

## The United Nations Global Compact - Engaging Cities with Triple Bottom Line Thinking for Sustainable Futures

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When the United Nation’s Secretary General Kofi Anan called for a Global Compact between business and society at the World Economic Forum in Davos in 1999, he did so, not as an official act of the United Nations, but as an individual calling for companies to adopt and implement nine core principles already promulgated by the United Nations and accepted by most of the countries in the world. The principles are:

1. Businesses are asked to support and respect the protection of international human rights within their sphere of influence and;
2. Make sure their own corporations are not complicit in human rights abuses;
3. Businesses are asked to uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. The elimination of all forms of forced and compulsory labour;
5. The effective abolition of child labour; and
6. The elimination of discrimination in respect of employment and occupation
7. Businesses are asked to support a precautionary approach to environmental challenges;
8. Undertake initiatives to promote greater environmental responsibility; and
9. Encourage the development and diffusion of environmentally friendly technologies

A tenth principle has since been added (in 2004) which reads:

10. Business should work against corruption in all its forms, including extortion and bribery.

With these ten principles in mind, the Global Compact was developed as a voluntary Corporate Citizenship Initiative with two main objectives:

- 1) to mainstream the ten principles in business activities around the world and
- 2) to catalyse actions in support of United Nations’ goals.

As Sandra Waddock, General Editor of the *Journal of Corporate Citizenships* in a special issue dedicated to the United Nations Global Compact edited by Malcolm Macintosh, David Murphy and Rupesh Shah in 2003 points out in her editorial, ‘reactions in the public arena to the initiation of the Global Compact have ranged from kudos for using the UN’s moral authority and convening power to push business into principled and responsible actions with respect to human rights, labour and the natural environment, to charges of corporate “bluwashing” (wrapping companies’ actions in



the blue United Nations' flag without real substance behind them). The 'truth' as Waddock suggests 'probably lies somewhere in between' (Waddock, 2003: 3).

The voluntary nature of the Global Compact needs to be emphasised because it has no enforcement capability. It is dependent on the commitment of senior executives in a company to be willing to commit their business to an engagement with the principles of the United Nations Global Compact. As Waddock points out 'the aspirations embedded in the Global Compact are important ones – that all human beings be treated with dignity and respect, that employees be granted certain rights no matter what their status within the enterprise, and that fundamentally businesses (as well as the rest of us) recognise the fragility of the ecological system on which our very breadth depends' (Waddock, 2003: 3)

Kofi Anan, in his initial motivation behind establishing the Global Compact said, 'let us choose to unite the power of markets with the authority of Universal ideals. Let us choose to reconcile the creative forces of private entrepreneurship with the needs of the disadvantaged and the requirements of future generations.' As such, 'the Global Compact is an initiative to safe guard sustainable growth within the context of globalisation by promoting a core set of universal values which are fundamental to meeting the socio-economic needs of the world's people, today and tomorrow. It is an effort to give a human face to the global market.' (United Nations, 1999)

Extending beyond just business, the Global Compact in promoting the universal values that the United Nations was created to uphold 'requires that all actors/governments, corporations, non governmental organisations and international organisations – work with common purpose to ensure that these values are more than just fine words on obscure documents. By helping to protect and promote universal values, the private sector can help the United Nations make a persuasive case for the open global market. Therefore, advocating for a strong United Nations is in the interest of business and society at large.' (United Nations, 1999) Once an organisation engages with the United Nations Global Compact, what then do they have to do? They need to:

1. Issue a clear statement of support for the UN Global Compact and its principles, and to publicly advocate the Global Compact. This may include:
  - Informing employees, shareholders, customers and suppliers
  - Integrating the Global Compact and its principles into the corporate development and training programme
  - Incorporating the Global Compact principles in the company's mission statement
  - Including the Global Compact commitment in the company's annual report and other public documents
  - Issuing press releases to make the commitment public



2. Provide, once a year, a concrete example of progress made or lesson learnt in implementing the principles, for posting of the Global Compact website.

