**Evaluation of**

**Fostering Multi-stakeholder partnerships to achieve MDGs in Western CIS and Caucasus in the framework of UN Global Compact**

**REGIONAL ASSESSMENT SUMMARY REPORT**

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**Fostering multi-stakeholder partnerships to achieve MDGs in the Western CIS and Caucasus in the framework of UN Global Compact**

**Regional Assessment Summary Report**

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**Fostering multi-stakeholder partnerships to achieve MDGs in the Western CIS and Caucasus in the framework of UN Global Compact**

**Regional Assessment Summary Report**

# Introduction

The challenges of realizing national MDG agendas in many countries in the Western CIS (Ukraine, Belarus, Moldova, the Russian Federation and Caucasus (Armenia, Azerbaijan and Georgia) region have proved to be difficult in light of the developmental trends since 1990. Sharp economic contractions took place in the 1990s as part of a painful transition from planned to market economies, which were compounded by political instability and conflicts around the region.

To address the above-mentioned challenges, focused efforts will be required to meet the 2015 commitments. Although primary responsibility for achieving the MDGs lies with governments, the ability of government to forge strong partnerships with the private sector, as well as with civil society organizations will be critical to produce positive change and improve living conditions of millions of people in the region in a sustainable manner by 2015. Today more than ever, large companies are increasingly involved in initiatives that aim to reduce poverty in developing countries. Operationally, for most companies, the entry point for involvement in poverty reduction projects is through various Corporate Social Responsibility (CSR) initiatives[[1]](#footnote-1).

The concept of CSR is new in the region and countries have yet to fully come to terms with its importance. However, the results so far have been promising and show growing understanding among the business community in the region that CSR is part of a modern business in a globalized economy which can offer exciting business opportunities.

UNDP RBEC has been supporting corporate social responsibility and promoting the role of business in sustainable development through the UN Global Compact and Growing Sustainable Business (GSB). The UN Global Compact has served the main entry point for UNDP RBEC activities with the private sector through facilitating GC national networks.

The project ***Fostering multi-stakeholder partnerships to achieve MDGs in the Western CIS and Caucasus in the framework of UN Global Compact,*** was approached in two phases, with Phase I from 2006 to 2007; and Phase Two from 2008 through mid-2010. At this point of time, with the project is in its final phase, the UNDP Regional office has made a priority to implement an external review of the project in the 5 countries - Armenia, Belarus, Georgia, Moldova and Ukraine.

The review is intended to provide an external independent view and assessment of the project. It is also intended to be a learning exercise, on the basis of which the project will improve its implementation before it ends and will define the parameters for follow up.

#

# Purpose, objectives and scope of the evaluation

The project review is intended to provide an external independent view and evaluation of the project status in five countries – Ukraine, Moldova, Belarus, Armenia and Georgia, and at the regional level. It is also intended to be a learning exercise, on the basis of which the project will improve its implementation before it ends and will define the parameters for follow up.

*Mission objectives:*

1. To review and assess the overall project progress and the achievement of intended goals to date against the project document at the regional level and in 5 countries: Armenia, Belarus, Georgia, Moldova, and Ukraine
2. To assess measurable results and impact of the project (when possible) and the relevance to the development agenda in the target countries
3. To review and assess project operational modality, the functions of UNDP Bratislava Regional Centre and added value of a regional project
4. To assess prospects for project sustainability and to provide recommendations for the future

**Annex A** describes the Project Evaluation Framework.

**Annex B** further describes the Project Evaluation Methodology and the Project Activities and Intended Outputs.

# Phase I Fostering multi-stakeholder partnerships to achieve MDGs in the Western CIS and Caucasus in the framework of UN Global Compact

### Target countries and beneficiaries

The target countries initially included Armenia, Azerbaijan, Georgia, Belarus, Russia, Ukraine and Moldova. However, the project didn’t take off in Azerbaijan due to the reason that the country was not ready for such program. Also by the end of phase I, it was decided Russia not to continue with the second phase of the project. Thus there were six countries that took part in the regional project during phase I, and five countries - Armenia, Georgia, Belarus, Ukraine and Moldova - continued the regional initiative in phase II.

The target beneficiaries of the project are local and foreign investors[[2]](#footnote-2), local and national governments including national investment promotion agencies, non-governmental organizations, civil society organizations, micro, small and medium sized businesses.

## Primary Goal[[3]](#footnote-3)

The main goal of the project is to harness value-creating assets of the private sector for poverty reduction in the Western CIS and Caucasus through promotion of multistakeholder partnerships in the framework of Global Compact.

## Phase I Project components[[4]](#footnote-4)

1. Establishment of national Global Compact chapters
2. Promoting multi-stakeholder partnerships for development

## Intended Outcome as stated in the Country Programme Results and Resource Framework[[5]](#footnote-5): Significantly increased private sector participation in development projects in the region.

**Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets.**

1. Number of new development partnership projects with the private sector
2. Financial volume of investments reported through the Global Compact
3. Number of companies that report on partnership projects through the Global Compact portal

|  |  |
| --- | --- |
| **Intended Outputs** | **Output Targets** |
| Action plans for each country | - 7[[6]](#footnote-6) Actions plans produced |
| Skills development training and learning programmes for responsible Country office staff developed and delivered | 6 brokers recruited and trained * Efficient coordination of project at the regional level
 |
| Global Compact Country Networks established to promote corporate social responsibility and public-private partnerships | * 7[[7]](#footnote-7) high impact local GC chapters established
* 7[[8]](#footnote-8) CSR training packages developed, building on the GC values
* 7[[9]](#footnote-9) public policy debates on selected issues relevant to creating enabling environment for CSR and business investments
* Efficient coordination of project at the regional level
 |
| Public Private Partnerships (PPPs) for poverty reduction (including pro-poor investment) | * 24 PPPs in six countries
* Efficient coordination of project at the regional level
 |
| Capacity building of local partners (NGO/CSO, local governments, academic institutions) and potential investors  | * 6 training packages developed
* Efficient coordination of project at the regional level
 |

**Outputs and targets for regional coordination, knowledge management and support:**

|  |  |
| --- | --- |
| **Intended Outputs**  | **Output Targets**  |
| Skills development trainingand learning programmesfor responsible staffdeveloped and delivered | - Brokers recruited and trained |
| - At least 9 review /CO supportmissions- At least 2 project team meetings (information and knowledge sharing) |

**Results of Phase I**

1. Teams of brokers (two in each country except Ukraine and Russia where only one broker operates) are currently operating in all the countries, receiving institutional and administrative support from respective UNDP Country Offices.
2. **Promoting of responsible business practice among local companies**
	1. **6 local CSR / Global Compact networks established** (one in each country) that bring 200 of the most progressive companies (domestic and foreign, large and small) together with business associations, NGOs, governmental and academic institutions. These are multistakeholder platforms where companies and their partners learn about benefits and challenges in implementing international social/environmental and governance (SE&G) management standards, how to implement these standards at low costs, raise public awareness about CSR and sustain social dialogue. Done through learning events, seminars, roundtables and conferences. Total number of signatories in Moldova, Armenia, Belarus, Georgia and Ukraine was 240, plus additional 100 signatories in Russia.[[10]](#footnote-10)
		1. benefits for companies: enhanced access and competitiveness on the Western market and attractiveness to investors;
		2. benefits to society: poverty reduction, contribution to overall accountability and transparency of markets, promoting new governance models based on active participation of various actors in society.
3. **Public policy debates started:** Using the networks as platforms for collective action, companies and their non-business partners engaged in policy dialogues which aim to improve business environment for practicing responsible and competitive entrepreneurship (policies that reward responsible business conduct). Emphasized that topics addressed are important and selected by businesses.
	1. Armenia: government support framework for CSR and ii/ setting up platform for private public dialogue on economic reforms
	2. Belarus: developing recommendations to the government on advancing CSR
	3. Moldova: improving the labour code towards more flexibility to increase employment
	4. Ukraine: improving legislation on public-private partnerships and developing enabling environment for CSR
	5. Russia: developing recommendations for improved legislation on public –private partnerships
4. **Fifteen partnership projects** **identified**. These partnerships operate like joint ventures whereby the public (project) provide support (brokerage/funding for feasibility studies) to attract private investment projects that will have high developmental results but may not have immediate business returns. These projects were carefully assessed to ensure that potentially distorting subsidization of private investments does not occur.

**Main lessons learnt in Phase I:**

1. CSR is particularly relevant for countries in transition for the following reasons:
	1. **Companies participate driven by two main aspects**: i/ vision for long term expansion and gaining access to Western markets where these standards are operating, in this respect the European Integration has been the main driver; and ii/ conviction that their future business opportunities are more prospective when societies, where they operate, are prosperous and markets transparent.
	2. **Adopting of CSR standards by companies contributes to improved economic governance** as well as building of social trust among general public towards entrepreneurship and market economy.
	3. Increasing number of **companies are transforming past legacy of corporate welfarism that existed during communist regime and emphasized charity giving with modern practices of CSR where companies engagement is focused on core business** (and thus moving away from philanthropy)
	4. **Global Compact (UN CSR initiative) proves to be an effective approach which accelerates economic transition in the region,** that is harmonization of markets (through promoting of international business standards) and societies (through its multistakeholder nature). This has also been reinforced in 2007 at the meeting of the Eastern Europe Global Compact networks. Conclusions from the meeting can be found on <http://europeandcis.undp.org/index.cfm?menu=p_cms/show&content_id=46BCF6F3-F203-1EE9-B046F1688E2109B1>
2. The multi-sector partnership projects show potential for becoming effective platforms for companies to work with local partners, and for creating complimentary social and business values:
	1. Enthusiasm of companies as well as non business partners to work jointly on finding sustainable business solutions to developmental challenges.
	2. For companies: i/ working together with the public development agencies is seen as a mark of confidence and increases legitimacy of the companies concerned; ii/ working with intermediaries like UNDP is useful because of its specific competencies of dealing with governments and certain stakeholders (farmers unions, trade unions etc) whose support is critical for up-scale (in terms of policies as well as supporting programmes).
	3. Good economic outlook for the region and progress in economic transition show prospects for increased investments in the region, which should be harnessed for developmental objectives.
	4. Companies see value in receiving support in preparation of **feasibility studies**. This instrument is used to assess commercial viability as well as potential developmental impact of each individual investment. It responds to lack of easily accessible business information and outlines a business model for individual investment project through providing options for how new creative technologies could be employed in particular market, improved understanding of various types of risks involved (business, social and political) and partners potentially interested and having stake and bringing additional resources. The pilot phase of the project invested in 2 feasibility studies for below 10,000 € each. Companies co-financed at least 50% of total costs.

