



**THE GLOBAL
COMPACT**

**4th Annual Global Compact Local Networks Forum
Barcelona/Spain, 26-27 September 2006**

Final Report

Produced by:

*Annual Local Networks Forum Coordination Group
with the assistance of the
United Nations Global Compact Office*

Executive Summary

The 4th Annual Global Compact Local Networks Forum was held on 26-27 September 2006¹ in Barcelona/Spain, co-hosted by the Global Compact Office and the Barcelona Center for the Support of the Global Compact. The two-day event brought together more than 180 representatives of business, UN agencies, civil society and labour, who serve as focal points for existing and emerging Global Compact Local Networks in more than 60 countries². It was the largest Annual Local Networks Forum so far.

Through its action-oriented approach, this year's Forum supported the growing role of local networks as "incubators" or catalysts of change on the ground. In several plenary sessions and 14 working group sessions, network representatives identified key challenges and opportunities for their operations and produced a variety of decisions and recommendations for collective action in key areas:

GOVERNANCE

As a key step in the implementation of the Global Compact's governance framework, the Forum agreed on the "Annual Local Networks Forum Terms of Reference" which outline the Forum's role in the initiative's governance framework and clarify the relationship between the Forum and the other entities in the framework.

Further to the Terms of Reference, an Annual Local Network Forum (ALNF) Coordination Group was formed, including representatives from each geographic region: The members of the Coordination Group are³:

- Dr. Olumide Ajayi and Ellen Kallinowsky (Africa);
- Anthony Sampson (Western Europe);
- Natasa Kalauz (Eastern Europe & CIS);
- Mohamed El-Kalla (North Africa and Middle East);
- Flavio Fuertes (Latin America/Caribbean); and
- Charmine Koda (Asia-Pacific)

With the assistance of the Global Compact Office (GCO), and in consultation with the Local Networks, the role of the Coordination Group will be to draft and approve the 2006 ALNF report as well as to coordinate planning for next year's Local Networks Forum, which will be held in Monterrey/Mexico within the last two weeks of October 2007. Additionally, the Coordination Group will also coordinate the input from Local Networks in preparation of the 2007 GC Leaders Summit, to be held in Geneva on 5-6 July.

LOCAL NETWORK ACTIVITIES

- Local Networks can provide a valuable, neutral platform for participants to discuss challenges related to anti-corruption, define concrete collective actions and monitor implementation. Depending on local circumstances, this platform could also include other stakeholders, such as civil society and governments.

¹ See in Annex 2 the Agenda of the 2006 ALNF

² See Annex 3 for the list of participants.

³ An additional member, representing North American Local Networks will be elected in the near future.

- Participants identified an “untapped potential” with respect to linking financial market trends with activities of Local Networks. Financial markets can be a key leverage point in advancing the GC in general and the work of the Local Networks in particular.
- Principles and projects were described “as two sides of the same coin”. Local Networks should engage participants in partnership projects that demonstrate a commitment to both the GC principles and UN development objectives, including the Millennium Development Goals (MDG)
- GC Local Networks and ISO national mirror committees should look into working together in their efforts to strengthen social responsibility and the formulation of the upcoming ISO26000. This will also ensure that the voice of developing countries is heard.

SUPPORT OF LOCAL NETWORKS BY KEY PARTNERS

- The effectiveness of UN agency contributions often depends on the extent and consistency of support given by the UN Resident Coordinator and the UN Country Team. There is a need to include Global Compact objectives more explicitly in individual agency programs (especially UNDP country frameworks) and in the work of UN country teams.
- Both Local Networks and donor governments emphasize the value of “seed capital” rather than greater funding for operational expenses. Also, “in-kind” support from governments, both local and national (donor and non-donor) can be beneficial to the work of the Local Networks. There is a growing awareness of the need for an international network of donor countries backing networks, as the GC is becoming a local reality in all regions of the world.

LOCAL NETWORKS INTERNAL DEVELOPMENT

- In contrast to continued outside “subsidies”, matching funds and public-private partnerships were identified as promising tools to ensure network progress and safeguard its multi-stakeholder nature. However, the role of financial and institutional support from UNDP (and the other UN agencies) in the first and second stage of network development must be clarified, specifically for less developed countries. The GCO should pay attention to proposals which pool the needs of networks in a region and should similarly adopt a strategy of supporting promising networks in their early stages of development.
- Failure to submit a COP is not only an issue that confronts small and medium-size enterprises, but also many of the larger participants. Local Networks play a key role in helping companies develop their Communications, and it was consequently suggested that the COP process become part of a Local Network’s work plan.
- There is a need to generalize models like those presented in “Raising the Bar”. But a performance/management model for the GC has to be inspirational and non-prescriptive. Companies participating in the GC have recognized the need for new, innovative management systems as a crucial requisite to continuous progress in the implementation of the ten principles.
- Given that a large number of participating companies in the Global Compact are small and medium-size companies (SMEs), the GC should place increased emphasis on supporting them in their efforts to internalize the ten principles and thereby advance their performance.

Full Meeting Report

Opening Plenary

Georg Kell, Executive Director of the Global Compact Office in New York, welcomed the network representatives and other guests to Barcelona, stressing the steady rise in attendance at the Local Networks Forum since the inaugural Forum in Berne/Switzerland in 2003. With more than 180 participants representing 64 existing and emerging networks, the 2006 Barcelona Forum was the largest gathering of network focal points to date.

Georg Kell:
“The Global Compact is global because it is local everywhere.”

Mr. Kell further emphasized the global reach of the initiative, with networks from all continents represented. The Global Compact “is global, because it is local everywhere,” he stressed. At the same time, he noted that the initiative has stayed “faithful to its basic value proposition” as a partnership between business, labour and civil society.

Highlighting the need to “strengthen the local dimension” of the Global Compact, he urged that Local Networks be given “space and empowerment,” as they manage the quality of participant engagement, protect the initiative from abuses and look for continuous performance improvement. He closed his remarks by encouraging network representatives to “constantly strive to enhance impact and effectiveness.”

As the host of this year’s Network Forum, Mireia Belil, the Director of the Universal Forum of Cultures Foundation, stressed the role of the Forum as an opportunity to strengthen and give power to Local Networks. She also expressed her hope that the Forum would eventually become a platform to launch new visions, ideas and strategic proposals. “The Global Compact should be a point of encounter where different stakeholders can come together and speak the same language,” she said.

On behalf of the Global Compact Office, Manuel Escudero, Head of Local Networks, thanked both the Barcelona Center and Global Compact staff for preparing and hosting this year’s Forum. Mr. Escudero went on to point out that much progress had been made this year by Local Networks, not only in quantity, but also in quality. He emphasized that “networks not only have to relate upwards and downwards, but also among themselves.”

Manuel Escudero: “This year the Forum is about empowerment of Local Networks and about the policy recommendations they will make to advance the agenda of the GC”

On a different note, he characterized the Global Compact as a learning process, an “exercise of continuous improvement.” With respect to the 14 working groups that would convene during the Forum, Mr. Escudero encouraged participants to turn these sessions into a “real exchange of views between peers” and to focus on making tangible recommendations for the future development of the initiative. While he further described the role of the Global Compact Office

in the forum as that of a facilitator, he underlined the importance of empowering networks as owners of the initiative and treating the Forum as the network’s “own body of governance”, as expressed in the Terms of Reference first presented at the Forum.

Sir Mark Moody-Stuart, Chairman of the Foundation for the Global Compact and Member of the

Sir Mark Moody-Stuart:
“If the principles are to be executed, it has to be in every country on the ground – by society including business.”

Global Compact Board, was last to address the Forum’s opening plenary. Sir Mark highlighted the diverse composition of the Board, which has been appointed by UN Secretary-General Kofi Annan in April 2006. At the same

time, he encouraged network representatives to think about potential future Board members. The Global Compact “is not a hierarchy, but a multi-polar organization”, he said and stressed the Board’s openness to “advance and implement suggestions brought to it.”

Pointing to the Global Compact’s revised governance framework, Sir Mark went on to stress the key role of Local Networks in a number of areas, from capacity-building around the Communication on Progress to the support of small and medium-size enterprises. He added that networks should strive for action that goes beyond the lowest common denominator and suggested further that progress could also be measured collectively, not only at the individual company level..

Local Networks Forum Terms of Reference

Following the opening remarks, moderator Paul Hohnen steered the discussion to the endorsement of the Terms of Reference (TOR) for the Global Compact Annual Local Networks Forum. These TOR were the result of the UN Secretary-General’s earlier decision to make the Forum a formal component of the Global Compact multi-centric governance framework. A draft version of the TOR for consultation purposes had been circulated to all Local Networks in May.

Ursula Wynhoven, Head of Policy and Legal in the Global Compact Office, briefly elaborated on the purpose of the TOR, which outline the Forum’s role in the initiative’s governance framework and clarify the relationship between the Forum and the other entities in the framework. (See Annex 4 for the final version of the TOR.) The TOR were subsequently approved by general consensus.

- Purposes of the Global Compact Annual Local Networks Forum:
- Recognize and foster learning around best practice Local Network activities;
 - Recommend incentives, nominate Local Network champions, and rewards for Local Networks to achieve excellence;
 - Identify opportunities for Local Networks to work together and support each other;
 - Identify Local Network needs, including for capacity building;
 - Develop policies and procedures for Local Networks, including relating to quality assurance, brand management and integrity measures;
 - Foster closer relationships between the Global Compact Office and Local Network focal points; between the core UN agencies participating in the Global Compact and Local Network focal points; and among Local Network Focal points.

According to the Terms of Reference, Local Networks bear responsibility to produce each year's Forum report and also define the agenda of the Forum. It was thus proposed to establish a coordination group of network representatives. After a brief discussion, participants agreed that each regional group nominate one network focal point to serve on the coordination group. The members of the Coordination Group are⁴:

- Dr. Olumide Ajayi and Ellen Kallinowsky (Africa);
- Anthony Sampson (Western Europe);
- Natasa Kalauz (Eastern Europe & CIS);
- Mohamed El-Kalla (North Africa and Middle East);
- Flavio Fuertes (Latin America/Caribbean); and
- Charmine Koda (Asia-Pacific)

A Closer Look at Networks

The morning's final session concentrated on the development of GC Networks in the past twelve months, offering both a comprehensive quantitative analysis of network development and a summary of individual network activities.

