

# **Annual Report 2007**

## **Global Compact Network**

### **Bosnia - Herzegovina**



#### **Background**

First fact-finding mission from UNDP Nordic office in 2004 concluded that BiH businesses showed considerable interest in the GC and in the establishment of a local Network. UNDP Bosnia and Herzegovina decided to create a strategy and action plan to a) promote the GC to BiH stakeholders, b) organize a GC launch and a local network, and c) establish an initial secretariat for the operations of the local network.

The strategy of development and launch of Global Compact local network in BiH has been elaborated in co-operation with the UNDP Nordic Office's Business Outreach facility and the Bureau for Resources and Strategic Partnerships (BRSP) in 2004.

#### **Network objectives and priorities**

Global Compact Local Network in Bosnia-Herzegovina (BiH) was launched in September 2005 with main objectives to promote the concept of CSR and facilitate partnerships among main stakeholders in the country.

This year priorities were discussed during the 2006 Annual local network meeting, highlighting the need for tangible and practical support to companies to implement GC principles. Priorities were set in line with overall aim of the project, situation encountered in the field and companies' interests and suggestions.

The main priority was defined in the light of companies' need for practical assistance on principles implementation and tailoring the context of GC principles to BiH reality.

#### **Organization**

Focal Point of the Global Compact Local Network in Bosnia-Herzegovina is

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Steering Board was established in 2005 and is consisted of private companies, Foreign Trade Chamber (FTC) and UNDP. Beside its regular, annual meetings, the Board meets on occasions when certain issues need to be discussed.

## **Participation**

Most of the local network participants are private companies. Out of 29 participants 27 are companies, 1 civil society organization and 1 local government (municipality Gracanica). Still, majority of participating companies are SMEs, which are represented within the local network with 80%.

Due to complexity of government structure and political instability in the country, relations between government in Bosnia-Herzegovina and local network are random and not strategic. According to new project plan that is approved, this will be changed in the near future and more support for CSR in BiH should be provided by the government.

## **Activities**

GC Local Network is first initiative aiming at developing and promoting corporate social responsibility in Bosnia-Herzegovina and still represents the most important arena for CSR related activities in the country:

- Around 20 companies and other stakeholders had been visited during the year in order to enlarge Global Compact local network in Bosnia-Herzegovina and to raise awareness on CSR concept and practices in the country.
- Best practices have been gathered from companies that are members of BiH GCLN in order to create a database of best practices of BH companies to serve as an example and inspiration to companies.
- Organization of workshop on CSR for SMEs in Bosnia Herzegovina is initiated. The event will be organised by UNIDO, Foreign Trade Chamber (FTC) BiH and UNDP BiH, in November 2007, serving to involve SMEs in BiH in activities of local network.
- Screening of CSR activities of all potential CSR actors was done, including international organizations and non-governmental organizations. Screening was made to check all organizations and their activities in area of CSR in order to better position UNDP in this field and to ensure strategic collaboration on issues related to CSR. It was concluded that UNDP is still the most important actor in the field.
- Development of CSR/GC Manual is initiated, and will be produced by experts in fields of human rights, labour rights, environment and anti corruption to assist companies to implement CSR and GC principles and to promote the GC initiative

and local network. Different stakeholders are engaged in development of the manual, including consultants, NGOs, FTC, UNDP and private companies, and as such, the manual could also be seen as partnership project.

- Global Compact companies in BiH were visited in order to assist them to report on their CSR practices and projects. GRI reporting framework was presented to managers and practical assistance was provided in order to complete companies' reports.
- Activities planned for the coming year could be set under following groups of activities: *rise awareness and promote CSR practices* among companies, stakeholders and public at large; provide *technical assistance* and *build capacity* of businesses, partners and stakeholders in order to enable them to advance CSR practices; initiate *legal and regulatory changes for creating enabling environment for CSR*; and to *pilot the partnership project* among group of businesses and stakeholders to demonstrate the nature, the functioning, and the benefits of joint engagement in addressing certain social and developmental issues.

## **Progress**

Progress of the local network that is demonstrated during the last year in most extent is linked to promotion of Global Compact initiative and CSR concept and strategic collaboration with all initiatives in the country aiming to promote CSR. In Bosnia and Herzegovina, development of CSR is discussed in the course of the EU integration process. The best way for the country therefore, would be to develop and incorporate its CSR strategy into the EU integration and partnership process. Consequently, further CSR activities should be focused in order to consolidate the results of the previous, and advance the issue of responsible business practices towards the mainstream of BH business and society.

Best practice: Involvement of Global Compact principles/key areas as categories for internal assessment of companies' performances in the case of Annual Award for most responsible company in Bosnia-Herzegovina in 2007.

Challenges: BiH is among poorest countries in Europe and as such, generally it demonstrates very low level of CSR activities. One of the biggest challenges for the country concerning development of CSR is unfriendly environment which is evident in lack of policies, legislations and supportive measures on CSR related issues. For example, many companies argue that national tax laws with regard to donations is a rather discouraging framework that needs to be adjusted to motivate businesses to be more socially responsible.

Beside government action in area of CSR, another challenge is often changes in management structure and ownership of local network members which generally influence on commitment towards GC.



## Attachment: Network Fact Sheet for 2007:

Network Management								
Annual Network Meeting (yes/no)	COP facilitation (yes/no)	Helped to facilitate other integrity measures (e.g. complaint mechanism) (yes/no)	Website (if yes, URL)	Name Focal Point	Steering Committee (yes/no)	Steering Committee has non-business participants (yes/no)	Secretariat hosted by	Member fees (if yes, amount for Company/ SME/ other)
Yes	Yes (so far only through individual approach)	No	Yes www.unglobalcompact.org.ba	UNDP: Vanja Jankovic	Yes	Yes	UNDP BiH	No

Number Local Network Participants										Government participation in Network
TOTAL	MNCs	SMEs	Micro-enterprises (<10 employees)	Business Organization	CSR Organization	Labour Organization	Civil Society organizations	Academic Institution	Other Stakeholders	Yes/ no
29	1	25	1	0	0	0	1		1 Municipality	No

Number of Activities					
Outreach Events	Learning Events	Policy Dialogues	Partnership projects	Cooperation with other Local Networks	Other activities
2	0	Not yet	1	0	1