

REPORT

INTERNATIONAL WORKSHOP ON THE UN GLOBAL COMPACT NETWORKS AND OUTREACH

Berne, Switzerland

26-27 June 2003

An event hosted by
The Swiss Ministry of Foreign Affairs

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0 EXECUTIVE SUMMARY

An international workshop on "*The UN Global Compact Networks and Outreach*", hosted by the Swiss Ministry of Foreign Affairs, was held in Berne, Switzerland, on 26 and 27 June. Its purpose was to discuss and agree on the strategy, mechanisms, tools and activities to impart focus and coherence to what has become an evolving global network of local networks.

The United Nations Global Compact (UNGC) calls on business to embrace nine universal principles in the areas of human rights, labour and environmental stewardship. Its aim is to create a new model for the global market based on shared values and principles that would give it a human face, and to promote this model through a partnership between the business sector and the United Nations. Since its launch by UN Secretary-General Kofi Annan at the World Economic Forum in Davos in 1999, the UNGC has grown to include more than 1000 companies, of which 70% are multinational or large companies and 30% small- and medium-sized enterprises. Core participants within the UN system are five specialised agencies, namely: Office of the High Commissioner for Human Rights (OHCHR), International Labour Organization (ILO), United Nations Environmental Programme (UNEP), United Nations Development Programme (UNDP) and United Nations Industrial Development Organization (UNIDO), working together with a number of other stakeholders from labour, human rights, environmental, development and employers' organisations and business associations.

During the International Workshop, participants from more than 30 countries shared experience gained so far within recently established regional and national networks, with a view to obtain better clarity on the diversity of approaches, key success factors, and needs. They also shared their vision of the evolution of the UNGC over the next five years, and discussed the respective roles and responsibilities of the central UNGC Office and the growing number of local networks. They reviewed how to shape the web of connections between the various nodes in the global network, how to translate the UNGC central engagement mechanisms of Dialogue, Learning, and Partnership Projects at the local level, how to sustain the motivation of network participants, and how to optimise communication in order to ensure coherence of purpose, spirit and philosophy in the global network. The perspectives of representatives of international organizations, employer organizations, trade unions, NGOs and governments informed the participants during the workshop.

Results of Workshop Objective "Vision of the UNGC in Five Years": In addition to the UNGC's *raison d'être* and what it stands for, its vision for the future is key in providing the glue that will hold it together as it diversifies and expands into a global web of business and non-business organisations – including NGOs, labour, the UN and governments. It was envisioned that, in five years time, participating in the UNGC network would be a recognised advantage for companies, allowing them to explore new business opportunities anchored in a corporate social responsibility (CSR) philosophy. The UNGC would also be known as an effective instrument to achieve the Millennium Development Goals. It would have triggered a domino effect of transformation of both the United Nations and dominant business values. The dynamics of its network would accelerate learning of what works best, and quality indicators would be available to assess how successful and genuine companies were at applying the nine principles and at incorporating them into the company's culture. A vibrant network community of people, firms and organisations from widely diverse cultures would have grown, with the common purpose of learning to use the nine principles and make them work. Local networks would receive guidance from the central UNGC Office in the form of recommendations, tools, and training material. Trust and understanding amongst participants from various sectors would be continuously nurtured by the UNGC's core activities - i.e. Dialogue, Learning, Outreach and Partnership Projects. Areas where differences were expressed concerned the question of whether networks had to be multistakeholder and whether they had to be managed by formal multistakeholder steering committees.

Results of Workshop Objective "Further Growth and Outreach": The UNGC has become a network of networks that have emerged organically from various country-based launch initiatives. In the future, the UNGC Office should provide the necessary support, information, recommendations and tools to assist launch events and the creation and running of local networks, particularly on the following matters:

1. How to better understand, use, and apply the nine principles, and their added value to firms, both large and small.
2. Spell out more clearly at launch events what is expected of participating companies and other participants when joining the Global Compact or joining a network.
3. Better identify what works and what does not, based on the combined experience of past launch events and existing local networks, including finding the right convener for launch events and the right champion(s) for networks.
4. Make better use of UNGC core agencies and other partner organisations in launches and network build up.

5. Include in the new Outreach Approach how to more effectively target the different categories of future participating companies, i.e. large, medium and small companies in developed, developing and transition countries.
6. GC Office to engage in a stronger facilitation of multistakeholder dialogue at local, regional and global levels.
7. GC Office to support and strengthen all available communication channels and contact persons in the global network.
8. GC Office to pay more attention on how launching events and networks are financed, in particular with respect to more future government funding for networks in developing countries and in formulating a policy on receiving resources from the private sector for launches and network sustenance.
9. GC Office to assist in the translation of the nine principles and other information material from English into local languages.

Results of Workshop Objective "From Outreach to Coherent and Sustainable Networks": Each local network provides a mechanism whose central purpose is to support and implement the UNGC principles by participating companies. It creates a platform where participating companies and other organisations can engage in dialogue, learn from each other's experience, share ideas, establish partnerships on projects, and discuss emerging issues of common interest on the global agenda. Networks also serve as outreach mechanisms to promote expansion to additional companies. Local networks should remain in close contact with the UNGC Office for information exchange and - if needed - guidance. They can also function as liaison points in their respective countries or regions with other organisations working in the areas of responsible corporate citizenship and corporate social responsibility, human rights, labour standards, environment and development. The role of the UNGC office with respect to local networks was seen as encompassing the following tasks and functions:

1. To improve quality, the Global Compact Outreach Unit **will explore** options on how best to support, provide practical incentives to participants and motivate local networks; to do this Outreach **will evolve into** a unit that focuses on network sustenance, assuring the quality of Global Compact Networks.
2. The Global Compact Office together with the five UNGC Core Agencies (i.e. OHCHR, ILO, UNEP, UNDP and UNIDO) **has set up** a Task Force to review guidance, quality aspects and tool provision to companies and networks.
3. "Global Compact Global Dialogue" and "Global Compact Learning" **shall continue** to include and actively support networks in their respective field of engagement.
4. When providing information material and training tools to companies and networks, the GC Office and its partners **will take into account** differences in culture, language, resources and infrastructure.
5. The GC Office **will continuously improve on** a checklist of steps that should be taken to launch national networks, ensure quality control, and apply troubleshooting methods.
6. In late 2003, the GC Office **will offer** an easily accessible contact and content data base for networks on the central website, to be updated by the networks themselves.
7. The GC Office **will continue to encourage** field actors in core UN agencies and other partners to support networks around the world.