Opening this session, Nessa Whelan of the Global Compact Office presented the first outline of an upcoming publication titled "Global Compact: Global Dimension", scheduled to be launched in July 2007, at the next Global Compact Leaders Summit in Geneva/Switzerland. The publication will present a comprehensive overview of the evolution and future development of Local Networks, with a particular focus on regional and network-to-network cooperation, as well as UN partnerships with business.

Next, Angel Saz-Carranza shared the preliminary findings of this year's Local Networks Survey, completed by 44 networks. Among the survey's key conclusions were the following:

- Most Local Networks are a place for learning, dialogue and collective action.
- Collective action often revolves around the Millennium Development Goals.
- Time, money and human resources remain main obstacles to network operations.
- Specific guidance documents and case studies are perceived to be the most helpful tools.
- The financial sustainability of networks as well as the Communication on Progress (COP) are perceived as areas where future support will be needed the most.
- Overall, responding networks perceived their results as satisfactory.

Mr. Saz-Carranza explained that the next steps will be to produce a more comprehensive written report and analysis, to more deeply explore correlations in the findings and to ensure that the survey is administered annually so that progress over time can be tracked and measured.

This broader, global examination of network operations was followed by regional reports on network activities.

⁴ An additional member, representing North American Local Networks will be elected in the near future.

Asia

Charmine Koda, Director of UNIC Tokyo and Focal Point for Japan, spoke on behalf of the Asian regional group, which includes 14 existing and emerging networks. She first introduced a recent publication of good practices from GC participants in 11 Asian countries, as a first example of regional cooperation between networks. Describing challenges and opportunities, she presented the following observations:

- UN support is key during the beginning stages of Local Network creation, but there is also a need for local support to ensure growth and continuity.
- It may be worth considering whether admission to the GC may be based on specific selection criteria or whether admission is open to any company that applies to join the Global Compact. The Japanese Network has come up with such admission criteria.
- Any exchange between Local Networks should also include a discussion of failures and their causes. “We shouldn’t only share each other’s successes but also challenges faced and failures since we learn so much from them,” Ms. Koda explained.

Western Europe

York Lunau (GC Network Switzerland) spoke next on behalf of the Western European networks, all of which are business-led. He first stressed that these networks share very few other commonalities as each has developed along a very specific trajectory. He further pointed out that companies realize that joining the GC does not necessarily imply increasing business opportunities. “There are no simple win-win constellations”, Mr. Lunau said.

At the same time, he identified several indicators of change in Western Europe:

- While the general belief in very lean network structures remains unchanged, there is growing recognition that administrative needs must be met.
- There is a realization among Western European networks that special attention must be given to small and medium-size enterprises (SME) joining the GC.
- Local networks appear to play less of a “natural” apex role as previously expected, requiring at times a strategic repositioning of networks towards more cooperation with competing initiatives and organizations.

Concluding his remarks, Mr. Lunau mentioned stronger support for the dynamics of the GC’s evolution and strengthened inter-network cooperation as the key focus areas for action in Western Europe.

Eastern Europe

Karolina Mzyk of the UNDP Regional Office in Bratislava summed up the activities of the Eastern European networks. Her key observations were the following:

- Except for developed markets like Russia or Poland, the majority of companies joining the GC are small- and medium-size enterprises.
- Most networks are multi-stakeholder networks and some are open to non-participants.
- The United Nations is playing a big role in giving credibility to the Global Compact at the country level, particularly in those countries without a Local Network.
- Among network activities, there was an emphasis on partnership projects and inter-network cooperation for exchange of information and good practices. Examples for the latter are the Bratislava Hub for the Global Compact and the increased cooperation with Western networks.
- More and more national networks are establishing governance structures.
- National champions provide leadership and encourage new companies to join the GC.

Latin America

Lourdes Avila of Panama and Diana Chavez of Mexico presented the activity report of networks in the Latin American region. Although there are only seven Local Networks, roughly 45 percent of Global Compact participants worldwide hail from Latin America. As is the case in Western Europe, the network landscape in Latin America is very diverse, ranging from formal structures (Panama) to informal ones (Brazil, Dominican Republic) with widely varying compositions and funding scenarios. In countries without a Local Network, the focal points typically come from UNDP/UN or from private organizations.

To foster stronger cooperation among different networks in the region, a Latin American Global Compact Network was established in May 2006. Consequently, a website is being created to share knowledge, challenges and experiences among the different networks. “This enables the Local Networks to think globally and act locally,” said Diana Chavez.

The major challenges for companies remain moving from adopting the Global Compact’s ten principles to embedding them in strategy and operations, positioning the Global Compact in the region’s agenda, and responding to participants’ needs and expectations. This could be enhanced by establishing a regional platform for learning and best practices exchange between the region’s stakeholders.

Africa

On behalf of the networks in Sub-Saharan Africa, Ellen Kallinowsky summed up activities, challenges and opportunities. There are roughly 180 Global Compact participants in Sub-Saharan Africa, with five country networks.

Ms. Kallinowsky first described the challenges to responsible corporate citizenship in Africa:

- Weak governments, weak regulatory frameworks and lack of enforcement.
- Weak civil society: Media are often linked to government, while the necessary watchdog function is carried out by international NGOs.
- Most relevant industry sectors are known for their high social and environmental risks (extractive industries, agriculture, forestry and fishery, transportation), which supports the notion of approaching corporate citizenship from a sectoral angle.

- Only few service providers exist in the field of corporate citizenship, limiting local capacity for facilitation of dialogue and learning.

Ms. Kallinowsky then outlined the challenges for the growth and development of the Global Compact in the region:

- The majority of African participants are small and medium-size enterprises (SMEs) who often lack the capacity to engage within the network..
- There is insufficient financial support for networks apart from some German (Malawi, Mozambique) and Swiss (Kenya, Madagascar) government funding.
- The capacity of companies to pay network membership fees is extremely limited.
- UNDP, which is the driver of the Global Compact in Africa, does not have a clear mandate and often lacks internal funding for GC-related activities.
- The role of governments is unclear.
- With the exception of Nigeria, there is insufficient engagement of multinational corporations at the local level.

On a different note, Ms. Kallinowsky described a perceived conflict of priorities between the Global Compact Office focusing on the Communications on Progress and the local need to prioritize partnerships against poverty and corruption. She stressed that the Communication on progress should not been seen as the only measure of progress; some regions (particularly Africa) could lose much momentum if there is a “one size fits all” decision to just exclude participants on COP grounds.

Ms. Kallinowsky also highlighted some promising opportunities for the Global Compact, such as NEPAD and its African peer review mechanism, which have helped popularize the Global Compact in African countries. At the same time, she pointed out that some African countries have been showing high economic growth and are increasingly attracting foreign investment.

As part of the effort to deepen the quality of engagement in Africa and setting benchmarks for responsible corporate citizenship, Ms. Kallinowsky encouraged participants to come to Accra/Ghana on 22-24 November 2006, for the 4th International Learning Forum Meeting. The meeting will present a fresh and inspiring look at good African and international practice in responsible corporate citizenship. More information is available at www.ungc-learningforum.org.

North Africa & the Middle East

Among countries in North Africa and the Middle East, a Global Compact network has been established in Egypt, while emerging networks exist in Morocco, Tunisia, Jordan, and the United Arab Emirates. Similar to what other regional representatives described, Mohamed El-Kalla of UNDP Egypt described reaching out to SME, increasing the number of partnerships, handling “free riders” and “non-communicators” and ensuring the financial sustainability of networks as key challenges the Global Compact faces in the region. “Access to local resources is an indicator of how Local Networks are developing”, said Mr. El-Kalla.

On a more specific note, he emphasized the challenge of operating in a region with widely varying degrees of support for the United Nations (large due to the ongoing Middle East conflict) and urged to adapt regional patterns of entrepreneurial value-orientation to the concept of CSR.

In addition, Mr. El-Kalla cited the lack of bench marks and reliable analysis on CSR in the region as a key challenge to the networks. Accordingly, nearly all networks are focused on producing reports and researches to fill the gap. He also described first efforts by networks to discuss the establishment of an Arab GC hub to act as regional institution. In some cases, as he stressed, existing or emerging CSR networks can be potential vehicles for the establishment of local networks in the region.

North America - United States

Gavin Power of the Global Compact Office briefly described recent development in the United States, where the participant number has been growing steadily. The business-led US Network itself has chosen an informal structure, increasingly involving civil society and labour. Mr. Power described the year 2006 as the “year of seriousness,” which saw and will see a number of network meetings aimed at addressing organizational aspects (March), exploring the link between CSR and the financial markets (May), as well as discussing the role of business for the Millennium Development Goals (October). Another focus of the network’s operations has been to develop and harvest Communications on Progress.

Gavin Power:

“Some US companies are still asking: ‘What is the value proposition of the Global Compact?’”

Future plans of the US Network include

- playing a larger role in company recruitment;
- focusing on implementation and cutting-edge topics;
- exploring links with other Local Networks;
- fostering stronger partnership with other initiatives, such as Business for Social Responsibility (BSR);
- establishing centers of learning; and
- developing a US Network website.

Canada

Randy Gossen, Vice President of Nexen and Special Advisor of the Global Compact presented the state of the initiative in Canada:

In March 2005, with the financial support of Foreign Affairs Canada, Canadian Business for Social Responsibility finalized a report which explored the feasibility of a UNGC Network in Canada. The study found only a lukewarm response from the Canadian business community. In the spring of 2006, Nexen, Canadian Business for Social Responsibility and the GC Office conducted a “Road Show across Canada” which resulted in increased interest both in the Global Compact and the idea of establishing a GC Network in Canada.

A strategy is currently being developed that will focus on articulating the value-added of a GC Network for Canadian GC participants.

Mr. Gossen further outlined three strategic considerations for the GC Network in Canada as it develops:

- “Demystifying“ the Global Compact;
- Promoting “partnerships” as a concrete manifestation of a company’s commitment to the ten principles; and
- Clearly demonstrating the business case for corporate engagement in the Global Compact.

Communication on Progress: The Way Ahead

This session sought to clarify some recent policy changes and adaptations with regard to the Global Compact’s Communication on Progress (COP) policy. Jeff Senne, COP Manager in the Global Compact Office, explained policies and procedures surrounding a participating company’s status as “active”, “non-communicating”, and “inactive”. Under the current policy, a company has two years from the date of joining to submit its first Communication on Progress on the Global Compact website. Companies failing to submit a COP will be labeled “non-communicating”. Companies that fail to communicate for two consecutive years will subsequently be “deactivated” and marked accordingly on the GC website.

