



United Nations Global Compact

XI Annual Local Network Forum Geneva, Switzerland 24-26 April 2013

I. Overview

The 11th Annual Local Network Forum was convened in Geneva, Switzerland on 24-26 April 2013. Fifty-six Local Networks attended the forum, of which 85 percent were Formal Networks. A number of important decisions were made during the ALNF including the creation of a Local Network Advisory Group, general measures were agreed to improve Local Network governance, integrity measures, brand management and an improved Memorandum of Understanding (MoU) between the Global Compact Office and the Local Networks introducing a number of elements, including full financial disclosure and measures to enhance accountability.

During the forum, Local Networks participated in a joint day of programming with UN-System Private Sector Focal Points. Representatives of UN entities and Local Networks each shared an overview of their work and priorities as a gateway to explore opportunities for local engagement. Topics for the joint session included the Post-2015 Development Agenda; enhancing collaboration between the UN, Local Networks and the private sector; and partnerships at the national level.

II. Fundraising

The Global Compact has expanded dramatically – from 40 organizations at its launch to currently more than 7,000 corporate participants and 3,500 non-business stakeholders in 140 countries, as well as 101 Local Networks. With this growth has come the development of activities, resources and initiatives to advance corporate action on the Global Compact's ten principles and related issues – such as climate, water, women's empowerment and supply chain sustainability.

Georg Kell, Executive Director of the UN Global Compact provided an overview of the governance structure and financial mechanisms utilized by the Global Compact to date. The Global Compact has manoeuvred on provisional resources and modest budgets. The Global Compact does not – and has never – received funding from the United Nations budget. Each year it relies on a mix of public-private funding from Government donors, as well as contributions from a minority of business participants (less than 15% of companies have contributed in recent years). This light funding approach was sufficient in its earlier stages of growth, but now severely constrains the Global Compact, both in meeting the needs of current participants and reaching a critical mass of new companies that have yet to commit to sustainability.

Moving forward, the GCO first outlined a number of Fundraising Principles, regarding the needs of the initiative to achieve true growth and scale. LNs agreed on the importance of

moving forward with a principle-based approach to fundraising, and also made suggestions to improve the principles.

Proposed Fundraising Principles:

1. The UN Global Compact New York and Local Networks shall encourage companies to contribute both globally and locally.
2. The business case and value propositions for engagement must be established at both global and local levels, understanding that engagement thrives best when based on mutual global and local support.
3. Both UNGC New York and Local Networks may raise funds from the private sector.
4. Global and local fundraising efforts should be conducted in a manner where one supports the other and through coordinated efforts where appropriate.
5. The UNGC New York and Formal and Established networks should all support Emerging networks as well as those where local situations are especially challenging.

In the interest of scaling up the capacity of the GCO and its LNs, models for cooperative fundraising between the GCO and Local Networks were proposed. These models ranged from retaining the existing structure of requesting contributions from companies independently at both the global and local level, to a model where fundraising approaches would be coordinated between the GCO and Formal LNs.

Local Network representatives then met in groups by region to discuss the proposed models.

Following is a summary of the feedback received from each region:

Africa/MENA – The current structure of fundraising is not sufficient from our perspective. This is how we have operated and it has been challenging for our LNs. We feel that something has to change, and that new models need to be explored. The model of global fundraising with an allocated percentage for LNs was not adopted, but was supported as a workable solution. We feel it will allow us to better leverage the global platform. As much as we agree that action is local, we need a balance between the two. A joint fundraising strategy may better enable Multinational Enterprises (MNEs) to support LNs; if not we could lose existing support. The accountability and incentive structures for fundraising are also important and should be seriously considered.

Americas – If we are aligned on principles, then the methodology and objectives would be easier to sort out. We agree that the business case for engagement should be established both globally and locally and it should be mutually supported; it should be cooperative between global and local. While we agree generally with the principles outlined we suggest that additionally we should address public support, MNEs who engage globally, but have not mobilized local subsidiaries, and engagement with SMEs. These companies pose unique challenges and opportunities, which should be considered.

Asia and Oceania – Our region is not in opposition to a fundraising strategy. It is important that modifications to the status-quo fundraising approach should not be communicated until we determine the right strategy and mechanisms to have in place moving forward. We should establish a clear time line, which should lead up to the Leaders Summit, to clearly articulate the new strategy. In this time the respective roles of the LNs and the GCO should be explicated. A coordinated fundraising strategy could be very valuable, but the elements of the strategy are not understood by all; we need to have a framework that all can understand and agree upon.

