

GLOBAL COMPACT



NETWORK NEWS

ISSUE 6

DECEMBER 2005

DEAR NETWORK FOCAL POINTS,

From the London meeting to the Barcelona Forum we have paid special attention to governance issues, procedures, and structural characteristics of Local Networks. That emphasis has been necessary: We, the Global Compact Office and the Global Compact Local Networks, are co-managing a global brand. As franchisers know very well, the management of a brand worldwide implies that the operator managing the brand at the local level has to have, everywhere, some agreed basic procedures, some common structural characteristics, some mechanisms of brand assurance, etc. That much has been accomplished, and we should congratulate ourselves on this achievement.

But that, certainly, is not an end in itself...Rather it is a necessary means to undertake now more ambitious operations.

So, for the year 2006 we should focus on new, more substantive matters. Which are those?

Networks are about collective actions that participating companies and other stakeholders decide to set up in common ...Actions in terms of learning, in terms of dialogues, in terms of support for the companies' Communications on Progress, and in terms of projects. Nobody but the companies engaged and working together within a Local Network can decide the range and scope of their collective action.

If this is the case, now, at the beginning of 2006 Local Networks have an excellent opportunity to create their own agenda for actions. Thus, the Annual Activity Report produced by Local Networks could not only be an account of past activities but could encompass an explicit Agenda for collective action.

Within this context we would like to point out the role that collective projects can play. Our mandate is that companies make, through the Global Compact, an impact so that the global economy becomes more equitable and sustainable. The Global Compact in this sense is not only, although this is the basis, an exercise in responsible management under the 10 Principles that each company undertakes with some

learning, dialogue or technical assistance support activities from its Local Network. The GC is also about the societal, collective impact that companies achieve through collective action in countries where the 10 Principles are not fully respected. Thus, collective projects, through the supply chain in third countries, national campaigns related to any of the 10 Principles, or joint partnerships with governments and civil society actors are part of what the companies engaged in the GC could achieve in the future.

When participating companies, apart from their own internalization of the 10 Principles, engage in this type of collective, dynamic, societal action, the presence of other local voluntary CSR initiatives becomes relevant. Indeed, it is not infrequent the case where a UN Global Compact Local Network is not the only exercise in responsible business in a country. In the future we should collectively analyze the role of a Local Network in such a situation. We are in favor of cooperation more than competition, in favor of the GC becoming, in these circumstances more the apex of all the voluntary initiatives rather than just another competitor. The Global Compact has some differential added value, as a result of its international nature, the universal value of its principles and its societal dimension, which can be very well accepted by other existing responsible business initiatives. Thus, the idea of the GC as a "network of networks" in many countries is worth considering.

All this perspective, however, follows from a basic initial proposition: Local Networks are meant for action.

The creation of a Local Agenda for 2006, in which a minimum of activities are jointly decided and planned, could well be the best way of starting the year.

Sincerely,

Manuel Escudero
Head, Global Compact Networks

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INTERNAL NEWS

Network News to be Upgraded

The *Network News* is an electronic publication produced every three months with the purpose of serving as a communications platform between networks on recent and upcoming launches and events, dialogue/learning events, project, publications, and articles/speeches.

In an effort to provide a better service to Local Networks, as of January 2006 (starting with our next issue of *Network News* due in March) the GCO is upgrading this publication, changing its design and format, making more attractive the existing sections, and providing a more professional space for ongoing exchanges and debates among Local Networks.

The *Networks News* will be accessible as a web publication and sent to all Focal Points as well as other interested stakeholders.

This upgrade will make the *Networks News* a more qualified undertaking, aimed at reaching a wider audience of Local Networks, focal points, companies and other members of GC steering committees and GC coordinating bodies within the wider Global Compact network.

In the spirit of continuous improvement, news from Local Networks should be written in an analytical and substantive style.

Please provide well in advance your analyses, news items, comments and suggestions to Susana Weyer at weyers@un.org.

PANAMA

"Recycle for life" Project

"Recycle for Life" is an integral initiative for economic, social and environmental development which will benefit people, specially the Panamanian youth, living in poverty. Its implementation has just started in Colon, one of the poorest provinces in Panama, and it will be soon replicated in the rest of the country.

On 9 November 2005, the cooperation agreements to formalize the alliance for the development of the project were signed by the following members of the Global Compact Panama Network: Universal Panama Cargo Inc., FAS Panama, and YES Panama, under the auspices of the Global Compact Network in Panama.

Government, UNDP, business, universities, and civil society representatives were gathered by the Global Compact Panama Network in order to motivate other actors to be part of this project or to develop similar ones in synergic alliances.

The Global Compact Panama Network has many times been a channel for NGOs, companies and governmental organization to establish this kind of initiatives; however, this is the first time in which the network will have an active role during the entire process.

Please contact Ms. Lourdes Avila (lavila@apede.org) for more information.