The future GC Network Sustenance Unit will make sure that the level of motivation of participating companies is sustained. The main factors of motivation were identified as being, (1) the way in which the network could offer added value for business, (2) the nature of the local network (some participants felt that it was easier to motivate business if local networks are created out of existing networks such as an employers association or a CSR organisation), (3) connection opportunities amongst peers and with international business, (4) content and activities (e.g. learning working groups and specific dialogue themes relevant to the place companies are based).

The Workshop concluded with a panel of key officials in donor governments, who generally confirmed their continued support of the UNGC. There was consensus on the need for the UNGC to broaden its financial base and improve long-term predictability. The active role of bilateral embassies in support of local networks was mentioned as one area where governments can provide an additional beneficial input.

1 OBJECTIVE AND STRUCTURE OF THE WORKSHOP

The United Nations Global Compact (UNGC) has evolved rapidly since it was launched on 26 July 2000. It is now a global network of over 1000 companies that also includes international trade unions, international NGOs, business schools and business associations. Local UNGC networks are being created in an increasing number of regions and countries.

Participants from more than 30 countries ([Annex 1](#)) were invited to an International Workshop on 26 and 27 June 2003 in order to share experience learnt so far within recently established regional and national networks. This *International Workshop on the UN Global Compact Networks and Outreach* was hosted by the Swiss Ministry of Foreign Affairs, and was held in Berne, Switzerland. It was held with the triple objective of obtaining better clarity on key factors of success, the diversity of approaches, and needs of local networks building the UNGC's vision for the next five years discussing and agreeing on the strategy, mechanisms, tools and activities to enhance focus and coherence to what has become an evolving global network of local networks.

The first part reviewed and discussed the past, present and envisioned future of the UN Global Compact. The second part was aimed at gathering ideas and agreeing on a strategy to promote quantity as well as quality in the future growth of the UNGC, and to preserve both its identity and integrity ("brand"). The third part focussed on the issues of functionality and sustainability of the local networks, their relationship to the central UNGC Office, their tasks, and how to ensure coherence and cohesion within the expanding global network. [Arthur Zimmermann](#) (ODCP consultant, Zürich) was the moderator of the workshop.

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2 BACKDROP

2.1 Purpose of the UN Global Compact

With the Global Compact initiative, the United Nations is inviting the business community to make a positive contribution to sustainable development and to *"embrace, support and enact a set of core values in the areas of human rights, labour standards, and environmental practices."* Kofi Annan described sustainable development as an *"exceptional opportunity – economically, to build markets and create jobs; socially, to bring people in from the margins; and politically, to reduce tensions over resources that could lead to violence, and to give every man and woman a voice and a choice in deciding their own future."*¹

The core purpose of the UN Global Compact is to create a new model for the global market based on a shared set of principles, and to promote this model through a partnership between the business sector and the United Nations. In order to realise this purpose, the UNGC must ensure that the nine principles are understood, used, and applied, and that its network grows, adapts to a changing world, and is sustainable.

2.2 Need for a Vision and Strategy

In addition to the UNGC's core purpose, which defines its raison d'être and what it stands for, the envisioned future is key in providing the glue that will hold the UNGC together as it diversifies and expands into a global web of people and business and non-business organisations. It has been observed that companies that enjoy enduring success have core values and a core purpose that remain fixed while their business strategies and practices endlessly adapt to a changing world.² What is true for companies is also true for networks of companies. It was felt, therefore, that the UNGC needed clarity of both purpose and vision at this stage of its development.

There has not been a uniform strategy in place up to now, for company recruiting activities, or for the creation of local networks. Presently, more than 1000 companies of various sizes and origin have sent a letter to the SG expressing their will to participate. Not all of them actively engage in Global Compact activities - dialogue, learning, and partnership projects. Clearly, outreach needs to adopt a more systematic approach as the UNGC seeks to recruit and engage a higher number of large companies, while at the same time facilitating access to SMEs and focusing on quality.

Since the creation of the UNGC Office, events to launch the Global Compact have taken place in more than 50 countries. The comparative advantage of the UNGC is the engagement of companies in both developing and developed countries.

¹ Kofi Annan, *From Doha to Johannesburg by way of Monterrey: How to Achieve and Sustain Development in the 21st Century, Lecture to the London School of Economics and Political Science, February 25, 2002.*

² James C. Collins & Jerry I Porras. *Building your company's vision, in Breakthrough Ideas, Harvard Business Review, 2000, p157-158*

Launching events in developing countries are usually led by UNDP, while in developed countries they have been initiated either by companies, business associations, or public sector organisations. Perhaps not surprisingly, what is important to developing country networks differs from what is important to industrial country networks: The former focus on local governance, on attracting investment, and on partnership projects, while the latter tend to focus on broad issues and challenges linked to globalisation. As a result, there is a need to address, and agree on, the best way to manage, motivate and sustain decentralised networks, and to organise effectively both vertical communication between local networks and the GC Office, and horizontal communication between and among the local networks.

3 PROCEEDINGS: The structure of the following section follows the same sequence as the Workshop Agenda (Annex 2). It provides a synthesis of the introductory statements and discussions held in parallel sessions.

3.1 *Opening Statements*

Serge Chappatte, Vice-Director of the Swiss Agency for Development and Co-operation (SDC), opened the workshop by speaking of the limits of bilateral and multilateral development assistance. Today, the private sector's role in development is more influential than that of governmental development programmes. As a highly export-dependent country, Switzerland has a stake in companies behaving as responsible corporate citizens. His recommendations to the workshop participants were to set ambitious goals for the future outreach strategy; to secure sustainability of the initiative by adopting a non-hierarchical network management approach; to maintain the UNGC focus on application of the nine principles; and to use positive motivation.