In addition to these two basic actions, within the framework of the Global Compact, a company may wish to actively support the principles and broad United Nations goals by initiating and participating in projects in partnership with the United Nations. (Global Compact, 2001)

Since its formal launch at the United Nations headquarters in July 2000, many hundreds of companies and organisations have become participants. These companies and organisations represent different sectors, industries, and come from all over the world but as the Global Compact office now based in New York points out 'they have two features in common: they are all leaders; and they all aspire to manage global growth in a responsible manner but takes into consideration the interest and concerns of a broad spectrum of stakeholders – including employees, investors, customers, advisory groups, business partners and communities.' (Global Compact, 2001) Overall, 'the Global Compact was created to help organisations redefine their strategies and causes of actions so that all people can share the benefits of globalisation, not just a fortunate few.' (Global Compact, 2001)

It is far too early to say whether the Compact is achieving this very important aim but what is clear is that it is functioning as a significant global framework 'to promote sustainable growth and good citizenship through committed and creative corporate leadership.' (Global Compact, 2001) Organisations who engage with a Global Compact are encouraged to do things differently and produce tangible results. The success of the Compact and of an individual organisation's engagement with the Compact can only be measured by how effectively it provokes change and stimulates action. To do this, the Global Compact has the following goals:

- To make the principles part of the strategic vision and operating practices of companies everywhere
- To provide an interactive and action oriented learning resource based on the experience of hundreds of companies to show case what works and what doesn't
- To conduct at least one major Issue Dialogue a year that addresses a critical problem where business in partnership with NGOs and other relevant stakeholders can produce recommendations leading to meaningful change
- To ensure that business, United Nations agencies, labour, NGOs, Government and community groups work in partnership to develop and execute projects that further the principles, and are particular benefits to those most in need

As such companies and organisations are encouraged to participate so that they can:

- Demonstrate a position of leadership with regard to responsible citizenship
- To share experiences and learning's with likeminded companies and organisations



- To build relationships with other companies, government bodies, labour, NGOs and international organisations
- To partner with United Nations agencies including the International Labour Organisation, the Office of the High Commission of Human Rights, The United Nations Environmental Program, and the United Nations Development Programs
- To maximise business opportunities by broadening the corporate vision to include the social dimensions and by implementing responsible management policies and practices
- To participate in results oriented Issue Dialogues related to the critical problems facing our world.

As Malcolm Macintosh has pointed out, the Global Compact is still new and there is a considerable amount of work yet to be done but he sees it working currently in three ways:

1. as a values based social partnership
2. as a global social network for supra-territorial conversation
3. a local or regional boundary breaking convening platform for meetings (Macintosh, 2003: 20)

As he points out, there are numerous case studies of organisations having engaged with one or more of the principles of the United Nations Global Compact, but he sees the opportunities as much greater than a simple show case of corporate citizenship activities by seeing 'the Compact as a vehicle for greater and higher quality multi disciplinary thinking and cross sectoral partnerships. Faced in this further process', he says, 'is based on the theory that in order to engage with the world we need to complement our current disaggregation of the world with a more integrated, co-ordinated and complex view of the relationship between people and planet.'(Macintosh, 2003: 20-21).

For fuller details of the Compact itself and the case studies of the activities and initiatives, the UN Global Compact website is a very valuable resource. ([www.unglobalcompact.org](http://www.unglobalcompact.org)).

In this presentation, I won't go into any further detail on Corporate engagement with the UN Global Compact because I want to spend the rest of my time concentrating on an initiative which a few of us began two or three years ago in Melbourne which was to position Melbourne as the first city in the world to engage with the UN Global Compact. We succeeded in this and in June 2001, Melbourne became the first city in the world to engage. Since then, a number of other cities around the world have followed what became known as the Melbourne Model and last year the Committee for Melbourne which initiated the first push for Melbourne to engage developed what is now known as the Global Compact Cities Program.

The Melbourne Model now part of a Global Compact Cities Pilot Program acknowledged by Kofi Anan as 'a very promising step towards solving intractable social, economic and environment urban issues within the context of the Global Compact and its principles' (Anan, 2004), proposes a simple framework that 'catalyses



and combines the resources of government, business and civil society in order to find concrete solutions to seemingly intractable urban social, economically and environmental problems.' (Teller, 2003: 134) As David Teller who adds up the Global Compact Cities Program points out urbanisation which is rapidly increasingly worldwide is 'exacerbating existing difficulties as well as creating new urban environmental, economic and social problems. Including poverty, personal safety, illiteracy, drugs, and land, air and water pollution, urban issues impact far beyond the geographical limits of the city itself and, in many cases, become more intractable the longer they are left partially or entirely unaddressed' (Teller, 2003: 134)