PROJECTS

Working Together for A Better World: The China-Africa Business Council (CABC)

The China-Africa Business Council (CABC) is the first Public-Private Partnership (PPP) initiative between China and Africa, under the South-South Cooperation framework. In order to create an enabling environment for China-Africa economic and technical cooperation, a three-year UNDP project of Support to Establishing the China-Africa Business Council (CABC) was launched in 2005 in China with an initial funding of 1 million USD supported by UNDP.

This is a joint initiative between UNDP and the China Society of Promotion for the Guangcai Programme (Guangcai), a key link between the Chinese government and the private sector, with a membership of more than 16,500 Chinese private sector companies. CABC will be established between China and a first group of six African countries: Cameroon, Ghana, Kenya, Mozambique, Nigeria and Tanzania.

The CABC Secretariat was launched in Beijing in August 2005 and provides easily accessible information of micro and macro business and economic opportunities tailored towards the needs of Chinese and African businesses. The Secretariat will conduct two-way trade missions, sector studies, workshops and seminars and will provide consultancy services on specific issues.

The first high level business delegation led by Vice Minister Xie Boyang visited Cameroon, Ghana and Nigeria in April 2005, and the CABC received the first Ghana Trade and Investment delegation in China in August 2005. The establishment of a CABC data base and of the CABC Council is currently under preparation with over 150 CEOs having indicated strong interest.

Please contact Mr. Gao Yu, Team Leader Regional and South-South Cooperation Programme, (+86-10-6532 3731 ext 352, or yu.gao@undp.org) for more information or visit www.cabc.org.cn

MADAGASCAR

Fourth GSB Steering Committee Meeting

The fourth GSB Steering Committee meeting in Madagascar, took place on 10 October 2005. During this meeting, three new projects were included in the GSB portfolio. These are:

1. Energy diversification towards LPG for domestic and productive use with Vitogaz as the lead company. A project named "Gas for forests" has been designed with the Malagasy gas operators, WWF and the FFEM (French Fund for the World Environment) in order to extend the use of gas in 13 cities of Madagascar through decreasing the barriers to purchasing gas via micro-credits and subsidies to first equipment.
2. WSUP (Water and Sanitation for the Urban Poor), a private/civil society consortium including RWE Thames Water, Halcrow, Unilever, WWF, WaterAid and CARE , will provide access to water, sanitation and hygiene education for almost 200,000 people in the slums of Antananarivo, in partnership with UNV and the local authorities.
3. BushProof, a social entrepreneur in the area of access to drinkable water - will provide access to drinkable water for poor households in urban and rural areas through the use of innovative, low cost, affordable and robust products including sand filters and hand pumps.

Please contact Ms. Pascale Bonzom (pascale.bonzom@undp.org) for more information or visit www.undp.org/business/gsb.

UPCOMING EVENTS**Business UNusual:
Partnerships as Strategic
Investments**

13 December 2005
Berlin

Together with the Global Public Policy Institute, the GTZ is hosting the conference "Business UNusual": Partnerships as Strategic Investment.

This conference will explore partnerships as strategic investments, such as risk management. What companies can do to engage bilateral donors and UN organizations in partnerships. As well as what the UN and bilateral donors do to engage business more effectively. The conference will also offer a space to learn about partnerships programmes currently implemented by bilateral donors and UN agencies, and ways in which companies can engage.

Please contact Ms. Paula Hildebrandt for more information.
paula.hildebrandt@gtz.de

**Launching Ceremony of the GC in
Pakistan**

22 December 2005
Karachi

The Employers' Federation of Pakistan is organizing the "Launching Ceremony of the Global Compact in Pakistan" on 22 December. On this occasion, a one day workshop will also be organized to familiarize participants with the principles and practices of the Global Compact.

At the time of the launching ceremony, nearly 50 Pakistani companies are expected to sign a declaration showing their willingness to subscribe to the principles of the GC, thus giving a new impulse to the existing GC steering Committee and Foundation, and joining companies that are already participants in the Compact.

Please contact EFP (efpak@cyber.net.pk) for more information.

**WILL-Trade Union Assembly on
Labour and the Environment**

15-17 January 2006
Nairobi

**Environmentally Sound Technology
Showcase at the Global Ministerial
Environment Forum**

5-8 February 2006
Dubai

www.unglobalcompact.org

ZAMBIA***Business-led Solutions to Poverty***

The Growing Sustainable Business initiative GSB was officially launched in Zambia on 5 October 2005 by UNDP in collaboration with Global Compact Zambia, the Government of the Republic of Zambia, various businesses and business associations, NGOs and other cooperating partners.

As well as introducing the GSB to Zambian businesses and other stakeholders, this event served a practical purpose. During the previous few months, UNDP Zambia had identified potential business proposals that might be candidates for GSB investments. The launch workshop provided an opportunity for the lead companies in some of these promising ventures to present their proposals and for other stakeholders to provide feedback. The workshop started a process of developing multi-stakeholder partnerships that facilitate each of the potential investments, and that ensure that their development impacts are maximized.

