



Measures of Engagement in the UN Global Compact's Global Policy Dialogues

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The Evolution of Global Policy Dialogues

At the World Summit on Sustainable Development in Johannesburg, the United Nations Global Compact initiative held a high-level and somewhat unprecedented meeting of heads of state, government ministers, business leaders and top representative from labour and civil society. The purpose of the meeting was to officially launch a multi-stakeholder initiative to grow sustainable business in the world's 49 poorest countries.

The summit meeting and the launch of this multi-stakeholder initiative represented an important evolutionary step for the Global Compact by demonstrating two inherent – but often underutilized – strengths of the U.N.: the power to convene and to catalyze.

Stakeholder engagement has been a central approach of the Global Compact since its launch in July 2000 – indeed, it lies at the heart of the initiative's vision: to create a more sustainable and inclusive global economy by bringing companies together with governments, U.N. agencies, labour and civil society to advance nine universal principles in the areas of human rights, labour and the environment.

Recently, the Global Compact undertook a comprehensive review of its strategic approach, accompanied by an analysis of progress made in achieving the Compact's two complementary objectives: i) mainstreaming the nine principles in business activities around the world; and ii) catalyzing actions in support of UN goals, especially the U.N. Millennium Development Goals.

The significant outcome of this review was a greater appreciation for the power and potential of the Global Compact's stakeholder engagement mechanism: the Global Policy Dialogues – multi-stakeholder forums that focus on specific issues related to globalization and corporate citizenship. Thus far, the Global Compact has convened two such year-long Policy Dialogues – the first on “The Role of the Private Sector in Zones of Conflict”; the second on “Business and Sustainable Development”.

These dialogues have brought together leaders and experts from business, labour, civil society, public policy, academia, and international organisations, for interdisciplinary solutions-finding to globalization's emerging challenges. Roughly 250 stakeholders have participated in these two dialogues, which have

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produced six major meetings and a number of important outcomes.

Measures of Engagement

As an action-oriented initiative, the Global Compact recognized from its inception that it would have to work in new ways to distinguish itself within an intergovernmental system that too frequently has emphasized multi-stakeholder process over substance. The Policy Dialogues have been designed to allow for a maximum of multi-stakeholder participation for problem identification, solution-finding and action formulation. In this regard, several operating principles are paramount in measuring quality:

- **Inclusiveness.** The dialogues must be as inclusive as possible, with all major global actors present (from the North and South), without becoming too large so as to be unmanageable and dilute the quality of interaction.
- **Accountability.** The process must produce individual “champions” that carry work forward, ensuring that roles and responsibilities are clearly defined, and that deadlines are met.

- **Transparency.** The decision-making process must not be opaque; there must be regular communication about progress made, lessons learned, alterations to plans, and future targets.
- **Respectfulness.** All participants must agree to operate in a supportive, respectful climate where differing views will be heard and considered in the decision-making process.
- **Continuous Improvement.** Key learnings from specific dialogues must be analyzed and used to enhance the quality of future dialogues.

While the evolution of the Policy Dialogues is still at an early stage, the formula developed is working very well. Following a first meeting where participants identify and prioritize key issues, champions are selected to spearhead working groups. Subsequent meetings bringing together all participants in dialogues provide opportunities for broadening support, solution finding and preparing the ground for action.

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real outcomes that can be translated into action. These outcomes fall into three categories:

1. **Downstream products** that are designed to help change the behaviour of participants. A good example is an impact-assessment tool for companies operating in conflict zones. (Described below.)
2. **Upstream products** that have the potential for influencing policy-making by instigating changes in normative behaviour, including both incentive structures and regulatory frameworks. An example is a policy paper on transparency prepared by a multi-stakeholder working group, outlining actions for governments, business and NGOs to pursue in stopping corruption.
3. **Collective action**, which encompasses initiatives such as the one previously described (and also discussed below) on growing sustainable business in the world's Least Developed Countries.

What follows are brief overviews of the two initial Policy Dialogues that have been undertaken thus far – “The Role of Business in Zones of Conflict”, and “Business and Sustainable Development”. While both of these

have been rather experimental in nature, they offer a good blueprint of how the Global Compact will pursue stakeholder engagement, while continuously seeking to maximize its quality.

“The Role of the Private Sector in Zones of Conflict”

In recent years many businesses, particularly those operating in the developing world, have become inexorably drawn into a variety of violent conflicts, many stemming from the contest to control vital and highly valuable natural resources. The unprecedented challenge posed to business by this trend was the focus on the Global Compact Policy Dialogue on “The Role of the Private Sector in Zones of Conflict”.

Three major multi-stakeholder meetings on this theme have been convened. The first was in March 2001 at which key issues related to conflict zones were identified and discussed, including transparency as it relates to the payment of royalties, licensing fees and other revenue to governments by companies. At the second meeting in September 2001, some 60 participants attended representing the private sector and civil society with an agreement to break into four working groups to focus on specific issues. The third

meeting in April 2002 focused on the proposals that were being developed by the four working groups.

