

# The UN Global Compact

## *Catalyst for Change by Preaching Partnerships from the Bottom-Up*

*The Global Compact is a network of more than 1,000 international businesses, labour and civil society organizations that works to make universal principles of human rights, labour and the environment part of an organization's operations and culture. Georg Kell, Executive Head of the Global Compact, talked with the Development Gateway on January 15, 2004, about how the Global Compact's commitment to the partnership model is contributing to institutional change and to advancing the Millennium Development Goals.*

***Q: The Global Compact is one of the pillars of the partnership model for development endorsed by UN Secretary-General Kofi Annan in the late 1990s. How has the partnership model fared in general as an effective means to address development?***

A. The Global Compact is composed of multi-stake holders and is based on the partnership model that evolved out of Kofi Annan's belief that most of the challenges in the world today can only be solved if all players learn how to work together. The partnership model has acted as a catalyst for change both within the UN family and in the real world. There are now five core UN agencies working with the Compact and I think about 50 countries and local networks where the Compact is used to engage business as partners for development. Working together, we tackle the Millennium Development Goals, with the Global Compact acting as a catalyst for change both within the UN system and outside with non-UN actors.

***Q. How effective are these partnerships in promoting development? Are private sector techniques in developing partnerships applicable to partnerships between companies and the government?***

A. There is huge value-transfer occurring as a positive side effect of business-to-business partnerships. Many methodologies for project execution and management are adopted from the business world. To promote responsible corporate citizenship, for example, Global Compact has two strategic goals: to make universal principles of human rights, labor and the environment part of an organization's operations and culture;

and to act in support of broader societal goals, in particular the Millennium Development Goals. For the first strategic goal, the UN as an organization is currently in the process of internalizing the principles in our own operations, such as in procurement, human resource management and so on, to help us learn how to evolve from vision leadership to management practices. It becomes strategic when it comes to organizational change.

We have many good examples of how partnerships in support of MDGs, such as quality education or access to water, can produce tangible development results. However, there are two major challenges: scaling up these good models for broader applications and tackling underlying root causes that present implementation challenges in the first place. While it is laudable that large companies are becoming much more open to community involvement, to forging partnerships and to looking for smart ways to scale up good examples, businesses cannot alone achieve the goals. Until it is recognized that governments must play their role as well, unfortunately these partnerships cannot move forward as successfully.

***Q: How do different values between businesses, the public sector and government co-exist in partnerships?***

***A.*** The UN is a public institution and, thus, the public good is our guiding orientation. Private companies are driven by the profit motive. But making profit is part and parcel of meeting the MDGs. Recognition is growing that, until and unless business growth occurs at a much larger scale, until the environment is favorable for business development, we will never be able to tackle poverty adequately. The creation of wealth cannot occur without investment, and investment requires a concerted effort to forego some benefits in the present to create a better life for the future. This kind of thinking luckily is settling in everywhere.

One area that will be an issue of the future is the connection between good corporate performance, including the willingness to engage in partnerships, and public policy response. In our collective efforts—working together with business, labor and civil society to try to find solutions—we always realize at some point that actors can't move ahead if governments aren't willing to participate. Showing how good corporate performance can stimulate positive public policy is, thus, increasingly important. The link with government frameworks and policies, especially in countries where governments are weak or government institutions are absent or non-functioning, is becoming very important.

***Q.: How do values from the business model transfer to civil society participation?***

**A.** First, I have to stress the importance of civil society's role in the Global Compact. Representatives from civil society, such as Oxfam, Amnesty International, and Transparency International, sit on the Compact council where they constantly remind us to calibrate efforts where greatest needs exist. Civil society also brings a lot of operational expertise to the table when it comes to businesses delivering development assistance. Linking project conceptualization and execution to societal goals requires quite a leap and this is where civil society comes in, especially in delivering projects on the ground. In most partnership approaches inspired by the Global Compact—and now there are hundreds of them—civil society plays a decisive role in almost all of them, both in helping to shape the focus of the project and in delivering and implementing it.