The following GSB investment proposals were presented:

1. Cassava Processing and Supply Chain Linkages

 Ian Mackintosh, Technical Director, Zambian Breweries

 Midge Drakes, Managing Director / Chance Kabaghe MP, Chairman, Freshpikt

 Henry Loongo, Senior Programme Manager, CARE International

2. Liquid Petroleum Gas Bottling and Distribution

 Martin McCarthy, Managing Director, Total Zambia

3. Plastics Recycling

 Patrick Lead, Sales and Marketing Director, Zambian Breweries

 Kate Musimwa, Programme Manager, Africare RAPIDS

4. Finance for Small- and Medium-sized Enterprises (SMEs)

 Kabanda Lilanda, Premium Business Banking Manager, Barclays Bank Zambia

Please contact Mr. Tom Fox (tom.fox@undp.org) for more information or visit www.undp.org/business/gsb.

GERMANY***Global Compact Network Meeting***

The German Network convened a meeting in September 2005. Around 90 participants, among them representatives from international organisations, discussed various GC related issues such as: the role of business in conflict prevention, volunteering in the UN, and the role of the GC in Central and Eastern Europe. Also discussed, were governance issues (e.g. cooperation with the national OECD contact point and the local networks governance structure) and complementary action-oriented initiatives like the UNDP Growing Sustainable Business Initiative (GSB).

A permanent working group on the 10th principle was also established. The working group will focus on an informal exchange on corporate codes, transparency standards and mechanisms (compliance, whistle-blowing, facilitation payments, etc.) It will allow companies to exchange experiences, discuss dilemma situations and thereby qualify for membership in the German chapter of Transparency International.

Please contact Ms. Paula Hildebrandt (paula.hildebrandt@gtz.de) for more information.

GLOBAL COMMERCIAL MICROFINANCE CONSORTIUM

“Charity is Finite - Business is Infinite”

Traditionally, corporations have approached Corporate Social Responsibility (CSR) with the mind-set that it is a corporate cost center tied to their immediate business interest. The Global Commercial Microfinance Consortium ("Consortium") challenges this way of thinking by providing an opportunity for corporations to invest in world-wide poverty alleviation with nominal risk and reasonable returns with no outlay of limited philanthropic resources.

The Consortium is a unique public-private initiative that provides a platform for differently motivated investors - from major global corporations and government development agencies to venture philanthropists - to work together to address the global issue of poverty.

The Consortium is comprised of: Agence Française de Développement, AXA Group, Calvert Social Investment Foundation, CNP Assurances, Deutsche Bank, Geisse Foundation, General Board of Pension and Health Benefits of the United Methodist Church, Gray Ghost Fund, HP, Kaminer Foundation, Left Hand Foundation, Merrill Lynch, MMA, Munich Re, Rauenhorst Foundation, Standard Life, State Street Corporation, Storebrand, The Church Pension Fund, The Co-operative Bank plc, UK Department for International Development, US Agency for International Development, David Fitzherbert, Elizabeth and Steve Funk, Deepak Kamra and Janet A. McKinley.

The Global Commercial Microfinance Consortium, with its \$75 million fund, links mainstream financial institutions to socially responsible investment practitioners with microfinance experience. Deutsche Bank is managing this fund, which provides financing to microfinance institutions (MFIs) around the world. MFIs make small loans to the poor for starting up small businesses to help raise them out of poverty.

The fund is capitalized with \$15 million in equity, ten percent of which is provided by the UK Department for International Development (DFID), and \$60 million in debt, a quarter of which has been guaranteed by the US Agency for International Development (USAID). Almost \$30 million has already been committed to MFIs working in Peru, Kosovo, Nicaragua, Azerbaijan, Colombia, Pakistan, Mozambique, and India.

Muhammad Yunus, who was one of the first to develop the concept of microcredits and founded the Grameen Bank, is determined to root out a common prejudice. As a matter of fact, microcredits are not charity, but a viable business scheme. The long-term success of microcredits is not least due to the fact that they offer good returns to banks and investors. That is why Yunus says that "charity is finite, but business is infinite".

Please contact Mr. Hanns-Michael Hoelz (hanns-michael.hoelz@db.de) for more information.

MACEDONIA

Macedonian Participants Join Efforts to Save Skopje Zoo

As UN Resident Coordinator Frode Muring stated to the media, "We will not have a strong country without a strong private sector because the private sector is a partner in the development of the country. As FYR Macedonia is advancing towards the EU, it is certain that the role of the private sector will be even bigger. The fact that 11 companies have joined the Global Compact and will help the zoo shows that this functions well in FYR Macedonia".

The Skopje Zoo has been in a poor state for some time and is in urgent need for refurbishment. The director of the zoo stated that it has been difficult to attract resources to bring the zoo back into shape and is pleased that companies participating in the Global Compact have come together to revitalize it. The fact that companies have joined hands to support the zoo (notably with computers, public relations support and food), a project that will also benefit the city of Skopje, shows that companies in the country are starting to undertake collective public action as corporate citizens.

with corruption. On a national level it was discussed whether a lobby group could be organized to engage with government representative to combat corruption on a larger scale.

