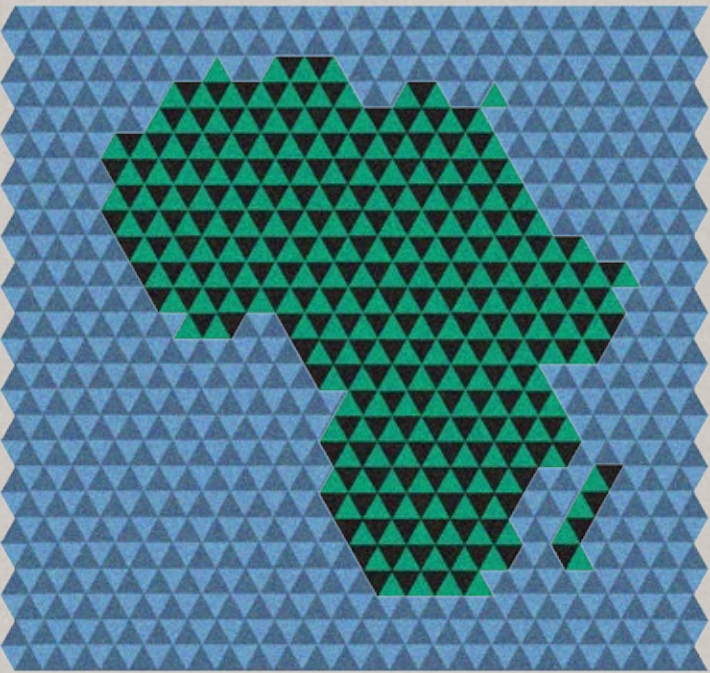


STATUS REPORT: LOCAL NETWORKS / AFRICA

This document is geared toward Global Compact Local Networks (LNs) for learning purposes. It contains the findings of research on the current status of LNs in sub-Saharan Africa. Conducted in July-October 2015, the research included telephone interviews with eight African LNs & fourteen Global Compact participants.

GLOBAL COMPACT LOCAL NETWORKS

Global Compact Local Networks (LNs) advance the initiative and its **ten principles** at the country level. They help companies understand what responsible business means within different national, cultural and linguistic contexts and facilitate outreach, learning, policy dialogue, collective action and partnerships.



WHAT DO COMPANIES IN AFRICA NEED & VALUE IN A LOCAL NETWORK?



Companies Need

- Assistance with long-horizon issues to enable adequate planning
- Continuous communication
 - Both general Global Compact updates & local developments
 - COP submission deadlines
 - Feedback on COPs after submission
- Peer discussions on practical application of Global Compact principles
- Assistance developing the COP

Local Networks can Deliver

- Networking to widen reach; LNs need to attract industry leaders and reputable companies
- Activities that deliver tangible benefits
- Links between networks to collaborate & address crossborder issues; this is of particularly high relevance to multi-national companies
- Development of LN websites

COMMON PRACTICES AMONG LOCAL NETWORKS IN AFRICA

As for resource management, LNs in Africa have had success hosting *secondments* from LN participants, seeking *grants*, approaching donors, and securing financial *sponsorship of events* by LN participants.

Recruitment

- Events
- Direct invitations to companies via letters or phone calls
- Building relationships with individuals in organizations
- Referrals from current participants

Retention

- Practical & active involvement of businesses around ten principles, E.g. subcommittees, public events
- Links with sustainability practitioners & Chief Executives
- Consistent support on sustainability issues and COPs

“[LNs] do a good job in helping us advance our sustainability work.”
- Global Compact participant

Approach to Partnerships

- Commonly with NGOs, LN participants, UN Organisations (e.g., UNEP, UNICEF)
- They work best when built on specific objectives & outcomes
- Centred around resources and financing
- Informal amongst local networks, except for quarterly calls