The overall PP experience during the first phase of the GC regional project shows that partnerships for development can be effective approaches for companies to work with local partners to develop new, innovative products and services for lower income consumers. These partnerships pool resources of private and public partners, fuse ideas and converge thinking about development needs, and craft solutions in collaborative way. As a result – a new, hybrid business models are developed targeting under-served markets. These solutions can be commercially viable for companies.

**Phase I Main obstacles identified to CSR uptake:**

CSR uptake in these countries is still very low for the following reasons:

* + 1. Traditional challenges of achieving business viability (conservative and difficult political and business climate, lack of financing for business expansion)
		2. Lack of understanding of CSR among general population and specific pay off benefits for companies
		3. Wobbly institutions and weak enforcement of law.

*Main obstacles to scaling up of multi-sector partnership approach:*

The overall conclusions from the first project phase are that it is more challenging than previously anticipated to identify investors ready to take up such partnerships:

* + 1. domestic investors: because of the market demand and structure (relatively early stages of economic transition) as well as low level of collaboration between public and private sectors
		2. foreign investors: because difficult to find information in any of these countries about which foreign investors interested in specific country/sector

The second phase of the regional GC project committed to invest in consolidating the approach taken in phase one – scaling up initial results, improving governance models of the Global Compact networks, further developing partnership projects with focus on combined social and business value creation, and transfer of responsibilities to national partners.

NOTE: This assessment report addresses the project activities, achievements, results, and challenges during the whole life of the regional UNDP GC project. However, the activities and achievements for phase one were analysed on the base of a limited number of project documents. Also most of the review and information collected through the interviews was mostly about phase two. As a result the review is organised and covers in greater detail the intended outputs, indicators and targets established for phase two, while integrating all the key messages for phase one under each corresponding output, evaluation analysis and recommendations.

# Phase II of Fostering multi-stakeholder partnerships to achieve MDGs in the Western CIS and Caucasus in the framework of UN Global Compact

**Phase II** of the Project ***Fostering multi-stakeholder partnerships to achieve MDGs in the Western CIS and Caucasus in the framework of UN Global Compact*** was developed in October of 2007 and commenced in 2008. Phase II builds on the first phase of pilot project (currently under implementation) with main objectives of advocating for corporate responsibility and developing public private partnerships. The pilot phase initial results demonstrate viability of the approach and developmental value of the project. The second phase of the project invested in consolidating the approach – ramping up initial results, improving governance models of the Global Compact networks and partnership projects and transfer responsibilities to national partners.

The project is closely linked with two sister projects:

* In the area of corporate social responsibility – Promoting CSR in the EU New Member States funded by the European Commission and UNDP. Collaboration will be pursued in sharing lessons learned from promoting and implementing CSR and encouraging collaboration with Global Compact in Europe (including Eastern and Western Europe) – [www.acceleratingcsr.eu](http://www.acceleratingcsr.eu)
* In the area of promoting pro-poor partnerships, the project will share lessons learned and collaborate on business outreach with Growing Sustainable Business in the Western Balkans supported by the Austrian Development Agency and UNDP. <http://www.undp.org/partners/business/gsb/>

In phase II an additional component of the project was introduced aiming at business outreach to Belgian-based companies. This was based on the assumption that Belgian private sector interest in the CIS region as destination for investment is growing and targeted outreach events in Belgium would better inform companies about the project services. The component was based on UNDP practice in [Norway](http://www.undp.no/), [Denmark](http://www.undp.dk/business/), Island, [Austria](http://www.iiwb.org/) (financed by ADA and WB, for German speaking countries) and Switzerland (outreach to French speaking countries). A Belgian-based international broker supposed to be hired to do:

* + - 1. raising awareness about the project, available services, identifying companies and assisting them in connecting with brokers in destination countries
			2. leveraging support from existing Belgian financial tools like SBI-BMI, banks
			3. mapping good Belgian models which could be available for replication / partnerships (for example models of the institutional regional economic collaboration, political ratings of investments like ONDD Ducroire)
			4. informing companies about the UN Global Compact

The expectation was that through active outreach to Belgian investors (road-shows, marketing among companies, and brokerage services in Belgium) the International Broker would identify potential Belgian investors interested to participate in PP in the region.

**The overarching objective of the second phase of the project is to develop an exit strategy, making the structures sustainable and transferring to the national partners.**

The approach is in line with the new UNDP corporate strategy for private sector which aims to promote development of inclusive markets – i.e. markets that result in expanded choice and opportunity for the poor and produce outcomes that benefit the poor. For the poor, as entrepreneurs and employees, such outcomes will be measurable in terms of increased returns on goods sold, improved access to labour markets and increased opportunities for ‘decent work’. Specifically, the project responds to the following priorities[[11]](#footnote-11):

*Priority 1:* Establishing the policy and institutional structures (focus on policy reforms to create enabling environment for transparent and accountable business development)

*Priority 2:* Facilitating pro-poor value chain integration (in sectors with highest potential for poverty reduction like agro-business, finance, ICT)

Priority 3: Brokering investments in pro-poor goods and services

*Priority 4:* Fostering Inclusive Entrepreneurship

*Priority 5:* Encouraging Corporate Social Responsibility in support of Inclusive Market Development and MDGs.

# The expected development impacts of the project (measured in long term) were outlined[[12]](#footnote-12) as follows:

# 1) Higher sustainable and competitive economic growth, poverty reduction and regional stability, including for example:

* Promoting responsible entrepreneurship and corporate social responsibility (CSR) through strengthening the local Global Compact (GC) networks.
* Providing targeted assistance in developing public private partnership projects with double bottom line: financial and developmental. It is envisaged that the project will support small/medium size investments, both domestic and international. (The project will focus on sectors with highest potential for poverty reduction: water, waste management, energy efficiency, manufacturing (promoting green industrial solutions), agriculture (especially food processing), financial services (micro- loans, micro-insurance, financing for sustainability projects in infrastructure sectors like water, waste management, etc), education and public health)
* Developing business case for CSR and responsible investing.
* Business outreach to Belgian-based companies.
* Contribute to development of the national agendas for corporate social responsibility
* When relevant, work with investors (foreign and domestic) to encourage them to develop local sourcing (potentially this could contribute to strengthening of local SMEs)

**2) Improved economic governance framework**

* Promoting multistakeholder (involving private sector, civil society organization, academic institutions, trade unions) dialogue and engagement in sustainable development of the countries
* Monitoring the impact of national laws and regulations on the adoption of CSR standards; evaluating scope for CSR incentives and regulations including through laws and standards, presenting recommendations to government on the way of public policy dialogue
* Building social capital and trust among different actors in society through promoting public private partnerships and collaborative approach to solving most daunting developmental problems in the countries
1. **Enhanced international integration of the countries**
* Building partnership with the EU through aligning the project with selected priorities of European Neighbourhood Policy (relevant to private sector development and good governance), as shown in new member states, candidate countries and potential candidates, has been one of the most weighting factors for broad based national actors to join forces and collaborate towards economic growth and social cohesion. Activities will aim to align EU priorities within the framework of the European Neighbourhood policy and leverage EU political and economic weight towards main goals of the project. This approach will be also effective in contributing to the objective of contributing to regional stability and peace.
* Developing regional (covering more than one country involved) partnership projects
* Companies and relevant non-business actors are expected to participate in international events organized by the Global Compact as well as the project where they find opportunities for networking and identifying new partners
* CSR training/learning events by emphasizing linkages with good international experience– conducing research, analysis how to tailor to local needs (CSR business practice and standards, government policies and incentives for CSR uptake), exchange.

**Intended Outcomes for the Phase II project[[13]](#footnote-13):**

1. Higher sustainable economic growth, poverty reduction and regional stability
2. Improved economic governance framework
3. Enhanced international integration of the countries

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| --- | --- |
| **Intended Outputs and Output Targets**  **Phase II** | **Achieved Results to Date**  **Phase II** (per data at the time of the review) |
| **Output 1:** **Global Compact CSR networks consolidated and sustainable beyond active UN coordination support.**  |
| Baseline: * Low awareness level on CSR among companies and general public
* 150 companies from the region engaged in the GC networks as direct result of the first phase of the project
* 6 GC networks established, one in each country

Indicators: * Number of new companies signing the Global Compact
* Number of collective actions undertaken by the country networks
* Companies submit Communication on Progress on time
* Number of media articles about the GC events (local and regional press)
* Number of companies participating in global GC/project events
* Intra-regional collaboration of networks (collective events by networks )

Targets for Years 1 and 2:* 400[[14]](#footnote-14) new companies join the Global Compact
* At least one regional (CIS level) CSR conference engaging all the relevant countries

Targets for Year 1* At least 4 learning / training events including at least one study tour per country
* At least 2 meetings of the national GC Steering Committee meetings
* At least 4 initiatives of intra-network collaboration

Targets for Year 2* At least 2 learning/ training events
* At least one GC Steering Committee meetings

Networks collective action plans and governance structures (including financing) in place in all countries involved | Achieved results:* Total number of GC participants in all 5 project countries: 350, about 100 added in phase II in 5 countries.
* GC governance structures (Steering Committees) in place in Belarus, Moldova, Armenia and Ukraine and SC meetings conducted on regular basis; Interim SC set up in Georgia to lead development of permanent governance structure and documents.
* The GC Network annual work plans approved and endorsed annually by the GC Networks and their governance bodies
* Financial strategy developed in Ukraine; different stages of initial discussions on GC networks’ financial sustainability in Belarus, Moldova, Armenia, and Georgia.
* 19 training and learning events focused on role of business in development, GC issue areas, COP, labor, corporate volunteering, ISO, the role of media, etc.
* 8 national conferences; one regional conference (Ukraine, 2009); more than 5 studies and surveys, etc.
* More than 100 articles, socially responsible brand nominations, graduate courses on CSR, publications, etc.

