

ACTIVITY REPORT FOR THE UN GLOBAL COMPACT NETWORK IN MALAWI

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Activities Report for Malawi under the UN Global Compact Network

1. Introduction

The Malawi Global Compact network has prided itself in taking the step to address issues of anti corruption as a key are to be tackled under the UN Global Compact Network. In a country that to date corruption is identified as one of the key developmental challenges the fight against corruption was singled out because of the potential impact that it can have on development and economic stability for Malawi. As such the network has focused its effort in driving the anti corruption work to provide practical and meaningful collective action tools that can be used the business in fighting corruption.

With support from the regional office of the Global Compact AICC has been facilitating activities of the network since its formation. This support has provided an opportunity for continuous engagement of the stakeholders in the fight against corruption. Additional support has also been received from USAID¹ to facilitate other activities to achieve the desired results.

This report presented to the Regional Office of the Global Compact outlines the achievements, failures, challenges and key activities that have been achieved in the year 2007. An extension of the program implementation period has been agreed to March when a final report will be presented of the activities still to be completed.

2. Objectives

Key objectives that were supposed to be achieved during this year were the following:

- To increase membership base of the Malawi Global Compact Network
- To promote the implementation of the Global Compact principles
- To provide strategy for input in the development of the ISO 26000 guidance document on social responsibility
- To extend the membership base of the Global Compact to include representatives of civil society and government institutions.

¹ Support from USAID provided funding for the engagement of a projects coordinator to assist Daisy in conducting activities of the network.

3. Main Achievements for the year

To promote the implementation of the GC principles

The key principle that the Malawi Global Compact network has been focusing on is the development of strategies for addressing private sector participation in the fight against corruption. Collective action has been the main methodology that has been adopted to implement the strategies. The network developed a code of conduct that companies that are active in the network activities have been signing up to. Below are the key achievements in the anti corruption program.

1. By end of October 2007 31 companies had signed up to the Code and preparations with the Office of the President are underway to officially launch the code. Two copies of the Code were sent to the State President and a request has been made to him to officially launch it. State House is expected to come up with the date for the launch.
2. A code of conduct to guide business conduct was developed as a tool for combating corruption. To complement that a ratings framework is currently being developed as a system for commitment to the code of conduct guidelines. A working group comprising of BAAC members and other experts has been constituted to develop the ratings framework. A consultant to facilitate the development of a ratings framework has been engaged and a stakeholder engagement workshop for consultation with key stakeholders in finalizing this framework was held on the 22nd of November, 2007 at Ryalls Hotel in Blantyre. A report outlining the framework is expected by end of December.
3. For the first time Malawi was represented at the leaders summit of the Global Compact held in Geneva by the two patrons for the network Mrs. Victoria Keelan and Dr. Mathews Chikaonda.
4. Ratings Framework - Initially, it was intended that the Code of Conduct should be self-policing. However it was realised that if the Code of Conduct was to be more than a mere statement of intent and sustainable over the long term, it is important to put in place a framework which, inter alia, could:
 - include a standardized corruption rating tool against which different organizations can be monitored and compared in a consistent way
 - ensure that there are both tangible and intangible benefits that are *visibly* associated with being a signatory to the Code of Conduct
 - ensure that adequate resources and the technical capacity are available so that it will be possible to sustain an effective framework in the longer-term

With extra funding sourced from USAID a consultant was engaged to assist in the development of the ratings framework. A workshop was organized to consult with stakeholders on the framework to be adopted and issues that are to be considered in the design on the ratings framework.



Figure 1: Cross section of the participants at the ratings framework workshop

Increase number of members of the Malawi Global Compact Network

The membership base for the network has been constant since its launch. The main aim of this strategy was to encourage stakeholders to officially join the network. A number of strategies were adopted and are outlined below:

4. Membership Issues

Membership of the network has been affected by a number of companies that have been delisted due to non submission of the communication on progress report. Some of the stakeholders have expressed this as a key barrier to them making a commitment by sending a letter on membership with the existing risk of being de-listed. However despite these challenges in order to address these challenges a number of activities were under taken:

Consultative meetings – one on one meetings and discussions were held with some of the companies that have now been de-listed to see re enlist them. To-date a plausible solution has not yet been agreed on. Other potential members were also approached to engage them as members of the network². Of these one has signed up as a member (Rab Processors) with Alliance One International making the strongest commitment to join the network formally.

² A list of companies approached has been attached as an annex to this report

Presentations: A presentation was also made at a Press Corporation Executive committee retreat that was held in August 2007. This brought together a number of the CEO from the Press Group of Companies to review their participation in CSR in general and their participation the Global Compact network.

Round table discussions: The implementation of the BAAC program provided an opportunity to make presentation on the Global Compact as a whole. Undertaken as round table discussions with a number of CEOs at a time, attached are some of the minutes from such discussions. During the year there have been BAAC round table meetings and 2 global Compact specific roundtable discussions.

Delisted members

A number of the companies have been delisted viz:

1. First Merchant Bank
2. Mediterranean Shipping Company
3. Multi-choice Malawi

5. Leaders Summit

For the first time representatives from the network participated in the leaders summit that was held in Geneva. Their experience in sharing the case studies from Malawi invigorated their interest in the global compact as a network in Malawi. Follow up discussions directly led to the focal point being invited to make a presentation at the Press Corporation Executive retreat to discuss the positioning of the Global Compact within the Press Group of Companies³. Follow up discussions are currently underway.

