

**FOR INFORMATION**

FOURTH ITEM ON THE AGENDA

**Involvement and participation of
ILO constituents in the Global
Compact local networks**

1. This paper provides an overview of currently active Global Compact local networks (GCLNs)¹ in order to gauge to what extent workers' and employers' organizations are involved in their governance and activities.
2. The 2004 McKinsey & Company's report² hinged the sustainability of the Global Compact on its ability to leverage local networks (LNs). At that time, half of the Global Compact companies came from developing countries and two-thirds of the networks were in developing countries. Networks were seen both as a challenge, in terms of brand management and resource implications for their governance, and as an opportunity for the Global Compact to prove impact by focusing on client orientation and addressing demands arising in the specific geographic and sectoral context of business operations.
3. Following the review launched by the United Nations Secretary-General on 6 September 2005, GCLNs became one of the (six) building blocks³ of the Global Compact governance structure, which was to include also the Annual Local Networks Forum.⁴

¹ The 298th Session of the ILO Governing Body requested the Office to prepare a report on the level of involvement and participation of ILO constituents in the GCLNs, GB.298/10, para. 37.

² McKinsey & Company: *Assessing the Global Compact's impact*, 11 May 2004 (New York, United Nations).

³ *The Global Compact's next phase* (6 Sep. 2005), available at http://www.unglobalcompact.org/docs/about_the_gc/2.3/gc_gov_framework.pdf (accessed on 30 Aug. 2007).

⁴ Since 2003, annual meetings of LNs have been convened. Meetings gather LN focal points and company representatives. The Global Compact Office (GCO) sees these meetings as an opportunity to seek inputs from LNs. So far, Annual Local Network Forums have been held in Berne (26–27 June 2003), London (4–5 November 2005), Barcelona (21–22 September 2005) and Barcelona (26–27 September 2006); and one is scheduled for Monterrey (17–18 October 2007). Since 2005, responsibilities for organizing and hosting the forums have been assumed by the Barcelona Centre for the Support of the Global Compact ("Barcelona Centre").

Global Compact local networks: Orientations given by the Global Compact Office

4. The Global Compact web site defines LNs as “groups of participants that come together to advance the Global Compact and its principles within a particular country or geographic region”. Networks can be organized along geographic lines (country, region) or along sector lines (pharmaceutical, extractive, engineering, etc.). Global Compact company participants are encouraged to be involved in such networks, but participation remains optional.
5. The GCO gives orientations to LNs through two essential documents, i.e. a policy paper on network governance, entitled: “What is a local network?” and the “Guidance for local networks” document. According to these guidelines, LNs determine their own internal governance arrangements and activities, but are expected to meet some basic requirements. In particular, those interested in creating a network should contact the GCO or the local United Nations offices. The guidance document indicates that they should also make a special effort to involve the local affiliates of the International Organisation of Employers (IOE) and of the International Trade Union Confederation (ITUC). In particular, consultations should help to determine the value a network could add under the given business climate, social circumstances and political situation.
6. Networks are advised to have a small steering committee and a small secretariat funded by contributions of network participants.⁵ Upon completion of a relationship agreement with the GCO, LNs acquire specific rights and responsibilities with regard to use of the Global Compact logo and the facilitation of activities within their respective countries. However, networks do not have an exclusive right to deal with Global Compact issues within a country, region or sector. Their role is to facilitate the progress of companies (both local firms and subsidiaries of foreign corporations) engaged in the Compact with respect to implementation of the ten principles and in the preparation and review of communications on progress, while also creating opportunities for multi-stakeholder engagement and collective action through partnership projects.⁶ In addition, LNs are expected to help manage the Global Compact integrity measures.
7. In 2005, GCLNs were asked to begin submitting annual activity reports. In the first round, covering the period from January to December 2005, 15 reports were produced and posted on the Global Compact web site.⁷ Indicators were developed for networks to self-assess their performance: these revolve around the engagement of participating companies, the organization of events to promote the Compact, the support to dialogue between companies and other stakeholders, the participation in global learning events, the identification and implementation of partnership projects, the quality of the network’s

⁵ No fundraising for other purposes under the United Nations name is allowed without authorization by the GCO.

