Global Compact 2.0 – Reflections on the Next Phase

Andreas Rasche
Warwick Business School, University of Warwick

20 May 2011

Agenda

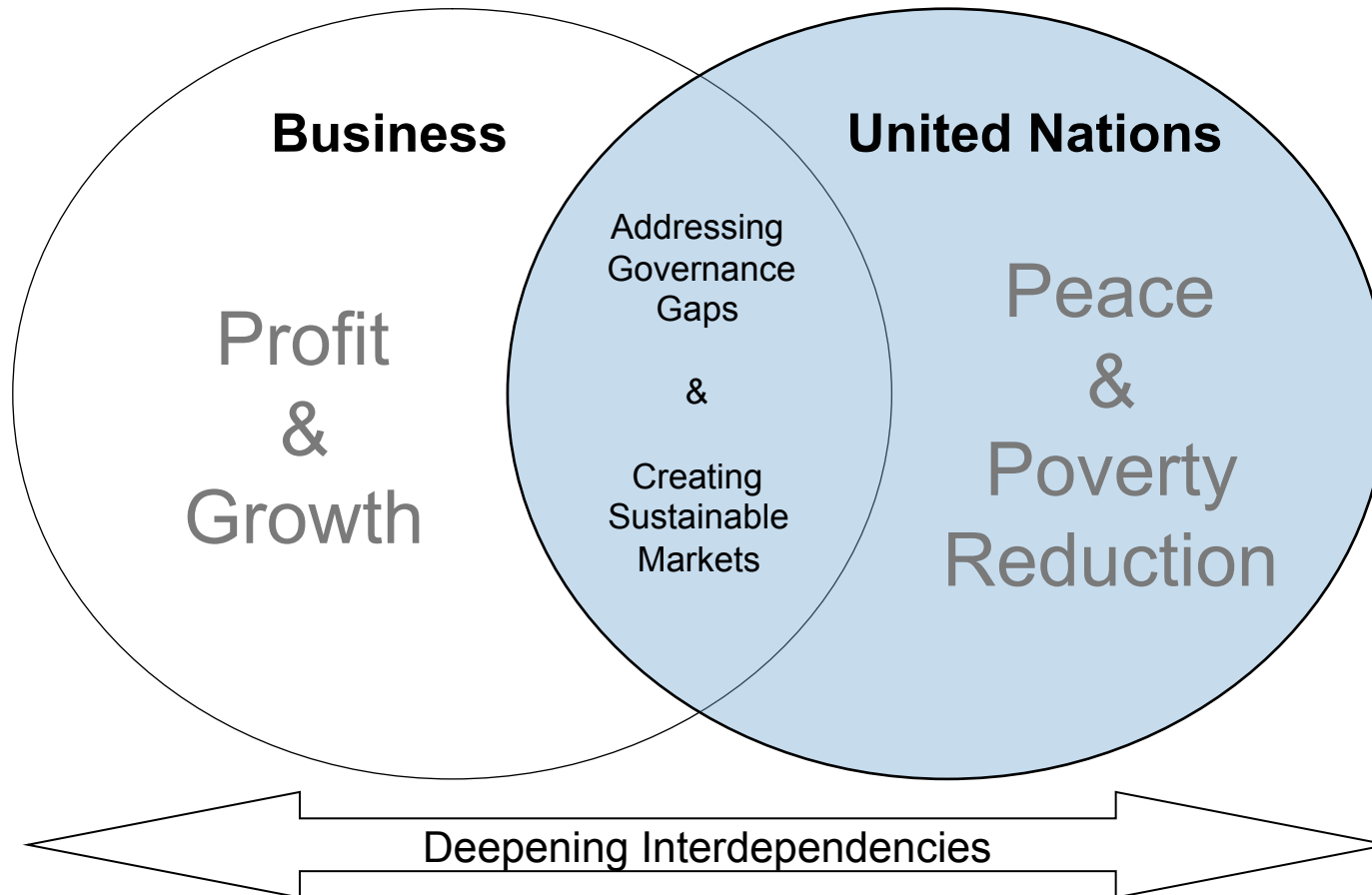|	
1	**The UN Global Compact – What It Is (Not)**
2	Retrospect: What Has Influenced the Continued Growth of the Initiative?
3	Prospect: Addressing Challenges and Towards Global Compact 2.0?

Davos, *World Economic Forum*, 31 January 1999

"I propose that you, the business leaders, and we, the United Nations, initiate a global compact of shared values and principles, which will give a human face to the global market."

Former UN Secretary-General Kofi Annan
© WEF

The UN Global Compact -
An Initiative Based on Partnership

Business

United Nations

Profit
&
Growth

Addressing
Governance
Gaps

&

Creating
Sustainable
Markets

Peace
&
Poverty
Reduction

Deepening Interdependencies

The Global Compact in 2011 – Some Key Facts

Participants

- over 6100 business participants in over 130 countries
- 2700 non-business participants – NGOs, academia, and labour
- mix of large TNCs and SMEs (50% of participants are SMEs)

Accountability

- requirement to file annual report on implementation progress
- delisted participants (until January 2011): over 2000
- reporting not standardized (GRI recommended)

Local Networks

- clusters of participants interacting at the national level
- established or emerging networks in over 90 countries
- Good presence in developing/transition economies

The Debate Around the UN Global Compact

- Principles miss precision and hence offer no clear guidance for implementation

Vague Principles

- Absence of independent monitoring and verification mechanisms

Lack of Accountability

- Global Compact allows businesses to capture UN agenda – privatization of UN

UN Capture

Agenda

1	The UN Global Compact – What It Is (Not)
2	**Retrospect: What Has Influenced the Continued Growth of the Initiative?**
3	Prospect: Which Challenges Remain Ahead?