Europe – We generally found a consensus on the principles for fundraising. We stress that the fundraising policy should not drive the programmatic strategy but the opposite. It is important to ensure that transparency is retained around the sources of funding so that we can better understand how much financial support was generated from companies in each country. More information is needed to properly assess these models and we agree on a timeline leading up to the Leaders Summit. Regarding special considerations, there was a concern raised about linking payment, rather than COP reporting, to public recognition and logo use. A number of LNs felt that the concept of segmentation should be incorporated into the fundraising models, recognizing that different approaches are needed for different LNs.

As an outcome of the discussion on fundraising during the ALNF, the GCO and Local Networks have agreed to the following:

- The GCO will not send communications to participants referring to new fundraising approaches until and unless there is agreement regarding which fundraising approach/es are most suitable.
- The GCO recognizes and respects the diversity among Local Networks and acknowledge that this may result in different operational approaches to fundraising.
- Reaching an agreement across the board by September will be ambitious and therefore the GCO understands that different models may emerge over time.

The GCO intends to work quickly and collaboratively with Local Networks to determine the best steps forward for the initiative. The GCO will work with the Local Networks Advisory Group (LNAG) to finalize the models by the Leaders Summit, September 2013 (A full reference on the LNAG is in the Governance section of this document).

III. Governance

A number of important Local Network governance decisions were made during the ALNF. An outline of these decisions follow.

Establishment of Local Networks Advisory Group

Building on the results of the Global Compact Strategic Review and the regional consultations with Local Networks around the world conducted in 2012/2013, three major changes to the Global Compact governance framework with regards to LNs were proposed. The changes are as follows:

1. Establish a Local Network Advisory Group
2. Introduce an ex officio Local Network role on the Global Compact Board
3. Enhance the governance role of the Annual Local Networks Forum

Prior to the ALNF a concept note was sent to all LNs requesting input and comments. Building on the feedback, the GCO drafted the Terms of Reference for the Advisory Group and the ex officio Local Network board member. The GCO also finalized the nomination and election process for the Advisory Group and the ex officio LN board member and the list of Formal Networks eligible for nomination.

Local Networks agreed to establish the Advisory Group, which will provide guidance to the UN Global Compact Office and serve as a conduit for Local Networks to raise ideas and concerns in a systematic manner. A primary role of the Advisory Group will be to enhance communication between the Global Compact Office and Local Networks and empower networks with a greater say in the initiative – thereby maximizing the positive impact of the Global Compact's global-local reach, knowledge and expertise. Local Networks also agreed on the election process.

During the ALNF, transparent elections were held for the seven-member body, with one representative from each of the following regions: the Americas; Africa; Eastern Europe;

Middle East and North Africa (MENA); South-Central Asia; South-East Asia and the Pacific; and Western Europe. The Advisory Group selects its own Chair who will occupy the Ex Officio Local Network position on the Global Compact Board. The members of the Local Networks Advisory Group are:

- Africa – Innocent Azih, Nigeria
- Americas – Margarita Ducci, Chile
- Eastern Europe – Yilmaz Arguden, Turkey
- MENA – Habiba Al Marashi, Gulf States
- South-Central Asia – Fasihul Siddiqi, Pakistan
- South-East Asia and the Pacific – Matthew Tukaki, Australia (*Chair of Advisory Group as elected through a nomination process*)
- Western Europe – Steve Kenzie, United Kingdom

The final TOR of the LNAG will be finalized by the group and posted on the Global Compact website.

Integrity Measures

Memorandum of Understanding

As the GCO relies on integrity measures, the LNs also must have their own integrity measures which are aligned with the GCO. The following are points to be considered to be included as part of the integrity measures for the local networks:

- The requirement that LNs provide COP support to their members.
- Have in place and communicate to their members a clear policy on the use of the LN logo (LN Logo policy to be presented and discussed during the ALNF).
- Public disclosure of finances – resources.
- Conduct due diligence on 3rd parties that the LN works with (to guard against risk to reputation for the initiative as well as the LN).
- Assist with implementation of the dialogue facilitation component of the integrity measures.
- Prepare and post on the KSS an annual report on activities
- Have in place a clear and transparent governance structure.
- If the LN Secretariat plans to change hosting entities, it must first inform the GCO so that any additional due diligence needed on a potential new host entity can be undertaken in a timely fashion. Since the selection of host entities can pose a reputational risk to the initiative as a whole, this is a vital step in scoping new host entities.
- A right for the GCO to terminate the MOU and de-list a LN in the event of serious breaches e.g. where the LN is not meeting the minimum requirements for a GCLN, where it misuses the GC logo, ethical concerns that jeopardize the reputation of the initiative.