⁶ The Global Compact web site defines “partnership projects” as projects facilitated by a LN involving company(ies) in partnership with other stakeholders (UNDP, ILO or other UN agencies, civil society organizations, government) in a collective action, campaign or project, aimed at achieving a local positive impact concerning any of the ten principles of the Global Compact and related issues (such as anti-corruption, human rights, child or forced labour, non-discrimination, labour rights, zones of conflict, environment), or good corporate citizenship practices in the achievement of the Millennium Development Goals.

⁷ To date (15 Sep. 2007) only the French network has produced a report for the period January–December 2006.

communication role, the continuous engagement of new companies with the Global Compact.

Global Compact local networks: A survey of the reality on the ground

8. According to information provided by the GCO, there are currently 66 active GCLNs. Of these, 63 are country-level networks, while three of them involve more than one country.⁸ There are 11 LNs in Africa, two in the Arab States, 12 in the Americas, 13 in Asia and 28 in Europe. To date, there are no sector-based networks. Thirty-four networks are in developing countries. The appendix contains a complete list of LNs
9. On the basis of a questionnaire, interviews and information from the LNs' web sites, the Office has drawn up the following "map" that shows whether employers' and workers' organizations: (a) have taken up the secretariat role for the LN in any given country; (b) are members of the local Global Compact steering committee; (c) joined the LN; (d) are involved in Global Compact events. Overall, there are eight instances in which employers' organizations act as a secretariat for the LN and one case in which trade unions are also involved in this function. Employers' and workers' organizations participate in the steering committee of the LN in 18 and 11 countries, respectively.

	GC secretariat		GC Steering Committee		GC network		GC activities	
	E	W	E	W	E	W	E	W
Africa	1 ^a	/	5 ^b	4 ^c	5	4	7	4
Americas	1 ^d	/	3 ^e	1 ^f	4	1	5	4
Arab States	/	/	/	/	/	/	/	/
Asia	5 ^g	1 ^h	5 ⁱ	2 ^j	6	2	8	1
Europe	1 ^k	/	5 ^l	3 ^m	11	3	10	6

^a In South Africa, BUSA (Business Unity South Africa) jointly manages the South African link together with the National Business Initiative and acts as secretariat.

^b Kenya, Madagascar, Morocco, South Africa and Tunisia.

^c Madagascar, Morocco, South Africa and Tunisia.

^d Peru.

^e Colombia, Mexico and Peru.

^f Brazil.

^g China, Pakistan, Philippines, Singapore and Thailand.

^h In Singapore, a national tripartite initiative acts as secretariat for the Global Compact.

ⁱ China, Pakistan, Philippines, Singapore and Thailand.

^j Singapore and Sri Lanka.

^k The Nordic network. Please note that the Nordic network does not have a Steering Committee.

^l Armenia, Belarus, Croatia, Italy and Turkey.