What Has Influenced the Continued Growth of the Initiative?

Political Support

- Several GA resolutions as political back up

- Leadership support by Kofi Annan and Ban Ki-Moon

- Secured access to UN system

Governance Structure

- Governance is network-based and multi-stakeholder

- Participant ownership vital for success

- Enabled responsive management

Global-Local Link

- Loosely coupled networks as "contextualizers"

- Local networks brought in SMEs and globalized debate

- Networks gave access to BRICs

Agenda

1	The UN Global Compact – What It Is (Not)
2	Retrospect: What Has Influenced the Continued Growth of the Initiative?
3	**Prospect: Which Challenges Remain Ahead?**

Which Challenges Remain Ahead to Further Develop the Global Compact?

Promote Balance

- Balance quantitative (participant) and qualitative (impact) growth

- Provide assistance to non-OECD SMEs regarding COP reporting

- Strengthen role of non-business participants

Build Links

- Growing corporate responsibility "infrastructure" (e.g. ISO 26000)

- Better link existing initiatives and specify value propositions

- Link along: types, regions, and sectors to reduce ambiguity

Differentiate

- Acknowledge leaders, let laggards catch up, and punish free riders

- Differentiation must acknowledge firm context (e.g. size and regions)

- Use differentiation to build "participant clusters"

Back-Up Slides

The Global Compact is Based on Ten Universal Principles

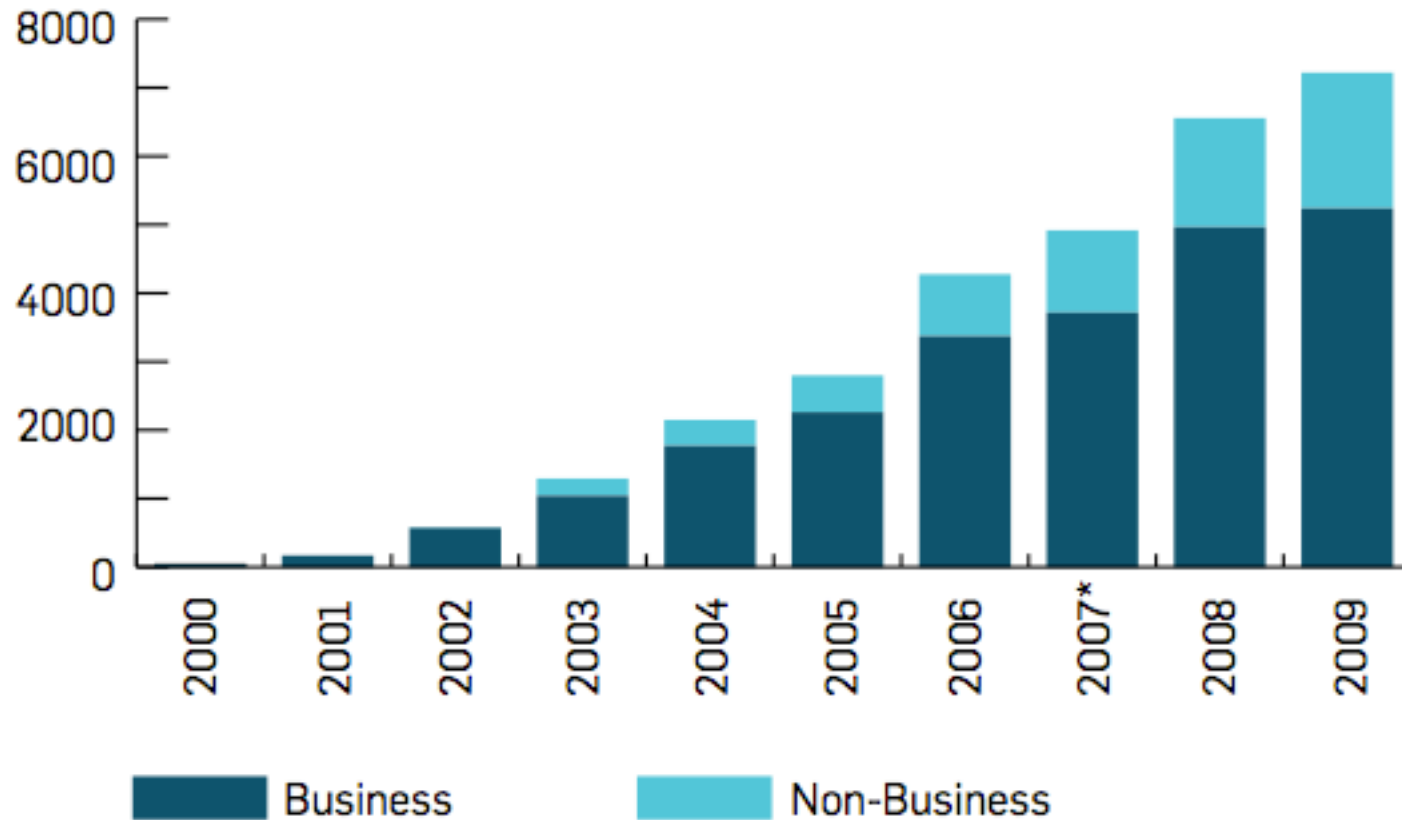| Human Rights	Business should support and respect the protection of international human rights; and make sure they are not complicit in human rights abuses.
Labour Rights	Business should uphold the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labor; the effective abolition of child labor; the elimination of discrimination in respect of employment and occupation.
Environ-ment	Business should support a precautionary approach to environmental challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Business should work against all forms of corruption, including extortion and bribery.

Number of Participants (2000-2010)

Source: Global Compact Annual Review 2010.