More than 8 joint actions of GC Networks in the issue area of environment and human rights. |
| **Output 2: Enhanced participation of companies in policy dialogues and formulation on promotion of responsible inclusive entrepreneurship**  |
| Baseline: * private sector sporadically and ad-hoc consulted in economic policy reforms/ formulation regarding business climate
* policy dialogues with networks participation initiated in all countries
* no policy / programmes incentives for CSR at national levels
* no CSR agendas at national levels

Indicators: * Range of actors participating in the policy formulation and debate
* GC networks invited to participate in developing / strengthening/ implementing national CSR agendas
* Number of GC companies participating in training sessions on improving their business standards (social, environment, governance)
* Progress towards formulating and adopting national CSR agenda
* Progress on potential passing of relevant laws
* Identification of good models/practice in other countries for inspiration/replication

Targets for Year 1 and 2 (aggregate all countries) * At least two recommendation per country to governments regarding improving of policies/legislation on CSR/ responsible entrepreneurship

At least one policy dialogue on a selected specific theme related to promoting of responsible entrepreneurship per country | Achieved Results:2 policy papers developed and 1 dialogue under way: * A policy paper on PPPs in Armenia elaborated and the policy dialogue started
* A policy paper on CSR in Belarus elaborated and submitted to the Ministry of Labour

Preparatory research and actions, for example: * Research to form baseline for policy recommendations and creation of national CSR agenda in Belarus under way

- 1 draft bill on taxes prepared and dialogue with 2 ministries on development of national CSR strategy, Ukraine* Child Labor Code endorsed by business in dialogue with government, Moldova
* Socially Responsible Business for Sustainable Development of Small Towns prepared and launched, Belarus
* Preparatory work undertaken in Moldova to start dialogue with the Parliament

National Go Green Campaign in Ukraine prepared and launched, national climate change research conducted  |
| **Output 3:** **Public private partnerships brokered**  |
| Baseline: * Low lever of cooperation between sectors and PPP in infancy stage
* Currently at least 2 PPPs under exploration in each country, a mixture of CSR and commercial partnerships

Indicators: * Number and range of different stakeholders engaged in each partnership
* PPPs brokered that contribute to poverty reduction and have commercial potential
* Leveraged funding for implementation of the PPPs from other donor / commercial initiatives
* PPPs attracting foreign and national investors

Combined targets for Year 1 and 2: * 4 PPPs brokered per country
* MOU with partners signed regarding implementation of PPPs

Year 1: * At least 4 outreach events attempting to identify international investors

Year 2: At least 4 regional PPPs (covering more than one country) | Achieved Results:Total number of projects in the portfolio: 15/Total number of projects on pipe: 64 projects in Armenia + 1 emerging opportunity: * **Arts And Crafts Training/Production Centres for the Disabled:** 2 centers open and fully operational in Yerevan and Gyumri
* **Youth Career Trail:** 20 young graduates from the phase I of the Youth Career Trail Project provided permanent jobs; within phase II 48 new internships in 35 organisations started, 5 interns provided jobs; funds secured for phase III
* **Creation of Milk Collection Centre:**Three Milk Collections Centres prepared and fully equipped to be open in August 2008; expected capacity to services 1,000 small farmers daily from 10 villages, 1,600 litre milk storage
* **10 Best Classroom Projects**: 12 school development projects received financial awards and were successfully implemented benefiting around 2,000 school children, the number of school children participating directly in project is 240, finance secured for phase II
* 1 emerging opportunity to develop a project on sheep skin production

5 projects in Belarus* The pilot **School Milk project** implemented, awareness raising activities about healthy diet for children and parents undertaken, 20.2% increase in milk consumption on daily basis by children, awareness about nutritional value of milk products rose from 33 % to 83% among children, and from 46.5% to 95% by their parents, children in the pilot school increasingly preferred fruits and vegetables at the end of the year
* The **Guarantee Fund Project** working group formed, investment proposal prepared and endorsed by the working group, on-going outreach to investors
* **Business solves small town problems**: Establishment of a new business model in Novolukoml Town completed – a summer riverside cafe set up and operating. The initiative led to the launch of a campaign on the role of business in small town development.
* **Telemedicine Project** working group in place and a pilot project implemented to test the concept. Further replication of the project model is expected.
* **Sustainable Small Towns campaign** – a guide for investors prepared and distributed and various PPs launched by GC members

3 project ideas in early stage of development in Georgia* buffalo milk collection from small farmers to produce buffalo yogurt
* Paper recycling
* Project Business to Business – software and site

2 project ideas in early stage of development in Moldova in glass recycling sector and waste management.6 projects in Ukraine* **Counter-trafficking hotline** (launched in April 2007) received 20,000 calls, 126 callers identified as victims of trafficking and referred to relevant organisations for further assistance.
* A **network of 10 youth e-communities set up**, 45 persons acquired knowledge and skills to work in Web 2.0 environment, 7 social *e*-projects developed to address youth problems, 2 network development projects developed
* **Youth social inclusion project** (52 youth centers with business plans for financial viability to be developed, at least 1000 young people to be trained on ICT tools (e.g. web 2.0), at least 3000 young people trained in Skills for Success program, at least 100 social projects developed and realized by young people involved in the project, 20 peer-to-peer networks established between rural and urban youth, at least 6 on-line skill development courses available on project web-portal, National publicly-accessible Living Heritage Treasury e-library established by the end of the project)
* Project on the **restoration of natural springs** by local communities and water management training for school pupils in rural areas
* **Telemedicine project** - Developing regional network of the state telemedicine centers.
* Partnership for the National Advocacy Campaign on Environment (**You are Dangerously Armed** – 2008-9; Seal the Deal 2009-2010)
 |

**Outputs and targets for regional coordination, knowledge management and support, Phase II:**

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| --- | --- |
| **Activities and Intended Outputs**  | **Output Targets**  |
| Regular monitoring, technical and knowledge management support to the project teamNOTE: One expected outcome was improved regional knowledge management to result in brokers providing mutual support to each other for better assistance of PPPs at country level and emergence of regional PPPs  | * 2 project team meetings/trainings and at least 2 knowledge products assisting in project implementation and capturing experience and lessons learned during the project implementation
* At least 2 initiatives of intra-Network collaboration, i.e. involving 2 or more countries
* At least 1 event at the regional level engaging the stakeholders from the project countries
 |
| * Business outreach to foreign investors/partners, including organisation of at least 2 business outreach events and at least 2 regional partnership projects, which cover more than 1 country and/or replicate a partnership project model tested elsewhere
 |

# Analysis of Overall Regional Project Implementation (Phase I and II)

## Output 1: Global Compact/CSR Networks consolidated and sustainable beyond active UN coordination support

***GC network established and expanding/Network activities/CSR as a tool for improving companies’ competitiveness/ Local linkages and collaboration***

In all countries, except Ukraine, the project has had difficulties in achieving the expected target for the indicator ***number of companies signing the global compact*** *by 2009*. The total number of signatories recruited during the whole life of the project in all countries was about 350 at the time of the review. The combined number of new GC members (business and non-business) recruited during phase II in all 5 countries was about 100 (up from 240 at the end of phase I), well below the project target of ***at least 400[[15]](#footnote-15) new companies joining the GC networks in phase II.*** All networks also would need to work on improving their multistakeholder balance through recruitment of strong and influential NGOs and academia. One of the conclusions of the review is that the expectations concerning number of signatories to be recruited in each country and total regional target for the project may be unrealistic.

All five networks has succeeded in building a core group of committed GC members representing the largest companies in each country, but have faced challenges in attracting SMEs to join the network. At the same time, the expansion of the GC networks in most of the countries have reached by the time of the review a point from where further significant growth in the GC membership could not be possible without active engagement with the SME community. The GC experience in other countries shows that raising awareness in SMEs about CSR, building the CSR and GC business cases for SMEs, and most importantly – convincing the SMEs to adopt CSR and move toward implementation of CSR activities as part of their day-to-day business is unlikely to happen unless SMEs are pushed toward CSR by regulatory, supply chain, and/or other market incentives and pressures.

When evaluated against various sustainability parameters such as: ***the network is lively and active; and, it has a vision and a purpose,*** all networks show high energy level and sense of common purpose among the core groups of actively engaged companies, the Steering Committees, and various working groups and clusters of members involved in various activities. So far all five networks have been expanding organically around small core groups of active and highly committed companies. The current picture shows that the GC networks are at critical points of their evolution where the issues of growth and purpose and members’ compliance with the GC network values would need to be re-evaluated. In the light of the experience accumulated in the last 2.5 years since the beginning of the project, across all five networks it has become important to ensure that all members are actively involved and contribute to their networks development, and to protect the GC network’s brand from risks due to unsatisfactory CSR performance and/or COP, and poor compliance with the GC principles.

At the time of the review the project was fully on its way to meet the combined and yearly targets concerning project activities in Phase II: ***# trainings/learning events, # regional (CIS level) CSR conferences engaging all the relevant countries, # meetings of the national GC Steering Committee, and # initiatives of intra-network collaboration****.* Overall the country specific and combined targets for both phases, concerning the above indicators, will be achieved at the end of the project.

An overview and analysis of the regional initiatives is presented further in this report in section 6.

The list of activities implemented on national level as part of the GC Project by the five GC networks and their outcomes is impressive and presents a clear proof that the GC project is making a strong impact in all five countries. During the three years since the launch of the project, the GC Networks have evolved as neutral platforms for learning and exchange of experience in CSR, and as catalysts for partnership initiatives where companies can make positive change and contribution to the society. The highlights of the activities implemented in total in all countries are presented in the table above; more detailed presentations of the activities implemented in each country are included in each country’s project review report in Annex G.

The review has identified areas of activities implemented on national level that are of particular importance for successful GC development each country:

* The GC’s ongoing awareness raising and educational outreach initiatives organized within the countries on the base of continuing media engagement (Belarus, Moldova, Ukraine), development of CSR courses and curriculum ( Ukraine, Moldova) conferences ( Ukraine, Moldova), regional events within the countries (Belarus, Ukraine).
* The GC collective actions and campaigns, such as for example the Belarusian Small Towns campaign, and the Ukrainian Go Green campaign.
* Training activities, networking and experience sharing opportunities and other services provided by the networks to their members. The special attention given to COP and reporting as an important skill that enables companies to practically develop CSR programs and further to monitor, measure, report, plan and improve their CSR performance.
* Policy dialogues
* Partnership projects

The above initiatives would have even greater impact if expanded on regional level through collaboration among the national GC networks. Even in the case of the policy dialogue, which is generally limited to activities taking place on national level, collaboration among the national networks could lead toward establishment of platforms for information exchange and collaboration among the local governments in the region concerning policies on cross-boundary issues, regional and global challenges, such as climate change for example.