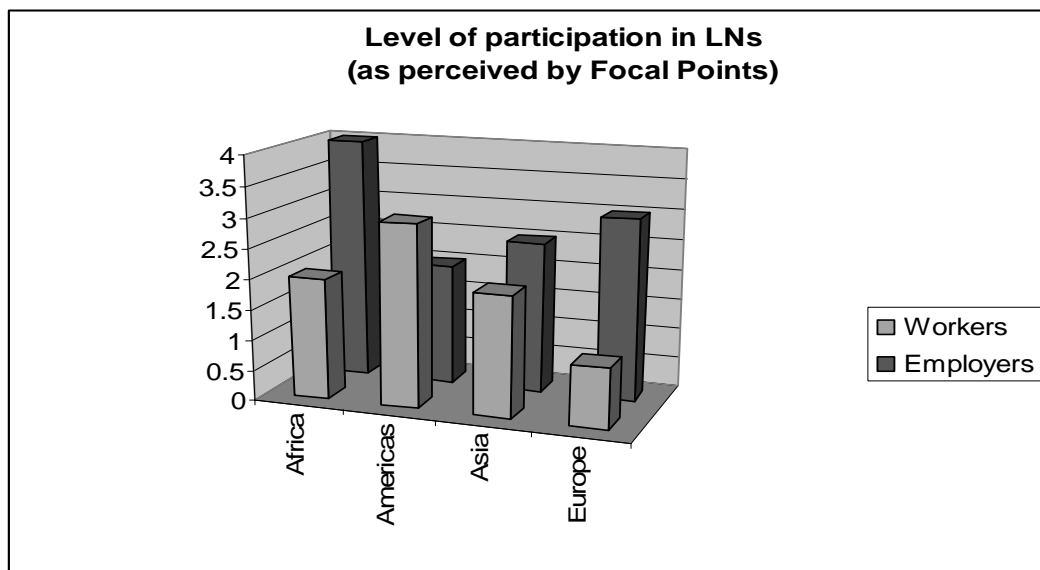
^m Italy, Spain and Turkey.

10. A questionnaire was also sent to Global Compact network focal points and to the ILO constituents in those countries where there are active country-level networks. The Office

⁸ These are the "Nordic network", the Global Compact Regional Hub in Asia and the Global Compact Regional Hub in Europe (RBEC).

received 73 responses, providing information about GCLNs in 42 countries (nine in Africa, seven in the Americas, one in the Arab States, nine in Asia and 16 in Europe). Responses were received from 34 Global Compact network focal points, 27 employers' organizations and 12 workers' organizations.⁹

11. The questionnaire addressed to Global Compact network focal points was aimed at assessing their perception of the level of involvement and participation of employers' and workers' organizations in the network's activities. Activities include learning events, dialogues, workshops and projects. Focal points were asked to express their perception of the level of participation of employers' and workers' organizations on a scale of 1 to 5 (where 1 = low and 5 = high). The graph presents averages across the countries in the regions.¹⁰



12. Fifty per cent of the Global Compact network focal points indicated that GCLNs need more information and support with regard to the implementation of the labour principles. Ninety per cent of the questionnaires returned by network focal points indicated a strong agreement that employers' and workers' organizations can greatly help to identify effective practices of the implementation of the Global Compact labour principles. However, one third of the respondents gave a mild indication that other members of the LN in their country may not always be comfortable with the participation of trade unions in the steering committee, as they see the Global Compact predominantly as a "business-led" initiative. The same concern was raised in countries where trade unions are perceived to be not fully independent. Nonetheless, two-thirds of the respondents strongly agreed that GCLNs require the active participation of trade unions to preserve the multi-stakeholder nature of the Compact.
13. A similar questionnaire was sent to employers' and workers' organizations in countries with an active GCLN. Among the respondents, 36 per cent of the employers' organizations indicated their active participation in Global Compact events or activities related to corporate social responsibility (CSR), where 40 per cent have participated in more than five activities over the past five years, and 20 per cent have organized more than five events. Two of the surveyed employers' organizations also participated in Global Compact

⁹ The Office received 17 completed forms from Africa, 14 from the Americas, one from the Arab States, 17 from Asia and 24 from Europe.

¹⁰ Arab States could not be assessed on the basis of the responses received.

projects, such as the Growing Sustainable Business (GSB) initiative or special projects. Ten per cent have been invited to but never organized Global Compact-related events. Forty per cent have participated in at least one CSR activity organized by the ILO and indicated a clear understanding of the ILO's perspective and orientations on CSR. Fifty per cent suggested that their organization would need technical assistance, in the form of training and guidelines, to become more active on the subjects of CSR and in the GCLNs. Half of the surveyed organizations fully agreed that their participation in GCLNs would add value to their work on CSR.

