

UN Global Compact Bulgaria Annual Report 2007



General Information

In Bulgaria, the UN Global Compact (GC) was officially launched under the auspices of the President of the Republic Georgi Parvanov in January 2003 and with the support of senior representatives from over 50 companies, non-governmental organizations, numerous business associations and line ministries. By September 2007, the UN Global Compact brings together more than 140 members in a semiformal local network. The network includes representatives of large multinational companies, small and medium enterprises, micro-enterprises, the biggest business associations in Bulgaria, non governmental organizations and academic institutions that share the principles of corporate social responsibility. The number of the big companies' members of GC has increased in 2007 by 50%. The Bulgarian Global Compact network enjoys a great deal of business and media interest; it generously shares its best practices with other national networks in the region and joins forces with national and international partners to promote the UN GC principles.

Network objectives and priorities

Agreed at the respective network's fora (annual meeting and Advisory Board's meetings) in 2006 and 2007 the Global Compact Bulgaria focuses on the following priority areas:

- Putting the 10th principle into practice - collective business actions against corruption;
- Accelerating Corporate Social Responsibility practices – base-line survey of the perception of Bulgarian businesses about CSR (special survey amongst GC members) and promotion of best practices in CSR;
- Partnerships building (preparatory assistance to pilot development projects).

The local Network works in partnerships with the biggest business associations in Bulgaria (the Confederation of Employers and Industrialists, the Bulgarian Industrial Association), the Chamber of commerce and Industry and its regional chapters, the National Association of Municipalities in Bulgaria. The anti-corruption initiative is implemented with the support of the Parliamentary Commission on Anti-corruption within the National Assembly, the Ministry of Interior, the Bulgarian Business Leaders Forum and the Bulgarian chapter of Transparency International. On developing CSR agenda in Bulgaria Global Compact and UNDP work with Ministry of Labor and Social Policy and Ministry of Economy and Energy.

Organization

In order to strengthen and enhance the role of the GC Network in Bulgaria, a governance framework/structure has been introduced in April 2006 consisting of Advisory Board and GC Secretariat. The GC Advisory Board consists of five Global Compact members elected through a democratic and transparent voting procedure by GC members and the UN Resident coordinator as ex-officio member of the AB. The members of the Board - companies, non governmental organizations and academia enjoy solid standing and are leaders in CSR policies and practices. They also have a sound understanding of the Global Compact philosophy and work to implement the ten GC principles in a spirit of

competence, respectability and interaction without pursuing commercial interests. The Advisory Board has a two-year mandate and convenes on a quarterly basis. The Network focal point is part of the Secretariat which is responsible for day-to-day activities of the GC. The governance framework seeks to promote greater ownership of the initiative by GC members.

Participation

- ◆ The Bulgarian GC network includes representatives of more than 30 large multinational companies, over 70 small and medium enterprises, 15 micro-enterprises, 2 of the biggest business associations in Bulgaria, 16 non governmental organizations and 3 academic institutions that share the principles of corporate social responsibility. The number of the big companies' members of GC has increased in 2007 (compared to previous years) by 50%.
- ◆ The network is acknowledged by government institutions and agencies; it maintains very good working level contacts with representatives of a number of line ministries (Ministry of Economy, Ministry of Labour and Social Policy, Ministry of Interior etc.). The Parliament and the presidential institution recognize the role of the network and the GC initiative in promoting good corporate citizenship and in assisting the Bulgarian companies to meet the standards of good corporate governance.

Communication of network's work

The Bulgarian GC Network activities are presented on the website of the Bulgarian Network of the UN Global Compact www.unglobalcompact.bg Through a monthly newsletter all the existing and potential members are kept informed about the latest local and global developments of the Global Compact. The visits of the web site register constant increase every month. Topical publications of the Global Compact network, such as the *Baseline survey on the perception of the Bulgarian business about CSR*, the *Responsible lobbying* brochure and others contribute to maintaining the network's good reputation amongst business community. In 2006 and 2007 best practices of the Bulgarian GC network were presented at the Global Compact networks' forum (Barcelona, September 2006), the RBEC (regional) GC meeting (London, April 2007) and included in the GC report (June, 2007).