Measures of Success

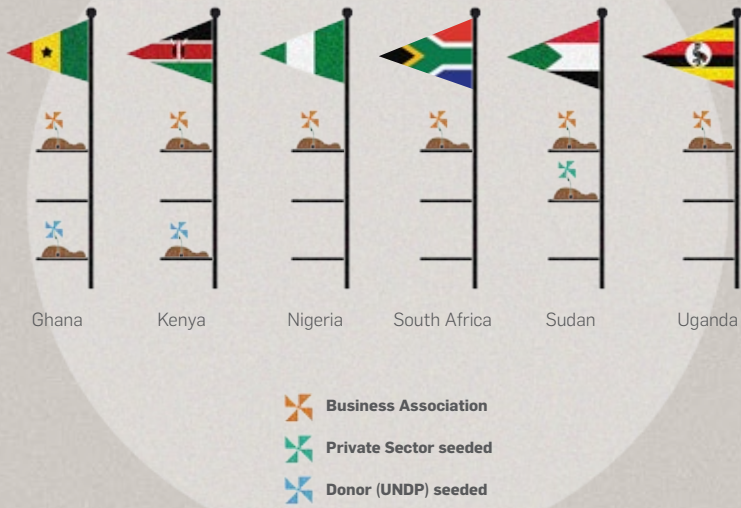
- Quality and relevance of organized events
- Influence on legislation and company executives to drive change
- Being perceived as the preferred authority on issues of corporate sustainability
- LN participant retention & quality of partnerships with other organizations
- Number of COPs submitted

LOCAL GOVERNANCE & LEADERSHIP IN AFRICA

Network Hosting Organisation

- The vision and strategy of the host shape the LN
- The amount of resources the host allocates to LN activities can drive its effectiveness

How Local Networks are Seeded & Hosted



Steering Committee / Board of Directors

- Inclusion of representatives from beyond the host adds value
- The LN benefits from the chairperson's level of engagement & influence
- Clear governance & representation across multiple stakeholders adds value
- Steering committee drives the LN's strategic direction

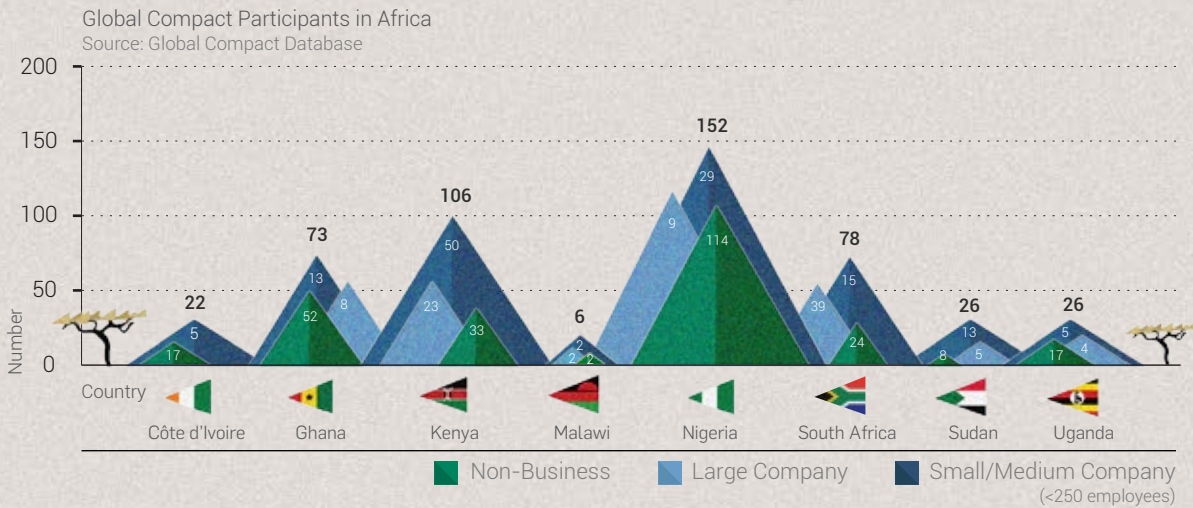
Steering Committee Structures

- All LNs in Africa have steering committees in place
- Steering committees have representatives of non-governmental organizations (NGOs), companies of all sizes, trade unions, host agencies
- Steering committees are most often chaired by a business representative
- Some LNs are registered legal entities and therefore follow country-specific requirements