14. Among the surveyed workers' organizations, 20 per cent stated that they participate in Global Compact activities. Only three trade unions have been invited to more than two events on CSR over the past five years and over 40 per cent have not participated in any ILO activity on this topic. Fifty per cent of the respondents did not have a clear understanding of the ILO's perspective and orientations on CSR. Eighty-seven per cent indicated that their organization would require technical assistance to engage further in CSR or Global Compact activities. There was an overall consensus that participation in the GCLN would add value to the organization's work on CSR. However, there was a trend among trade unions from the Organisation for Economic Co-operation and Development (OECD) countries to prefer the OECD *Guidelines for multinational enterprises* as the framework of reference for CSR.
15. It emerged quite clearly from the responses provided to the questionnaire that there was a marked diversity of the LNs in terms of the composition of their governance systems, participation of employers' and workers' organizations in the network activities, and ability to incorporate the multi-stakeholder element by reaching out to non-business actors. Naturally, networks in developing countries were different to networks in more developed countries. In some developing countries, networks have to accommodate needs and expectations of small and medium-sized enterprises (SMEs) and, sometimes, requests from micro-enterprises. Moreover, in countries where employers' organizations were perceived to be weak, the LNs tended to rely more on establishing linkages with chambers of commerce or sectoral and professional organizations. There were experiences that counteracted these tendencies. For instance, in Pakistan, over 90 per cent of the companies participating in the LN were also members of the Employers' Federation of Pakistan.
16. Prior to the 2005 guidelines, network focal points were not sufficiently encouraged to contact the local affiliates of the IOE and ITUC and involve them in the process of forming a network. This fact had implications for the networks that were formed in the early years of the Global Compact. Quite recently, a certain number of LNs have been relaunched, in order to revive their activities and/or bring them more in line with the guidelines emerged from the annual local networks forums. While some of the surveyed employers seem to have taken advantage of this process (which has led to a reduction of Global Compact secretariats held by the local United Nations Development Programme (UNDP) country offices), this has not been the case for the trade unions. Some of the recommendations in the responses to the questionnaire provided by ILO constituents were that employers' organizations should play a prominent if not a leading role in managing the affairs of the GCLNs. Moreover, the ILO was encouraged to finalize the training modules on the labour principles of the Global Compact and popularize them among GCLNs.

Geneva, 8 October 2007.

Submitted for information.

Appendix

List of Global Compact local networks

	Network name	Region	Focal point	Participation: Steering Committee		Participation: Network		Participation: Global Compact events	
				E	W	E	W	E	W
1	GC network – Argentina	Americas	UNDP	No	No	Yes/2004	No	Yes	Yes
2	GC network – Armenia	Europe	Business/UNDP	Yes	No	Yes	No	Yes	No
3	GC network – Austria	Europe	CSO	No	No	No	No	No	No
4	GC network – Bangladesh	Asia	CSO	No	No	Yes	No	Yes	n/a
5	GC network – Belarus	Europe	UNDP	Yes	No	Yes/2006	No	Yes	Yes
6	GC network – Bosnia and Herzegovina	Europe	UNDP						
7	GC network – Brazil	Americas	CSO	No	Yes	No	No	No	No
8	GC network – Bulgaria	Europe	UNDP	n/a	n/a	Yes/2007	n/a	n/a	n/a
9	GC network – Canada	Americas	Business						
10	GC network – Chile	Americas	CSO/academics	No	No	No	No	Yes	Yes
11	GC network – China	Asia	Employers	Yes	n/a	Yes/2001	n/a	Yes	n/a
12	GC network – Colombia	Americas	UNDP	Yes	No	Yes/2004	No	Yes	Yes
13	GC network – Croatia	Europe	Just launched	Yes	n/a	Yes/2007	n/a	Yes	n/a
14	GC network – Cyprus	Europe	n/a						
15	GC network – Dominican Republic	Americas	Government						
16	GC network – Egypt	Africa	Business/UNDP						
17	GC network – France	Europe	CSO	No	No	Yes	No	Yes	No
18	GC network – Georgia	Europe	UNDP						
19	GC network – Germany	Europe	Gov/CSO	n/a	No	n/a	No	n/a	Yes
20	GC network – Ghana	Africa	UNDP						
21	GC network – Hungary	Europe	UNDP/CSO						
22	GC network – India	Asia	Consultant						
23	GC network – Indonesia	Asia	UNDP						
24	GC network – Italy	Europe	CSO	Yes	Yes	Yes	Yes	Yes	Yes
25	GC network – Japan	Asia	UNIC	No	n/a	No	n/a	Yes	n/a
26	GC network – Jordan	Arab States	UNDP	No	n/a	No	n/a	No	n/a