As a whole the GC Networks contributed for significant change in the understanding that CSR is not only philanthropy. But while a change in the way companies are talking about CSR is evident, changes in the companies’ culture and values toward practical adoption of CSR as integral element of companies’ business strategy and operations are still in early stages of development. The CSR is a very new concept that needs significant time and effort to position itself among the other priorities on the business community agenda. Across the region the adoption of CSR and GC was also stalled by many internal and external factors, for example: low or no awareness on CSR among government and the other stakeholders, low popularity of CSR due to isolation from the EU and the global markets and investors, political instability, and the economical crisis.

One of the significant accomplishments of the GC project in each of the five countries is its initiative to engage as a convener and partner with different key players and stakeholders, for example: ministries, governmental organizations, media, and key international organizations for collaboration on promotion of CSR and joint work on policy dialogue and other initiatives.

***Operational and financial sustainability***

When evaluated against the relevant key parameters for sustainable network ***Have a workable and transparent governance structure; Have institutional stability/backing; Have key (strategic) partners on-board; be accountable*** at the time of the review the different GC networks showed various levels of potential for reaching sustainability, and all five networks were making strong efforts to address the issues of long-term organizational and financial sustainability.

With the exception of Georgia, the project has achieved the target of establishing a ***workable and transparent governance structure of the GC Network***in each country[[16]](#footnote-16).The GC networks in Moldova, Armenia, Belarus, and Ukraine have established successfully their governance foundations: have annual General membership meetings where the annual work-plans and other governance issues are addressed; have approved their Governance Principles; and have elected their Steering Committees/BODs which are engaged and committed to lead the networks with support from the networks’ secretariats. However, the question of identification of local institutional host is still open, thus each of these networks requires the local UNDP office to continue to host the GC secretariat. In the case of Georgia, the GC Network is moving fast to compensate for the delays imposed by the war. Although the formation of permanent governance structure led by Interim Steering Committee is still in process, the network has already identified its local host organization - Am Cham.

The project has had difficulties in meeting the expected key results[[17]](#footnote-17) concerning networks’ financial sustainability.At the time of the review, only the GC Network in Ukraine had a strategy developed by the network to address the network’s short- and long-term financial sustainability. It is based on the idea of creation of GC Alliance, uniting GC champions which would play both the leadership and sponsorship role in the initiative. The strategy requires the proportion between UN/ GC members funding to be shifted towards a business-led structure, by setting up a goal by 2010 to achieve 50% by 50% split of funds contributed by UN and private sector to the network. Considering the current economic situation and the semi-formal network structure fee introduction in 2010 is considered not feasible by the SC, but the option remains open for re-evaluation under favourable external conditions.

In the other four countries, the project teams and the UNDP country offices has just began initial discussions on defining the strategy and approach to the Global Compact and business partnership agenda beyond the duration of this Project.

The next 1 to 1.5 years will be of critical importance for achieving the level of maturity and responsibility within the networks, and the level of awareness on CSR among the stakeholders in the countries that would allow independent development of the GC networks in accordance with the UN/GC values and principles on the base of self-control and self-monitoring. The UNDP involvement in the networks development as a part of the regional project has been of great importance and the expectations in all five countries are that UNDP would continue to provide various levels of financial support, and would stay closely engaged in the network’s development and governance at minimum until end 2010. The UNDP brand has brought credibility, weight and attention to the GC networks. The overwhelming majority of participants in the project from all 5 countries believe that the networks should continue to develop under the UNDP organizational umbrella and brand, with the GC network Secretariats hosted by the UNDP country offices, for at least 3 more years. The general conclusion is that continuing involvement of the UN/UNDP in the GC network’s development as an adviser, resource, and partner in a longer term, even after the networks have established as independent institutions, would not only be of great importance for the networks’ sustainability, but would be of great benefit for effective implementation and achievement of greater impacts from the UN/UNDP country programs and strategies.

**Priorities for network sustainability and long-term success:**

* Long-term funding formula needs to be established and tested, and sustainable funding platform established to ensure there are funds necessary to secure the secretariat and the network’s maintenance
* Secretariat – professional, efficient, talented is needed in order to implement good activities and actions. The secretariat needs to play not only logistical role but also to have technical expertise and capacity to propose ideas, advise, guide and lead the network and its leadership.
* Active GC members – need to maintain environment that is favourable to CSR ideas, dialogue and action
* Active engagement with all stakeholders
* Strong and active SC – consists of leaders respected by the membership and the other stakeholders, it should play leadership role and be ready to take responsibilities, able to put time into meetings, present experience, give testimonials.
* Encourage COP reporting – it is key that companies and other organizations members of the GC are transparent and accountable to the society and the stakeholders

## Output 2: Enhanced participation of companies in policy dialogues and formulation on promotion of responsible inclusive entrepreneurship

The policy dialogue component, together with specific targets, was included into the project framework at the beginning of phase two. At the time of the review the project was on its way of achieving the policy dialogue combined targets for phase II, with Moldova, Belarus, Armenia and Ukraine meeting the targets: ***At least two recommendation per country to governments regarding improving of policies/legislation on CSR/ responsible entrepreneurship; At least one policy dialogue on a selected specific theme related to promoting of responsible entrepreneurship per country.*** Georgia hasn’t made progress re making recommendations to the government, but have launched 2 out of 6 policy papers resulting in 2 policy dialogue-discussions involving multiple stakeholders.

Overall the experience to date with the policy dialogue has been valuable in terms of GC networks being able to accumulate learning, and build confidence in addressing *the issues of public private partnerships, requiring consultation with and input from the business* (Armenia, Ukraine) and *monitoring and analysis of the legal environment for CSR and guidance to companies on how to apply the existing legal aspects concerning CSR* (Belarus), as well as in: *development of policy papers (*Georgia)*; making efforts to improve the existing legislation to better address and support the CSR* (Armenia, Belarus, Ukraine); *engagement in the national ISO Process* (Belarus, Ukraine)*; engaging with potential partners to work on the project amending the Law on sponsorship and philanthropy* (Ukraine) *and the Law on advertising* (Moldova).

The networks have succeeded also to develop good working relationships with various ministries, and governmental bodies. In some countries (Armenia, Belarus, Ukraine), MOUs with and/or appointment of certain ministries as contact points between the national governments and the national GC networks has opened opportunities for further engagement with the government and other ministries aiming at promoting CSR and development of governmental CSR policies and CSR agenda.

Overall, the flow of activities implemented during the last 3 years by the GC networks toward establishment of a policy dialogue on CSR has succeeded in all 5 countries to:

* Built up recognition of the GC abilities to promote CSR and deliver on various policy aspects related to it;
* Establish relationships between GC network and the key players, and among different stakeholders engaged in CSR dialogue;
* Built awareness on the importance of the CSR agenda and support from the key stakeholder groups; etc.

In real terms the governments have become more open to dialogue on CSR. It seems that the negative impact that the economic crisis has on the policy dialogue in terms of shifting the governmental priorities away from the topic of CSR, is being balanced by the fact that the crisis puts pressure for reform. For example, when the crisis was first felt in Belarus, the government took a course toward liberalization and economic reform that could potentially lead to simplification of business taxation, simplification in the process for registration of new companies, and open dialogue with business and other stakeholders on the issues of the reform. Thus CSR and sustainability are now often mentioned in the national action plans and discussions. But none of the governments hasn’t shown yet real support for CSR, and no interest in development of CSR enabling legislation. However, the expanding linkages with the EU inevitably would impose pressure on the governments in the region to make concrete commitments and steps for addressing key issues related to CSR.

In continuation of the dialogue, the networks are planning to apply a more strategic approach aiming at development of proposals for national CSR agendas to be adopted by the respective national governments. Such proposals (which already are in proves of being developed in Belarus and Moldova) would be stronger if based on facts and examples from other countries how governments are addressing and supporting the CSR/GC agendas. The goal is through this approach to look for optimal decisions and effective action that would work in the best interest of all parties – government, business, and society. But the establishment of a national CSR agenda might take time, as the networks would need to facilitate the process carefully in order to complete the large complicated tasks of ensuring that the agenda is accepted by the companies’ members of the GC and by the government.

## Output 3: Multi-stakeholder partnership projects brokered

The review concluded that the project concluded phase I with total number PP (15) below the target (24), and the project is experiencing difficulties in achieving PP targets for phase II: **4 *PPPs brokered per country (20 total) based on MOU with partners signed regarding implementation of PPPs; At least 4 outreach events attempting to identify international investors; At least 4 regional PPPs (covering more than one country).***

The development of partnership projects (PP) is one component of the regional GC project where each of the country networks have applied its own vision and have developed its unique approach, influenced by specific cultural and economic conditions and existing opportunities for engagement with the business community and other partners in each country. In Ukraine, Belarus and Armenia at the time of the review there were a total of 18 PP brokered during the whole life of the regional project, of which 9 completed/closed, and 9 still on going, and additional number of projects on pipe. In Georgia and Moldova the PP component didn’t take off and at the time of the review the networks didn’t have active projects on the ground, just project ideas in process of development.

Overall, the PP are still smaller in scale and not completely developed in line with the UNDP project requirements, but every one of them is implemented with enthusiasm, commitment and great sense of satisfaction by the project participants, and have shown success and practical impacts and results**.** During the life of the GC project the partnership projects have evolved from purely focused on philanthropy in the early days, to the most recent projects with clearly defined business development priorities and profitability.

The regional nature of the GC project has played important role in facilitating exchange of PP ideas and models among the national networks participating in the project, and with GC networks in other countries in the CEE and Southern Europe region, such as Turkey, Slovenia, Russia, Bulgaria, Croatia, etc.

In Ukraine and Armenia the GC networks have succeeded in bringing the regional initiative “Every Drop Matters” by Coca-Cola to the local communities and thus have shown the extensive benefits of a regional approach in PP development and implementation. Development of regional PPs can attract investment and attention and ensure funds for continuation of the regional interactions and collaboration and for the national networks. Cross border opportunities could be used as a platform for such PP, and relevant companies and other players that are concerned about CSR issues, such as environment, corruption, and economic development in small towns for example, could be involved in the regional PP implementation.