COP Facts:

- 568 participants at risk of becoming “inactive” by 31 December 2006
- Another 900 participants at risk of becoming “inactive” by 31 Dec 2007
- Risk group includes SMEs and larger companies in over 50 countries

At present, the number of “non-communicators” has been constant at around 900 companies. According to Mr. Senne, 586 participating companies are currently under risk to be deactivated by 31 December 2006. Another 900 could become inactive by 31 December 2007, if they fail to submit a Communication by this date. Companies under risk are scattered across over 50 countries.

Failure to submit a COP, as Mr. Senne explained, is not only an issue that confronts small and medium-size enterprises, but also many of the larger participants. He argued that Local Networks play a key role in helping companies develop their Communications and suggested that the COP process become part of a network’s work plan. He further proposed that Local Networks build linkages with the CSR community in their countries and build on existing or emerging incentive structures.

Mr. Senne’s presentation was followed by a brief discussion. Joyce Rosalind Aryee of Ghana urged for more flexibility in deactivating companies, while Arnold Palmer of the University of Illinois (US) suggested the establishment of an incentive structure, such as an annual award, to stimulate COP submissions. At the same time, Natasha Kalauz of UNDP Croatia stressed that a company should not be rewarded for “plainly and simply producing a COP”, but rather only for the quality of their Communication.

Keynote Speech

**Ms. Leire Pajin,
Secretary of State for Cooperation and Development
Government of Spain**

Ms. Pajin was introduced by Mr. Alex Masllorens of the Catalanian Agency for Cooperation and Development, who acknowledged the Catalanian parliament's support for the GC.

In her speech, Ms. Pajin highlighted the strong support of the Spanish government for developmental issues as well as for private sector growth. She also emphasized the importance of the Millennium Development Goals (MDG) and pointed to the current failure of achieving them. "We have a social responsibility for change", Ms. Leire Pajin stated with regard to the MDGs. She added that alliances between governments – as well as between governments and the private sector – are paramount to all forms of development in the world. In closing, Ms. Leire Pajin also stressed that promoting corporate responsibility could greatly assist in solving the world's most pressing problems.

Annual Forum Dinner

**Guest Speaker: Sir Mark Moody-Stuart
Chairman, Anglo-American, plc
Chair, Foundation for the Global Compact**

The guest speaker on the first night of the Annual Network Forum was Sir Mark Moody-Stuart, Chairman of Anglo-American, plc and Chair of the Foundation for the Global Compact. Sir Mark stressed that his remarks would focus on the importance of Local Networks in the Global Compact, especially for companies.

He began his speech with a brief rundown of his own career spanning four decades, much of which he spent in countries as different as Spain, Oman, Malaysia and Nigeria. Sir Mark explained that most of the political and socio-economic scenarios he encountered in these countries were due to differences in governance, and failures of government, which ultimately became a problem for business.

He pointed out that there can be only one solution to ensure that systems of government and governance work: "We have to work as citizens of society with labor and other organizations, because only through that do we have legitimacy to work, with the objective of getting good government in place." At the same time, he stressed, businesses "are not directly responsible for everything governments do everywhere, we have the same interests as all citizens of the country."

According to Sir Mark, this is where Local Networks are most important – bringing all local stakeholders together in addressing the most significant problems in each country. “Local networks can work in identifying and prioritizing problems, which are of interest for all sectors in society to solve.” He further stressed that that businesses should lead, but not dominate Local Networks.

Discussing the financial sustainability of networks, Sir Mark noted the importance of separating funding at the global level from the local level. He stressed that the operations of the Global Compact Office should be funded by UN member states and not by companies, although the Foundation for the Global Compact, which is partially business-funded, can provide further support for specific projects and initiatives.

At the local level, Sir Mark explained, every Local Network needs a driving force to start it, and in some cases this role will be played by UNDP, in others perhaps by a NGO. But while some seed funding at the local level may be needed, he pointed out that networks should ultimately be self-sustaining and locally funded by business participants.

On the challenge of ensuring timely submission of Communications on Progress (COP), Sir Mark stressed the key role that Local Networks play in the process.

Sir Mark Moody-Stuart:

“If you have one bad player, that’s the one you read about, and it damages the rest of us.”

He also suggested looking into the option of collective reporting, for example along a company’s supply chain, to “take the burden off individual companies.”

Sir Mark further stressed the need for convergence and consolidation in the corporate responsibility movement and proposed that the Global Compact “gather up” and support other initiatives, provided that they are genuine and of multi-stakeholder nature.

Emphasizing the overall importance of quality assurance, Sir Mark said: “If you have one bad player, that’s the one you read about, and it damages the rest of us.” While he acknowledged that it was not in the Global Compact’s mandate to check on companies, he recommended that reporting rely on proven verification systems as one way of giving meaning to the COP and fostering broader confidence in reports.

Sir Mark concluded his remarks by expressing his belief that the Local Networks are the most important and critical element of the Global Compact, delivering the real local impact that is needed. “You all do a worthwhile job and certainly deserve to be properly funded,” he ended.

His speech was followed by a brief question-and-answer session. Asked where he sees the Global Compact in five years, Sir Mark said that the initiative would have failed if it had become an organization run by companies with NGOs and labour “standing on the side and wagging their fingers at mistakes or imperfect action.” He stressed that the key to the Global Compact’s success lies in different stakeholders coming together and working collaboratively to change things for the better. “Only at the country level can you identify the most salient problems and discuss how to address them,” he added.

Talking about ways to engage with governments, Sir Mark mentioned his own, often difficult experiences in dealing with governments around the world and stressed the need to involve all societal actors in the process of problem-solving, including civil society and labour, in order to avoid imbalances or unfair advantages. He closed by once again stressing the need to create functioning governments that provide both the right legislative frameworks and ensure their enforcement.

Working Group Sessions

This year's Local Networks Forum provided a strong focus on developing action-oriented recommendations for Local Networks on a variety of issues. To this end, the two-day meeting saw a variety of working group sessions designed to show network representatives practical approaches to common dilemmas and challenges.

In total, 14 working groups met for 1.5 hours each. The topic of each working group had been chosen in consultation with a variety of stakeholders, in particular the Local Networks themselves. Participants agreed that the workshops often provided valuable insights and perspectives. The following is an overview of the working groups and their results:

Anti-Corruption

This working group session aimed to provide a short overview of the current discussion on anti-corruption and potential entry points that deserve further exploration. Based on the experiences of two networks (Bulgaria and Brazil), participants discussed in small break-out groups how to overcome the challenges and dilemmas networks face when supporting participants in the implementation of the 10th principle, and how networks can provide a platform for collective action against corruption in the future.

Recommendations:

It was suggested that networks could consider the following roles when devising an anti-corruption work plan:

1. **Recommendation of frameworks for leveraging of partners:** As companies try to implement policies against corruption, Global Compact networks – instead of developing new tools – could identify those tool providers and partners that can provide the input and capacity to help companies.
2. **Platform for discussion and collective action:** Local Networks can provide a valuable, neutral platform for participants to discuss challenges related to anti-corruption, define concrete collective actions and monitor implementation. Depending on local circumstances, this platform could also include other stakeholders, such as civil society and governments.
3. **Link to public policy and dialogue with governments.** It was recognized that companies and civil society alone will not be able to solve the problem of corruption; therefore, at a certain stage, governments should be involved in network activities on the local level.

The session's breakout groups further identified specific challenges and made first suggestions on resolving these challenges:

How do you start discussing the issue of corruption and potential activities to prevent it?

- Understand the concept of corruption and what it means for different people. Define and discuss “grey-zone” issues.
- Consider discussing related issues such as governance, business ethics or business environment in order to approach the issue within a wider framework.
- Consider the important role that business federations could play. Encourage peer discussions and business-to-business learning.
- Know the legal frameworks and work with existing actors that are engaged in this area.

How do you ensure implementation and monitoring of declarations/pacts/charters against corruption?

- Make sure that there is a common basis which companies agree upon (code of conduct).
- Publicize the collective commitment of participants.
- Ensure that the public has access to information on the cost of corruption.
- Support the establishment of a mechanism that can surface information on corruption, e.g. whistle-blowing, media, general public.
- Consider verifying statements of corporations, e.g. by involving auditors.
- Understand and develop incentives to companies following the declaration, e.g. encourage governments to work only with companies that have codes of conduct, highlight the cost factor, involve media, and have presentations of good practices in annual meetings

How do you link your anti-corruption efforts with public policy making/government?

- Prepare well before you engage (review literature, status of country, existing legal framework, link to international; frameworks such as UN Convention, etc.)
- Identify islands of integrity (also from within government) to be engaged in anti-corruption meetings/dialogues of the network.
- Provide concrete input to public policy making.
- Push anti-corruption as an incentive for foreign investment.
- Work with regulatory bodies and support them in building their own capacity.
- Carefully identify other stakeholders, e.g. international actors which are working with governments

Corporate Citizenship and Financial Markets

The working group session on Corporate Citizenship and Financial Markets was moderated by Gavin Power of the Global Compact Office. The session surveyed how the tenets of corporate citizenship are beginning to permeate mainstream financial markets, and how progressive companies and Local Networks might take full advantage of the trends. The aim was to develop a greater understanding of the key trends with respect to corporate citizenship and financial markets, and the development of a strategy for networks to assist the financial sector in mainstreaming environmental, social and governance (“ESG”) considerations.

Conclusions:

- The consensus from the session was that this is a fast-growing issue. Many financial institutions now have no doubt about the importance of ESG issues.
- There is very little knowledge about ESG issues related to financial markets among networks so far (low level of understanding of PRI, Who Cares Wins, etc.).
- Participants identified an “untapped potential” with respect to linking financial market trends with activities of Local Networks.
- Financial markets can be a key leverage point in advancing the Global Compact in general and the work of the Local Networks in particular.