As is very clear from the whole point of this conference, cities are both dynamic and creative, 'as a focus of infrastructure, technology, political power, human resources and capital, they play vital and strategic role in the development of the community social, economic and environmental and cultural life. they are a crucible for the creation of negative societal phenomena while containing the ingredients with which to tackle the very issues they have created.' (Teller, 2003: 134) As David Teller points out the Cities Program, 'therefore aims to harness the implicit experience, knowledge and intellectual capital present in cities in order to develop solutions to overcome the challenges of urbanisation.' (Teller, 2003: 134)

The cities program seeks to do this by enabling 'the efficient identification, qualification, quantification and development of projects and solutions around six main complex problems:

1. Based on shared language, experience, geography, culture and economy, cities have pre-developed and complex 'neural networks'. Significant time, effort and resources can be saved by tapping into these pre-existing networks to develop innovative solutions to urban issues.
2. many complex issues are already being addressed by government, business and civil society, either independently or on loose coalitions. An opportunity therefore exists to simply network and catalyse existing work for a given desired outcome
3. many urban issues are universal in their root causes, impact and ramifications. Therefore, solutions developed in one city can either be directly applied or adapted to other cities facing the same or similar issues.
4. hypothesis testing around an identified problem solution can be rapidly and effectively carried out in a discrete geographic urban area. Results can be compiled and the proposed solution can be altered as required until the optimal solution is developed.
5. the implementation of a proven solution can be more effectively controlled, monitors and perfected in a confined area.
6. the direct impacts of problems and their proposed solutions on government, business and civil society can be readily qualified and quantified in limited areas.

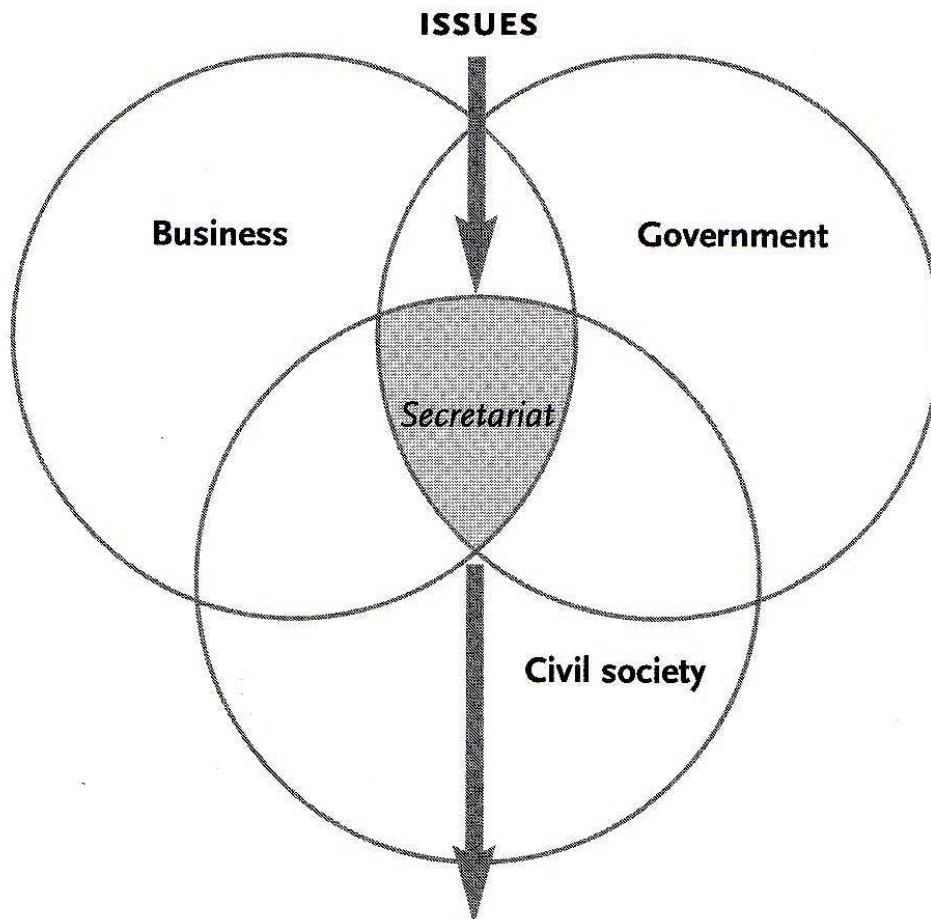
The overall aim is, therefore, to send 'a clear message from city leaders to their populations regarding their vision for a sustainable future and will illustrate a collective willingness to adhere to a set of fundamental values and principles over and beyond



those stated and adhered to at a local and national level – the concept of global citizenship at its most constructive' (Teller, 2003: 135)

What then is the Melbourne Model?