Among the key factors of success in selection of PP idea and partners, and implementation of PP as part of the GC project are the following:

**Selection of PP Idea**

* One of the factors for successful development of PP is who is initiating the project and who’s idea is being implemented. Companies are naturally generators of ideas and the best way to start a PP is to relay on a company to come up with the project idea, objectives and implementation plan, and then lead the implementation of the project.
* Companies want to be and should be involved in implementation of projects and activities that produce tangible results in the form of help for the society. However, wherever possible from the beginning try to avoid pure philanthropic focus and try to balance in the PP design the social benefits with strong business propositions.
* The focus on CSR content in the PP development should take into account the fact that in any way the companies should not be discouraged to continue their donations and philanthropy. In the introduction of CSR as something “that is not and doesn’t recognize the traditional philanthropy” should be carefully explained that the traditional philanthropy is actually one element of the CSR, and that the current trend in CSR is not to eliminate the traditional philanthropy but to see how this element can evolve from one-time sporadic donations toward more strategic social investment with deeper and longer-term impact.
* It is best to start with smaller in scale projects, and after showing success and practical impacts and results - move to larger projects involving a complexity of activities and partners**.**
* Adopt open approaches to selection and development of project ideas, always based on the general goal to “bring all network members to work together on resolving important issues for the society”. Naturally the projects, if successfully implemented on the base of commitment and enthusiasm, would evolve over time from focused on philanthropy in the early days, to projects with more clearly defined overlap between social and business development priorities and profitability.

**Selection of and Engagement with Partners**

* Explain clearly what the goals of the PP are, what is the role of the GC secretariat/broker, what is the role of UN/UNDP, what is expected from the companies, what are the expected benefits for the society and for the company.
* The role of the GC team should be to:
	+ Play important role in bringing and selection of project ideas, facilitates the partnership agreement/s and plays key role as a convener of the partners and facilitator of the dialogue among them as part of the project development, preparation and implementation.
	+ Coordinate the collaborative work process and all main operational events – roundtables, press conferences, meetings of project working groups, etc.
	+ Be responsible for media relations and coordination and execution of the media campaign which is a required element of each PP implementation plan, and for engagement with various partners on planning for potential future replication of the PP.
* Maximum engagement of GC member companies in PP
* UN/GC participates as a partner, thus PP are funded partially through UN as a partner and partially through companies.
* Companies highly value business partnerships, where “business is not seen only as a cash cow”. The GC PP should be a model of cooperation between business, UN and the other social actors, where **c**ompanies are not only sponsors but also active participants in the planning and implementation of the project. As part of this model, the business contributions should be considered in a flexible way, and could include for example sponsorship, goods, products, services, know-how and technical expertise, staff time/volunteers, and other ways of contribution; there are also partnerships for advocacy, political dialogue, and joint action.
* PP should involve diverse partners – especially valuable is to involve: national and local governmental authorities and other public institutions.

**PP Implementation and Replication of Outcomes**

* + - Clusters of PP within a large national initiative are a powerful platform for building sense of common purpose and vision among the GC network members.
		- Each PP should have a strong publicity component - the project and the parties involved should receive a wide media coverage and great appreciation from the general public.
		- There is a potential for replication of successful PP ideas from country to country, as certain players take initiative to further implement the models developed with a company that has a regional presence, or just to adapt PP ideas from other countries that address common needs or stakeholder interests.

Engagement in multi-stakeholder partnership projects not only brings benefits to society, bus also contributed for raising the nation-wide awareness and support for UNGC and CSR, and provided a platform for the GC network and the GC companies to work in collaboration with governmental institutions and other actors. The relationships created through PP later would be of value for development of strong support base for the GC policy dialogue.

The PP component has positioned the GC as activator of collective thinking and action, convener and facilitator of the process that brings all parties – government, companies and other players, to work together. All interviewed participants agree that without the GC the development of multistakeholder partnership projects in Ukraine, Belarus and Armenia would have taken different form and speed and would never achieve the broad engagement of different parties for achievement of common project goals.

The PPs offer the opportunity to bring the networks’ membership around collaborative activities aiming at implementing practical solutions to social and environmental problems. PP will stimulate the members’ creativity and initiative; will strengthen members’ commitment to the GC and level of engagement in the GC network. Finally PP will prove that CSR means not only donations and charity but could create both social and business value. The business case for CSR in the region would be developed on the base of real practical examples of PP that have resulted in concrete business/profit benefits and benefits for the society. Thus the PP would build the foundation for integration of the CSR into the companies’ core business strategy and agenda.

# Regional activities and initiatives implemented by UNDP regional office and national networks and evaluation of outcomes

|  |  |
| --- | --- |
| **Regional Activities****Achieved Results (Phase I and II)** | **Activities Implemented**  |
| Phase I:* 6[[18]](#footnote-18) Actions plans produced
* 6 scoping missions

- 6 brokers recruited and trained * 7 review /CO support missions
* 3 project team meetings (information and knowledge sharing)
* 3 trainings for the brokers and one study tour
* Efficient coordination of project at the regional level
 | Phase I:**-Training for brokers on Global Compact and partnerships:** * + 1st training in June 06 (attached to Conference on CSR in Eastern Europe and GC networks meeting where newly recruited brokers had opportunity to learn and network with other functioning GC networks in the region)
	+ Global Compact Networks Forum in September 2006 and met with GC network representatives from over 50 countries, complemented with internal project review meeting on progress. (This was a unique opportunity to network and learn from the experience of other networks)
	+ Brokers participated in a study tour to learn about the GC network in the UK and how UK government supports GC and CSR
	+ Brokers trained on value-chain development (training conducted by International Trade Centre)
* **1 regional meeting of East European GC Networks organised at which Brokers and their partners discussed promotion of GC with other East European networks**
* **3 project team meetings organised to discuss project experiences and address project implementation issues**
* **7 review and CO support missions undertaken by project Manger, Business Partnership Adviser; in other instances, CO support provided through teleconferences and e-mail**
* **For information and knowledge sharing, bi-monthly phone conferences organised; project website developed; interactive web workspace under development**
* **Project and its services presented to 45 Belgian companies at Business Outreach Event in Brussels**
* **On-going expertise, organizational support and desk research**
 |
| Phase II:* The GC Network strategies and annual work plans approved by Regional Coordinator
* 4 project team regional meetings
* 2 initiatives of intra-Network collaboration, i.e. involving 2 or more countries
* 2 joint actions/events of GC Networks in the issue area of environment and human rights
 | Phase II:**- Project team regional meetings/exchange of experience and information:*** Global Compact Leaders Summit, Geneva, 2007
* The 5th Annual Local GC Networks Forum, Mexico, 2007
* The 6th Annual Local Networks Forum (ALNF), Germany, 2008
* The 7th Global Compact Annual Local Network Forum (ALNF), Istanbul, Turkey, 2009

 **- Intra-network collaboration events organized by national networks:*** National Conference on Corporate Social Responsibility (Tbilisi, Georgia, 2008)
* 6th UN GC General Meeting with the participation of Belarus and Moldova networks (Ukraine, 2009)

- **International broker hired in Belgium, began to work in early 2009****- On-going expertise sharing, organizational support and desk research** |

At the time of the review the project has achieved the targets set for phase I, and the targets for phase II concerning ***# project team meetings/trainings; number of initiatives of intra-Network collaboration, i.e. involving 2 or more countries; At least 1 event at the regional level engaging the stakeholders from the project countries,*** as well asfor ***business outreach to foreign investors/partners, including organisation of at least 2 business outreach events*** but it has experienced difficulties in reaching the target: ***2 regional partnership projects, which cover more than 1 country and/or replicate a partnership project model tested elsewhere.*** However, the PP ideas are already showing potential for being replicated in more than one country – for example Ukraine has replicated the Belarusian telemedicine project with some national modification.

One important aspect of becoming sustainable is the ability of the national networks to develop, maintain and utilise relationships among its members and with key players outside the networks – locally and internationally. Concerning relationships with local organisations, the networks have faced challenges in building productive relationships with the NGO community as a whole in their countries on the basis of mutual interest, shared benefits and collaboration. The examples of collaboration with key players in Belarus, Moldova and Ukraine and the structured partnerships with locally based international organizations such as AmCham, Eurasia Foundation and the British Council in Armenia and Georgia, are among the significant accomplishments of the GC project.

The regional GC network and project meetings for exchange of information and good practices among project participants organized by the UNDP regional office have proven exceptionally effective and valuable. These interactions and joint meetings among the project partners provided a platform for development of replication of partnership project ideas and development of joint initiatives. However, due to various factors such as the political instability and the economical crisis in the region, as well as due to the current focus predominantly on local issues and development of national PP, the project hasn’t been able to develop a regional PP yet. But the ideas for regional collaboration are already getting a lot of attention, and the regional network is already capable to facilitate development of regional partnership projects that could potentially support the development of a sustainable regional network of GC networks, an outcome from the GC project.

The hiring of the Belgian broker has opened a potential venue for expansion of international collaboration through linkages with Belgian businesses. The international broker based in Brussels is currently working on scoping out Belgian companies interested to participate in partnership projects. Although only a few of the networks (Moldova, Georgia, Belarus, and Ukraine) have made contacts with locally represented Belgian institutions, and with the Belgian broker, the potential for establishment of linkages with Belgian companies is still open.

The networks also have explored ways to establish linkages with other international programs in the region and in Europe addressing CSR or overlapping with the CSR agenda of the GC. Unfortunately these efforts, as well as the attempts to establish relationships with European CSR organisations and to approach the EC have been unproductive. However, contacts in relevant directorates on EC level should be identified and approached again now, when the project is entering its closing phase and the network and its members can show potential and capacity to respond and act on various EU initiatives concerning CSR, climate change, economic recovery and the role of the corporate sector.