Secretariat

- Secretariats receive support from the host, steering committee and LN participants
- Resource availability - funds & human resources - is a critical aspect of what an LN can undertake
- Secretariats typically have one full-time or part-time coordinator who runs operations

OVERVIEW OF LOCAL NETWORKS IN AFRICA



LOCAL NETWORK FUNDING IN AFRICA

Current Funding Sources



In spite of current funding sources, invariably LNs in Africa consider themselves underfunded relative to operating costs and growth goals.

SUSTAINABILITY REPORTING: LOCAL NETWORKS / AFRICA

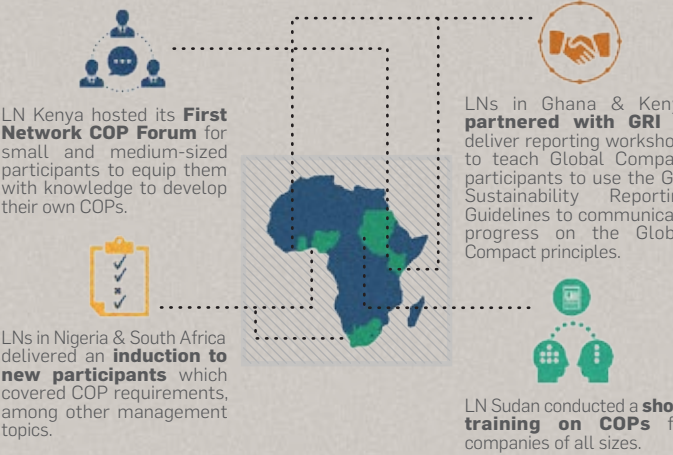
ABOUT THE COMMUNICATION ON PROGRESS

The Communication on Progress (COP) is an annual disclosure to stakeholders on progress in implementing the ten principles of the UN Global Compact in the areas of human rights, labour, environment and anti-corruption, and in supporting broader UN goals.

In October 2013, the Global Compact began requiring non-business participants to submit a **Communication on Engagement** (COE) with the Global Compact every two years. Analysis of pertinent themes related to the COE is forthcoming.

LN'S PROVIDE CRUCIAL SUPPORT ON REPORTING IN THEIR OWN WAYS

As for training on reporting, most LNs in Africa have done in-person meetings in which a number of business participants are in the room at the same time.