The moderator (Arthur Zimmermann) stressed to the participants that the workshop was intended for learning, sharing experience, and producing practical results. Given that the UNGC was a fast-growing inter-connected network, it was necessary to build in "structured informality". Local networks are bound to be diverse and reflect local circumstances. However, they are bound in a web of communication and interaction channels, and glued by a common purpose and vision. In his words, the "macro-orientation" is provided by the nine principles and network management should allow "micro-local flexibility."

Georg Kell, Executive Head of the UNGC Office, expressed gratitude to the Swiss Government for hosting the workshop and emphasised the strategic and technical nature of the gathering. He observed that as the UNGC continues to thrive, the challenges are both internal and external. A high level meeting is planned in late June 2004, with CEOs, heads of civil society organisations, and labour unions being invited to mark the fifth anniversary of the UNGC. The present workshop offered the opportunity, for the first time, to benefit from the experience of local networks, and in this regard it was the most significant strategic meeting of the year. Local networks observably come in all shapes and forms, sometimes supported and triggered by governments, sometimes driven by business, sometimes based on multistakeholder structures. There is a need to learn from what works and what does not to chart a course for future growth of the network. It was also important to find out what local networks expect from the New York Office.

Anton Stadler, Head of the Outreach/Networks Unit of the UNGC Office informed the participants on the current state of the UNGC networks:

The UNGC Network: Facts and Figures

The UNGC has been launched in 53 countries, 37 developing and 16 industrialised.

The number of participating companies is presently in excess of 1000, of which 300 are small- and medium-sized enterprises (SMEs).

There are four staff members in the UNGC New York Office's Outreach and Networks Unit.

Outreach and Networks are strongly assisted by GCUN Core Agencies (i.e. OHCHR, ILO, UNEP, UNDP and UNIDO).

Co-operation has been initiated recently with CSR Europe to build-up networks in Western Europe.

NGOs play a role in some, but not in all countries.

Important non-UN participants in the global network are the International Organisation of Employers (IOE), the International Confederation of Free Trade Unions (ICFTU), and the International Chamber of Commerce (ICC).

Stadler listed a number of questions that the workshop was expected to provide guidance on:

Growth: How to expand the UNGC network further?

Quality versus quantity: How to attract quality, i.e. the most serious companies?

Post-launch motivation: How to keep companies engaged?

Focus: e.g. should the UNGC favour large companies over small businesses?

Post-Launch: Should there be "sustenance" events?

Coherence: Network leadership and management; what degree of guidance by the GC Office?

Issues emerging from the discussion that followed the opening statements included:

Terminology: Workshop participants pointed out that neither the notion of "stakeholders" nor that of "members" applied to networks. In this regard, it was better to refer to companies and other participating organisations as "participants". However, bearing in mind the need to ensure quality, some participants felt that the issue of "membership" could not be so easily dismissed, as companies wanted to belong to a "club" that gives them added value.

Measure of growth: It was pointed out that the number of participating companies did not provide a sufficient and adequate measure of the growth of the UNGC network. It was also observed that the case of Poland - where the number of companies having signed up with the UNGC literally exploded in the last two months - illustrated the difficulty of assessing the quantitative impact of local networks on participation. In this latter case, it was the unrelated action of a local NGO that spurred growth more than the action of the local network (see *infra*, Section 0).

Company identification: Regional and national listing of companies was criticised by some as contradictory to the spirit of the UNGC. A listing by sector would be preferable. Others felt that, since companies have legal and institutional frameworks in given countries, a national focus was relevant.

3.2 Vision Building: What do we want the UNGC to be in Five Years?

Following the introductory statements, workshop participants were asked to paint a picture of the UN Global Compact in five years, also focusing on the specific areas of, (1) quality of engagement, (2) core activities, and (3) steering and management. What emerged from the exercise is a blueprint for the future that clearly defines goals without attempting, for the time being, to ask the question of "how" these will be achieved.

Participants envisioned that, in five years time, participating in the UNGC network would be a recognised advantage for firms, allowing them to explore exciting new business opportunities anchored in a Responsible Global Corporate Citizenship philosophy. The network will have enhanced the learning curve, creating a critical mass of business leaders in countries and sectors able to project a positive image of socially and environmentally sustainable business values. The UNGC would also be known in the world as an effective instrument to achieve the Millennium Development Goals. It would become a global alliance that supports human dignity, development, and social justice. Through the chemistry of the global partnership, it would become a force to be reckoned with in transforming both the United Nations and business, influencing change in global business ethics, and underpinning a new economic model.

Quality of engagement: Indicators to measure quality would be made available to assess how successful and genuine companies were at applying the nine principles and at incorporating them into the company's culture. Quality control of the annual company reporting (and examples, case studies) would be carried out at local network level, involving professional associations. The UNGC network would promote better understanding of the perspective from various sectors, and would serve as a platform for analysing and propagating what works best. Governments will have adopted the nine principles as policy for business practice, and/or as brand for their export activities.

Core Activities: On the UNGC's core activities, which are Dialogue, Learning, and Partnership Projects, visions were mixed up with wish lists. Under the vision heading, the UNGC was seen as a global convener and networking facilitator, able to promote trust building amongst network participants from various sectors, as well as ethical business partnerships. It was also seen as the technical and financial support provider, namely through the provision of guidelines, tools, and training material to the local networks. These, in turn, were seen as having strengthened their mission, deepened policy dialogues nationally and regionally and linked them with practical and concrete activities, established capacity-building agreements between actors at regional or national level, and encouraged companies to participate in capacity-building activities. In the wish list category, participants noted the need to translate the UNGC into local languages, to develop training material and tools, to enhance the focus on human rights and conflict, and to build ownership through partnership projects. The need for local networks to identify best examples to feed into the Learning process was also underlined.

Network Steering and Management: There appeared to be general agreement that the global network would continue to grow and expand, and that its core *raison d'être* and the principles that underpin it will provide the essential tenets that will hold it together through time. To create an effective and vibrant network composed of people, firms and organisations from widely diverse cultures, preference was expressed for a future where local networks would have the freedom to manage themselves according to local circumstances, while receiving guidance from the central UNGC Office. However, it was also envisioned that the network structures would be formalised and managed by a multistakeholder steering committee, with this kind of management being "co-operative, transparent, and direct." One vision saw participating companies as members of local networks that have club-like prestige, and are willing to contribute resources in the form of membership fees.