# Good Practices with Regional Impact Achieved during the Life of the Project (national and regional levels)

**Establishment of Sustainable GC Network**

* Systematic recruitment effort in Belarus combined awareness raising, information dissemination and basic knowledge building on CSR and GC with individual meetings with prospective companies, collective (open) informative meetings with multiple stakeholders and presentations at corporate events introducing the CSR concept and GC*.(Belarus)*
* The regional launches of the GC Network Ukraine are aiming at introduction of the GC and CSR to and recruitment of companies and stakeholders located in different regions of the country as potential GC members. They are organized on the premise that 1) at the launch a local GC network is formed and 2) the GC network is formally institutionalized in the region through identification of a local company, a CSR pioneer, committed to take a leadership role as a GC focal point in the region*.(Ukraine)*
* Currently the members of Coordination BOD of the GC Network Moldova do internal workshop for new members on COP – showing experience in report development and how to use reported information in their operations. There is a discussion about development of workspaces where companies can go to focus on/get resources/training on different GC issues*.(Moldova)*
* The process of defining the organizational and governance structure for Georgian GC Network, specifically designed to address the extremely instable situation in the country and ensure broad consultation with and participation of all key players, is a major accomplishment and a valuable model for replication in a complicated post-conflict political environment. (*Georgia)*
* The precisely designed and executed election process for SC members is to provide not only for max transparency and accountability but also to serve as a platform for transfer of decision-making power and responsibility for the network’s future to the GC membership, and thus to contribute to building network’s legitimacy and strong sense of ownership among the network members. *(Armenia)*
* Creation of an Alliance of companies CSR-leaders which would play both the leadership and sponsorship role in the initiative*.(Ukraine)*
* A strategic holistic approach in planning and development of activities, where the network activities are grouped in thematic streams presenting specific GC principles or priority CSR topics. Each stream is backed up by a working group, and includes a spectrum of activities and methods of engagement from awareness raising, research, training to events, campaigns, and in many cases – policy dialogue and partnership projects*.(Ukraine)*
* GC network is a platform for establishment linkages between the UN family of agencies in the country and the business community, and also for improving the level of coordination and collaboration between the different UN agencies on CSR-related and other business-related aspects. *(Ukraine)*

**Capacity Building, Education, and Awareness Raising**

* The “business talks to business” initiative/B2B as a platform for experience sharing among GC members. Specifically the B2B meeting **«Social reporting: Leaders' Experience»** as a platform for companies to read and comment on each others reports*.(Ukraine)*
* Awareness raising and education for the media - 1**)International Media Forum on CSR (**12-13 July, 2007) – this is the 1st forum of such kind that brought together more than 100 prominent journalists and editors from nine countries; 2) **National contest for young journalists on best CSR analytical article** (2009*).(Ukraine)*
* The CSR Course, developed jointly with the Academy of Economic Studies, presents each of the GC principles through individual real cases – every one of the GC principles is described through a separate case that talks about a certain Moldovan company member of the GC and its specific CSR activities under the relevant GC principle. The publication is an excellent response to the need for country-wide awareness raising and education on CSR among all stakeholder groups, especially among the younger generation who are the current and future managers of companies, governmental and non-governmental institutions in Moldova. The agreement between the UNDP/GC and the Technical University of Moldova has resulted in a partnership that could lead to integration of the CSR theme into existing curriculum and/or further development of independent CSR course/s at the University.(Moldova)

**Network Actions with Multiple Impact**

* Go Green campaign – a national initiative for all stakeholders, focused on making impact on two levels: a)high level – establishment of policy dialogue with ministries and government on the topics of green tariffs, renewable energy and Kyoto protocol; b)lower level – engage organizations and ordinary people nationwide in environmental actions – tree planting, clean ups, etc.(*Ukraine)*
* Within the Go Green campaign: **1) National Survey on Climate Change Perceptions** (December 2008 – January 2009) – is the first ever survey on climate change perceptions in Ukraine. Survey results were presented during the 1st Ukrainian Business Summit on Climate Change.**2) 1st Ukrainian Business Summit on Climate Change** (March 24, 2009) – first ever symposium of this kind in Ukraine.(*Ukraine)*
* The idea for the “Business for Sustainable Development of Small Town’s Campaign” was born as a result of a small group exercise involving all GC network members in Belarus. The goal of the campaign is to mobilize all GC member companies to work jointly with the communities of stakeholders in growing number of small towns in Belarus towards development of sustainable small towns based on environmentally, socially and economically responsible business development. Today the campaign is a compilation of many different initiatives, projects, and streams of activities, each carried out by different GC members, that are woven into one joint effort under the overall coordination of the GC secretariat. The activities have a life of its own and naturally grow and expands driven by the ideas and enthusiasm of the GC members and the growing number local participants from the small towns where the activities are taking place*.(Belarus)*

**Policy Dialogue**

* The close collaboration initiated by GC Network Armenia with AmCham, Eurasia Foundation and the British Council is one of the most significant accomplishments of the GC project. This model of coalition-building bringing together all important local actors has been further replicated in Georgia *(Armenia)* In Georgia, the creation of the CSR Coordination Group of 12 organisations, following on the similar collaborative initiative by GC Network in Armenia, has evolved as one of the GC project’s most valuable contributions to the development of a national CSR agenda. For the first time ever a group of organizations agreed to sign publicly a letter of understanding to show that all organisations involved in CSR are coming together with commonly agreed agenda for action on CSR. *(Georgia)*
* Linking important economic development needs to sound policy research and multi-stakeholder dialogue for influencing supportive policy in government*.(Georgia)*

**Partnership Projects**

* Specific work process set up by the GCN Belarus brokers and successfully tested with the network for development of PP and other initiatives - UNDP, companies and other stakeholders are the key sources of project ideas. When an idea reaches the GC team, the broker evaluates it against what is known about the main activities and interests of different companies, and then approaches one or more companies that potentially could be interested. Next UNDP initiates a meeting that brings all concerned and interested in the project parties together and the project idea is discussed. The working group further develops the program in detail and is responsible for the PP implementation under the facilitation and with coordination and logistical support of the GC team*.(Belarus)*
* Integration of PP agendas and objectives with: a) the GC network’s work on establishment of policy dialogue with government on development of national CSR agenda through establishment of close working relationship with major ministries; b) with the network’s priority issues, such as the national Go Green campaign*.(Ukraine)*
* PP with clearly measurable impact, practical results, and wide range of beneficiaries**. For example, the PP beneficiaries in Armenia include: about 200 disabled people, 24 schools, about 2,000 households and farms in three frontier communities/a total of 8,000 people, 120 young graduates.** *(Armenia)*
* PP stimulating regional cooperation – Coca Cola Project “Every Drop Matters”*(Armenia; Ukraine)*

# Challenges to Achieving Regional Project Targets and Outcomes during the Life of the Project (internal and external, listed below in order of priority)

## Internal – need to be addressed within the UNDP and the GC Networks

**The ability of UNDP to provide and/or raise additional funds** – first for continuation of the project at minimum through 2010, and second, based on their strategy and terms of engagement with the GC network in a long term, to contribute financially in a longer term.

**The closure of the UNDP GC project could illuminate the platform for regional interactions and collaboration among the 5 networks before the linkages between the networks to have become sustainable.** Now more than ever is need to strengthen the linkages among the national networks, build sense of common purpose and goals, and provide networking opportunities

**Ensuring the network’s financial sustainability** will allow continuation of the activities and initiatives that have already been set up in motion.

**Absence of controlling/accountability mechanisms on GC Global level to ensure observance of the GC principles by the GC membership.** The networks jointly with the UN need to establish mechanism for monitoring quality of members’ reports and performance and for influencing on the members’ behaviour at the local network level that would protect the value of the GC network brand and the UN brand and reputation. The active network members express high level of sensitivity and concerns about the way the network should further expand and how much mechanical recruitment of potentially passive members should be allowed.

**A large number of companies have not submitted their COP or are in the category inactive GC members.** COP could be a serious challenge especially for SMEs, but is also a drive for practical adoption of CSR within the companies. The GC networks need to ensure all member companies comply with the GC principles and act in a responsible manner in line with the CSR and GC values and thus do not create risks for the network’s reputation and brand

**The CSR was in its infancy when GC came to the region.** It was understood as philanthropy. The basics of the CSR needed to be explained and understood and then practically needed to be demonstrated. The process of education and awareness raising took time and still continues, and it would take more time to integrate CSR into the companies’ core business. This is a very new concept.

The major task of the GC project and network is while continue to build CSR awareness across all stakeholder groups to shift the focus of the discussions from the question *“What is CSR?”* to *“How companies can do CSR in practice and how it can be integrated into the companies’ day-to-day business?”* and thus to stimulate companies to move toward practical implementation of CSR as part of their business agenda.

For business to start really implementing CSR it is needed for the network to show what CSR in practical terms means and to prove that CSR can bring business benefits together with social value. This is a significant change in the way business traditionally thinks about its social contributions which are made traditionally in form of donations and charity.

**The business case/value of GC membership for the companies is not clearly defined yet** – With the exception of Ukraine, across the region it is not clear yet what what special benefits, or distinguished value does GC membership brings to companies, and what responsibilities are attached to the membership.

**Reaching out to and engaging with the SME sector -** The GC experience in other countries shows that raising awareness in SMEs about CSR, building the CSR and GC business cases for SMEs, and most importantly – convincing the SMEs to adopt CSR and move toward implementation of CSR activities as part of their day-to-day business is one of the biggest challenges of the GC networks. In the countries’ current political and regulatory environments characterised by lack of understanding and support for CSR, involving the SMEs in GC may require years of continuing work.

**Low awareness on CSR among the other actors – consumers, government, investors and the media.** Raising the awareness on CSR across all stakeholder groups and especially among the government, media, and investors is becoming a necessity.

**External – affected by various factors beyond the UNDP and the GC Networks direct control**

**The legal climate is not supportive for the CSR and for the networks’ financial self-sustainability** – the current legislation makes very difficult for both companies and NGO members to provide financial support for the GC network.

**Both governmental institutions and companies lack traditions and experience in maintaining two-way dialogue and working together** – time is needed to establish new relationships and new culture of collaboration, openness and dialogue between government and business and the other stakeholders

**Engaging with the civil society and NGO community**. In all countries the GC country teams have found it challenging to identify and attract a satisfactory number of civil society organizations to join the GC networks. The civil society in the region in general does not have a good image and is not currently prepared to play the role of a constructive opponent or partner of the business community.

**The political instability** – varying in the different countries from frequent changes in the political situation, to an armed conflict in Georgia – is a main obstacle for establishment of ongoing dialogue with the government that could result in development of strategic governmental position on CSR. Although the goal was not achieved, the network gained valuable experience. One of the main lessons was that the network needs to have a critical mass of companies in order to be able to address successfully government and other actors. Another issue was finding the right entry point – ministries and governmental officials, also development of skills and finding the right ways to move through the political corridors. External factors such as political and economical crisis also slowed down the progress in establishment of productive dialogue with the government.

**The economical crisis.** In the current business environment companies are more conservative and cautious re new initiatives and projects, the CSR budgets have been cut and the focus is on initiatives that are directly linked to the core business agenda and/or address specific business risks and opportunities. Many European and international investors assume that the regional business environment is very risky, which makes it difficult to attract Belgian and other firms to get involved in projects in the region where the GC project is implemented.