One of the most significant outcomes – or “products” – related to these working groups was the development of “A Business Guide to Conflict Impact Assessment and Risk Management”, which offers companies guidance in developing strategies that minimize the negative effects and maximize the positive effects of investing in areas of conflict or potential conflict. The Guide is currently being field-tested by companies and regional workshops will be held to help refine it. (The Business Guide is available at www.unglobalcompact.org/content/Dialogue/ConflictPrevention/BusinessGuide.pdf). In the guide measures of the quality of engagement are based on a set of questions focusing on transparency and credibility:

Transparency

- Does the process consist of clear content ensured by jointly defining the criteria for public access to information and the identification of the factors to be taken into account in decision-making?
- Are key documents and discussion translated to ensure all stakeholders understand?

- Have attempts been made to ensure that stakeholders and the entire process itself are as free as possible from external manipulation, interference or coercion? This may be extremely difficult as stakeholder analysis concerns perceptions – yet it is an effective tool to go beyond perceptions and understand real interests.

Credible

- Were the initial analyses and the development of strategies conducted with professionalism, rigour, impartiality and balance? Were they subject to independent checks and verification?
- Was consideration given to the issues perceived by the project proponent and to those perceived by affected stakeholders both in preparation and implementation of the project?
- Is the process aimed merely at information extraction, or is it focused on the establishment of a participatory process to address common problems and to take action?
- Have attempts been made to establish a critical mass of stakeholders and a reasonable balance of power between them?

- Have the appropriate techniques and experts in the relevant disciplines been employed, including use of relevant traditional knowledge?
- Has there been consideration of the use of third party facilitators as impartial mediators?

“Business and Sustainable Development”

During the past ten years “sustainability” has emerged as a central issue for the United Nations system, the international community, civil society organisations, and labour. Yet these disparate stakeholder communities have historically pursued different paths to the promotion of sustainability, and have generally failed to realize the potential synergies of a clearly defined consensus for collective action.

The Global Compact Policy Dialogue on “Business and Sustainable Development” was co-organized with the United Nations Environment Programme. Eighty participants attended the first meeting held in February 2002. The two-day conference included representatives of 40 companies, 12 NGOs, seven business associations, and a variety of industry sectors, including energy, water, finance, information technology

and communications, transport, retail, mining, chemicals, and pharmaceuticals. Again, the first meeting was used as an opportunity to identify the key issues, which included corporate management strategies to implement sustainability practices, and sustainable business development in the world’s poorest countries.

A second meeting was convened in June 2002, with 130 participants representing 45 countries, 16 NGOs, 10 U.N. organisations, seven academic institutions, and six business associations. At the meeting, four working groups representing specific topics presented their proposals for action.

One working group proposed the development of a “Performance Model” to help translate a commitment to sustainable business practices into practical strategy for day-to-day operations. The “Performance Model” was subsequently developed and should, it is hoped, enable business leaders to track and implement all of the critical decision-making steps to realize sustainability objectives. The model draws on established theories of quality management and is a highly scalable and flexible tool.

Perhaps the most significant – and, indeed, “headline-grabbing” – outcome of this policy dialogue was the launch of the multi-stakeholder initiative to advance sustainable business development in the world’s Least Developed Countries.

The groundwork for this initiative began, once again, at the working-group level. At the initial meetings of the group – chaired and championed by Sir Mark Moody-Stuart – participants discussed the idea of encouraging a voluntary commitment by Global Compact companies to engage a portion of their new business investment over the next five years in some of the world’s 49 LDCs. The working group – which included more than 15 leaders from business, labour and NGOs – agreed to align its activities with the recently launched New Partnership for Africa’s Development – thus broadening stakeholder engagement by tying the initiative into a promising regional movement.

Once participants agreed on a common vision, work began to develop a “matrix” of companies and the LDCs that they would be most interested in targeting for sustainable business development. This process led up to the high-level roundtable at Johannesburg, at which the initiative

was officially launched. At the meeting, government heads agreed to help facilitate the implementation process through active participation, while labour and civil society groups agreed to work as partners with companies – including Hewlett-Packard and Shell International – in the development and implementation of specific business plans.

Since then, several specific “pilot” countries have been identified – including Ethiopia, Angola, Senegal, Bangladesh and Madagascar – for business development. During the next 12 months, additional countries will be identified. Participants in the initiative have agreed to publicly share progress made and their respective contributions to the process over the next year.

In this example, the Global Compact helped give birth to an idea, and then provided momentum to maximize the quality of stakeholder engagement. Others, including the United Nations Development Programme, will carry out the actual implementation of the initiative, thus freeing Global Compact resources to focus on new dialogues.

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Conclusion

As the Global Compact intensifies its focus on Policy Dialogues, an overriding objective will be the maximization of the quality of stakeholder engagement. The first two policy dialogues, described in this paper, offer something of a blueprint. What’s clear is that a measure of any multi-stakeholder initiative must be its use of champions, with clear accountabilities, to carry projects forward. In addition, the working-group model has proved quite effective in moving ideas and decisions forward by concentrating efforts into flexible, fast-moving subgroups of stakeholders. This helps ensure that such forums move beyond “talk shops” and so translate words into action – from poetry to performance. To be sure, this is a learning process for the Global Compact – there is much that can be improved upon. By following some of the principles and learnings described in this paper, the Global Compact hopes to continuously seek to maximize the quality of stakeholder engagement and, in the process, help realize the vision of the Secretary-General.