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Ambassador Mohamed Mounir Zahran,
Chair of the Joint Inspection Unit

25th March, 2011

Dear Ambassador,

The role and functioning of the Global Compact (JIU/REP/2010/9)

As Vice-Chair of the Board of the UN Global Compact I should like to express my deep concern at the large number of inaccuracies and misunderstandings in the report and the complete failure of the JIU to address in the report many of these which were pointed out on two occasions during the very prolonged process of the preparation of the report. I will not reiterate these as the twenty or so points of fact are comprehensively listed in the Global Compact Office's response to the report which is available both on I-SEEK (the UN's intranet) and publicly on the Global Compact website (<http://www.unglobalcompact.org/news/109-03-24-2011>).

Rather, I should like to concentrate on just three fundamental points – on the impact of the Global Compact, on its governance and its funding.

The real impact of the Global Compact over the years is illustrated in the successive implementation surveys carried out in partnership with such independent and professional organisations such as the Wharton School. There has been a remarkable growth of both signatories to the Compact and of delivery of Communications on Progress by signatories. The teeth of the organisation are demonstrated by the progressive delisting of companies who fail to communicate publicly. The reports from over six thousand companies cannot be evaluated in detail by a small office. The strength is that they are available in public to be evaluated and checked by society at large, including investors. Such measures allow corporations to be held to account by all their stakeholders, including the major investors who are signatories to the Principles of Responsible Investment, another initiative of the UN Global Compact. At the same time almost a hundred Global Compact Local Networks have been set up, bringing together companies large and small, international and national, to work with civil society and labour organisations to address issues in countries. This is also the mechanism through which small and medium sized enterprises can be brought into the initiative. All of this remains work in progress, but both I and the Board of the Global Compact are confident that it is leading to a progressive widening and deepening of implementation of the principles of the Compact (the Board did indeed decide that both widening and deepening will remain necessary).

On governance the Board, which is diverse in both geography and sector, works with and advises the Secretary General as its Chair in guiding the work of Global Compact Office. It is only by the direct engagement with and appointment by the Secretary General that the board have necessary influence. Board members are individually engaged with various initiatives between board meetings so that almost all have particular and in depth knowledge of some part of the overall activity of the Global Compact. The board takes into account the deliberations and

suggestions of both The Global Leadership Forum and the Annual Local Network Forum, the latter also being a source of recommendations for Board membership from around the world.

On funding, the private sector does indeed through the Foundation provide funds to match the support of Member States through the Trust Fund. These funds are expended entirely in support of the work of the Global Compact Office which in turn is in line with the strategy presented regularly to supporters of the Trust Fund when seeking funds. It is very encouraging to see continued widening of support in this way both geographically and in amount from Member States and the private sector. This expanding support is perhaps the most tangible demonstration of the appreciation of the progress being made by the Global Compact.

In summary, the UN Global Compact is not a conventional UN body or agency. Were it so I am convinced that we would not have made the progress that we have and the engagement of the private sector in this way would not have been possible. Several of the recommendations of the Joint Inspection Unit are clearly intended to convert the Global Compact into a conventional UN body. Should this take place, the results will be tragic, for the Compact would lose much of the private sector support. I am convinced that the way forward is to operate with flexibility and yet with the full transparency that the report sensibly calls for and that we can do so in a way in which the Secretary General and the Member States will view with pride and satisfaction.

I should be only too happy to meet with the members of the JIU team to expand on this.

*Yours sincerely,
Mark Moody-Stuart.*

Mark Moody-Stuart

Vice Chair, UN Global Compact Board

Chairman Global Compact Foundation