Recommendations:

- Networks should embark on a multi-faceted action plan to involve financial markets in their work.
- Such a plan should include the following elements:
 - Stock Exchanges should be encouraged to partner with the network in a range of ways (aside from joining the Global Compact as an institution): raising awareness of the GC with listed companies; partnering as hosts of policy dialogues; encouraging the development of sustainability indices and social stock exchanges; and inviting exchanges to join the network as an institution.
 - Invite at least one institutional investor (such as a pension fund), one insurance company, and one bank to join the Global Compact and the network.
 - Convene a network meeting on financial markets basics.
 - Encourage business schools, consultancies, think tanks to develop case studies on ESG practices (e.g. Does membership in indices such as FTSE4Good lead to better lending terms, access to capital, etc.?).
 - Communicate to participants the growing role of the COP as an instrument of disclosure (pointing to mounting evidence that financial services companies are beginning to use sustainability reporting to analyze risk and opportunities of investments and loans).
 - Explore levels of interest with national central banks in sharing knowledge and developing partnerships.

Workplace Practices

The goal of this session, which was moderated by Daniela Zampini of the International Labour Organization (ILO), was to raise awareness among networks about workplace practices inspired by the Global Compact's Labour Principles, encourage networks to undertake dialogue and learning activities to help participants with key dilemmas, identify geographical differences and priorities, and to establish a group of network representatives particularly interested in labour issues and the development of new tools and guidance materials.

Presentations were delivered by Daniela Zampini and Mohammed Ennaceur of the GC Network in Tunisia.

Recommendations:

- The Global Compact Office (GCO) and the ILO should provide more detailed information on the four labour principles and how they translate into workplace practices. Clear guidelines should be made available on the Global Compact website.
- These guidelines should be brief, clear and in simple language to help understanding of the labour principles among business
- Some codes of conduct developed by companies are based on the International Labour Standards. If these codes would be made available and shared, companies could learn from each other.
- ILO and the GCO should continue to stimulate research and good practice studies (such as the ILO Study on Child Labour) and share the results widely.
- Some issues of relevance to Local Networks are very specific, so that they are better addressed locally. This level of regional diversity also creates demands for local tools, such as good practice guidelines. In developing these guidelines, participants should seek the advice of local UN Agencies or the GC Office.

Environment

The working group session on the environment discussed local-level awareness and needs of business in dealing with the risks and opportunities associated with global climate change. Participants addressed how environmentally responsible companies can deal with energy and climate today, and how consumers can be empowered to act responsibly. The discussion further centered on how the Global Compact and UNEP can help local business as companies consider ways of taking voluntary action, developing their own business strategies and getting a foot in the emerging climate market of cleaner fuels, technologies and flexibility mechanisms. Participants also learned about new developments in the Kyoto mechanisms and common pitfalls experienced in initial cleaner development mechanism (CDM) project submissions.

Recommendations:

- Local Networks would welcome receiving briefing materials (from GCO/UNEP) that can be used to raise the awareness of companies and consumers locally.
- There is awareness of the need to focus on improvements in energy efficiency and use as well as on the introduction of new, cleaner technologies such as biofuels.
- Given the multitude of climate-related initiatives, guidance from the Global Compact to bring about convergence between initiatives would be appreciated.
- Companies can be challenged to introduce their own comprehensive climate strategies, agreed to by senior management and focusing on new business opportunities in the field.
- It was also suggested that Global Compact participants be encouraged to report on climate actions and related performance indicators in their annual COPs.

Business and Human Rights

The goal of this working group session was to raise awareness among Local Networks of the issue of human rights and business. Participants shared information about Local Networks' perceptions of the key barriers to implementing human rights and how these barriers can be addressed. In addition, the session discussed available tools and guidance materials, as well as activities Local Networks can undertake to assist companies in the implementation process. A package of resources and a list of further materials was circulated (it is also available on the human rights page of the Global Compact website). Also distributed at the session was a menu of ways in which companies can help to advance human rights through engaging in the Global Compact's human rights program. Participants identified the following key challenges facing companies in implementing human rights:

- Conceptual challenges: What are human rights and how are they relevant for business? Whose human rights should a business be concerned about and to what degree? How do human rights differ from needs? More clarity is needed.
- The need to articulate more clearly the business case for implementing human rights.
- Fear of a "race to the bottom" – that implementing human rights may put a firm at a competitive disadvantage and that consequently human rights, including rights at work, are being sacrificed in the name of competitiveness and short-term profitability. There is a need to more clearly demonstrate how good human rights performance needs to become a competitive advantage.
- As consumers and business partners in many parts of the world do not yet pay sufficient attention to a company's human rights performance, a key driver for improvement is absent. Consumers and customers need to be alerted and motivated to become more active and be willing to pay the sometimes higher price, at least in the short term, of good human rights practices.
- The role of governments as the primary actor in human rights abuses and lack of certainty about what a company can do to avoid being implicated (complicity). More clarity is needed.
- Whether and how a company should engage in a situation of weak governance. Because of business' role as a driver of economic activity, non-engagement or disengagement was seen as a strategy of last resort.
- Labour challenges, such as the exploitation of temporary labour without a contract, child labour, forced labour, and employment discrimination suffered by women, older persons and people with disabilities were seen as an endemic problem.

Recommendations:

- Encourage network participants to engage in the Global Compact's global human rights program.
- Collect and publish a compendium of local or regional good practices, especially focusing on showing what worked, what did not work, and how human rights performance was improved.
- Share information about the availability of tools and guidance materials with network members.
- Host local/regional (or perhaps sectoral) business and human rights dialogues and learning events.
- Discuss at a Local Network meeting a human rights case study that one or more companies in the network have presented.
- Invite civil society organizations to speak to the Local Network and engage in dialogues on the relevance of human rights for business.
- Invite a human rights tool provider to present to the network.
- Tailor existing human rights tools to local needs.
- Consider if and how human rights challenges may be effectively addressed through collective action by the Local Network.
- Develop approaches that promote stronger consumer involvement in the business and human rights agenda so that they will favor goods and services from companies taking these issues seriously.
- Reach out to governments, businesses and individuals on respecting human rights.
- Give visibility to "good" human rights practices in countries where the "wrong" practices often prevail.
- Develop a sectoral system of recognition and rewards that focuses on protecting human rights.

Partnerships

How Local Networks can engage participants in partnership projects that demonstrate a commitment to both the GC principles and to UN development objectives (including the MDGs)? Participants generally recognized the role of Local Network with regard to encouraging partnerships. The Global Compact has increasingly been elevating the partnership dimension as a strategy of implementing its principles. GC participants are also explicitly encouraged to report on their partnership projects in their annual Communications on Progress. It was pointed out that partnerships between business, civil society and governments are productive when driven by universal values. Principles and projects were described “as two sides of the same coin”.

Recommendations:

- Many participants raised a concern for the need to better link the Global Compact principles to the Millennium Development Goals (MDGs). Networks need to work on translating the MDGs into business practice. Given the multitude of definitions for partnerships, it could be useful to develop a framework with definitions including case studies, as well as specific tools and best practices. A guide on how businesses can partner with NGOs is already being prepared by the GCO.
- All parties to a partnership should understand their relationships and how they can contribute to the success of the partnership
- Collective action is also needed – not just individual efforts. Collective action could be achieved by grouping companies together, and collaborating with business associations, chambers of commerce, etc.
- There is room for involving the private sector in implementing the national/government development agenda through partnerships. The Global Compact has a key role in putting partnerships on the national agenda and exploring how the priorities of the private sector contribute to the UN/Governments’ poverty reduction strategies.
- It would be useful to map existing efforts at the country level, for example by identifying how businesses are already engaged in partnerships could help provide opportunities for collaboration, replication and scaling up).
- Global Compact networks can stress the business case for engaging in partnerships, as well as engage in facilitating and brokerage activities (businesses – NGOs – government). Neutral, honest broker role is an important function for GC Networks.
- There is a need for further capacity building (training, etc.) across the UN system, especially when it comes to partnering with business. GC networks can play a key role.
- In countries where only the Growing Sustainable Business (GSB) Initiative is present but not the Global Compact, it should be promoted as well. Also, LNs could explain the GSB to their participants as a potential engagement opportunity if a company wishes to engage in a concrete project.
- The GCO should consider thematic trust funds under the GC Foundation (ie. Micro-credit, water etc) that could help with seed-funding for partnership projects.
- There is a need to ensure that partnerships which are brokered can and do make a positive contribution to development. (Impact assessment tool currently under

The Global Compact and ISO 26000

This session was moderated by Kola Badejo of the Global Compact Office. It highlighted the need to raise awareness about the development of an international standard on social responsibility and the need to support alignment of the ISO 26000 with the Global Compact principles.

The session started with the chairman, Jorge Reis Cajazeira, providing a snapshot of the ongoing process of ISO 26000 development. He stressed that the ISO brand is well known and collaboration with the GC has contributed to positive development and acceptance. Kola Badejo then briefly presented the complementary role of the Global Compact and the proposed ISO 26000 guidance document.

Daisy Kambalame reflected on the role that the local network and the ISO National Mirror Committee at the local level. She highlighted the potential benefits of using the Global Compact principles to define the parameters of social responsibility on the ground and the advantages that can be gained by the close working relationship between the local GC Network and the Mirror Committee. Similarly, Lourdes Avila shared the Panamanian experience on the formative activities of the local GC Network, and how involvement in the challenges facing the National Mirror Committee led the GC participants to understand and make positive contributions to the deliberations of the committee.

The panelists explained that ISO 26000 is a guidance document and that a verification process will be included in the guidance, although there will be no certification. Furthermore, ISO 26000 is a social responsibility standard which will not cover all management systems of other ISO standards. At the same time, ISO 26000 aims to bring together various existing CSR standards and guidance for easy understanding and implementation.

Recommendations:

- There was general consensus that GC networks and national mirror committees can work together in efforts to strengthen SR and the formulation of ISO 26000. This will also ensure the voice of developing countries is heard.
- It was proposed that the GC and ISO need to look into working together to combine the two well-accepted brands to achieve more in supporting and promoting social responsibility and sustainable development at the local level. GC and ISO are already working closely at the international level.

Contribution of UN Agencies to Local Networks

This working group session was moderated by Neil Buhne explored different ways in which UN agencies have provided support to the Global Compact initiative at the local level and will also expand on how such activities can be replicated and/or scaled up. One goal was to develop a better idea of effective and ineffective approaches. Participants also tried to find out what needs to be done so that UN agencies can better respond to the demands of GC participants.