3.3 Further Growth and Higher Impact through Systematic Outreach

This part of the Workshop opened with panel presentations focusing on the issue of how to steer and manage future growth of the UN Global Compact. These and the ensuing discussion were aimed at defining the essential features of the future UNGC Outreach Approach.

Gary Rynhard (International Organisation of Employers) indicated that the IOE, which has 137 members worldwide, considers that the UNGC's unique selling proposition is its call to business. Keeping a clear focus on its purpose was key. He saw the expansion of the UNGC as involving SMEs, as most people work for small firms. Indeed, according to UNCTAD's World Investment Report (WIR), 50 million people work for transnational corporations (TNCs), a comparatively small number. The challenge is that one cannot require from SMEs that they write to the United Nations SG, or that they produce an annual report. Employers' organisations were therefore crucial intermediaries and facilitators. As for local networks, a one size fits all would be ill advised. Yet, more clarity was needed, and a better-structured process within the overall network would therefore be welcome.

Dwight Justice (International Confederation of Free Trade Unions, ICFTU) said that trade unions were often being left aside in national networks, or only brought into the process after decisions had been taken. He stressed that the UNGC was about dialogue, and that authentic dialogue had to be inclusive. He also pointed out that the term "stakeholders" should be used with caution, as it did not apply to a network. The creation of local networks should not be improvised and left exclusively to those who are willing to start one. A package needs to be built that contains a methodology and some guidance.

Richard Samans (World Economic Forum) drew attention to the need for the UNGC to provide companies with added value in terms of guidance on implementation of the nine principles, and their "minimum implementable elements". Companies do not know how to functionalise them, neither do they see to what degree it improves their brand value. They also want to be participant in a "club" that is of good standing. In addition, he felt that it would be helpful to document and analyse factors of success in partnerships, and that outreach should have a sectoral emphasis. In this respect, industry associations could be a good catalyst. He also suggested the WEF Governors meetings as a useful platform for discussion about the UNGC amongst CEOs. Finally, the UNGC voluntary exercise in areas where there are no universal public guidelines had the potential of improving the climate for governments to make progress on labour issues in the WTO.

Hans Hofmeijer (International Labour Organisation, ILO) stressed the importance of the dialogue involving representatives of employer and worker organisations. He felt that the UNGC was a vehicle that had the capacity to ensure that labour standards, which are part of soft law commitments by ILO member states, can reach the business community. The ILO is currently preparing training material that will be ready by the end of this year. Providing guidance to local networks is crucial.

Syed Asif Hasnain (UN Industrial Development Organisation, UNIDO) noted that UNIDO's focus of interest in the framework of the UNGC was on SMEs in developing countries. UNIDO has a private sector-oriented investment promotion network that can help in mobilising participants. He considered that being part of the UNGC network contributed to the

creation of a beacon light for the business community that signalled that business could be done differently. UNIDO had initiated a research partnership with Harvard on factors that drive social and environmental responsibility, with a view to building a business case. As an incentive to change business behaviour, champions were also needed to provide examples of a different quality of business. He cautioned against the United Nations family using the UNGC as a tool for raising private sector funds.

Casper Sonneson (UNDP) reminded participants that UNDP was assuming the role of facilitator of the launch of the UNGC in developing countries. He agreed with others that better guidance, tools and support - not instructions - were needed for country networks. He echoed recommendations to involve local industry associations in the recruitment of domestic companies, as well as transnational corporations (TNCs) that have signed up already with the UNGC. It was important to show to firms that the UNGC can deliver concrete results on the ground. Local dialogue should focus on issues of local relevance.

Following the panel presentations, it was observed that corporate social responsibility was becoming a management issue in Europe, especially as regards subcontractors and suppliers. The situation was different in the United States and in many parts of the developing world.

3.4 *Further Growth and Deeper Engagement*

The future growth strategy for the UN Global Compact in both its quantity and quality dimensions was examined in greater detail in six parallel working groups; their main conclusions are summarised below:

Reaching out better to Global 500 Companies, large TNCs and large domestic companies in North and South: There was general agreement that identity, reputation, and trust were important factors in the attractiveness of the UNGC for large companies, as well as the peer to peer links that the network can facilitate. The possibility of business-to-business contacts could bring about huge benefits to business and to the UNGC network itself. Reputation can be enhanced by collective initiatives, i.e. the teaming up of companies on a project that has an impact on a global scale (e.g. the initiative launched in Johannesburg in favour of investment in LDCs). Project partnerships would also enhance value and credibility.

As for trust, it was felt that the UNGC had a major comparative advantage over other similar initiatives, e.g. OECD Guidelines, in that it was acceptable to developing countries. However, there is a need for the UNGC Office and the local networks to improve communication on the aspirational nature of the UNGC, and on the fact that companies signing up to it embark on a process rather than being expected to be perfect in order to get in.

There were divergent views in the group as to whether the development of instruments and tools to measure progress would attract or put off companies. Some participants understand measuring progress as offering a useful radar screen for companies, while others perceive it as a control device that would be counter-productive. While companies want management tools and indicators, they may not want to disclose what they measure since that would make them vulnerable while correcting the weak points discovered. It was pointed out (Georg Kell) that participating companies have been invited to show progress in their annual reports, and are being encouraged to use the Global Reporting Initiative (GRI). Finally, some expressed the view that global citizenship required CEOs to become more vocal on policy issues such as debt, market access, subsidies, forced labour, etc.

Targeting SMEs in developed, developing and transition countries: The challenge before the UNGC is to target a sector that is a nebula of firms of diverse sizes, organisation (formal, informal, family businesses, etc.) and technological sophistication, and whose standards vary enormously depending on whether they are in industrialised, transition, developing countries or LDCs. There was general agreement that the best channel to encourage them to join was through local business associations. SMEs are widely viewed as good citizens as they often contribute to the socio-economic well-being of their local communities (in this case it is not called CSR, but decent behaviour), or have learnt to deal with quality standards, child labour, and environmental management if they are exporting or in the supply chain of TNCs. Participants felt that they should not be asked to swallow the nine principles package all in one gulp.