Please contact Ms. Constance Hybsier (constance.hybsier@undp.org) for more information

PLATFORMS FOR DIALOGUE AND LEARNING BY DOING

Citizens Summit Discusses Global Compact in Japan

Tokyo, 28 November 2005

Mr. Klaus Leisinger, Special Advisor on the Global Compact to the UN Secretary-General, and Mr. Manuel Escudero, Head of Networks of the Global Compact participated in this Summit, organized by GC participant, the Asahi Shimbun newspaper. The Summit was attended by more than 300 participants, from companies, the academic world and civil society.

A dialogue session, between Mr. Shizuo Fucada, main thinker on CSR matters in Japan and leading figure on the CSR initiative of the Keiranden (The Nippon Industries Federation) and Dr. Escudero, was based on Dr. Leisinger's Keynote Speech entitled "Global Compact - what the corporations should do in the global era".

Later on, representatives of Mitsui-Sumitomo Insurance, Kirin and Sumitomo Chemical presented case studies of their companies' engagement with the Global Compact, and the CEOs of the three companies, Mr. Hiroyuki Uemura (Mitsui), Mr. Koichiro Aramaki (Kirin) and Mr. Hiroshi Hirose (Sumitomo Chemical), reaffirmed their commitment to the Compact.

Please contact Ms. Yasuko Senoo (senoo@untokyo.jp) for more information.

First GC Learning Forum in Lithuania Addresses CSR Mainstreaming in Business Strategy

Vilnius, 15 November 2005

The First Global Compact learning forum "Mainstreaming CSR in Business Strategy", hosted by UNDP in Lithuania took place on 15 November 2005. The seminar, attended by the representatives from over 30 businesses, business organizations and professional organizations, dealt with the most acute issues of Corporate Social Responsibility and the United Nations Global Compact. The main aim of the Forum was to familiarize companies and organizations which support the 10 Principles of the Global Compact with ways and tools to integrate them into business strategy and communicate the implementation of these principles to stakeholders and the society at large.

Experts on CSR from around the world and a variety of industries came together to teach and share experiences on CSR, CSR strategic planning and CSR implementation with Lithuania's Global Compact businesses. The event was organized by the United Nations Development Programme in Lithuania in cooperation with the Association "Investors Forum" and the International Business Leaders Forum.

The experiences of CSR mainstreaming were shared by: Ms. Susan Simpson, Development Director, International Business Leaders Forum; Mr. Jack Whelan, External and Media Relations Director, International Business Leaders Forum, Mr. Anthony Sampson, Director of Corporate Social Responsibility, Aviva plc.; Mr. Sebastian Bringsværd, Coordinator, Country Analysis and Social Responsibility, Statoil.

"This seminar is a natural outcome of the 2 June event where 40 Lithuanian companies signed upon the UN Global Compact Initiative in order to support the implementation of human rights, labour and environment

CONTRIBUTIONS TO NETWORK NEWS

The Global Compact Office encourages networks to submit articles (if possible with photographs) about their activities for publication in future issues of the Network News. The deadline for the next issue of the Network News is the end of September. Please send your contributions, including contact information to **Ms. Susana Weyer** (weyers@un.org). If you wish to include photographs and/or other graphical materials, please send them as high-resolution (300 dpi) JPG or TIFF images or as vector graphics (EPS).

standards and refrain from corruption. Following this public engagement, it is now time to turn to practical actions", welcoming participants of the seminar stressed UNDP Resident Representative in Lithuania, Ms. Cihan Sultanoglu.

Please contact Ms. Ieva Burneikaite (ieva.burneikaite@undp.org) for more information.

Learning Event for Macedonian Participants Struga/Macedonia, 31 October - 1 November 2005

The event, organized by UNDP Macedonia, offered GC participants the opportunity to learn the ideas, aims, and practical tools behind the initiative. The opening, on the 31st of October, was marked with an introduction into the principles of the Global Compact, with special emphasis on the issues that are most relevant for the Macedonian economy and society. Then, there was a presentation on EU practices in the field of corporate social responsibility and an elaboration of the reasons and means for private sector involvement in the fight against corruption.

This discussion was followed by the presentation of a case study on the implementation of the principles by a Macedonian IT company. The day ended with a report by the Macedonian representatives on the Annual Global Compact Networks Conference in Barcelona. During the working dinner, the participants discussed the planned activities of the Macedonian network, as well as the creation of a governance body for the local initiative.

The second day started with a presentation on the guidelines for the preparation of Communications on Progress. The presentation attracted enormous interest by the companies as most of them are yet to submit their first CoP. This was followed by the presentation of another case study by a major Macedonian bank, illustrated with a practical example of creating services that will combine business success with economic and social development.

There was an interesting debate on the role of the private sector in poverty alleviation, which started with a short presentation of the activities in this field by Felix Goup Bitola, the first NGO in the Macedonian network. Various examples of corporate involvement in poverty reduction were portrayed and discussed among the different stakeholders.

Please contact Ms. Zlatka Popovska (zlatka.popovska@undp.org.mk) for more information.

Meeting of Public Service Companies in Colombia Bogota, 5 August 2005

During the seventh National Meeting of public service companies organized by ANDESCO (the National Association of Public Service Companies of Colombia), fifty public service companies joined the Global Compact. Under-Secretary-General for Economic and Social Affairs, José Antonio Ocampo, participated at this event and pointed out the importance of this commitment for Colombia.