# Recommendations to Overcome Challenges, Conclusions and Way Forward

## Output 1: Global Compact/CSR Networks consolidated and sustainable beyond active UN coordination support

* Develop the business case for GC membership. In each of the five national networks the benefits of GC membership should be clearly described together with members’ roles and responsibilities, and the business case for GC membership should be clearly defined and linked to the Network’s sustainability strategy and vision, for example:
	+ Established strong GC network brand –GC network members to be seen as the leaders in CSR on both regional and on national levels.
	+ Access to participation in partnership projects that bring visibility, increase reputation and bold positive public image.
	+ Access to information and high quality trainings and technical assistance in CSR implementation addressing the economical crisis, ways to increase efficiency and cut costs.
	+ Access to the regional and international GC networks for exchange of experience and information, and partnership opportunities.
	+ Access to participation in development and implementation of joint network campaigns and initiatives on CSR.
	+ Recognition given to companies GC members for good work and accomplishments in CSR implementation and compliance with international CSR benchmarks and standards.
	+ Certificate programs linked to GC training and services – link participation in trainings and use of services to GC membership and add specific benefits for GC members only.
	+ Publicity – on national and international level.
	+ Improved access to investment - For example, a Regional GC Network listing and database, presenting all companies-GC signatories in all 5 countries, could be developed and made available to international investors and potential business partners in Europe and the region.
* The GC networks’ activities should continue and expand in scope and scale:
	+ More conferences and roundtables are needed as platforms for continuing dialogue on CSR, and to continue to raise the awareness and educate
	+ Development of more training, especially focused on technical aspects of CSR implementation.
	+ Develop initiatives and CSR activities showing the practical application of CSR as a tool for providing solutions to concrete social and environmental problems internally for the company, and within the communities where the companies operate and for the society as a whole.
	+ Expand in number and scale the joint activities implemented by the network that build a sense **of common purpose** and ownership among all network members. Such initiatives to focus on addressing different social and environmental through joint action and in a way that allows active engagement of all members from stage development of initial ideas to their implementation.
* All GC networks should make CSR/GRI reporting a priority and should push GC members to report – reporting usually drives companies toward integrated CSR planning, implementation, and management.
* In all GC networks CSR business case for SMEs should be developed, with emphasis on the importance of CSR for improving efficiency, cutting costs, improved competitiveness and relationships with clients and investors, stronger market positions in the situation of crisis in opposition of the perception that CSR only costs money and means just giving donations. Where possible, supply chain relationships between SMEs and large companies GC members could be used as a platform for getting SMEs to join the GC network.
* Including CSR in the curriculum of business schools, business incubators, and other business development programs would stimulate development of CSR-awarded entrepreneurs and businesses that naturally have CSR as element of their strategy and operations. Intra-network collaboration and exchange of visits between CSR-promoting academic institutions from different project countries would be of value.
* Regional Award schemes for recognition of CSR leadership and CSR achievements, and awards with GC/UN logos. CSR award schemes/contests can be established not only for companies, but also for other stakeholders – such as media, with the aim to mobilize more companies and more other stakeholders to take action in CSR implementation, awareness raising, promotion, and support.
* Hot issues such as climate change can be used as a focal point for development of GC events and initiatives on national and regional levels with the aim of raising interest and triggering action among companies and other stakeholders, and adding more members to the network.
* Specialized trainings for governmental officials, NGOs and media, possibly including visits to partners among the countries involved in the project and through the larger GC networks, where the trainee can see concrete activities, exchange experience and expertise with international partners and experts.
	+ Education on CSR for the government is crucial –Reaching out to the mid level governmental officials and changing their mentality and understanding about CSR should be a high priority. One idea from the interviews is to organise visits for government officials to other countries to learn how other governments are addressing the CSR - they can meet with other governmental officials and see/discuss concrete governmental initiatives and policies.
	+ Specialized trainings and workshops on CSR tailored to the needs of the media and attuned to the role media plays as a source of information, and as a factor for general awareness raising and for maintaining the CSR dialogue
	+ Specialized trainings for NGOs, focused on the practical role NGOs play in the CSR process – first NGOs monitor the companies performance and put pressure on companies that are not meeting the expectations of the society or their own goals regarding CSR, and second – NGOs partner with companies as part of CSR projects and initiatives, often they are sources of ideas and provide a platform for wider engagement with communities and other social actors.
	+ Leadership building trainings would help SC members to play more active leadership role in mapping out the future strategy for organisational and financial sustainability of the network
* The Regional network could provide a platform for collaboration and exchange of experience and learning among the SCs and working groups of the 5 national networks, where the GC teams/SCs can work toward:
	+ Development of unified procedures that ensure GC members are accountable to the local GC network for their performance and behaviour and for the truthfulness of their COPs and other reports.
	+ Development of an outline the roles and responsibilities of the members of the GC Networks
	+ Organize regional B2B meetings on social reporting for GC members to discuss each others reports.
	+ Develop strategies to put strong focus on practical implementation of CSR within the companies and in the communities through provision of practical tools and examples how the CSR can be implemented in individual companies backed up by technical assistance and advice to companies in different aspects of CSR, while at the same time continue ongoing awareness raising, education and information dissemination on GC and CSR among the stakeholders and companies which are not engaged yet.
	+ Research on models for achieving financial sustainability and assistance to national networks on development of a diversified funding strategy, including: membership fees, donor support, support from UNDP, governmental support, and payments for services and trainings.
* Need to have a regional conference involving the GC networks from the 5 countries to: bring international and regional experience, bring energy to the network, raise awareness, put questions on the table/maintain the debate on CSR, have companies and other GC members present what do they do and plan to do in regard with CSR.
* Building local capacity for social reporting and CSR – need to develop, and share among all 5 networks, a pool of local experts with practical experience, knowledgeable in the development and implementation of CSR strategies and programs in the companies.
* Linkages to other regional and European GC-related initiatives should be explored as a platform for learning and partnerships building, but also to bring exposure to the GC networks’ successes and the progress made by their members in CSR implementation. For example in regard with the CSR course – it could be useful for the Moldovan universities adopting the course to establish contacts with the business schools members of GC in other countries; there is an initiative for academic members “Principles for Responsible Management Education” that would be of value for the Moldovan business schools.
* UNDP to ensure financing of the project at least until summer 2010, better end 2010, and possibly mid 2011 – this extension is necessary to ensure all necessary elements for UNDP exit are on place.
* The issue of GC network’s financial sustainability needs to be discussed within the UNDP Regional and country offices from point of view of UNDP strategic interests and capacity to support the network after the closure of the project. Look for donor support – Belgian government, Nordic countries, etc. Look also for project grants and possible linkages to large regional initiatives and programs.

## Output 2: Enhanced participation of companies in policy dialogues and formulation on promotion of responsible inclusive entrepreneurship

* Build regional coalition/s with national, regional and international organizations that are willing to act in partnership with GC networks toward achieving mutual goals toward bringing the CSR on the governments’ agendas.
* Launch regional initiative/s for addressing the need for awareness raising and building knowledge on CSR among the governmental officials, especially middle level officials. The CSR governmental practices in other countries in EU could be presented and discussed through seminars and workshops especially designed for governmental officials. Exchange of visits, conferences and joint seminars bringing representatives from the 5 national governments would be of value.
* Close involvement of the UNDP country offices and UNDP Regional office and efficient use of UNDP contacts, influence, diplomacy and consensus building skills, and role as a facilitator in policy development are needed for continuation of the dialogue toward agreement on governmental national CSR agendas. The UNDP reputation, its role as a convener and provider of neutral platform and the fact that it is respected and trusted by the government and the business community are critically important for reaching successful agreement on a national CSR agenda.
* The aim should be that the dialogue between business and government to expand to the other social actors in each country, and to become ongoing and routine. Only through active open accountable social dialogue involving all social actors, the CSR agenda would be able to evolve in a way ensuring all emerging issues to be properly addressed by both government and business.
* Alignment of the policy dialogue agenda and messages with the UN/UNDP goals and priorities concerning the UN/UNDP work in the region.

## Output 3: Multi-stakeholder partnership projects brokered

* Turn the PP into practical laboratories demonstrating concrete business benefits of CSR implementation in the companies. GC teams to brainstorm with SC and the companies-members on local level ideas for such projects that clearly demonstrate measurable commercial benefits for the companies while addressing concrete social and environmental problems in concrete communities. Similar discussions and exchange of ideas to take place on regional level with participation of GC brokers and SC members from all local networks. Address specific business risks and opportunities, offer opportunity for development of PP that are showcasing the overlap between social and commercial value creation. The climate change topic and the Go Green campaign could be used as a platform for development of such PPs on regional and/or national levels.
* Experiment with development of a cluster of PPs focused on addressing a major issue – for example development of small green businesses in the countryside. Thus the cluster would be able to involve in a coordinated way many GC members from the national networks and local stakeholders and would result in stronger support platform for the PP development and larger scale impact. The Go Green initiative could be a good platform for such PP; also a cluster project could lead to a national initiative addressing certain big problem, currently not in the focus of the social actors. This model could be applied to development of a regional PP, involving the neighbour GC networks and stakeholders. Such larger scale regional PP, could be potentially attractive for foreign investors.
* GC to use the UNDP strategic priorities and programs, such as green jobs creation and the response to the economical crisis, to develop partnership project involving GC members and other partners – on national and regional levels.
* The GC Project broker based in Belgium potentially could identify Belgian companies interested to invest in regional PP. Utilize to the maximum the UNDP consultant based in Brussels to scope out Belgian companies and investors interested to explore and act on partnership opportunities in the region.
* Need to set up a system for measuring the commercial and social benefits from PP.

Regional collaboration

* There is space for involvement of the regional and national networks in European CSR initiatives and for establishment of contacts with EU CSR players as well as relevant directorates within the EC.
* National networks to establish more contacts in the neighbouring countries and look for opportunities to establish partnerships with projects, initiatives and partners in the region.
* The regional project should use the UNDP network effectively and when appropriate establish linkages with programs in the country, or on regional and European levels.
* The regional network should promote the local networks and should assist with getting more governmental support and recognition for the GC networks and their initiatives and activities – on European and national levels.
* Continue the inter-regional exchange of visits and information – keep the regional GC project network alive through development of regional projects or provision of minimal support from UNDP to maintain the networking and communication exchanges.
* Use the broker in Brussels to identify potential partner companies and to raise awareness about the business development opportunities and investment potential in the region. Help businesses members of the national networks to be better represented through organisation of exhibits, participation in trade shows, meetings on governmental and other levels.