Based on brief presentations on the experiences of UN agencies in Bulgaria, Mexico, Japan and Argentina, it became clear that there is a wide range of direct and indirect ways in which UN agencies support Local Networks. They include:

- adding legitimacy to the Local Network in the eyes of business and/or government, and/or civil society;
- brokering partnerships among different stakeholders;
- technical advice and support, as well as linkages to international experiences;
- outreach to SMEs (who are often overlooked);
- management services during the start-up phase, assistance in monitoring progress, and start-up funding.

However, participants also identified limitations to the role of UN agencies, such as the need not to subsidize the network beyond the start-up phase.

Recommendations:

- The contribution of UN agencies to networks varies greatly from country to country, but especially in developing and transition countries there is a strong role that UN agencies can and should play at the local level in supporting Local Networks.
- The effectiveness of UN agency contributions depends on the extent and consistency of support given by the UN Resident Coordinator and the UN Country Team.
- There is a need to include Global Compact objectives more explicitly in individual agency policies and programs (especially in UNDP country frameworks) and in the work of UN country teams.
- A standard “tool kit” should be developed that the UN system can provide to Local Networks. Similarly, the capacity of country offices and/or country teams must be built to use those tools as needed to support Local Networks.
- More mechanisms for horizontal learning should be developed, and there should be a differentiated approach to SMEs.
- The UN’s regional programs (such as the UNDP Europe and CIS regional program) can add a great deal to the positive role the UN can play for Local Networks. The nature of support must vary over time, with a shift from an UN-supported start-up phase towards long-term financial sustainability ensured by participants.
- UN agencies (such as UNDP) can play a crucial role in supporting the COP process, by managing the expectations, working with business associations, and by providing training to participants.
- UN agencies can further help to include civil society more actively in the network.

The Role of Governments in Local Networks

This session discussed ways in which governments and intergovernmental organizations support the Global Compact in advancing its mission at the local level and explored how such activities might be replicated and/or scaled up.

Workshop participants agreed that in the long term, as a business-based initiative, the Compact's work should be largely funded by the business sector as the main beneficiary of using the Compact. In the interim, however, it was recognized that government "seed capital" to help establish and grow local networks would be beneficial during the startup phase. Apart from funding assistance to the Global Compact office itself, where ongoing funding from a wider range of governments was encouraged, local networks should aim to become self-sufficient.

Participants noted that governments were already actively engaged at various levels. Examples included:

- Italy (developing GC initiatives in Morocco, Tunisia and Albania)
- Croatia (government-endorsed partnerships)
- U.K. (funded Chinese Leaders Forum and also offered to Local Networks in developing countries; creating "democratic space")
- Sweden (provides support for the GC from the Ministry of Foreign Affairs)
- Switzerland (provides support for the GC from 3 different departments)

Governmental and intergovernmental representatives noted that multiple internationally-agreed policy objectives might be advanced through the Compact. These included contributions to improved governance (by giving partnership, civil society and business a voice), enhanced conditions for trade and development, and increased awareness of sustainable development and the Millennium Development Goals.

Recommendations:

Participants identified the following ways in which governments could get involved in the Global Compact:

- Initiate the creation of Local Networks, help in the recruitment of champion companies, give exposure to the initial activities of the GC in a country
- Play a key role in promoting an enabling environment and act as a convener.
- "Validate" the GC through multi-sectoral national commissions, collective codes of conduct and the creation of a democratic space facilitating the creation of the "private sector collective voice."
- Governments are, at times, the largest client of many businesses. Therefore, they can play a crucial role by implementing proper procurement and supply chain policies.
- Governments can act as unique partners of the GC with regard to capacity building for training and mentoring of companies participating in the GC.

Local Networks Financial Sustainability

This session tried to identify the types of support needed to facilitate the development of Local Networks overall. Participants aimed to develop a shared understanding of the need for financial and human resources in the development of networks, as well as a set of recommendations and priority activities (at the global, regional and local levels) to address these needs; It was pointed out that:

- the three-stage model put forward by the GCO was considered to be helpful; (see http://www.enebuilder.net/globalcompact/e_article000626248.cfm?x=b11,0,w);
- each network should determine on its own how and when to progress from one stage to the next and that this transition is a crucial issue that needs to be planned well in advance;
- the financial sustainability of Local Networks is closely connected with their institutional stability. There needs to be transparency and trust concerning the collection, allocation and control of the network's financial resources and institutional arrangements related to this.
- companies in general are only supporting Local Networks financially if they can identify a clear value added by the work of the Local Network: the rule "who benefits should pay" does apply in Local Networks;
- "branding" plays a crucial role for successful fundraising.

Recommendations:

- Matching funds and public-private partnerships were described as promising tools to secure a Local Network's progress and safeguard its multi-stakeholder character.
- Questions were raised about the role of financial and institutional support from UNDP (and the other UN agencies) in the first and second stage of network development. UNDP representatives pointed out that this depended on the synergies between UNDP's country portfolios and the GC. It was agreed that there needs to be clarification on this issue (with special regard to the less developed countries in Africa and Asia).
- The GCO was encouraged to consider proposals which pool the needs of networks in a region, such as the one submitted by the Africa Regional Office. Similarly, the GCO was asked to develop a strategy of supporting promising networks in their early stages of development and present this strategy to the GC Local Networks Forum. In addition, the idea of a Thematic Trust Fund to help solve some of the financial challenges of was introduced.
- Discussing the question how extra resources from the GCO should be allocated, it was suggested that the Global Compact at present had developed enough "tools" (i.e. published materials), and that the GCO could support learning activities organized by networks (such as the 4th International Learning Forum in Ghana).
- Participants also emphasized the need for proper coordination between the various fundraising activities of GC bodies to avoid overlapping and duplication of efforts. The GCO was asked to develop procedures and policies to enhance the coordination and transparency of the various fundraising activities. It was appreciated that the GCO offered to consult affected Local Networks in advance on plans of fundraising.

Maximizing your Communications Impact

This working group session brought together mostly communications professionals from different networks. The session focused on presenting strategic and tactical communications options intended to support network outreach, awareness raising and recruitment.

Opening the session, Matthias Stausberg of the Global Compact Office presented some general observations on network communications, stressing the need to properly identify different stakeholder groups and tailor communications to address a particular target audience in the appropriate language. He further emphasized the importance of developing issue-related narratives rather than activity reports.

Maya Nyagolova of UNDP Bulgaria outlined the strategy and steps taken by the national network to raise awareness, sustain interest, expand support and recruit further participants and partners. Deniz Spatar of UNDP Turkey described how the network was revitalized in the context of one of Turkey's largest companies joining the GC. Through partnerships and a targeted approach to media relations, UNDP Turkey managed to launch a comprehensive communications campaign with broad reach in both the business community and the wider public.

As a first result of this practice-oriented session, participants agreed to develop a platform/process of knowledge exchange and dialogue on communications challenges and practices. A simple website has already been created and will soon be made available to working group participants and other network representatives interested in communications issues.

Recommendations:

- Based on your communications objectives, identify key target groups, tailor messages accordingly and choose appropriate communications channels.
- Develop narratives around issues (not actors); do not communicate mere activity reports.
- Identify local champions (business, government, etc.) and leverage their support in the media.
- Be creative in choosing the appropriate mix of instruments and channels (newsletters, recognition schemes, giveaways, signing ceremonies, regional launches)
- Actively involve media organizations in your communications planning and establish lasting relationships with key journalists. Establish media partnerships.
- Establish clear responsibilities and ensure that the network's communications person is well informed about the network's activities.
- Measure and analyze media coverage, web metrics and the like and feed the results into the review of your communications plan. ("What get's measured gets managed.")

The Global Compact Performance Model

The aim of this working group, moderated by Manuel Escudero of the Global Compact Office, was to advance the agenda on how companies implement the Global Compact's principles in their daily operations. This was described as paramount to the development of the GC from a value-based initiative to a value-adding initiative for participating companies.

In his opening presentation, Mr. Escudero stressed that the Global Compact Performance Model has so far gone through several stages: the development of case studies on success stories, the development of implementation tools related to specific principles to help companies, and the current emphasis on the need for disclosure and reporting through the Communication on Progress. As Mr. Escudero pointed out, at the core of the GC call to companies lies the concept of managerial change through innovation and dialogue with stakeholders. Consequently, there is a critical need to generalize the approach of internal change that centers on progress – continuous and systematic improvement over time. Mr. Escudero emphasized that any Global Compact management approach to implement the ten principles should center on the following characteristics:

- The notion of change, progress and continuous improvement has to be the most important in-built feature
- The model should be based on a permanent dialogue with stakeholders.
- The model should aim at eliminating failures and maximizing both sustainable value and tangible and intangible benefits within the company's value chain and value network.

Recommendations:

- There is a need to generalize models like those presented in “Raising the Bar”. But a performance/management model for the GC has to be inspirational and non-prescriptive. Companies participating in the GC have to recognize the need for new, innovative management systems as a crucial requisite to continuous progress in the implementation of the ten principles.
- A blueprint that can inspire the actions of all companies is not realistic; any model/tool must be adjusted to the size of the company and adapted to other factors such as the regional context.
- The promotion of a management change model has to combine examples of best practices, as well as implementation tools.
- To have a lasting impact of company strategy and operations, both the drive and the initial spark are needed: management operations need to be aligned to the principles. In turn, managers have to be empowered by their leadership in order to be effective in their innovative role. And at the same time, without proper policies, allocation of resources and new processes, the change process towards the gradual implementation of the GC principles will not be sustainable in the long term.
- Local Networks, in order to build capacity and facilitate management change in companies, need to look for new partners, such as academia (business schools) and their technical capacities.

The Role of Local Networks in Assisting SMEs

Given that a large number (46 percent) of participating companies in the Global Compact are small and medium-size companies (SMEs), the GC is placing an increased emphasis on supporting them in their efforts to internalize the ten principles and thereby advance their performance. This working group session, moderated by Kai Bethke of UNIDO, aimed to develop a clearer understanding of the role of Local Networks in supporting SMEs with regard to implementing the GC principles; inspire networks to undertake activities with regard to SMEs; and obtain input for the operational guide to be developed by the International Task Force on SMEs, in order to analyze and integrate the Global Compact principles into the daily business operations.

Speakers from Spain, France and Zambia shared their experiences working with SMEs on the implementation of the Global Compact principles.