The importance of responsible corporate citizenship is considerable for this sector, given the nature of their business and potential for contributing to society. With the adhesion of ANDESCO itself, the number of the

COMPACT STATS

BUSINESS PARTICIPANTS: 2368

COUNTRIES REPRESENTED: 87

(as of 9 December 2005)



PUBLICATIONS

PRACTICAL GUIDANCE FOR DANISH COMPANIES OPERATING IN DEVELOPING COUNTRIES

Copenhagen, 26 July - Thanks to a new publication by the Danish Ministry of Foreign Affairs and the Nordic Office of the United



Nations Development Programme (UNDP), Danish companies can now obtain advice and guidance in how to incorporate social responsibility principles into their business

operations in developing countries.

For many companies, it is difficult to translate the Global Compact's underlying international conventions into effective action in their day-to-day operations. The booklet thus provides specific examples of ways in which Danish companies operationalize social responsibility in the field. As a practical tool, it is also designed to make it easier to persuade more Danish companies to endorse the initiative. Companies can also obtain advisory services and financial support from Danida's Public-Private Partnerships Programme.

This publication offers practical guidance for any company operating in a developing country and is a good example of network activities.

Implementing the UN Global Compact. A Booklet for Inspiration is available for download on the Global Compact website (www.unglobalcompact.org).

Please contact Mr. Helle Johansen (+45 33 92 02 48) or Mr. Søren Mandrup Petersen (+45 35 46 70 83) for more information.

Colombian companies that are part the Global Compact has risen to 216.

Participating at this event were the vice-president of the Spanish Global Compact Association, Borja Baselga of the SCH Banking group, the director of the Active Citizenship, Teresa Petrangolina and the director of the Millennium Campaign in Germany, Marita Weser.

Please contact Mr. Luis Ernesto Salinas (luis.ernesto.salinas@undp.org) for more information

Development of Knowledge-Based Economy and Support for Competitive SMEs

Sofia, 1-2 November 2005

The Bulgarian Economic Forum, a member of the Global Compact Network in Bulgaria organized the seventh Southeast Europe Economic Forum (SEEF). The Forum is a unique regional event that takes place every year in Sofia, Bulgaria. SEEF gathers government officials, industry leaders, investors, financial institutions, international organizations, investment and trade promotion agencies, representatives of local authorities, and fund managers, within and beyond the region. The Forum's major goal is to search for tangible opportunities for investment and growth in SEE countries.

This year the Forum counted with the participation of Sergey Stanishev, Prime Minister of the Republic of Bulgaria; Filip Vujanovic, President of the Republic of Montenegro; and Kalman Mizsei, United Nations Assistant Secretary-General.

Mr. Mizsei focused, during his presentation, on the role of small and medium size enterprises in the region's economic development and the related socio-economic challenges: high unemployment levels, growing disparities between prosperous capitals and the underdeveloped country and the lack of "business ecosystems" joining up the operations of large companies, microenterprises, cooperatives, business associations and social enterprises.

The topics of the Forum were:

- 🌐 Policies for Competitive SMEs
- 🌐 Development of Knowledge-Based Economy
- 🌐 Energy Efficiency and Renewable Energy Sources
- 🌐 Labour Markets and Employment in SEE
- 🌐 Financial Markets
- 🌐 Development of Transport Networks

Please contact Ms. Maria Metodieva (maria.metodieva@undp.org) for more information or visit the website of the Southeast Europe Economic Forum (www.seeforum.org).

NETWORK GOVERNANCE

Spanish Network Celebrates its First Annual General Assembly as ASEPAM

On 22 November 2005, the Spanish Network celebrated its first Annual General Assembly for all its members, after becoming a chartered association, Asociacion Española del Pacto Mundial (ASEPAM).

In the meeting, the chairman of ASEPAM, Mr. Salvador García-Atance presented the 2005 Economic and Activity Report. With 363 now signatories of the GC and 130 members of ASEPAM, this first year of activity has exceeded all expectations. The Treasurer explained the Economic Report and the use given to membership fees during the year, and the Secretary summed-up all the activities undertaken by the Association, among them two learning forums and two dialogues around the "Square Table", the tool for dialogue used by the Spanish network. Mr. García-Atance introduced the Annual Plan for the year 2006, which includes as a pioneer project a national campaign against the discrimination of disabled people and immigrants that will be led by the Foundation ONCE and the Red Cross.

Please contact Ms. Isabel Garro (asociacion@pactomundial.org) for more information.

UK Network Governance News

As the signatory base in the UK continues to steadily grow, it was agreed that a formal Steering Committee be established to facilitate the management and co-ordination of the UK network. The Committee was established in the first quarter of 2005 and comprises 15 people representing multinationals, SMEs, government and observers from non-governmental organizations and trade unions. The Steering Committee which is the prime driver for generating action, a key focus of the UK Network, will deal with:

Establishing two working-group committees, namely:

- 🌐 Initiatives committee - looking at initiatives the UK Network should be undertaking.
- 🌐 Communications committee - looking at communications which focus both on keeping existing members informed and attracting new members.

