

Speech to the Bulgarian Business Leaders Forum
Thursday 28 March 2002
UNDP Resident Representative, Marta Ruedas

Thank you Ladies and Gentlemen,

Today global citizenship and global responsibilities are integral to the way we understand the world. At the United Nations we often refer to this as global governance. A rather abstract concept you may think but nevertheless one, which attempts to encompass the content of 50 years of international legislation, aimed at protecting the rights of the individual.

In his address to the World Economic Forum on 31 January 1999, the United Nations Secretary-General Kofi Annan sought to further define the nature of global governance. He took the opportunity to propose for the first time a Global Compact and he challenged world business leaders to help build the social and environmental pillars required to sustain the new global economy. This, he said, would help make globalization work for all the world's people.

Effectively the Compact sets and asks companies to observe standards, based on 9 principles. These principles have been drawn from three sources: the Universal Declaration of Human Rights, the ILO's Fundamental Principles on Rights at Work and the Rio Principles on Environment and Development. The Compact is not a regulatory instrument or code of conduct, but a value-based platform designed to promote institutional learning.

Why should business participate in this initiative? The answer may lie in the fact that just as markets have gone global, so, too, must the principle and practice of corporate citizenship. The effects of globalization have helped to change forever the rules of the game. In such a world of total interdependence businesses now have a reach and impact which are truly global in nature. Thus corporations are to the world what citizens are to a country. This is what is meant by corporate citizenship, where businesses take upon themselves the responsibility of being a part of a global society. Thus corporations are stakeholders in the welfare of this universal society. If business and corporations can use their money and influence to strengthen democracy, protect human rights, reduce poverty and prevent conflict it follows that new markets and business opportunities will be open to them. Not only does this assist with wealth creation, but it helps provide a positive image of the individual corporation and also strengthens social justice. Therefore in a global economy, it makes good business sense for firms to internalize these principles as integral elements of corporate strategies and practices.

The Global Compact is not a substitute for effective action by governments, but an opportunity for firms to exercise leadership in their enlightened self-interest. Nor does it seek to supplant other voluntary initiatives. On the contrary, the Compact provides a complementary framework for such initiatives that encourages eventual convergence around principles that are unique in their universality and legitimacy.

So what are the 9 principles to which the UN is calling businesses to observe?
The Secretary-General has asked world business to:

Principle 1: support and respect the protection of international human rights within their sphere of influence; and

Principle 2: make sure their own corporations are not complicit in human rights abuses.

For example as part of its aim to adopt all 9 principles of the Global Compact, the Swiss Corporation, ABB invited seven international peer companies, together with representatives of UNDP and the International Business Leaders Forum to join a pathfinder group. The purpose of this group was to brainstorm ideas and share experiences on how the principles could be applied in practice. The group has begun to identify and focus on qualifying projects that include stakeholder involvement. For example, ABB is starting an AIDS project under the South African Government's "AIDS Partnership" program to provide education, care and support for the communities in which ABB operates. One part of this health-care program also focuses on ABB's employees in South Africa and their families.

In the area Labour the UN has asked businesses to uphold:

Principle 3: freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

In 2001 the Credit Suisse Financial Services (CSFS) launched the "World Day" initiative where the company's 44,000 staff all over the world took an hour out to ask themselves what a company can contribute towards creating a better society. CSFS donated the equivalent of an hour's salary for every member of staff to the UNICEF "Ticket to Life" project. In the spirit of principles 5 and 6 this initiative means that UNICEF has been able to register births from autumn 2001 until spring 2002 in all villages in Uganda, Bangladesh and the border area between Colombia and Venezuela. So often the non-registration of children in the developing world means that thousands of children are denied their basic rights. The CSFS-UNICEF initiative has made a difference to thousands of young lives.

Finally in the area of the Environment the Secretary-General asked world business to:

Principle 7: support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

France Telecom (FT) contributes to the protection of the environment by recycling its telephone directories. A directory is 90 percent recyclable and the recycled fibers can be used to make cardboard or other types of paper including wrapping, sanitary and newspaper. In 2001 France Telecom organised a national campaign to recover and recycle telephone directories. As a result of the campaign public awareness was heightened around environmental problems and issues such as reforestation. Also through partnership with local organizations, the campaign helped charities and schools to receive computer systems.

In a final example of how companies are adopting the Global Compact a German health care and chemicals group has agreed to provide medicine for treating sleeping sickness to the World Health Organisation (WHO) free of charge for an initial five-year period.

As you can see both from these 9 principles and the examples of corporate responsibility, the Compact draws in a broad spectrum of actors; governments, companies, labour organizations, civil society and the United Nations.

So what does it mean to be a part of the Global Compact? Companies are practically invited to join the Compact by stating their willingness to support its 9 principles and to participate in its activities. Companies are asked to post on the Global Compact Website concrete actions that they have taken in the area of any of the 9 principles in their own corporate domains. By doing this, the idea is to create a learning bank of practice and knowledge. This will help establish a resource of useful information to record what works and doesn't work in fostering change. Companies are also invited to work with UN agencies in partnership projects. These projects should aim to promote broad corporate citizenship issues that are external to the company. These should reflect UN goals such as poverty eradication and could be undertaken in partnership with any of the UN's partners such as labour associations or civil society organizations.

How can Bulgarian business buy into the Global Compact? It is clear that the options are numerous. In the first place IT companies can play a very positive role in the current initiatives to use new technologies for development. For example, last year Cisco systems joined forces with a UNDP-supported project in local Chitalishte to provide hardware and training at discounted prices. Opening up the benefits of ICT to all Bulgarians is a priority of the UNDP office in Bulgaria. We see a fantastic opportunity for large companies to support our social advertising work with relation to HIV/AIDS. In this area we need to reach out to young people. Youth orientated companies such as Coca Cola and McDonalds could play a major role in getting the message out about safe sex and the dangers of intravenous drugs. Or what about sponsoring a building? The Beautiful Bulgaria project and its work to provide jobs through renovating buildings and public places is well know country-wide. Perhaps large companies could sponsor the renovation of specific buildings around the country. Or in a final example, UNDP is already discussing with Nike the possibility of supporting a mixed Roma-Bulgarian football team which we have adopted as informal goodwill ambassadors for positive multi-ethnic relations in Bulgaria. The team is the subject of a documentary series made with the support of British Embassy and UN funds.

The global Compact aims to make business partners stakeholders in human development. So often big companies have been seen as the "leviathans" of the modern world, portrayed, sometimes justly, often unjustly, as trampling on the little people in their search for profit. So just as a final thought I will leave you with the words of Kofi Annan when he launched the Compact in 1999:

"We have to choose between a global market driven only by calculations of short-term profit, and one which has a human face. Between a world which condemns a quarter of the human race to starvation and squalor, and one which offers everyone at least a chance of prosperity, in a healthy environment. Between a selfish free-for-all in which we ignore the fate of the losers, and a future in which the strong and the successful accept their responsibilities, showing global vision and leadership".

I am sure you will make the right choice.

Thank you.