The attractiveness of the UNGC for SMEs would lie in its network catalysing new business opportunities on the basis of ethical business, helping them to build bridges, and providing information, training, and coaching. UNIDO will carry out a survey of the SMEs that have signed up to UNGC in order to understand their motivation, their constraints, and what they are doing. Still open issues are whether to adopt a sectoral approach in targeting SMEs and the nature of compliance mechanisms for SMEs that do not produce annual reports. One idea would be that local networks use their existing structures to conduct peer reviews and give some form of best practices recognition or award to good SMEs.

Inclusion of cities, public institutions and administrations, schools, NGOs, etc. as participants and/or promoters of the UNGC: Since globalisation influences ways of doing things locally, it appeared obvious that cities could play a role as participants in the network. The main interest for cities as users of the network would lie in the opportunity to provide direct access through the network with professional counterparts in other cities, for examples for water or energy boards. Such contacts, in turn, would enrich the network in providing content. Cities could also facilitate the recruitment of companies, but it was pointed out that the attractiveness of the network would lie in the content and its relevance to particular sectors.

The general opinion was that firms were less interested in the UNGC as such than in the added value it could bring in terms of content and contacts with other network participants. Involving all actors, including cities and local governments, was generally viewed as critical to achieving the paradigm change that the UNGC is seeking. It was pointed out that the younger generation of entrepreneurs is more open to working in network and multistakeholder environments and structures.

Outreach roles for UNGC Office and Networks, UNDP, ILO, UNEP, UNHCHR, UNIDO, IOE, ICC, WEF, ICFTU, Governments, NGOs, others: On the question of launch events, there was broad consensus on the need to define clear guidelines for the process, which would apply no matter which agency or organisation is involved as lead actor, as their role might vary from country to country. According to some, the core UNGC agencies (UNHCHR, ILO, UNEP, UNDP) were the guardians of the Global Compact's integrity, both for process and content. There was lack of clarity, however, as to whether such agencies were partners on the dialogue platform with companies, NGOs and trade unions, or whether they belonged to a different category. It was emphasised that at the heart of the UNGC, there is a call to business to work together with other partners to find solutions to common problems, and that all partners had a role to play in this respect. Again the role of business and employer organisations in outreach activities targeted at small enterprises was emphasised. Proper preparation, and finding the right convener for launches, were regarded as two key factors of success for outreach activities. The UNGC Office will be expected to provide guidance on how to make the principles work, and to make sure launch agencies are aware and educated in this respect.

Positioning/cooperation/synergies of GC outreach with WB, IDBs, OECD, WBCSD, IBLF, WEF, GRI, BSR, CSR Europe, Governments, EC, others: As other groups, this one stressed the importance of having guidance on what the nine principles mean and how to apply them, in addition to focussing on the UNGC's identity and unique selling proposition. These two elements would help in designing local platforms, and entering into a co-operative dialogue with multilateral institutions and other organisations. Participants were well aware of the fact that some organisations were competing to attract business membership in the area of Corporate Citizenship. However, given the differences and complementarity of their focus³, there was room for win-win-win co-operative solutions. First and foremost, the UNGC network was considered as having a great opportunity to create new connections among organisations to learn and share experience, and thereby build a critical mass that is able to influence progress in society. On the role of governments in outreach, views diverged, as this role could be counter-productive in countries where the business community does not want governments to be involved. It was pointed out that the example of France, where President Chirac motivated 135 companies to sign up to the UNGC before the G8 meeting in June 2003 was probably an exception. The Swedish model suggests, on the other hand, that a launch convened by the government can also yield a post-launch process that is demand-driven, as the private sector is eager to learn more about Corporate Citizenship issues. Governments are seen as important in their role as awareness-raisers, as well as local facilitators through bilateral embassies. This workshop group touched the issue of standardisation, as ISO initiated a process to develop CSR standards in early 2003. However, this process is slow. CSR is a very complex issue and ISO is starting to realise its complexity, so it will be difficult to establish a standard.

3.5 From Outreach to Coherent and Sustainable Networks

This part of the workshop began with a panel discussion on form, role and management of some selected local networks with a view to examine their respective characteristics, strengths and limits, leadership and organisation structure, and needs. Anton Stadler (UNGC Office) introduced the session by informing participants that more than 40 networks existed as of today. 19 of the existing country and regional networks have a multistakeholder make-up, 26 networks include UNDP, 6 include ILO, 6 include employers organisations, 4 include governments, 11 include civil society organisations, 14 have formal steering committees, and 13 have websites. After the introduction by Stadler, network operators and launchers were invited to present their networks:

³ For example, CSR Europe was initiated to deal with labour market exclusion in Europe and has a social more than an environmental agenda.

Spain (Manuel Escudero)

The Spanish network today is composed of 195 organisations and 138 companies, of which 121 are Spanish. Last year, however, only 9 companies referred to the UNGC in their corporate reports. In order to consolidate the network and increase trust building, a "Square Table" was set up involving public institutions (including Parliament but not the government), academic institutions, companies, charities, large NGOs and foundations. All participants around the table have equal rights and obligations, and they contribute a membership fee that covers an annual budget of Euro 40,000. The organisational structure includes a chairperson and a general secretary acting on a voluntary basis. The network owes much to a "champion" - the director of CSR in a large Spanish firm. Activities planned in 2003 include the construction of a website, workshops, joint projects, and a learning forum.

The Nordic Network (Jens Berthelsen)

The Nordic network was established in 2000-2001 and has 50 participating companies. It holds bi-annual meetings in one of the 4 Nordic countries and observes "Super Chatham House" rules. There is no institutional set-up, but working groups have been established to deal with specific issues. Participation is subject-driven. NGOs are not considered open or mature enough to conduct a constructive dialogue, and as a result are not invited to the discussion table. However, a major co-operation project was carried out in 1999-2002 with the Danish Human Rights Centre to gain understanding of what human rights meant for companies. The current focus is on supply chain management, and Nordic companies are starting to ask its suppliers to comply with UNGC principles.