Establishing three sub-groups to work on different elements of the Communication on Progress (CoP) process, focusing on:

- 🌐 Guidelines for producing CoPs,
- 🌐 Assessing CoPs,
- 🌐 CoPs for SMEs.

Carrying out a peer-review trial on selected CoPs (due to its success, further peer reviews are due to take place in early 2006). UK Network members presenting the views and outputs of the UK Network at National and International meetings.

Looking ahead to 2006, a majority of the signatories has agreed that the GC Network will continue to pursue an activity-based network format, with a more formal, fee-paying structure to help deliver on the objectives of the network and to undertake various activities. The UK network is also firmly committed to working with other national networks both to achieve a more common approach to governance and to promote shared action platforms.

Please contact Ms. Megan Crockford (Megan.Crockford@aviva.com) for more information.

GC Cities Programme Launches New Website

The Cities Programme was initiated as a means of translating the United Nations Global Compact Principles into concrete and positive outcomes in the everyday urban realities of cities. The fundamental aim of the Cities Programme is to improve the quality of urban life through cross-sector partnerships.

The GC Cities Programme has officially launched a new website www.citiesprogramme.org. The website contains comprehensive information about the nature, objective and outcomes of the Programme, as well as detailed and up-to-date information on each participating city. Access to learning material and Programme guidelines are also available.

Please contact Mr. David Teller (dteller@citiesprogramme.org) for more information.

GLOBAL COMPACT LAUNCH EVENTS

Launch in Singapore

16 September 2005

The Global Compact was launched in a high-level ceremony on 16 September in Singapore. Leading business executives, government representatives and other stakeholders convened at Singapore's NTUC Auditorium for the event. At the Singapore launch, labour leader Lim Swee Say said the Global Compact could find a win-win-win solution for the world's three main inequalities: social, economic and environmental.

Mr. Lim, who is NTUC deputy secretary-general and Minister in the Prime Minister's Office, also urged corporate leaders to encourage behavior that made not only business sense, but also 'people and community sense'.

UN Assistant Secretary-General Andrew Toh also spoke at the event. He said good business behavior was about overlapping management needs with development objectives. "You can't force people to be altruistic, but you can persuade people that long-term business development is intimately tied to both social and environmental viability," he told The Straits Times.

Singapore has followed the tripartite model, working together with unions, companies and the Government. Ten founding signatories made a commitment to the UN Global Compact. The signatories included NTUC FairPrice, NTUC Income, Shell Eastern Petroleum and OCBC Bank. Regional marine electronics and land telecommunications firm Jason Electronics was the only SME among the 10 signatories.

Since the establishment of the Singapore Compact in January, about 120 companies, unions, co-operatives and institutions have joined the society, which aims to formulate coordinated strategies in CSR.

Please contact Mr. Jeffrey Tan Joo Keong (tanjk@ntuc.org.sg) for more information.

Launch in Bosnia-Herzegovina

22 September 2005

The United Nations Development Programme and the Foreign Trade Chamber of Bosnia and Herzegovina launched the Global Compact on 22 September.

The initiative pursues two complementary objectives in BiH: first, to incorporate the ten principles related to human rights, labour rights, environmental sustainability and anti-corruption into business strategy and operations; and second, to encourage partnerships among key stakeholders for the wider development of Bosnia and Herzegovina.

"This network will have many functions. It will be a platform for learning and dialogue, provide support to address the challenges of market transition, and above all, ensure that conditions in which private enterprise can thrive, and generate much needed wealth, are in full respect of the law and its obligations, for the wider public good", said Mr. Jens Toyberg-Franzen, UNDP Resident Representative, during the event in Sarajevo.

At the launch, the following companies from Bosnia-Herzegovina joined the Global Compact: Energoinvest, Sarajevo; Upi Banka, Sarajevo; Borac Travnik; Mittal Steel; Grizelj; Baja Company; Elvaco AD; Vegafruit Gra?anica; Širbegovi?; DHL BiH; Tehnogas TRN Banja Luka; Intersistem Bijeljina; Bobar Group; Vispak Visoko; Zeni?ka industrija Mlijeka; Tropic Banja Luka; Pristor; Altro-akcionarsko društvo; Nova Banka; Pivara Tuzla; Vitinka.

"I am sure that this day presents an important moment in Bosnia and Herzegovina's path towards universally accepted principles of human rights, ecologically sustainable development and un-discrimination, in the widest sense of these words. Therefore, I invite all companies in Bosnia and Herzegovina to join the Global Compact initiative", said the Prime Minister of Bosnia and Herzegovina, Mr. Adnan Terzic, in a letter read during the launching ceremony.

There was broad consensus that participation in the Global Compact will help companies from Bosnia-Herzegovina to adapt to EU values and principles. EU-based companies are increasingly emphasizing the tremendous importance of good corporate behavior in order to stay competitive. Mr. Renzo Daviddi, Head of the Economic and Political Section of the EU Delegation in Bosnia and Herzegovina, emphasized that "perhaps the implementation of the Global Compact is then a small step forward towards European Union".