Recommendations:

- Large firms and multinational enterprises have to be involved in working with SMEs, and Local Networks can be brokers in this relationship.
- Language has been recognized as an important barrier for small companies in implementing the GC principles. There is a need to address this question.
- It has been recognized that many tools and templates exist at the local level in different countries. The important task will be to share the relevant experiences, to make sense of these materials in order not to duplicate efforts in different places.
- Participants identified the need for an “entrepreneurship assistance program”, based on the principles of the GC. Similarly, there was agreement on the need for measures to evaluate the performance of CSR in small companies.
- Participants welcomed the establishment of an International Task Force of the development of an SME Operational Guide, which will provide adequate guidance to GC participating companies on how best to implement the ten principles and to prepare the COP.

Administration of GC Networks

The working group on network administration addressed very practical aspect of coordinating and administering a global initiative with more than 3,000 participants in over 100 countries and with more than 50 existing and emerging country networks. Participants discussed challenges and possible actions around participant management, network communication, and the overall role of the Global Compact Office vis-à-vis Local Networks.

Recommendations:

- More information should be made available that clearly indicates to companies considering joining the Global Compact what participation in the Global Compact means and what is expected of them once they sign up.
- The welcome package sent to new signatories should be improved.
- The database of GC participants hosted on the Global Compact website is the list of GC participants. Better efforts should be made to improve coordination between the global database and those at the local level.
- It has been clarified that the date indicated on the “Welcome Letter” sent by the Global Compact Office is the date by which a new organisation who has signed up to the GC is considered a participant. This is also the date that will be used to determine when a company’s CoP is due.
- It was recommended that the GCO develop an improved communication strategy taking into account the diversity of networks.
- It was agreed that from now on the Local Networks Annual Reports will be prepared in time to be presented at the Annual Networks Forum. It was also recommended that the format of the reports and presentations be consistent. The GCO will work on developing the necessary guidelines.
- It was highlighted that the issue of translating GC communications and materials needs to be addressed. It was recommended that a strategy be developed in which the networks would have a key role to play.

Plenary Session: Engaging MNC Subsidiaries

This plenary session addressed questions regarding the link between subsidiaries of multinational corporations (MNC) and Local Networks, as well as the relationship between global headquarters and the subsidiaries on issues related to the Global Compact and corporate responsibility. To this end, three MNC representatives (Telefonica, Novartis and Coca-Cola) had been invited to present and discuss their experiences.

The session was moderated by Joan Fontrodona, Vice-Secretary of the Spanish GC network ASEPAM. In her opening remarks, she stressed that the role of subsidiaries had been very unclear and raised several key questions concerning the subsidiary involvement in the Global Compact:

- What is the relationship between Local Networks and subsidiaries?
- How can subsidiaries get involved in the work of Local Networks?
- What is the reporting (COP) process? Do subsidiaries communicate directly to the Global Compact?
- How do these subsidiaries apply GC principles? Do they apply them as they are? Or do they adapt them to local conditions?

Alberto Andreu, Managing Director for Corporate Reputation, Brand & CSR at Telefonica S.A., focused his presentation on Telefonica's corporate reputation model, which is implemented in all countries where the company has subsidiaries. Analysis and implementation of the model follow five distinct process steps, from internal and external diagnosis to proper community reporting/communication.

The model itself uses seven different "reputation dimensions", with all country organizations following the same methodology. In addition, Mr. Andreu explained, the company has identified certain reputation risks and is trying to manage them by following a set of key steps:

- Stakeholder discussion (through face-to-face meetings with employees, consumers, NGOs, academics, etc.);
- Creating and implementing internal procedures to manage risks (there are currently 36 projects worldwide); and
- Evaluation and reporting (globally and locally; Telefonica issues corporate responsibility reports in each country).

As Mr. Andreu pointed out, the key in Telefonica's approach is to develop a global methodology that can be applied locally.

In the next presentation, Michael Fuerst, Corporate Citizenship and Compliance Coordinator of Novartis International, talked about his company's international coordination department which functions as a direct link to all of Novartis' subsidiaries worldwide. Mr. Fuerst emphasized that this organizational model greatly increases the chances to ensure vertical implementation of corporate responsibility policies and processes.

As Mr. Fuerst explained, a special working group was established at Novartis to manage implementation of the Global Compact principles throughout the company, by providing advice

and guidance materials. However, responsibility for day-to-day Global Compact engagement has been transferred to subsidiaries.

Strategies employed by Novartis to promote subsidiary engagement in the GC include:

- Discussions between corporate headquarters and subsidiaries to identify issues that are most important at the local level;
- Regional workshops to inform employees at all levels of Novartis' Global Compact commitment of Novartis;
- Integrating the global commitment into performance appraisals and connecting it to the company's incentive scheme;
- Communication: Novartis headquarters issues the company's annual report, but each subsidiary has to publish a local corporate citizenship report.
- Collective activities such as the company's Fair Wages Initiative.

In the last presentation of the plenary, Kadri Ozen of Coca-Cola Turkey outlined how Coca-Cola addresses GC implementation.

Mr. Ozen explained that Coca-Cola's contractors in different countries are obliged to adhere to what Coca-Cola calls the "Five Ps": People, Portfolio, Profit, Planet and Partners. He stressed that these elements provide a good link to the Global Compact's ten principles.

Mr. Ozen described Coca-Cola as the "most global company in the world", with operations in over 200 countries, more than 1000 factories and a brand value of approximately USD 70 billion. He stressed that the company applies the most advanced and globally accepted quality and regulatory requirements. Subsidiaries have to conform to these US standards and adapt them to their local circumstances.

However, he acknowledged that engaging subsidiaries for corporate responsibility is a complicated task, specifically engaging subsidiaries at the frontline of daily business, finding common ground between the aspirational aspects and the reality in the field, and facilitating internalization of the ten principles.

He then went on to present examples of Coca-Cola's community investment which include partnerships with UNDP on water issues and a range of other UN partnerships around the world in the context of the UN Works initiative.

Mr. Ozen emphasized that the Global Compact can provide added value to Coca-Cola while, in turn, Coca-Cola can help promote the Global Compact and its principles to new audiences. He closed his presentation by saying that Coca-Cola, the Global Compact and other UN agencies, by working together, can "help change the face of global business."

A few questions following the presentations centered on the issue of engaging subsidiaries on the ground, and where responsibilities lie between a subsidiary and corporate headquarters. Alberto Andreu responded that headquarters must make the initial commitment and may provide further information, but that the subsidiary leaders have to see the advantage and benefits of participation for themselves.

Plenary Session: The Way Ahead

The closing plenary of the 2006 Local Networks Forum saw a number of announcements and commitments. Starting the session, Joyce Anyee of the Ghanaian GC Network once again encouraged participants to attend the upcoming 4th International Learning Forum Meeting in Accra/Ghana (24-26 November 2006), stating that it was “not just an African event, but a world event.”

Manuel Escudero highlighted the Academic Forum “Business as an Agent of World Benefit”, to be held on 22-24 October 2006 at Case Western Reserve University in Cleveland/USA. The meeting aims to catalyze all the Global Compact’s efforts in the academic world.

According to Dr. Escudero, academic institutions serve five key functions with regard to responsible corporate citizenship:

- Educating future business leaders in corporate citizenship
- Conducting research in business schools and other relevant disciplines
- Value multiplication
- Technical, advisory, training support to the private sector
- Providing capacities and facilities to Local Networks

He then went on to call on academic institutions to join the Global Compact and engage in its activities at the global and local level. Emphasizing the ongoing effort to organize broad convergence of academic institutions under Global Compact, Dr. Escudero also mentioned the upcoming launch of the *Principles for Responsible Education in Management*, which will first be introduced at the Cleveland Forum. As Dr. Escudero further pointed out, the Global Compact is also in the process of setting up a global Academic Council to better coordinate its work with academic institutions. “The time is right for this global convergence,” he said and promised that networks will soon receive an update on the Council and will be encouraged to propose nominees.

UN Global Compact International Learning Forum Meeting, 22-24 November 2006, Accra, Ghana

Global Compact Leader Summit
Geneva/Switzerland, 5-6 July 2007

Role of networks: Propose participants, key speakers and projects.

Global Compact Local Networks Forum
Monterey/Mexico, Fall 2007

Role of networks: Define vision and agenda

Birgit Errath of the Global Compact Office then outlined the basic objectives of the next Global Compact Leaders Summit, which will be held in Geneva/Switzerland on 5-6 July 2006. The Summit, which is held every three years, is a key element in the Global Compact’s governance framework. According to Ms. Errath, roughly 1000 top executives and leaders of participating businesses, civil society, labour and governments will be attending the Geneva Summit, making it the largest gathering of its kind ever held. She further asked Local Network

representatives to propose participants, key speakers, and projects to showcase during the Summit. Ms. Errath also encouraged input for a planned declaration on the role of business in society, to be issued at the Leaders Summit.

Following these announcements, Forum moderator Paul Hohnen asked panelists Manuel Escudero, Georg Kell and Mireia Belil for closing comments.

Georg Kell:

“You are doers. This is social change. This is about people. About you.”

After thanking the organizing team, both in the Barcelona Center and the Global Compact Office, for their work in making the Local Networks Forum a success, Manuel Escudero stressed that the overall spirit of the 2006 Forum was very different from the spirit of previous Fora. He noted a “new depth” in the work of Local Networks and pointed to the many relevant outcomes that were produced this year. Referring to the Terms of Reference agreed on during the first day of the meeting, he expressed his hope that next year’s Forum will be “even better”, as its vision and agenda will be determined by the Local Networks themselves.

Mireia Belil announced that the 2007 Annual Local Networks Forum will be held in the fall in Monterrey/Mexico, in conjunction with the World Forum of Cultures.

Reflecting on this year’s Forum, she characterized the Global Compact as a living body that naturally generates tensions, ups and downs that have “to be accepted and managed.” “Without transparency at all levels,” she said, “there will be no legitimacy.” She further stressed that the Network Forum has gone beyond the exchange of information by creating knowledge that needs to be converted into wisdom. “Our challenge is to use wisdom to ensure that the world’s darkness does not overshadow the Global Compact,” she said in closing.

Georg Kell had the final words of the Forum. Stressing the importance of local ownership of the Global Compact, he promised that the Global Compact Office will help to improve the funding capacity of Local Networks. He also pledged the continued work of the Office to support and advance change. After thanking the many “invisible people” that had contributed to the meeting, he declared the 2006 Annual Local Networks Forum closed.