China (Chen Ying)

The Chinese Enterprise Association - an employer organisation that is a member of IOE, focal point for WBCSD, and partner of the WEF - launched the UNGC in China. No new structure was necessary, and the UNGC network benefits from the mobilising power of the association. Although SARS forced it to postpone many programmes, the network is promoting a pragmatic project-based approach designed to help companies to incorporate the UNGC into corporate culture. The Chinese network sees its role in providing information (e.g. a manual on Corporate Citizenship and multinationals was published for academic institutions) and in channelling resources. Surveys are being made to analyse specific subjects, such as supply chain satisfaction for multinational companies, and the efficiency of the automobile industry. As for SMEs, the network is providing them training programmes via satellite diffusion.

India (Uddesh Kohli)

The Indian UNGC network was launched in Mumbai in December 2000 at a meeting of 20 CEOs of major corporations (e.g. Tata, Indian Oil, Infosys, etc.). A 6-member Steering Committee was established, and initial steps were dedicated to generating awareness amongst business leaders. In September 2001, the network was split into a New Delhi group of 40-50 corporations and a Mumbai group of 20-30 corporations. Meetings are held every 2-3 months on an informal basis. The network aims to expand and exchange information and experience. It is interested in the issues of communication with the UNGC Office, as well as implementation. A Declaration on corporate citizenship was adopted in New Delhi in April 2003 by the All India Management Association (AIMA), which is encouraging its 30,000 members to sign up with the UNGC. A large country like India is bound to regionalise its network in various centres (Hyderabad and Bangalore are the next possible locations). A small secretariat can function as a focal point. The intention is to introduce a business and institutional membership fee. SMEs have not been targeted yet, but UNIDO could provide a useful catalyst. The essential question at present is how to sustain company motivation. It is as yet not fully clear what the added value of the network is.

Poland (Karolina Mzyk)

The Polish network was launched in March 2001 at the Ministry of Labour and Social Policy, with UNDP as the convener and neutral partner. Participants initially were multinational companies operating in Poland. A Steering Committee was established, as well as an Executive Board with chairperson and secretariat. Early meetings focused on exchanging experience on how companies were implementing principles. Building trust and debating governance issues (mission, leadership, ownership, organisation structure, relationship between national network and UNGC) turned out to be a lengthy and difficult process. More recently, it was decided that new members would have to implement at least one partnership project. It is hoped that monitoring and roundtable discussions will secure accountability. In a parallel but unrelated process, an NGO (Fair Play Programme) recently led 114 Polish companies to join the UNGC.

Nigeria (Emmanuel Amio Evbodague)

The Nigerian network was born in February 2001⁴ - at the same time as NEPAD⁵ ideas were starting to emerge - after UNDP invited company executives to talk about the UNGC and Corporate Citizenship. It now has 60 participants, including domestic and international business, the government, civil society organisations, employers' federations, unions and associations. As each of these groups speaks their own language, "translation" is necessary, but mutual understanding is improving steadily. Communication tools include a newsletter and a website. Funding is based on sponsorship of events and activities include issue-based dialogues. Six regional networks will be established next. Recognised benefits for companies include: impact on management practices, recognition, access to the global UNGC network, improved community relations, and good publicity.

German Friends of the Global Compact (Hans Michael Holz)

The convener of the German "Friends of the UNGC" network is Deutsche Bank. Several large German companies are regularly participating. The emphasis of the network is on learning from each other and on demonstrating best practices. The German Government supports the network politically. GTZ is part of the network as well. NGOs are invited on an occasional basis to take part in the dialogues.

Turkey (Sebastian van der Veegt, ILO)

The Turkish network was launched in October 2002 following six months of preparatory work by the employers' organisation TISK and UNDP. The ILO leads the learning forum. An advisory council was constituted. The main activity of the network has been awareness raising so far, and the process was delayed by the war in Iraq.

In the discussion following the above presentations the following points were highlighted:

Success in the launch of a local network depends on the enthusiasm and the availability of champions. However, sustaining the network and the loyalty of its members requires attractiveness of content and member-to-member contact promotion. Facilitating professional and peer connections between companies would require the network to assemble information on company profiles and contact persons. In many countries, companies are clearly in favour of a membership-based network that (they say) would offer clear advantages. The UNGC network should be prepared to answer tough questions by firms about fairness and competitiveness. Partnership building takes time, effort and resources. Donations to local networks by private business are accepted as long as they serve a well-defined purpose rather than special interests. They are subject to legal review by the United Nations. Communication channels between the UNGC Office and the local networks need to be complemented by the weaving of avenues for knowledge sharing between the latter. UNGC networks could use cleaner production centres to provide environmental training.

3.6 From the Origins of the UNGC to Leading its Future

3.6.1 Introduction

On the second day of the workshop, Ambassador Peter Maurer of the Swiss Foreign Affairs Department, reminded participants of the historical underpinnings of the UN Global Compact idea. From an innovative idea, the UNGC has now grown to be a cluster of networks. Looking back might provide a clue as to what the UNGC might become in 2008: Will it be a major catalyst for a more humane and inclusive globalisation process?

In 1999, the United Nations was going through a difficult reform process. It had also become obvious that private foreign investment had reached levels that dwarfed official development assistance. The UN realised that it had to reach out to business at the same time, as business was ready to heed the message that it had to behave in a more socially responsible manner, following highly visible scandals. A new platform was to be created to address major challenges and bridge the gap between economic development and poverty.

Today, the political trend towards unilateralism is affecting the UN - and hence the UNGC - in its efforts to promote multilateral dialogue. Yet there is considerable untapped potential to be explored in finding synergies between corporate social responsibility and the United Nations' human rights agendas, as the issue of business and conflict has become prominent on the global agenda. Given the knowledge at hand, the implementation of labour and environmental standards

⁴ Although its official launch is planned for December 2003.

⁵ New Partnership for African Development

can by and large be left to business. However, the United Nations and governments should show leadership in thinking and working strategically on the interface between business, human rights and conflict situations.

Discussion: As illustrated by the reactions that followed the presentation above, there was general agreement in the human rights area being one where constructive dialogue is urgently needed between the UN, governments, business and NGOs. It was also felt that there was a great need for tools to help business to understand how the Human Rights Declaration and its Covenants apply to business and what is particularly relevant.