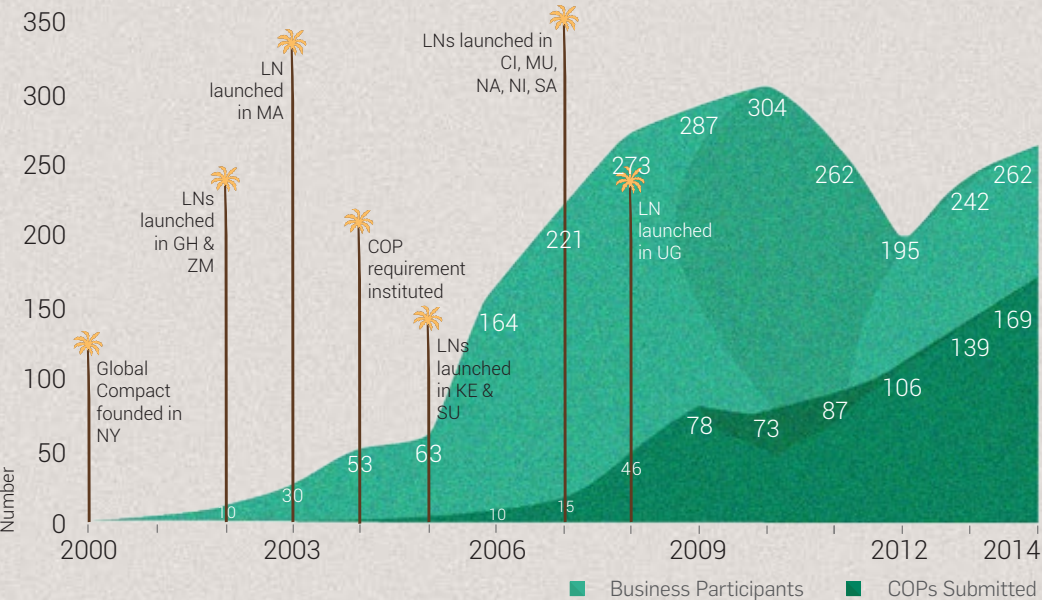
HOW LOCAL NETWORKS IN AFRICA ASSIST COMPANIES IN REPORTING

	Reporting challenges among companies	Recommended Actions for LNs
WHY DO A COP?	<ol style="list-style-type: none">1. Lack of buy-in & resource constraints2. Companies' perception that reporting is complex3. Cultural barriers (e.g. talking about doing good seen as bragging in SU)	<ol style="list-style-type: none">1. Highlight actions undertaken by companies that link to Global Compact principles2. Highlight the benefits of transparency & accountability
BEFORE DOING A COP	<ol style="list-style-type: none">1. Selecting the most appropriate type of report2. Data collection & availability3. Determining materiality	<ol style="list-style-type: none">1. Facilitate peer learning on the COP2. Provide 1-on-1 engagements with companies
WHILE DOING A COP	<ol style="list-style-type: none">1. New reporters are often unsure if COP is up to standard2. Online submission has been a challenge where internet connectivity is limited	<ol style="list-style-type: none">1. Encourage peer review of COPs2. LNs can assist with submission where connectivity is problematic
WHAT NOW?	<ol style="list-style-type: none">1. Lack of feedback on submitted COPs limits continuous improvement2. Stakeholder engagement	<ol style="list-style-type: none">1. Make companies aware of external assessment options2. Training on measuring outcomes

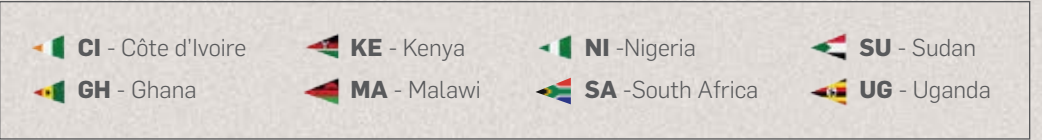
“Awareness building, networking and sensitization around pertinent issues [such as reporting] are the most valued support required from LNs.”
– Global Compact Participant

LOCAL NETWORKS, PARTICIPANTS & COP SUBMISSIONS HAVE GROWN GRADUALLY IN AFRICA

Source: Global Compact Database



LOCAL NETWORKS IN AFRICA



COMMON DRIVERS OF SUSTAINABILITY REPORTING ACROSS AFRICAN MARKETS

Push Factors

- A. Implementation & enforcement of regulation & regulatory incentives, such as tax codes
- B. Listing requirements or industry standards
- C. Large companies require transparency and disclosure in their supply chains. Contractual agreements may be linked to Global Compact participation.
- D. Activism by non-governmental organizations & shareholders

Pull Factors

- A. LN advocacy focused on private sector
- B. LNs' successful delivery of value proposition
- C. Peer pressure arising from reputable companies and other peers involved in sustainability initiatives & reporting
- D. Corporate reputation management, i.e. companies' desire to strengthen reputation & resiliency

COP SUBMISSION BY LOCAL NETWORK IN AFRICA

COP submissions July 2014 - June 2015 / Source: Global Compact Database