Network Activities

According its governing principles the GC national network acts as a country GC platform, assisting companies with the implementation of the ten GC principles; it assists its members in the preparation of their annual "Communication on Progress" through organizing trainings and offering consultations and coaching; The GC Network serves as a country, regional or sector platform for dialogue on issues related to the GC principles, responsible corporate citizenship and the advancement of the eight UN Millennium Development Goals; it serves as a Global Compact Outreach Mechanism to gain the support of additional companies by organizing outreach events; it helps to promote Bulgaria as an ethical place to do business for foreign investors

- How does the network play its role as a promoter of the Global Compact at the local level, adapting universal values into local language and culture (outreach, learning, policy dialogue and partnership events relating to the ten principles and the Millennium Development Goals, translation of documents, website in local language, etc)?

In Bulgaria the GC network is seen as a valuable partner and promoter of UN values. Therefore a number of local business associations, as well as international organizations turn to the GC network as partner in events and initiatives;

By spreading information and sharing regular updates about the development of the global initiative, the GC local network contributes to creating a consistency of GC dedicated companies, who are more and more aware of the rising expectations to the way of doing business in Bulgaria.

A first ever base-line survey on the perceptions of Bulgarian business about CSR practices that was commissioned by GC network and a member NGO became a tool to spread universal values and standards in the local business communities.

Policy dialogue to advocate introduction of good corporate practices and in support of business initiatives for better business environment is maintained with business associations, representatives of the legislative and executives branches. An intense dialogue between the GC network and its partners with parliamentarians and representatives of governmental agencies is maintained on the topic of fight against corruption.

Partnership events with clear value added by the involvement of the GC network included:

- a) support to a regional UNIDO's project to strengthen CSR culture amongst SMEs (by contributing to the organization of a national conference);
- b) support to the project of establishment a national round table of CSR standards (by participating on round tables' meetings organized by a local NGO-member of the GC network);
- c) participation of GC network and members in the activities of the regional project "Accelerating CSR practices in new EU member states and candidate countries" (a project funded by European Commission and UNDP and implemented by UNDP and Global compact networks in 8 European countries) (participation in the Regional conference-June 2007
- d) partnering with GC members in organizing topical, outreach events;

The GC network initiated the translation in Bulgarian of the book *A Better Globalization* by Kemal Dervis. GC network organized the launch of the book in the presence of the author (April 2007). The special launch event was sponsored by GC members;

Translation and publication in Bulgarian of: CoP guidelines; of the Responsible lobbying guidebook; and of parts of the Anticorruption best practices took place in the last year ;

The GC Secretariat maintains one of the first web-sites of GC local networks. The site has been revamped by end of 2006 and beginning of 2007 and will be further improved by including a database on resources and best practices;

- How does the network encourage "Communications on Progress" and support the development of case studies according to the GC research guidelines?

The network assist companies in the preparation of their annual "Communication on Progress" through organizing trainings and offering coaching to new members - companies and NGOs. Two special trainings for GC members (business and NGOs) were organized at the end of 2006; a template of the CoP is prepared and will be soon posted on the GC web-site; the Communication on

Progress brochure was translated and published in local language; a special questionnaire and template for best practices description were developed by the Secretariat; GC members submitted their best practices thus contributing to a future publication – “collection” of national best practices related to all 10 GC principles

- How active is the network in promoting partnership projects?

The monthly GC newsletter and the GC bilingual web-site feature regularly projects and initiatives of GC members. The GC Secretariat facilitates exchange of information and encourages GC members to match their project ideas with peer companies. GC network partners with business associations and organizations in staging advocacy and outreach events and initiatives. Therefore, concrete partnerships (development) projects are not yet come to being. The GC Secretariat acknowledges the fact as a weakness of its work; it currently discusses two project ideas with GC member companies and is working to accelerate the design and start of concrete projects early next year (one in the area of support to people with disabilities; the other focusing on young people).

- How does the network encourage deeper engagement of its participants through dialogue with several stakeholders and participation in local learning events (number of case studies and examples developed)?

The local network organizes Global Compact Annual traveling seminar and Retreat – a brand event that gathers outside capital city members of the GC network who are hosted for a whole day by a prominent member company; The host company exhibits its policies and practices in applying the 10 principles and shares its experiences in working to promote GC;

During the participants in the Annual retreat the network brainstorms and discusses the focus of its future activities. The 2007 traveling seminar and annual retreat take place in the city of Panagurishte (11-12 Octobers) hosted by Asarel Medet and the local municipality.

Currently the Secretariat is compiling a publication on the best practices of the GC members in applying the 10 GC principles. The publication is due by end of 2007. The development of case studies follows a guidance and is facilitated by a template developed by the Secretariat.