3.6.2 *Defining the Network's Working Methods and Management Style*

Following an introductory presentation by the Moderator, the Workshop divided its work in four Working Groups to make proposals on:

1. The tasks and activities of local (country, regional and sectoral) networks, and how to measure the impact of each activity, using as a basis for discussion the GC Website paper *Welcome to UNGC Outreach/Networks* (Annex 3).
2. The relationships and communication between UNGC sub-networks and the UNGC Office, as well as between sub-networks, and measures to be taken to secure the identity and integrity of the UNGC Network.
3. The translation of the UNGC Engagement Mechanisms (Dialogue, Learning, Partnership Projects) at the sub-network level, and local-global/global-local synergies.
4. The sustainability and motivation of the network and its sub-networks, as well as organisational and financial considerations.

Working Group 1, Tasks and activities of local networks: The general sense of the group was that local networks provide a formal or informal space for membership and belonging for companies and other organisations. The key question, given present experience, is whether networks had to be uniform in their set-up, i.e. business only or multi-stakeholder. Some participants felt that guidelines on inclusiveness were needed, as this issue could not be allowed to be settled on a case-by-case basis. Others disagreed, and the group admitted that the issue could not be resolved at this meeting. The central purpose of the UNGC was also debated, with some participants feeling that it was about providing a platform for business to adopt the nine principles, and others considering it were - first of all - dialogue. The latter were of the view that clear rules had to be defined as to how to select the participants in this dialogue. On the issue of training, the group felt that a number of tools were already available and that the UNGC should avoid reinventing the wheel. The network itself would provide a powerful tool for learning if its full potential were used. The core UNGC agencies were obvious actors in this area and national cleaner production centres could provide training on environment and labour standards. It was stressed that local networks were not representative (i.e. not a franchise) of the global network. However, they were key in providing input into the global dialogue process. In summary, the tasks of local networks in order of priority should be as follows:

1. Providing a formal/institutional mechanism or framework for participants whose central purpose is to support/implement the UNGC's principles, philosophy and policies.
2. Functioning as a platform for dialogue.
3. Giving input, and participate, in the global dialogue.
4. Functioning as a platform for learning.
5. Functioning as a platform for capacity building, making use of material, tools and centres already available.
6. Functioning as a facilitator for partnership projects.
7. Serving as outreach mechanism to promote expansion to additional companies.
8. Liaising with GC Office and entities outside the network.
9. Communicating and interacting with other sub-networks.

Working Group 2, Network Relationships and Communications: Much of the discussion focussed on the role of the UNGC Office in providing support to sub-networks, in particular in the form of consistent guidelines (or tool kits) on matters related to how to go about assembling sub-networks and finding the best local convener, what dialogue means, frequently asked questions (FAQ), and quality control. In so doing, it was important to avoid giving instructions, and to define what were the common elements and what can be left to local circumstances. Awareness-raising within the UN itself was mentioned as an important task for the UNGC Office, especially as regards the UNGC core agencies. Many participants felt that there was a need to define the relationship between sub-networks and the UNGC Office through some kind of formal agreement. On technical information technology issues, it was pointed out that the digital divide should not be overlooked. There is an enormous gap in IT connectivity and usage between developed and developing countries, which will affect how communication is managed between the UNGC Office and its sub-networks. On financial resources, participants expressed concern about the UNGC being regarded as a means by which the UN can mobilise private support. It was felt that if the process were business-driven, business would find the resources needed to carry it forward. However, responding to training needs could be an avenue for leveraging resources.

In summary, to define the role of the GC Office, Working Group 2 proposed:

The GC Office is a supportive partner for GC Networks worldwide. "Global Compact Global Dialogue" and "Global Compact Learning" should continue to include and actively support networks in their respective field of engagement. When providing information material and training tools to companies and networks, the GC Office and its partners should in their communication take into account the digital, cultural and language divides. The GC Office should establish a checklist of steps that should be taken to launch national networks, ensure quality control, and apply troubleshooting methods. The GC Office should offer an easily accessible contact and content database for networks on the central website, to be updated by the networks themselves. The GC Office should continue to encourage field actors in core UN agencies and other partners to support networks around the world. The GC Office should provide needed information material and tools as a priority over launching additional networks.

Working Group 3, Local Engagement, how the UNGC central Engagement Mechanisms (Dialogue, Learning, Partnership Projects) can work in practice on the level of networks: Most participants considered that the learning mechanism was key in ensuring the credibility that the UNGC network needs to keep participants engaged. An important feature to keep in mind was that the learning process was not only about how to internalise the principles, but also about the private sector and the UN learning to engage in dialogue and projects together. Local websites can be used to facilitate the local learning process, whereas the global website should be a repository of tools and information. In this regard, it was important that the accusation of "blue wash" be corrected by concrete action, but at the same time the question arose as to whether companies should be required to have internalised all nine principles before being allowed to take part in partnership projects. Companies have a valid argument when they say that the only way they can effectively prepare for internalisation of principles is through partnership engagement. Some companies have also been critical of the UNGC asking them to do things without providing the necessary tools. There is a clear demand for tools. Another problem identified by this working group was the lack of GC documents translated into local languages (it was suggested that the UN should allocate some resources for this purpose). On learning and dialogue, it was felt that core UN agencies have a significant role to play at the local level, even if they do not have a presence in all countries. The question was asked as to whether, how much, and from which source, financial support should be provided to local networks. While enthusiasm was important for the initial launch, expectations were being created and long-term sustainability was critical to ensure credibility. It was noted that for all existing networks, the first phase was over. In addition to learning, policy dialogues, and partnerships, it was proposed that an accountability mechanism be devised through which local academic institutions and NGOs would survey and research actions taken by companies.

Working Group 4, Motivation and measures to keep networks and the companies participating in them actively engaged in the long run: This group felt that the main factors of motivation were, (1) the way in which the network could offer added value for business, (2) the nature of the local network (some participants felt that it was easier to motivate business if local networks were created out of existing networks such as an employers association or a CSR organisation), (3) connection opportunities amongst peers and with international business, (4) content and activities (e.g. learning working groups and specific themes). The UNGC could also consider the opportunity of undertaking PR activities and publications. Finally, the group suggested that the UNGC website should include one page for each local network.