First of all, it is designed as a mechanism to bring business, government and civil society together in order to coordinate their resources within narrowly defined and objective oriented projects.

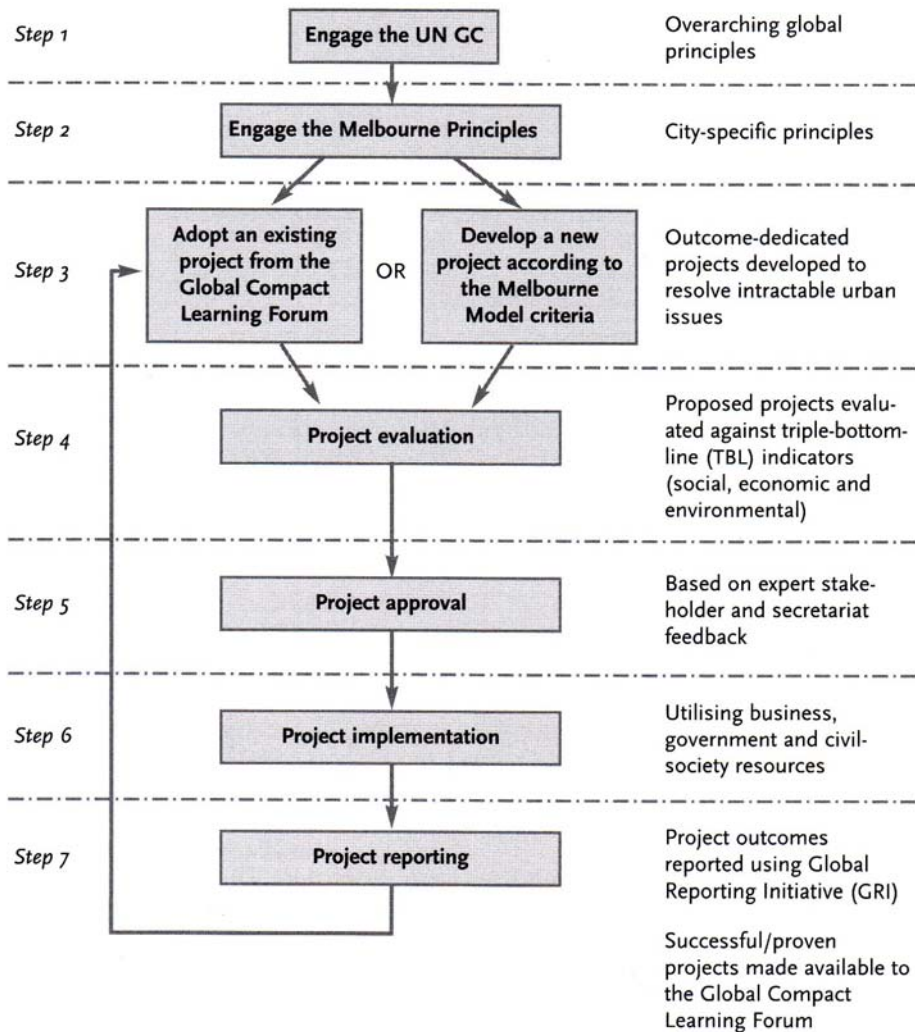


### **OUTCOMES/SOLUTIONS**

Derived from projects constructed  
along Melbourne Model guidelines

The City

Stakeholder engagement is absolutely crucial. They have to move an idea for a project to a positive outcome and the following steps to do this effectively form the Melbourne Model for cities engaging in the Global Compact.



The Melbourne Model

Aligned to this model are ten urban related social, economic, environmental and cultural value propositions known as *the Melbourne Principles for sustainable cities*. These are:

1. Provide a long-term vision for cities based on : sustainability; intergenerational, social, economic and political equity; and their individuality
2. achieve long term economic and social security
3. recognise the intrinsic value of biodiversity and natural ecosystems and protect and restore them
4. enable communities to minimise their ecological footprint
5. build on the characteristics of ecosystems in the development and nurturing of healthy and sustainable cities
6. recognise and build on the distinctive characteristics of cities, including their human and cultural values, history and natural systems
7. empower people and foster participation
8. expand and enable co-operative networks to work towards a common, sustainable future.
9. promote sustainable production and consumption, through appropriate use of environmentally sound technologies and effective demand management,
10. enable continual improvement, based on accountability, transparency and good governance.