Please contact Ms. Vanja Jancovic (vjancovic@undp.ba) for more information.

Compact Launched in Tunisia

29 September 2005

The Global Compact was officially launched in Tunisia on 29 September. The event was organized under the auspices of the ILO project "Sustainable Development through the Global Compact", funded by the Italian Ministry of Foreign Affairs. The launch took place under the patronage of His Excellency, Mr. Zine El Abidine Ben Ali, President of the Republic of Tunisia and in partnership with the Institute of Social Audit of Tunis (IAST), the University "Tunis El Manar", the Tunisian Union of Industry, Trade and Craft industry (UTICA) and UNDP.

Six Tunisian enterprises have so far joined the Global Compact: Ateliers mécaniques du Sahel, Compagnie tunisienne de Navigation, Prokim Industrie, Sartex, Société chimique Alkimia, and Société tunisienne de Verrerie. Others have expressed strong interest in the initiative and are expected to join soon.

The launch was followed by a presentation of the Project "Sustainable Development through the Global Compact" as well as a seminar on Corporate Social Responsibility and Competitiveness.

Please visit www.pactemondialtunisie.org for more information.

PUBLICATIONS

Dominican Republic Launches First "Memorias 2004-2005"

After an inaugural year of CSR activities, on 24 October 2005 - U.N. Day and the 60th Anniversary of the international organization - the Report Memorias 2004-2005 was launched.

The Memorias 2004-2005 begins with words from H.E. Leonel Fernandez, President of the Dominican Republic, which were delivered at the First Annual CSR Conference in the Dominican Republic. This conference was held at the Foundation "Fundación Global Democracia y Desarrollo" (FUNGLODE) in Santo Domingo. The publication has an introductory preface by Mr. Luis Manuel Bonetti, where he notes achievements made in support of the Global Compact.

Please visit www.unglobalcompactdr.org for more information.

"Ethics and Transparency - How to Prevent the Corruption Risk for SMEs"

The French Forum des Amis du Pacte Mondial has co-authored a leaflet in French together with Transparency International. The title is: "Ethic and Transparency - How to prevent the corruption risk for SMEs?" It will be distributed to the GC SMEs in France, several French stakeholders, and be made available on the French website www.pacte-mondial.org.

Please contact Ms. Isabelle Guyot (pacte-mondial@idep.net) for more information.

Publications Undertaken by the German Network

The German Network has translated the "Pocket Guide on the Communication on Progress" and the official Global Compact brochure and distributed them among interested stakeholders.

The second yearbook about the activities of the German network will be published in early 2006 and will provide a broad overview about Global Compact projects and further discussions related to the implementation of the ten principles (interviews, regulation trends, sustainability strategies).

Please contact Ms. Paula Hildebrandt (Paula.Hildebrandt@gtz.de) for more information.

*ARTICLES/SPEECHES**UNDP Administrator on Southern Business*

Mr. Kemal Dervis, Administrator of the United Nations Development Programme (UNDP), gave a speech on the occasion of the Financial Times and International Finance Corporation Conference: "Southern Multinationals: A Rising Force in the World Economy" (9 November 2005, Mumbai, India).

In his statement, Mr. Dervis explains "...The rise of southern multinationals will no doubt spread to a greater number of countries and it will lead to the emergence of a world economy where the North will no longer have a quasi-monopoly of oligopolistic profits. The high value-added activities of design, research, and the application of advanced technology which have until recently been concentrated in the North is spreading to the South. Today, for example, Brazil's successful airplane manufacturer Embraer, is competing with aircraft manufacturers from North America and Europe. Brazil, India and South Africa all have home-grown sophisticated pharmaceutical firms. The creation of these new poles of growth and profit in the South is changing the geography of world production, trade and wealth accumulation. The "centre" is becoming diversified even though this development is still far from acquiring universal reach. The "periphery" is breaking up, with Mumbai, Shanghai, Seoul, Istanbul, Sao Paulo and other cities becoming part of the economic "centre" of the world.

But this is not the end of the story. Some argue that the old geographical centre-periphery relationship is being replaced by a new sociological division, with the economic elites of the South joining the economic elites of the North forming a new global centre sharing wealth, lifestyle, mobility and power, while the sociological periphery remains disempowered, poor and alienated, whether around the big metropolises of the South, the remote rural areas in poor countries, or in the suburbs of Paris. When looking at global income distribution we see many developing countries reducing the average income gap that separates them from the richest economies in the world by growing much faster than the old northern centre. But the distribution of income within these countries is worsening, as is also the case within many of the most advanced economies..."

"...Building this more inclusive globalization is in everyone's interest. Business cannot survive if society fails. Trade negotiations will not succeed if today's level of anxiety about our global future persists...Innovative approaches that serve both corporate interests and society's interests are today increasingly being recognized by the private sector as an intrinsic part of doing business, not an optional extra.