Following the leader's summit there was also a proposal to use Malawi as the focal point for engagement of Yara International companies as part of their Green Revolution in Africa. Unfortunately this has been affected by the management buy out of Yara Malawi and the current position of the Patron is under consideration under the new arrangement.

ISO 26000 working group

ISO – The Organisation of International Standardisation (ISO) is in the process of developing an international standard giving guidance on Social Responsibility (SR) (ISO 26000).⁴ ISO 26000 is intended to be used by public and private organizations around the world, guiding them on what 'social responsibility' means, what they need to do to operate in a 'socially responsible' way, and how best to implement 'socially responsible' principles. The ISO Working Group on Social Responsibility, comprising representatives of the standardisation bodies of 54 countries and of 33 organisations with ISO liaison status, has the task of developing ISO 26000. The Working Group is expected to circulate a Draft International

³The group comprises of the following companies, Telecom Networks, Ethanol, Press Cane, Malawi Distilleries,

⁴ See International Organisation for Standardisation (ISO) Social Responsibility website, available at <www.iso.org/sr>.

Standard in early 2008 and, if approved by the ISO membership, the final ISO 26000 standard is scheduled to be published in late 2008. ISO's membership is made up of over 150 national standards bodies, with only one member for any one country.⁵ AICC is currently participating in the process as a liaison organization. Under the MOU signed between ISO and the UN Global Compact, provisions have been made to partner the mirror committees formed in the participating countries and the Global Compact networks.

With only 9 full members of ISO in Africa the role of the Global Compact as a platform would be key in ensuring that the issues that are pertinent for the African continent are included in the standard. During the Africa Global Compact focal point meeting in Pretoria South Africa in May 2008, AICC made a presentation on the ISO26000 development process and has since been providing information on the process.

Consultation with network members on development of COP

Main consultations were conducted with members that had been delisted and briefing with all current members on how they need to communicate. A consideration to present a group COP was made to the UN GC office in New York but to date no response has been received by the network. Of the active members Press Corporation were the only company that was recognized as active after presentation of their COP. Currently there are two COPs that are due in the next 90days and a follow up has already been made with both committing to sending their COP.

Integrating Civil society and government representatives

Currently one NGO has joined the network as a member with one more Business Consult Africa an enterprise development non governmental agency has indicated a willingness to join the network in Malawi. Meetings with the Council for Non Governmental Organization in Malawi (CONGOMA) and Action Aid in Malawi provided good leads though there was no commitment made⁶.

The non participation of the UN in Malawi in programs of the Global Compact has affected the potential to engage with government representatives. This has thus been left pending till the planned meeting between the UN and the Patrons has been undertaken.

6. Administration Issues:

- Participated in the regional focal points meeting in Pretoria South Africa – to develop a strategy for the region and reflect on the key activities.
- Made a presentation at the Nigeria network meeting in
- Due to Visa problems was unable to attend the focal point meeting in Monterrey.

⁵ See ISO Statutes and Rules of Procedure (2000); see also 'Overview of the ISO system', available at <<http://www.iso.org/iso/en/aboutiso/introduction/index.html#two>>.

⁶ Individuals met: BCA – Henry Kachaje MD, CONGOMA – Ted Nandolo, ED , Action Aid – Collins Magalasi

7. Challenges

Signing up -- companies are not keen to send the letter as the requirement to produce a COP is still viewed as a burden and not part of the process for engagement. This is a challenge as for most the culture of producing additional reports from the normal annual financial report is still new. There is willingness however to undertake the activities under the initiative and the companies sponsor some of the activities as a show of their support to the network.

The role of the UN in the network is not as visible as was at the launch of the network. This in turn has had a negative impact on the identity of the network as stakeholders are keen to participate in the activities rather than the flagship of the UN itself. This has seen a more prominent promotion of the initiative "*The Business Action Against Corruption*" program rather than the Global compact. To address this challenge the plan on the table is for the Patrons to meet with the UN Resident Representative to see how the UN flagship needs to be incorporated in the activities of the network. It was also agreed that the presentation of the code of conduct that was developed to the President will be undertaken as part of a briefing of the UN global Compact as a whole.

Production of reports is a real challenge that has to date not been resolved --there have been strides in taking the anti corruption work to practical levels that organizations can engage in.

8. Conclusion and way forward

Membership and reporting is a challenge that will need to be addressed if the network is to be sustainable in Malawi. An annual end of year meeting of the network members was not held this year due to time constraints for the key stakeholders, however this meeting has been planned for early 2008 and will be hosted by Agriculture Resources Limited⁷ (formerly Yara International)

The current plan to re-engage with the UN is also critical as that will assist in refocusing the identity of the network as a UN initiative which to date there is a risk of that identity being affected. Dr Chikaonda co- patron of the network has offered to lead this exercise.

The expansion and role of the global compact in the debate on corporate responsibility is also dependent on the strategy that will be adopted by the networks in Africa to engage on developing initiatives such as the ISO 26000 work, the green revolution for Africa and the sustainability of the planet just as an example.

⁷ Offer made and agreed.