These principles for sustainable cities emerged from a UNEP international workshop on building urban eco systems which was held in Melbourne with the finalised principles launched by the Lord mayor of Melbourne at the 2002 UN World Summit on Sustainable Development in Johannesburg and were then incorporated into Local Action 21 which is the international sustainable development implementation framework for local government.

The cities that follow this model and engage with the UN Global Compact then have two choices:

1. to adopt an existing project already running within the city and to place this project within a global compact international learning forum database set up for cities and run by Global Compact Headquarters in New York
2. To develop a new project according to the Melbourne Model which targets previously unaddressed or unsuccessfully addressed issues in the city.

For the second of these, the Melbourne Model suggests five criteria that the new project:

- Must be based around an issue that impacts directly on all of the following: business, government and civil society
- Where the problem can only be resolved efficiently and effectively by the involvement and implication of all three sectors



- Where the nature, scope and outcome of projects can be qualified or quantified, i.e. where the objectives of the projects are SMART (sustainable, measurable, achievable, realistic and timely)
- Where the project is unique
- Where conclusions/lessons/outcomes can be directly applied to and of immediate benefit to, first, the city of origin, and second, other cities facing similar issues.

Three projects are currently in place in Melbourne:

1. the Debt Spiral Prevention,
2. zero net emissions by 2020 Project
3. water campaign Project

**The Debt Spiral Prevention Project** acknowledges approximately 15% of customers are unable to pay their utilities bill each month. This then leads to an increasing debt spiral can lead into a poverty trap. The project therefore aims to 'remove non payment of utility bills as a significant contributing factor to individuals falling first into the debt spiral and subsequently into the poverty trap.' (Teller, 2003:139) The aim will therefore be to bring together the resources and expertise of utility companies, local government and NGOs in order to work through a sustainable solution for this project. The underlying principle in such a partnership is that individually these organisations may not be able to develop a successful solution to these problems but working together, they will be able to make a difference.

**Zero net emission by 2020** aims to bring local government, commercial and residential interests together in order to shift mainstream business investment in building plants and power generation to a superior energy efficient design over the next twenty years.

**The water campaign** aims to improve the efficiency of water consumption, seek alternative water suppliers and to maximise opportunities for water recycling for the city of Melbourne. The aim is to bring together residential, industrial and commercial sectors of the municipality as well as the city council's own operations, to set efficiency targets.

It is only when a project is considered to be successful and completed that it will then be placed on the Global Compact Cities Program database. Measuring the success of such a project will be done by using the Global Reporting Initiative Guidelines which have been adopted generally by the United Nations Global Compact as a means of measuring the successful outcomes of corporate citizenship, corporate social responsibility and sustainability initiatives. (See [www.globalreporting.org](http://www.globalreporting.org)).

As David Teller points out, 'a Cities Program of the United Nations Global Compact presents an opportunity to develop and share concrete and sustainable solutions to intractable economic, social and environmental urban problems. 'This can be achieved 'by harnessing, combining and focussing the inherent knowledge, energy, ideas and



resources of business, government and civil society within an outcome oriented project framework.' (Teller, 2003: 142)

Georg Kell, Executive Director of the Global Compact Office, formally launched the Global Compact Cities Program during the third international Global Compact Learning Forum held in Brazil in December, 2003 and a two year international pilot designed to test the effectiveness of the cities program in different socio-economic environments began running this year 2004 and is scheduled to completed in 2006. The Pilot includes the following cities: Melbourne, Puerto Alegre (Brazil), Jamshedpur (India), Tianjin (PRC), Nairobi (Kenya) and Chicago (USA).

Each of these cities are asked to engage with the Global Compact to identify a local neutral partner and conduct a project of benefit to their city using the Melbourne Model, project coordination and facilitation methodology. Each city will determine the nature and scope of its own project and will communicate its results to the Cities Program International Secretariat. The committee for Melbourne has been appointed as this International Secretariat and is co-ordinated by David Teller, Deputy Director of the Committee for Melbourne. Jamshedpur became the latest city to engage the Global Compact in March 2004 joining the City of Melbourne, Puerto Alegre, Nuremberg (Germany), Bath (United Kingdom) and San Francisco (the USA)

These are early days for the UN Global Compact Cities Program as indeed they are still early days for the UN Global Compact overall. But there are serious opportunities here in Darwin to build upon its dynamic and creative initiatives and aspirations. And I would strongly encourage all of you involved in Darwin in one way or the other to consider the opportunities and benefits in engaging with the UN Global Compact as a City concerned with, and committed to, sustainability and global citizenship.



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