Based on this recognition, many leading southern multinationals have a stake in the social, environmental and governance themes being addressed by the Global Compact, the UN's voluntary initiative aimed at advancing responsible corporate citizenship. Half of the Global Compact's 2,300 participating companies are based in developing countries, with strong engagement by companies in Argentina, Brazil, China, Egypt, India, Singapore and South Africa, amongst others. Some of the most innovative examples of corporate responsibility are actually being done by southern multinationals in areas such as provision of affordable housing and electricity, and HIV/AIDS awareness training. Global Compact participants such as CEMEX in Mexico, Eskom in South Africa and India's own Tata Steel are working to keep environmental and social standards at the forefront of their business operations, to the benefit of both business and local communities..."

The complete statement can be found at www.unglobalcompact.org.

GLOBAL COMPACT SUMMIT: CHINA

At the close of a historic *Global Compact Summit: China*, held in Shanghai on 30 November - 1 December 2005, Georg Kell, Executive Head of the Global Compact, released the 15-point Shanghai Declaration with the support of hundreds of international business leaders and representatives of government and civil society:

Shanghai Declaration

We, the participants of the UN Global Compact Summit: China, agree to the following statements:

Role of Business in Society

- 1) Expanding global commerce is shaping relations and deepening interdependencies between states, cultures and people. Economic openness and advances in technology, science and communications have led to the globalization of business and, thus, to a fundamental shift in the pattern of economic activities and opportunities.
- 2) The ongoing transformation and expansion of markets around the world remains an uneven and fragile process. Due to the expanding reach of business, embedding universal principles in the global marketplace has become an imperative for creating more robust and equitable markets. Responsible business practices lead to social and economic inclusion, helping to advance international cooperation, peace and development.
- 3) Business can be an influential and practical force for good. The contribution of business to society is multi-faceted - from creating employment and income, providing technical skills and social benefits, strengthening management, to bringing market-based solutions to pressing social and environmental problems, and upholding universal principles. Responsible businesses have proven to be a positive force in spurring development and improving human conditions.
- 4) Responsible business practices as advanced by the UN Global Compact can significantly strengthen business operations. Proactive corporate policies and practices that respect human rights and ensure safe and decent workplace conditions, environmental protection and good corporate governance create more sustainable value and benefits for workers, communities and society at large. They also enable business to attract and retain skilled workers, save costs, enhance productivity, create trust and positive reputation with stakeholders, and build brands.
- 5) The financial community is increasingly connecting environmental, social and governance performance to a company's overall valuation, thereby placing a premium on businesses that responsibly manage such risks and opportunities.

Actions for Responsible Business

- 6) We, the participants of the UN Global Compact Summit: China, commit to continuously advance the implementation of the UN Global Compact and its principles. We will strive to give concrete meaning to a principle-based change approach in our operations. On our part, this requires ongoing efforts and partnerships with other actors of society, as well as willingness to learn, engagement in dialogues and dedication to practical actions.
- 7) We commit to build on best practices and to form alliances and collaborative efforts with like-minded businesses, including between foreign and local companies and within industry sectors.
- 8) We recognize the promise of cross-sectoral approaches to overcoming societal challenges and will form alliances and partnerships with actors in other sectors of society, such as not-for-profit organizations and educational institutions, to share experiences and knowledge regarding the implementation of the UN Global Compact.
- 9) We commit to carry-out educational and outreach efforts to ensure the integrity and safety of the workplace, as well as to inform employees about workers' rights, including the right for employee voices to be heard.
- 10) We commit to addressing key environmental challenges by taking action, where practical, in areas such as research, innovation, sustainable consumption and production, clean technologies, cooperation, education and self-regulation that can positively address the environmental degradation and damage to the planet's life support systems brought by human activity.
- 11) We commit to implement transparency in transactions, to develop no bribe policies and to support a culture of good corporate governance.
- 12) We will ensure that supply chain capacities are built to effectively implement the UN Global Compact.
- 13) We commit to become proactive in critical areas where our voices and competencies can substantively contribute to the solutions of priority challenges, such as HIV/AIDS and other critical health concerns, and community engagement for sustainable and long-term development.

The Role of Governments

- 14) We recognize that business-led efforts can only be sustained and brought to scale if public institutions, the rule of law, and transparent and predictable regulatory efforts support responsible business practices. We ask Government to actively encourage principled corporate practices and promote accountability and transparency. Government can reinforce responsible business through educational support, incentives that reward good practices and disincentives to minimize negative behaviour.
- 15) We recognize that the wider benefits of responsible business practices can only materialize if Governments provide for and strengthen a multilateral trading system that is open, fair and non-discriminatory, and if they further improve the international financial regime by putting in place a healthy and orderly trading financial environment conducive to growth and development. We are especially concerned that protectionism and inward-orientation could deny developing countries the ability to take full advantage of trading opportunities where they enjoy a comparative advantage. We call upon Governments to show global responsibility by bringing the Doha round of trade negotiations to a successful conclusion - only then can business fully contribute to poverty reduction and harmonious development. We also call upon Governments that have not yet done so to ratify or accede to the United Nations Convention against Corruption as a matter of high priority.