	Network name	Region	Focal point	Participation: Steering Committee		Participation: Network		Participation: Global Compact events	
				E	W	E	W	E	W
27	GC network – Kazakhstan	Asia	n/a	No	n/a	No	n/a	Yes	n/a
28	GC network – Kenya	Africa	UNDP	Yes	No	Yes	No	Yes	No
29	GC network – Lithuania	Europe	UNDP						
30	GC network – Macedonia, The former Yugoslav Rep. of	Europe	UNDP	No	n/a	No	n/a	No	n/a
31	GC network – Madagascar	Africa	UNDP	Yes	Yes	Yes	Yes	Yes	No
32	GC network – Malawi	Africa	CSO						
33	GC network – Mexico	Americas	UNDP	Yes	No	Yes/2005	Yes	Yes	Yes
34	GC network – Moldova	Europe	n/a						
35	GC network – Morocco	Africa	Consultant/ILO project	Yes	Yes	Yes	Yes	Yes	Yes
36	GC network – Mozambique	Africa	CSO	No	No	No	No	Yes	No
37	GC network – Nepal	Asia	UNDP						
38	GC network – Netherlands	Europe	n/a						
39	GC network – Nigeria	Africa	CSO	n/a	No	n/a	No	n/a	n/a
40	GC network – Nordic network	Europe	Employers	Does not exist		Yes	No	Yes	No
41	GC network – Pakistan	Asia	Employers	Yes	n/a	Yes	n/a	Yes	n/a
42	GC network – Panama	Americas	CSO						
43	GC network – Paraguay	Americas	CSO						
44	GC network – Peru	Americas	Employers	Yes	No	Yes	No	Yes/2003	No
45	GC network – Philippines	Asia	Employers	Yes	No	Yes	No	Yes	No
46	GC network – Poland	Europe	UNDP						
47	GC network – Portugal	Europe	n/a						
48	GC network – Romania	Europe	n/a						
49	GC network – Russian Federation	Europe	UNDP	No	n/a	Yes	n/a	Yes	n/a
50	GC network – Singapore	Asia	National tripartite initiative	Yes	Yes	Yes	Yes	Yes	Yes
51	GC network – Slovenia	Europe	CSO	No	No	No	No	No	No
52	GC network – South Africa	Africa	National business initiative	Yes	Yes	Yes/2006	Yes	Yes	Yes
53	GC network – Spain	Europe	CSO	No	Yes	Yes	Yes	Yes	Yes
54	GC network – Sri Lanka	Asia	Business	Yes	Yes	Yes	Yes	Yes	No
55	GC network – Switzerland	Europe	CSO						
56	GC network – Thailand	Asia	Employers	n/a	No	n/a	No	n/a	No

	Network name	Region	Focal point	Participation: Steering Committee		Participation: Network		Participation: Global Compact events	
				E	W	E	W	E	W
57	GC network – Tunisia	Africa	Consultant/ILO project	Yes	Yes	Yes	Yes	Yes	Yes
58	GC network – Turkey	Europe	UNDP	Yes	Yes	Yes	No	Yes	Yes
59	GC network – United Kingdom	Europe	CSO						
60	GC network – Ukraine	Europe	UN	No	No	Yes	Yes	Yes	Yes
61	GC network – United Arab Emirates	Arab States	n/a						
62	GC network – United States	Americas	Business						
63	GC network – Venezuela, Bolivarian Rep. of	Americas	UNDP						
64	GC network – Zambia	Africa	CSO	No	No	No	No	Yes	Yes
65	Regional Hub in Asia	Asia							
66	Regional Hub in Europe (RBEC)	Europe							