As such, the current Memorandum of Understanding between the GCO and LNs needs to be reviewed in order to incorporate the new responsibilities of capacity building programs (GCO) and integrity measures (LNs) and to include other points as laid out in the Strategic Plan. Local Networks agreed to this measure; many emphasized that the process should be expedited as much as possible.

The Global Compact Office proposed a time line to draft the MoU and have it approved by the LNs during the 12th ALNF, and to have the MoU fully implemented by January 2016. Local Networks agreed to expedite the process and to have the new MoU implemented as of January 2015.

The Global Compact Office suggested that the LNAG include the development of the MoU on their annual work agenda.

Global Compact Network Logo Policy

A new logo policy governing the use of Local Network logos and Local Networks Endorsers' logo was presented. Aspects of the policy were discussed, such as use of logo by micro-enterprises, design of logo and coherence of logo policy and use across all LNs. The Global Compact office requested that LNs provide their feedback in writing by 10 May in order for the GCO to have sufficient time to take the points into consideration. Upon receipt of feedback the final version of the LN logo policy will be circulated to all local networks.

IV. Other agenda items:

Capacity Building Programs

As part of empowering the local networks and increasing their technical capacities, the Local Networks, with the GCO, will develop annual capacity building action plans. These plans will be specific for each region and developed according to regional priorities and needs, including specific and tangible goals, activities, and KPIs to measure progress. The GCO will also develop tools and resources such as a new updated version of the Local Network Management toolkit, new updated and standardized set of materials on basic Global Compact information and key existing publications will be summarized, for translation into local languages. Analysis of the regional and individual requirements will be made during the second half of 2013 by ongoing communication with LNs and also through analysis of the Local Networks Survey results.

Knowledge Sharing System (KSS)

The GCO presented the enhanced KSS to the local networks. Two main additions were made:

1. A place on the KSS where the GCO shares support materials and tools that can be utilized by local networks with their participants.
2. A space for forward looking events that local networks can utilize to promote their events amongst each other.

The enhanced KSS will be populated with all tools by the end of June.

GCO Relationship Management

The GCO presented the newly established relationship management team to the LNs. The GCO explained to the LNs that the main role of the RM team is recruitment and retention of participants and also to encourage participants to join local networks.

In order to achieve this, the LNs were requested to send the list of their participants to the GCO in order for the GCO to identify which are participating in a local network, and which are not. The technology and IT infrastructure from the GCO's side are in place to have this information more readily available. The RM and LN teams will follow up with the LNs to expedite this process.

Summary of Outcomes:

Fundraising

- The GCO will not send communications to participants referring to new fundraising approaches until and unless there is agreement regarding which fundraising approach/es are most suitable.
- The GCO recognizes and respects the diversity among Local Networks and acknowledge that this may result in different operational approaches to fundraising.
- Reaching an agreement across the board by September will be ambitious and therefore the GCO understands that different models may emerge over time.

Governance

- Establishment of the Local Networks Advisory Group (LNAG) and the election of the Chair of the Group (Ex Officio LN GC Board member).
- General measures were agreed to improve Local Network governance and brand management.
 - An improved Memorandum of Understanding (MoU) introduced a number of new elements.
 - Networks agreed to expedite this upgraded MoU to become effective as of 2015.
 - A new local networks logo policy was introduced to ensure brand coherence and integrity.

Other Matters

- 2012 Annual Local Network Report launched.

V. Issue Briefings

A number of sessions were convened to update LNs on the Global Compact issue areas.

CEO Water Mandate and Water Action Hubs

Corporate water stewardship has emerged as a response strategy to water risk. Stewardship helps companies identify and manage water-related business risks, and through collective action, allows them to contribute to more sustainable management of shared freshwater resources. This session covered the CEO Water Mandate's various efforts to advance corporate water stewardship, namely corporate water disclosure, water and human rights, and collective action as a key strategy for addressing water-related risk.

The session highlighted the initiative's Water Action Hub, an enabling platform geared toward helping companies efficiently find other stakeholders interested in working collectively to address shared water challenges.