Annex 1: Additional Comments from Western European Network Focal Points

The following unedited notes are comments submitted for the record by the focal points of six European networks – Jörg Hartmann (Germany), Vidar Lindefjeld (Nordic Countries), Anthony Sampson (UK), Laura Iucci (Italy), Conrad Eckenschwiller (France) and Salvador Garcia-Atance (Spain)

Barcelona Networks' Meeting Report 2006

Focus on Highlights and Actions for Western European Networks

Of the various outcomes of the Conference, the Western European representatives give particular attention to the following:

Highlights to note:

- There was discussion of incentives and rewards to attract new signatories. This was felt to be inappropriate within Western Europe.
- There was discussion of how to designate those who have not yet produced a COP. The Western European view was that the terms: communicating and not yet communicating should be used.
- There was discussion of the requirement to de-list those who failed to produce a COP within the required time. The Western European view is that parts of the world where the Global Compact is very new and faces great difficulty in taking root, such as Africa, should be given extra time in which to nurture their networks and assist the practice of COP production.
- The Annual Networks report should in future be produced in time for presentation at the Annual Networks Conference

Summary of actions for West European Networks to note:

This is a high level summary. Each network will select actions according to local priority and appropriateness.

Networks are encouraged to provide time during the coming year to focus on the following issues, to explore new thinking and to document the outcome to share with others:

- A seminar on the subject of anti-corruption.
- A seminar on the feasibility of use of Financial markets to further the objectives of the Global Compact.
- Discussion of the relevance of ISO 26000 and, if then felt appropriate, linkage with national agents collaborating on its development.
- A seminar on Human Rights challenges in business practice

Annex 2: Agenda of the 4th Annual Local Networks Forum

TUESDAY, 26 September

TIME	ISSUE
08:30 – 09:00	Registration
09:00 - 9:30	<p>Opening and Welcome Address</p> <p><i>Chair: Georg Kell, Executive Director, UN Global Compact Office</i></p> <ul style="list-style-type: none"> • <i>Mireia Belil, Director, Universal Forum of Cultures Foundation</i> • <i>Manuel Escudero, Head of Networks, UN Global Compact Office</i> • <i>Sir Mark Moody Stuart, Chairman of Anglo American, Member of the Global Compact Board and Chairman of the Global Compact Foundation</i>
9.30 – 10.00	<p>Endorsement of the TOR for the Annual Local Networks Forum</p> <p><i>Moderator: Paul Hohnen, Director, Sustainability Strategies</i></p>
10.00 – 10.30	Coffee break
10:30 – 12:00	<p>A Closer Look at the Networks</p> <p><i>Moderator: Paul Hohnen</i></p>
10.30 – 10.50	<ul style="list-style-type: none"> • Results of Local Networks Survey and overview of the network publication <i>Angel Saz-Carranza, Nessa Whelan, UN Global Compact Office</i>
10.50 – 12.00	<ul style="list-style-type: none"> • Regional reports Asia: <i>Charmine Koda, Japan</i> Europe: <i>Karolina Mzyk, Bratislava Regional Center; York Lunau, Switzerland</i> Latin America: <i>Lourdes Avila, Panama; Diana Chavez, Mexico; Flavio Fuertes, Argentina</i> Africa: <i>Ellen Kallinowsky, Regional Learning Forum</i> Middle East: <i>Mohammed El Kalla, Egypt</i> North America: <i>Randy Gossen, Canada; Gavin Power, USA</i>
12.00 – 13.00	<p>Communication on Progress: The Way Ahead</p> <p><i>Moderator: Paul Hohnen</i></p> <ul style="list-style-type: none"> • <i>Jeff Senne, COP Manager, UN Global Compact Office</i>
13.00 – 13.30	Keynote speaker: Leyre Pajín, Secretary of State for Cooperation and Development
13:30 – 15:00	Lunch

TUESDAY, 26 September (cont.)

TIME	ISSUE
15:00 – 16:30	Working Groups – Session 1 <ul style="list-style-type: none"> • Anticorruption • ISO 26000 process • Environment • Contribution of UN Agencies to Networks • Decent workplace
16:30 - 17:00	Coffee break
17:00 – 18:30	Working Groups – Session 2 <ul style="list-style-type: none"> • Financial markets • LN financial sustainability • Human rights • Role of governments • Maximizing your communication impact
18:30 – 19:00	Free time
19:00	Annual Forum Dinner with Guest Speaker Sir Mark Moody Stuart, Chairman of Anglo American, Member of the Global Compact Board and Chairman of the Global Compact Foundation

WEDNESDAY, 27 September

TIME	ISSUE
9:00 - 10:30	Working Groups – Session 3 <ul style="list-style-type: none"> • Partnerships for development • Role of SMEs in the GC • GC Performance Model and the Leadership Format • Running a GC Network
10:30 – 11:00	Coffee Break
11:00 – 13:00	Plenary Discussion <i>Moderator: Paul Hohnen</i> <ul style="list-style-type: none"> • Working Group reports • Open discussion
13:00 - 14:30	Lunch
14:30 – 15:30	Plenary Session: Engaging MNC Subsidiaries <i>Chair: Joan Fontrodona, Vice-secretary, ASEPAM</i> <ul style="list-style-type: none"> • <i>Rafael Fernández Alarcón, Telefónica SA</i> • <i>Michael Fuerst, Corporate Citizenship & Compliance Coordinator, Novartis International</i> • <i>Kadri Ozen, Communications Manager, The Coca Cola Company</i>

15:30 - 17:00	<p>Plenary Session: The Way Ahead</p> <p><i>Moderator: Paul Hohnen</i></p> <ul style="list-style-type: none"> • Manuel Escudero, Head of Networks, UN Global Compact Office • Mireia Belil, Director, Universal Forum of Cultures Foundation <p>Final Remarks</p> <ul style="list-style-type: none"> • Georg Kell, Executive Director, UN Global Compact Office
17:00 – 17.30	Light snack and refreshments

17:30 - 19:30 OPEN CONFERENCE	
	<p>CORPORATE CITIZENSHIP AT A CROSSROADS</p> <p><i>Chair: Luis Abril, Technical Secretary General of the Presidency, Telefónica SA</i></p> <ul style="list-style-type: none"> • <i>Georg Kell, Executive Director, UN Global Compact Office</i> • <i>Ernst Ligteringen, Chief Executive, Global Reporting Initiative</i> • <i>Herman Mulder, Senior Executive Vice President, ABN AMRO</i>

Annex 3: List of Participants:

Global Compact Network Representatives

Argentina

Flavio Fuertes UNDP

Armenia

Armen Matosyan UNDP

Narine Melikyan Ashtarak-Kat company

Narine Sahakyan UNDP

Arman Valesyan UNDP

Bangladesh

Sherina Tabassum Bangladesh Enterprise Institute

Belarus

Ludmila Istomina UNDP

Ruslana Nikishova UNDP

Bolivia

Alvaro Bazan Coborse

Brazil

Tabata Marchetti Villares Instituto Ethos

Bulgaria

Neil Buhne UNDP

Ralitza Germanova UNDP

Maya Nyagolova UNDP

Canada

Randall Gossen Nexen Inc.

Colombia

Luis Ernesto Salinas UNDP

Croatia

Heidi Eterovic UNDP

Natasa Kalauz UNDP

Andreja Kocijan UNDP

Cyprus

Giuseppe Belsito UNDP/PFF

Ahmet Gurtuna Cyrpy Cola Co. Ltd.

Musa Turker Sönmezler Turkish Cypriot Chamber of Industry

Dominican Republic

Esther Bienvenida Sano Centro Medico Real, C.X.A.
Rafael Bolivar Gil Centro Medico Real, C.X.A.
John Raymond Gagain Jr. Presidential Commission MDGs
Francis Mejia Framesa
Ana Y. Torres Presidential Commission MDGs

Egypt

Mohamed El-Kalla UNDP
Walid Nagi Mansour Group

France

Isabelle Guyot Forum des Amis du Pacte Mondial en France

Georgia

Irakli Chkonia UNDP
Giorgi Gaganidze UNDP

Germany

Achim Deja TIMA GmbH
Jörg Hartmann GTZ-Center for Cooperation with the Private Sector

Ghana

Joyce Rosalind Aryee Ghana Chamber of Mines

Hungary

Krisztina Kiss UNDP

India

Tauqir Hussain Oil and Natural Gas Corporation Ltd.
Uddesh Kohli The Global Compact Society in India

Indonesia

Angger Pribadi Wibowo UNDP

Italy

Francesco Capanna FONDACA Active Citizenship Foundation
Laura Iucci ILO

Japan

Hiroyo Charmine Koda UNIC
Kota Odagiri Mitsui & Co., Ltd.

Jordan

Priya Sood	UNDP
Korea, South	
Geo-Sung Kim	Korean Pact on Anti-Corruption and Transparency
Ok-Soon Lee	UNDP
Lithuania	
Lyra Jakuleviciene	UNDP
Macedonia	
Irena Causevska	ISP On.net
Zlatka Stamboliska	UNDP
Madagascar	
Pascale Bonzom	UNDP
Malawi	
Daisy Kambalame	African Institute of Corporate Citizenship
Mexico	
Grisel Campuzano	UNDP
Diana Chávez	UNDP
Ana Lilia Córdova	Grupo Xcaret
Moldova	
Alexandru Oprunenco	Expert-grup
Vitalie Vremis	UNDP
Morocco	
Saad Filali	ILO
Mozambique	
Alberto Da Barca	Ética Moçambique
Nepal	
Nabina Shrestha	UNDP
Nigeria	
Olumide A. Ajayi	Africa Leadership Forum
Nordic Network	
Vidar Lindefjeld	NHO - Confederation of Norwegian Enterprise
Pakistan	
Bushra Raza	Newports Institute of Communications & Economics

Mirza Raza Ali Newports Institute of Communications & Economics
Fasihul Karim Siddiqui Hinopak Motors Ltd.