3.7 A View from Donor Governments and UN Agencies

Towards the end of the workshop, key officials in donor governments and the UNDP representative gave their comments on what governments could do to support UNGC networks in North and South, and the issue of global corporate citizenship in general.

Anders Sjöberg (Swedish Ministry of Foreign Affairs) welcomed the workshop as helpful in clarifying certain issues. His government considers the UNGC as a learning process and appreciates the innovative and non-bureaucratic qualities of this process. Awareness raising should be the principal task of the UNGC, and a future focus on consolidation and quality was welcome. On the issue of funding, a broadening of the financial base was necessary, as well as more long-term predictability. It was important to secure accountability and credibility of the UNGC, and an impact assessment should be performed at some juncture. Sweden's experience with its own UNGC network has been that the process is driven by a strong demand on the part of companies for a Corporate Citizenship platform, and embassies are getting involved. The Swedish government recently adopted a bill on global development. In his opinion, the possibility of local networks influencing national policies was interesting, because he felt that although governments have endorsed principles in the areas covered by the UNGC principles, enforcement has often been weak.

Anne Merchant (Norwegian Ministry of Foreign Affairs) stressed the commitment of the Norwegian government for the UNGC initiative, and echoed the previous speaker in wishing a broader base and long-term strategy for funding. She suggested that companies that are part of the network could contribute a symbolic annual fee, even though she was aware that the UN was still reluctant to accept private voluntary funding. She felt that there would be a need for an impact

assessment of the UNGC at a certain stage. The Norwegian government's view of its role with respect to the UNGC is to be open for dialogue with companies, provide them with information that they cannot get anywhere else - such as in the area of human rights for example - and continue to advocate transparency and anti-corruption. As an oil and gas producing country, Norway takes part in the extractive industry's transparency initiatives. In December 2002, a commission was appointed to produce CSR guidelines for the national Petroleum Fund based on the UNGC and the OECD Guidelines, thereby giving a clear signal in favour of ethical investment.

Graham Minter (UK Foreign Office) also benefited from the Workshop - especially from the presentations by local networks - which enhanced his understanding of, and his confidence in the Global Compact. The UK government thinks that the UNGC should continue to focus on its nine principles. The UK could provide support in five specific areas, in particular through its network of bilateral embassies: 1) give clear and open support for the local network process, 2) fund projects undertaken by local networks which are directly aimed at promoting the UNGC or Corporate Citizenship in general, 3) support country level dialogues on public policy issues related to the GC, 4) support networks in their efforts to influence public policy, and, 5) use the UK government's own corporate contacts to support networks or participate in them.

Regis Avanthay (Switzerland), as others, relayed his government's concern for a broadening of the donor base, and in this respect he expected countries like India, China, and Brazil to contribute to the core budget as well. The Swiss Mission in New York has been facilitating informal meetings between donor governments, and will continue to do so. Clearly, the time had come to consolidate the network, and to provide systematic guidance on a range of procedural items such as reporting. He felt that regional workshops should be organised more systematically, as well as sectoral workshops (i.e. on textiles) that could prove useful given the controversies in the WTO. Swiss bilateral embassies could play a role in support of local networks, especially as concerns membership of small- and medium-sized enterprises, and contribute to the dissemination of UNGC principles through programmes that focus on the informal sector, where 90% SMEs are to be found in LDCs.

Casper Sonesson (UNDP) indicated that UNDP is investing significant resources, staff time and energy into the UNGC. On the issue of how donor governments can support local networks, he advocated: strengthening local networks by designating a regional resource person, facilitating twinning arrangements between beginners and more mature networks, providing training courses for network co-ordinators, encouraging multinationals to take an active part in local networks, supporting various activities such as policy dialogues.

4 CONCLUSIONS OF THE WORKSHOP

In his concluding remarks, Georg Kell complimented the leadership role and entrepreneurial spirit that had inspired the co-ordinators of local networks in making things happen. He viewed the presentations and discussions as having provided a rich and valuable material for learning, and evoked in broad brushes some of the areas for future action by the UNGC:

The **purpose** of the UNGC network is to continue to ensure that the nine principles are understood, used, and applied, and to secure its overall functionality and sustainability, i.e. taking care that the local networks work and grow.

The **identity and cohesiveness** of the many different networks will be determined by the effectiveness with which they keep focused and centred on the objectives of the Global Compact Initiative. The nine principles are the glue that connects all participants of the GC network as a whole.

To achieve growth and quality, the Global Compact Outreach Unit will explore options on how to support and motivate networks best in the upcoming months and years, and the unit will be transformed into a **Network Sustenance Unit** assuring the quality of Global Compact Networks.

Global Compact Office and UN GC Core Agencies will also set up a **Task Force** to review guidance, quality aspects, and tools provision.

On the issue of **funding**, the UNGC will continue to rely on governmental support, as integrity concerns make private sources a delicate matter to deal with.

A new **outreach approach** will be drafted this late summer, based on the outcome of this Workshop. In particular, a new focus on quality will complete the pursuit of quantity, and good interfaces with the local level will continue to be sought after.

The UNGC will continue to focus on action and will pursue its examination of the **motivation issue**; an annual meeting of network operators or annual regional meetings of network operators might be introduced from 2004 onwards.

The **next countries where the UNGC is scheduled for launching** are in Central and South America (i.e. Mexico, Paraguay and Suriname), Europe (i.e. Italy), Arab Region (i.e. Egypt and Algeria), South Asia (i.e. Pakistan and Bangladesh), Southeast Asia (i.e. Malaysia and Singapore), East Asia (i.e. South Korea and follow-up work in Japan), Australasia (i.e. New Zealand and follow-up work in Australia) and in North America (i.e. US and Canada).

In the near future, **five regional workshops financed by the World Bank** will address in particular corporate accountability.

Finally, the beauty of the networks is that **creative and innovative solutions** can come from practical experience at the local level; my office is ready to receive new good ideas and will promote them on a global level.

In the **immediate future**, we will discuss with the UNGC core agencies the ideas that were produced here during the Workshop. Numerous expectations on the UNGC Office have been articulated. One key aspect has to be kept in mind as the UNGC network keeps growing: please ensure that the vision and the principles that underpin it are shared and promoted by all participants within the network.

Thank you.