The Role of Collective Action in Fighting Corruption

Collective action among multiple stakeholders at the country level can serve as an important mechanism to address corruption. With the support of the Siemens Integrity Initiative, the Global Compact, in collaboration with Local Networks and strategic partners, has been implementing its Anti-Corruption Collective Action project in five emerging markets: Brazil, Egypt, India, Nigeria, and South Africa since December 2010. In addition, other Local Networks around the world such as Kenya and Serbia have used collective action to bring their constituents together to discuss anti-corruption issues. To explore the best ways to promote collective action, this session highlighted the challenges and opportunities to implement anti-corruption collective action initiatives.

This session also introduced the Call to Action to Governments from the Private Sector on Anti-Corruption and the Post-2015 Development Agenda which asks Global Compact business participants to join forces to encourage Governments to create enabling environments for more robust disclosure, transparency, and enforcement mechanisms that contribute to sustainable development – particularly in the area of public procurement. This session reviewed how Global Compact Local Networks around the world can mobilize their constituents to support this call to action.

Making Corporate Sustainability Work for Women & Children

In 2010 the UN Global Compact and UN Women launched the Women's Empowerment Principles to provide guidance to business on how to empower women in the workplace marketplace and community. In 2012, the Children's Rights and Business Principles were launched by the UN Global Compact, UNICEF and Save the Children, providing a range of

actions that all business should take to respect children's rights as well as measures business is encouraged to take to support and advance children's rights in the workplace, marketplace, community and environment.

During this session, participants discussed challenges and opportunities to advancing the rights of children and women and heard how Global Compact Local Networks are collaborating with others to mobilize support for these initiatives and encourage implementation by business.

2013 Caring for Climate Business Forum - Ambition - Innovation

For the first time, Caring for Climate (UN Global Compact, UNEP and UNFCCC) will host a business forum in the context of the annual UN Climate Change Conference. The inaugural Caring for Climate Business Forum, to be held on 19-20 November 2013 at COP19 in Warsaw, will offer business and investors direct interface opportunities with government negotiators, the UN and civil society with a view to engage in dialogue, action and collaboration. This informational session highlighted action areas, engagement opportunities and deliverables scheduled through the Caring for Climate initiative in 2013 ahead of the Forum. Discussions focused on the following:

1. Recruitment efforts to engage further companies in Caring for Climate,
2. National Climate Adaptation Dialogues,
3. Climate and Energy Action Hub, and
4. Guidance on Responsible Corporate Engagement on Climate Policy.

Global Compact Local Networks were encouraged to provide substantive feedback on the initiative's programme of work and explore opportunities to contribute to the initiative.

VI. Partnership and the UN-System Private Sector Focal Points

The annual United Nations-system Private Sector Focal Points meeting aims to enhance communication, strengthen learning, advance coordination and improve collaboration among UN staff working with the private sector. For the first time, a day of joint programming was held with the ALNF to spark dialogue on ways to further engage the private sector in support of UN goals at the country level. Discussions focused on strengthening partnership synergies for local impact, recognizing the important role that Local Networks can play in brokering partnerships between UN entities and business in local contexts.

During the joint day between LNs and the UN Private Sector Focal Points an "open-space" session was held to facilitate learning and networking between participants. Titled, Finding Synergies Together with Global Compact Local Networks, the session featured a gallery walk in which all participants were invited to freely circulate break-out rooms, by region, in order to meet Local Network representatives and UN Private Sector Focal Points. The purpose of this networking session was to increase awareness of local network activities amongst the UN system and private sector, highlight collaborative opportunities in which the Global Compact Local Network can be better leveraged to advance UN goals and issues and provide meaningful connections to the national companies in the Local Networks. A full report of the UN Private Sector Focal Point meeting will be issued in June 2013.

Partnership training

Ahead of the ALNF Global Compact Local Networks representatives from 26 countries gathered to participate in a 2-day partnership training program. In light of the growing demand for increased cross-sector cooperation to create business and social value at the local level, this training taught participants how to achieve common understanding across partnerships and develop a collaborative mindset. Participants were also provided resources that could be used to broker sustainable partnerships.

The course balanced core knowledge with interactive, experiential learning through role-play and peer-to-peer exchange, the training was facilitated by The Partnering Initiative (TPI).

Activities were focused on providing participants with a key set of skills to help them become effective partnership brokers who can lead local network members through the process of creating robust partnerships in line with the post-2015 development agenda.