***Q. Is civil society expertise effecting the business model in any way?***

**A.** Ironically, global businesses and global NGOs increasingly find themselves at the forefront of contemporary change where they are often alone without government involvement. Since they recognize that working together is often a wise thing to do, there is much greater understanding between the two players today. We know dozens of instances where big businesses and big NGOs have forged partnerships because they have complementary assets and strengths. They are both global actors that transcend national boundaries, either driven by a profit motive which disregards national boundaries or by values and missions as NGOs that transcend national or regional boundaries. The two encompass an emerging class of global citizens whose interests go beyond domestic and national constituencies. Thus, the opportunities for them working together are increasingly seen as viable.

***Q: Are there any partnerships between NGOs and businesses that might be considered leadership models?***

**A.** Our website has 100-200 examples. For instance, the Global Compact has a joint initiative with Oxfam and Amnesty International on the ground called Growing Sustainable Business in Least Developed Countries. Large companies, that are considering creating business opportunities in LDCs, work with civil society to make sure these opportunities are socially and environmentally sound. We are producing a report from our linkages

meeting that includes about 50 examples of these relationships—Fiat in India, British Petroleum with Amnesty International in India, BP with Amnesty along the new pipeline in central Asia.

***Q: What obstacles stand in the way of successful partnerships?***

**A.** One thing that's quite obvious is cultural clash. Within the UN family and all its organizations, status still plays a big role. The whole culture of networking is in contradiction with the established hierarchy and intergovernmental construct of most UN entities. In addition, the space to innovate is often not there, nor are the bare skills and understanding about business. Thus, there is a huge demand for building up skills in the UN system and for bringing the right profiles into place. On the business side, there is often frustration dealing with bureaucracy. This requires a certain patience and often costly attention to identify exactly what should be done. The good news here is that, through the UN offices on the ground, progress can be made far more effectively. I'm not alone when I say that partnerships must grow "bottom-up", and that they cannot be dictated "top-down". Partnerships must come out of real opportunity with a business proposition and policy objectives in it. The fit for that, both in terms of operational complementarities and how to implement it, is best at the field level.

***Q. The UN published a book a few years ago called The Guiding Hand: Brokering Partnerships for Sustainable Development. What role do brokers play in building partnerships?***

**A.** I'm not a fan of a centralized model for building partnerships but there is a case to be made for having learning capacity and for brokering. This is the gateway function at the entry level where transaction costs really aren't that high. Most UN agencies and other agencies have good websites. Anybody who invests 2-3 hours on the Internet gets a fairly good view as to who offers what. The real issue is making it happen and that brings us back to the importance of proximity at the field level. Building partnerships involves person-to-person contact, getting along, and sharing on the operational goals. Equally important is systemic change as we are trying to do within the UN. We have been preaching the partnership agenda now for a couple of years, but the reality is that many organizations haven't adopted fast enough yet.

***Q: What can Internet portals like the Development Gateway do to facilitate partnerships?***

**A:** The Development Gateway is one of these entry facilities that are essential to break-down the initial barriers toward the formation of partnerships. You could create more awareness within the UN family and strategically make known your services to all 35 UN focal points around the world dealing with private sector partnerships. I would be pleased to help you make a systemic effort to get known your services.

***Q: Will Global Compact companies gain advantage in the marketplace of public opinion?***

**A:** We want to convince major stock exchanges and financial analysts to start giving recognition to those organizations and companies that seriously embrace the Compact and its principles. This would not be a benchmark or indexing approach, but rather a commitment to the process of change. We are confident that over time the financial community at large will recognize that having proactive policies in place to deal with human rights, decent work place issues, the environment and anti-corruption are causative factors in managing future risks and, therefore, increasing justification to be put such policies in place. I'm confident this will happen.

***Q: How do you anticipate the scope of Global Compact will evolve? Will new principles be added over time?***

**A:** We are in the process of consulting with all 1,200 of our corporate participants about whether or not to consider the inclusion of a principle against corruption. This is the first constitutional amendment that has been consider since the Compact was created four years ago. However, the UN Secretary General has made it very clear that we would not move ahead without a broad-based show of support of such a change. As yet, there is no international consensus about corruption, while our other nine principles are based on international consensus language recognized by governments everywhere. A UN Convention against corruption was adopted by the General Assembly in Fall 2003 and signed in December in Mexico. The political momentum behind this phenomenon has to do with the fight against terrorism which put anti-corruption issues high on the international agenda. But the Compact is very careful about not entering a slippery slope. Participants remain owners of the initiative.

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