A number of companies, members of the GC network initiated in 2007 the establishment of a first national CSR association. The establishment of the association is a result of the knowledge and learning sharing amongst GC network members that enhances a better understanding of the importance of CSR values amongst BG business. The survey of the perceptions, opportunities and challenges to CSR commissioned by the Global Compact network contributed to this end.

- What is the network’s communication role, between its companies and other stakeholders, with other stakeholders, with other networks world-wide, with the Global Compact Office, with government and the public in a given country or region?

The GC facilitates to great extend exchange of information about GC and CSR practices amongst members and non-members of the GC.

As one of the most active national networks in the region, GC Bulgaria shared its experiences with other national networks. By request and invitation from GC Belarus and GC Ukraine, a representative of the Bulgarian GC network

participated in the launch of the local GC networks. He made presentations on experience of the GC network and work and contributed to the strengthening the networks role in other countries. (A ppt presentation about the Bulgarian GC network is attached to this report)

The GC Bulgaria is a strong proponent of joint initiatives of networks from neighboring countries. To this end GC Bulgaria is discussing with GC Turkey a possible joint event in the nearest future;

- To what extent does the network engage new companies with the Global Compact (number per year)?

In the last year there is a clear trend of increased interest of companies to join the GC initiative. There is a shift towards pro-active search by businesses to adhere to the GC initiative; The members' database show an increase of the number of big national companies joining the GC. For one year, since last September, 15 new members joined the GC network.

- Activities planned for the coming year (some are listed) .

- a) Completing the year long business against corruption initiative by co-organizing a national round table with the Parliamentary commission on anticorruption to publicly discuss proposed legislative changes to curb corruption (setting a limit to cash payments in the country)
- b) Support to the establishment of a formal working group jointly with the Ministry of labor and Social Policy and with the participation of social partners and GC members (companies and NGOs) to put together a future CSR national agenda;
- c) Participating and organizing outreach events on the GC focus areas in Bulgaria – i.e. launch of publication on GC Bulgaria best practices;
- d) Furthering its work on Communication on Progress Reporting by offering trainings and coaching to GC members and introducing an on-line CoP template
- e) Strengthening the GC network by establishing semiformal peer groups on CSR and related issues (TBD by members at the annual traveling seminar and retreat);
- g) co-organize one regional and on nation event to launch the results of a second CSR survey and to discuss the role of GC network in promoting CSR.
- h) Further strengthening and promotion of GC brand on national and regional level by organizing outreach events to present CSR survey's results and discuss CSR cases ;
- i) Introduce a special publication series on CSR in a specialized daily newspaper

- How has the network been engaged in issues relating to the integrity measures? And does the network have a policy on such engagement?

No specific policy at local level introduced yet. So far there was no cases of serious concern to trigger the introduction of such policies

Progress

- A short self-evaluation of progress made against objectives in the past year. The objectives set up as annual targets and the planned activities are implemented in time. The collective business action against corruption initiative has received an overall support by members and other national stakeholders (NGOs consultative groups, government agencies – for example the Agencies for Financial Investigations, the National Agency on incomes, MPs etc.). The base-line survey on CSR has been followed by a more deep and extended CSR national survey that include all relevant

stakeholders – government, civil society, media, academia. The network is gaining support and recognition and the increased number of companies willing to join the GC is one of the measurement of the success.

- Examples of best practices.

1. The *Collective Business Actions Against Corruption* initiative was developed as best practices and shared with GC Office and regional networks, (attached to this report)

2. Sharing the network's good work and supporting the establishment of other national network (Belarus and Ukraine)

3. The base-line survey on CSR perceptions amongst GC members

4. The annual traveling seminar and retreat for GC members

- Major challenges that the network has faced and how they were tackled.

Challenges are still minor. A national feature of the Bulgarian GC network is the UNDP's strong involvement with facilitation of the work of the GC network. There is now is no clear and explicit interest yet demonstrated by GC members (associations of individual members) to take over the running of the GC network.

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	NO	www.unglobalcompact.bg	Maya Nyagolova Ralitza Germanova	YES Advisory Board of 5 members	YES NGOs	UNDP	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
140	35	70	14	2	Eminent membership of the recently established CSR association	0	16	3	0	NO

Number of Activities					
Outreach Events	Learning Events	Policy Dialogues	Partnership projects	Cooperation with other Local Networks	Other activities
15	5	YES Topics: CSR and Anti-corruption	3	YES	