Panama

Lourdes Ávila Global Compact Panama Network

Paraguay

Fleming Duarte UNDP

Peru

José Luis Altamiza Red del Pacto Mundial del Perú

Philippines

Emmanuel Buendia UNDP

Gil Salazar Philippines Business for Social Progress

Poland

Jacek Dymowski Telekomunikacja Polska

Noemi Gryczko UNDP

Kamil Wyszowski UNDP

Russia

Asel Abdurahmanova UNDP

Singapore

Thomas Thomas Singapore Compact for CSR

Slovakia

Danica Viznerova UNDP

South Africa

André Fourie National Business Initiative

Spain

Borja Baselga Grupo Santander

David De San Benito Telefónica

Antonio Fuertes Unión Fenosa

Iñigo Garde ENDESA

Isabel Garro Asepam

Inés Ruíz de Arana Asepam

Esther Trujillo Telefónica

Sri Lanka

Ravi Fernando MAS Holdings (Pvt) Ltd. / Strategic CSR Futures

Switzerland

York Lunau Civis

Tunisia

Mohamed Ennaceur Social Consult

Turkey

Serdar Dinler missing?) Corporate Social Responsibility Association of Tu.(is the end of this title

Hansin Dogan UNDP

Helun Firat Procon Consulting Ltd

Deniz Spatar UNDP

Oya Unlu Kizil Koc Holding

Ukraine

Elena Panova UNDP

Ruken Tekes Calikusu UN Resident Coordinator Office

Venezuela

David McLachlan-Karr UNDP

United Arab Emirates

Gerardo Liancgo Emirates Environmental Group

United Kingdom

Andrew Cave Royal Bank of Scotland

Tara Hopkins Río Tinto

Cristina Leal Scott Wilson

Anthony Sampson Aviva plc

Michael Spenley Littlewoods Shop Direct Group

Zambia

Rosario Fundanga Global Compact Zambia

Global Compact Regional Hubs

Ellen Kallinowsky Global Compact Regional Learning Forum Africa

Karolina Mzyk UNDP Bratislava Regional Center

Global Compact CITIES Program

David Teller International Coordinator

Observers

Azerbaijan	Gyulshan Rzayeva	UNDP
Kosovo	Enkhtsetseg Miyegombo	UNDP
Latvia Asociation of Consultants	Dainis Locans	Latvia Business
United States of Illinois	Cedric Herring	University
United States of Illinois	Edward Palmer	University
United States Programme	Alice Palmer	PEOPLE
Uzbekistan	Latif Norov	UNDP

Speakers and Guests

ABN AMRO Netherlands	Herman Mulder, Senior Executive Vice President	
Agència Catalana de Cooperació al Desenvolupament	Àlex Masllorens, Director	Spain
Agencia Española de Cooperación Internacional	Leire Pajín, Secretary of State for Cooperation and Development	Spain
Anglo American Kingdom	Sir Mark Moody Stuart, Chairman	United
Càtedra UNESCO Desenvolupament Sostenible	Arantxa Martínez	Spain
CITIES - Universitat Politécnica de Catalunya	Heloise Buckland	Spain
Coca Cola	Kadri Ozen, Communications Manager	Turkey
ESADE	Natàlia Cantó, IPES	Spain
Forum Empresa	Hugo Vergara, Executive Director	Chile
Fundación Bertelsmann	Antonio Márquez, Manager New Business Culture	Spain
Fundación Bertelsmann	Michaela Hertel, Director	Spain
Global Compact Advisor	Claude Fussler	France
GRI Netherlands	Ernst Ligteringen, Chief Executive	
IESE Business School	Joan Fontrodona, Department of Business Ethics	Spain
Intervida World Alliance	Cédric Metrat-Depardon, Director Institutional Relations	Spain
ISO Working Group on Social Responsibility	Jorge Reis Cajazeira, Chair	Brazil

Novartis International AG Switzerland	Michael Fürst, Corporate Citizenship & Compliance Coordinator
Sustainability Strategies Netherlands	Paul Hohnen, Director
Telefónica, S.A.	Alberto Andreu, Assistant Director General Reputation, Brand, CSR Spain
Telefónica, S.A.	Luís Abril, General Director Technical Secretary General Presidency
World Economic Forum Switzerland	David Kim, Project Mgr. Global Health Initiative

Government Representatives

Denmark

Marc Normann Ministry of Foreign Affairs

Italy

Gian Paolo Aloï Ministry of Foreign Affairs

Sweden

Elisbeth Dahlin Foreign Ministry

Lennart Killander Larsson Foreign Ministry

Switzerland

Peter Bieler Swiss Agency for Development and Cooperation

Netherlands

Bettina Ungerer Netherlands Ministry of Foreign Affairs

United Kingdom

Nick Baker Foreign and Commonwealth Office

UN Agencies

ILO	Daniela Zampini, Multinational Enterprises Programme	Switzerland
ILO	Paola Pinoargote, CSR Expert	Switzerland
UNDP	Soren Petersen, Policy Advisor	Denmark
UNDP States	Lovita Ramguttee, Business Partnership Coordinator	United
UNDP States	Casper Sonesson, Policy Advisor	United
UNEP	Cornis Van der Lugt, Business and Industry Unit	France
UNESCAP	Marinus Sikkle	Thailand
UNIDO	Kai Bethke, Private Sector Development Branch	Austria
UNIDO	Barbara Kreissler	Austria

Global Compact Office

Kola Badejo	Senior Advisor
Birgit Errath	Issue Coordinator - Anti-corruption, Regional Network Coordinator
Manuel Escudero	Head of Networks
Janka Geckova	Network Coordinator
Lila Karbassi	Office Manager / Regional Network Coordinator
Georg Kell	Executive Director
Olajobi Makinawa	Civil Society Coordinator
Melissa Powell	Issue Coordinator – Partnership projects, Regional Network Coordinator
Gavin Power	Head, Financial Markets Initiative Regional Network Coordinator
Angel Saz	Consultant
Jeff Senne	COP Manager
Matthias Stausberg	Media Relations and Public Affairs Manager/Regional Network Coordinator
Nessa Whelan	Network Coordinator
Ursula Wynhoven	Head, Policy and Legal

Barcelona Center - Fundació Fòrum Universal de les Cultures

Mireia Belil	Director-General
Lourdes Corrales	Office Manager
Eric Hauck	Director of Communication
Alex Krauss	Intern of the Barcelona Center for the Support of the Global Compact
Kathrine Raleigh	Coordinator of the Barcelona Center for the Support of the Global Compact
Núria Rota	Administration and Logistics

Note Takers

Marlene Amokim
Dror Etzion
Elena Golovko
Lisa Hehenberger
Iñigo Luis
Daxue Wang

Annex 4: Terms of Reference for the “Global Compact Annual Local Networks Forum” Background

Since 2003, an annual meeting of Local Networks has been convened to bring Local Network focal points and company representatives together to share experiences, learn from each other and network. This annual meeting has also provided the opportunity to seek the input of Local Networks on key governance issues relating to Local Networks and, more broadly, to the initiative as a whole.

Following the comprehensive governance review of the Global Compact (conducted during 2004-2005) and given the growing importance of Local Networks and their annual meeting, the Secretary-General decided to elevate the status of the meeting and its role in the initiative by making it a formal component of the Global Compact’s multi-centric governance framework. The annual meeting is now termed the Annual Local Networks Forum. The aim of these Terms of Reference is to make clear the Annual Local Networks Forum’s role in the Global Compact’s governance framework, its purpose, functions and procedures. The last section of the Terms of Reference explains the relationship between the Annual Local Networks Forum and the other entities in the governance framework.

Purpose and functions of the Annual Local Networks Forum

The Annual Local Networks Forum is the primary occasion for Local Networks from around the world to share experiences, review and compare progress, identify best practices, and adopt recommendations intended to enhance the effectiveness of Local Networks in achieving quality improvements. The goal is that over time Local Networks will take more responsibility for their own self-governance and for the agenda and outcomes of the Annual Local Networks Forum.

The purposes of the Global Compact Annual Local Networks Forum are to:

- Recognize and foster learning around best practice Local Network activities;
- Recommend incentives, nominate Local Network champions, and rewards for Local Networks to achieve excellence;
- Identify opportunities for Local Networks to work together and support each other;
- Identify Local Network needs, including for capacity building;
- Develop policies and procedures for Local Networks, including relating to quality assurance, brand management and integrity measures;
- Foster closer relationships between the Global Compact Office and Local Network focal points; between the core UN agencies participating in the Global Compact and Local Network focal points; and among Local Network Focal points.

Participation

The participants at each Annual Local Networks Forum are comprised of:

- Local Network representatives (nominated by their Local Network);
- Local Network focal points;
- Representatives from the Global Compact Office;
- Representatives from the core UN agencies participating in the Global Compact.

Others - for example, representatives of Global Compact Donor Governments and other invited Governments – may be invited to participate as observers.

To ensure the legitimacy of actions taken at the Annual Local Networks Forum, it is important that Local Network representatives be authorized by their Local Network to represent that Local Network.

Decision-making processes and methods of working

The Annual Local Networks Forum is primarily a learning and information sharing platform and governance entity for Local Networks. As such, the goal is to grow the Annual Local Networks Forum so that the main decision-makers will increasingly be the Local Network representatives themselves with input from the Global Compact Office. However, the Global Compact Office will retain the responsibility for brand management, quality assurance and integrity measures as they relate to the initiative as a whole.

The forum participants should strive to achieve substantial consensus in their decision-making.

The Annual Local Networks Forum meets once annually, typically in the second half of the year. The meeting is organized by the Barcelona Centre in Support of the Global Compact. It may, however, establish working groups or task groups to work on tasks and present their outputs to the next meeting of the Annual Local Networks Forum.

In consultation with the Global Compact Office, the Annual Local Networks Forum will develop its own meeting agenda and be responsible for the drafting and approval of the meeting report. The meeting report may contain recommendations for the Global Compact Office, including regarding its relationship with Local Networks.

Relationship between the Annual Local Networks Forum and other components of the Global Compact governance framework

The Global Compact governance framework is composed of six elements: the Global Compact Board, the triennial Leaders Summit, the Annual Local Networks Forum, Local Networks, the Global Compact Office and the Inter-Agency Team. Each element has a different role and set of functions.

On matters relating to Local Networks and Local Network governance, the Annual Local Networks Forum takes the lead. It can make recommendations to the Global Compact Board and the Global Compact Office on matters related to Local Networks. Decisions that have more than a minimal impact on Local Networks cannot be taken by the Global Compact Board unless input has first been received from Local Networks through the Annual Local Networks Forum. In preparing for the Leaders Summit, input will be sought from Local Networks through the Annual Local Networks Forum.