of their CoPs.

- The need for more tools to help with the preparation of CoPs was expressed. In particular, it was suggested that the identification of 2-3 indicators per Global Compact principle based on indices that are commonly used by companies when they do their annual reporting (including but not limited to GRI indicators) would be helpful.
- Some felt that the GRI indicators can only be used effectively by large companies and that it was important that companies continue to have the option of using indicators other than those produced by the GRI.
- The need to remind companies to make their CoP more visible within their annual report was emphasized.
- Some felt that other incentives and disincentives, beyond being declared inactive on the Global Compact website, are needed to encourage participants to communicate their progress.
- Uncertainty was expressed about whether subsidiaries independently listed on the Global Compact website are expected to communicate their own progress. [Note: a policy decision has been made by the Global Compact Office that subsidiaries independently listed on the Global Compact website have a choice: they may either communicate their own progress or refer to the CoP of their parent company.]
- A desire was expressed for some kind of quality assurance to check that CoPs contain the elements that they are supposed to and the information they contain is provided in a transparent, user-friendly and accessible manner. It was felt that improvements to the CoP template could be made, especially if it is to be used as a tool for financial analysts.
- However, it was felt that the truthfulness and relevance of the information provided should be assessed by the public, and not by the Global Compact Office.
- To motivate companies to prepare good CoPs, it was felt that more incentive would be created through the response of stakeholders than from any specific reward system. Thus, it was suggested that the Global Compact Office and Local Networks strive to make CoPs more widely available and known to stakeholders.
- At this juncture, most Local Networks preferred to focus on CoPs rather than other elements of the integrity measures. However, there was agreement that a complaints and mediation system needs to be fully developed in the future. For the moment, should there emerge a serious complaint against a company, Local Networks should assist the Global Compact Office in the search for solutions. .

Resources and incentives

Manuel Escudero started his presentation “Resources and Incentives” by stating that the main incentives for participating companies will come from the market and civil society. Global Compact-driven incentives will also play an important role, including recognition and differentiation through the CoPs. It is hoped that the new Global Compact website (to be launched in early 2006) will help provide recognition for good CoPs and otherwise incentivize participants to improve the quality of their engagement.

Two options were presented for how Local Networks could be represented on the new web-page: a global one with links to Local Network webpages or one global web-page with the Local Network webpages embedded in it.

The Barcelona Center will also play a key role in helping to support Local Networks.

Working groups discussed the development of the CoPs system, if a reward system would be valuable, and which webpage model to choose. There was a preference for inter-linked independent webpages, rather than a single embedded one at least for Local Networks capable of setting up their own webpage. Further guidance was requested on the structure of Local Network webpages, as well as the elements that could attract funding and offer the most incentives for participants. Incentives seemed to be preferred to rewards. To facilitate searching, a database with filters and search forms was suggested. A reward system for companies based on their CoPs (some supported awards based on actual activities rather than reporting) was considered difficult to implement by some, at least at the global level.

Other presentations

A number of other presentations were made during the conference:

UNDP's Casper Sonesson presented "The Growing Sustainable Business Initiative", which focuses on SME-MNE links, creating investment opportunities in developing countries.

An EFMD team - E Cornuel, A Aspling, L Petrella, B Larsson - introduced "The Globally Responsible Leadership Initiative."

Karolina Mzyk and Franz Mellbin presented "Facilitating High-impact Global Compact Networks, a Practical Guide", and "Implementing the UN Global Compact, a Booklet for Inspiration."