# Operational Modality

The GC Regional project was introduced during a time when the agenda of UNDP for partnering with business was developed which marked changes in the UNDP priorities and approaches for addressing relationships with the business community. UNDP supports GC and business partnerships elsewhere, but through a single country projects. The project is the first regional project ever implemented by the Bratislava Regional UNDP office, and exception of the common project models organized around provision of support to the UNDP country offices. This project is regional in a sense that it includes more than 2 countries in a single project, taking the same approach, setting the outcomes, targets, etc for several countries. Yet, the issue addressed by the project is not genuinely regional, i.e. it does not require a joint action in several countries to implement CSR and business partnerships (as opposed to issues such as border management, water management, which UNDP also works on, but which require by definition involvement of several countries). Thus the GC Regional project is a regional project that is being implemented by UNDP as implementing partner, but most of the activities are implemented at the country level.

The role of the regional office in Bratislava during phase I, as defined in Phase I project document[[19]](#footnote-19), included:

* Overall project implementation and oversight.
* Maintaining the project’s conceptual clarity and standards
* Knowledge management at regional level: coordination exchange of information, knowledge and good practice, codification of knowledge and support for cooperation between the countries.
* Consultancy and expert support necessary at various phases of the project implementation
* Communication and marketing of the project to business community at regional level,
* Monitoring and coordination of activities at the regional level.

Country offices were responsible for:

* National level project implementation and support services for the national components
* Maintaining working contacts with the national partners
* Application of the commonly agreed standards and procedures.
* Reporting to BRC, Regional Project Manager on monthly basis according to agreed template. Reflecting the national specifics in all components of the project when appropriate

After phase one, it became clear that the way the responsibilities were formulated was not effective – the country offices felt the decision-making power is centralized too much in the regional office, they started viewing the project as external to the country programs, and although they were supportive, there was no sense of ownership and responsibility for the project’s progress. Thus at the beginning of phase two, an adjustment in the division of tasks between UNDP BRC and the COs was implemented resulting in decentralization of the project management and responsibilities. The country offices become more empowered and independent as they took over the decision-making power concerning all aspects of planning and implementation of the project activities, and monitoring of the project progress on national level. The regional office retained its responsibility to provide overall project oversight, final approval of the national plans and strategies, as well as for:

* Maintaining the project’s conceptual clarity and standards
* Knowledge management at regional level: coordination exchange of information, knowledge and good practice, codification of knowledge and support for cooperation between the countries.
* Consultancy and expert support necessary at various phases of the project implementation
* Communication and marketing of the project to business community at regional level,
* Strategic communication and dialogue with the donor and the Belgian counterparts , including an annual meeting with the Belgian stakeholders
* Regular and systematic monitoring and final evaluation (external).

An important factor impacting the success of the project on the national and regional levels is the fact that since the launch of the project in 2006 there has been changes in the UNDP COs senior management in all 5 countries. As the endorsement of GC by the heads of COs and their support are important for the project implementation, these changes slowed down to some degree the project activities.

The introduction of the component on establishment of linkages with Belgian businesses during the second phase of the project aimed at providing additional help for attracting foreign investment for development of PP. However, the late start of the international broker (2009) didn’t give a lot of time for this component to evolve. The international broker is expected to be responsible for:

* Regional business outreach
* Maintaining contacts with relevant national partners (the MFA, regions, business associations)
* When relevant, mapping / identifying good Belgian models of PPPs, CSR and economic governance solutions -- based on specific demand from countries
* Develop relations with relevant EU units to engage as partners and when possible leverage resources

So far not too much has been accomplished – at the time of the review most of the GC country teams have just established contacts with the international broker and have provided her with information about the local companies.

# Role, relationship/s, functions, effectiveness of UNDP country office engagement and inputs

The relationship between the GC team and the COs in different countries vary from very close relationship including full integration of the GC project into the UNDP CO program portfolio (Ukraine), to having the GC team hosted by the UNDP office as a bit more independent program, not completely linked to the overall CO portfolio (Moldova). In all countries the GC brokers were given full support and independence to move forward the GC project with excellent support and close involvement of the responsible for the project UNDP person. The GC team uses the regular channels to distribute information about the GC network development and activities among different UNDP programs and staff. Along with the development of the GC network, improvement of the linkages and more direct engagement between UNDP and GC are observed in all countries.

The GC network’s link to UNDP country offices and to UN as a host of the GC secretariat is seen by all interviewed as critically important for each network’s future development. The following recommendations could help the GC teams and COs to establish an effective relationship for the next stage of the development of the networks:

* The UNDP and GC network are currently seen as one body. With the closure of the GC project the relationship could take different forms. UNDP should come up with its own strategy regarding how to ensure max effective collaboration and relationship with the GC Network. At min the country office should ensure the UNDP role as a partner and adviser of the network and facilitator of its development. In this regard UNDP should be assigned a permanent seat on the GC Network SC.
* Define the future roles of UNDP COs and GC teams in terms not only of content input to the networks but also in terms of utilization of the GC networks as resources for UNDP and a bridge for building relationships with companies.
* Alignment between the UNDP programs and the GC Network agenda and work plans should be ensured. UNDP should identify specific issues and should use GC network to bring companies on board to take part in certain development programs. In this regard it is important to see how the network perceives the UNDP country office as a player and equal partner. These perceptions need to be well understood and managed by UNDP country office.
* Linkages between the local GC networks and the local UNDP COs should be maintained post closure of phase two. UNDP brand is trusted and has strong reputation and weight necessary to attract companies to join the GC network until critical mass is achieved, is also necessary for the successful continuation of the policy dialogue with the government and for achieving financial and organisational sustainability of the network
* UNDP is very much respected organization and it has the recognition of the governments. Its status and political influence and role are necessary for successful implementation of the policy dialogue led by the GC networks in each country. The networks still lacks maturity and needs the UN reference when approaching the national and local authorities.
* UNDP country office should take active role in facilitating and guiding the development of GC network sustainability strategy, including if necessary providing content input and specific advice on possible models for reaching financial sustainability. The UNDP intervention should ensure that SC has the final approval and buy-in of the strategy.
* UNDP financial support for the project should continue for at least 1 year or more to allow the networks to set up their organizational and financial sustainability strategies.
* The UNDP/GC project teams are trusted and reliable - all interviews highlighted the need the current teams to continue their work with the networks, at least in the next year of transition after the closure of the II phase of the project.

The GC project has great potential to serve as a platform for collaboration between the different UN agencies in the countries, as well as on regional and global levels, on development of united effort and coordinated approach for UN engagement with the business community on CSR. One of the good practices of GC Ukraine is the successful role the project plays in establishing linkages between the UN family of agencies in Ukraine and the business community, and also for improving the level of coordination and collaboration between the different UN agencies on CSR-related and other aspects. The list of UN agencies involved as partners in various GC partnership projects and initiatives includes: IOM (PP), WHO (PP), and UNICEF (PP). Among all agencies UNDP is acting as the GC host, and the GC works most closely with UNDP, especially in the cases when companies want to invest in local communities UNDP community development programs are perfect fit for collaboration. The GC maintains on-going collaboration with the ILO, and works with the World Bank, and Black sea Trade and Investment Regional Project.

# Relevance of project concept and intended outputs formulation to specific country and UNDP country program context

The outcomes of the review, especially in the cases of in Armenia, Georgia and Moldova, strongly raises the question of relevance of expected project outcomes and indicators that are specific to the country’s environmental and circumstances in which the project has evolved, and if current project design remains relevant after the consequences of the political and economic crisis that have enormous impact on the region. With increasing interest in CSR among stakeholders, with a long view towards economic recovery, there does seem to be a new relevance to address CSR if the benefits are clear to business. The need for re-examining and confirming expected outcomes and indicators within the specific situation in each country at the initial phase of the project, in mid-term, and along the project implementation process, through closer consultation between stakeholders, country UNDP office/GC team and the regional UNDP team and donor can result in re-energising the project, as is beginning to be seen in Georgia. Lastly, it raises the question of a better approach in formulating project targets and indicators for each country in case of other future regional programs.

The targets established for number of companies recruited b y the end of the project as signatories of GC, as well as the targets for organizational and financial sustainability have been most unrealistic.

In terms of the expected development impacts, measured in a long term:

1).**Higher sustainable and competitive economic growth, poverty reduction and regional stability**

The project succeeded inpromoting responsible entrepreneurship and corporate social responsibility (CSR) through strengthening the local Global Compact (GC) networks. The development of public private partnership projects with double bottom line and provision of support for small/medium size investments, both domestic and international proved more complicated than expected and would require longer time and specific concentrated efforts in each country. Similarly the developing of business case for CSR and responsible investing in most of the countries requires longer time for companies and networks to formulate a strong case with credible evidence that proves that implementing higher social, environmental and governance standards can save money and open new business opportunities (through higher productivity, new markets, new partners/investors, international recognition). Relevant work with investors (foreign and domestic) to encourage them to develop local sourcing (potentially this could contribute to strengthening of local SMEs) has proven very challenging; in some countries (Ukraine, Armenia, Belarus) work with local companies as part of PPs have brought some encouraging initial results.

1. **Improved economic governance framework**

The GC project has succeeded in promoting multistakeholder dialogue and engagement in sustainable development of the countries, and in building social capital and trust among different actors in society through promoting public private partnerships and collaborative approach to solving developmental problems in the countries. Contributions to development of the national agendas for corporate social responsibility are in progress, with each of the five networks having the development of national CSR agenda among its priorities. In most of the countries the GC networks have implemented evaluation of the impact of national laws and regulations on the adoption of CSR standards, and have addressed the questions of CSR incentives and regulations including through laws and standards, on the way of public policy dialogue.

1. **Enhanced international integration of the countries**

**The least popular among the issues addressed by the project, the question of b**uilding partnership with the EU through aligning the project with selected priorities of European Neighbourhood Policy (relevant to private sector development and good governance) has not been addressed so far. However, as the issues of integration with the EU is among the most weighting factors for broad based national actors to join forces and collaborate towards economic growth and social cohesion in the region, more is expected in this direction during the next phases of development of the regional and national networks. Participation of company’s members of the GC networks in events organized by the Global Compact as well as the project where they find opportunities for networking and identifying new partners has been ongoing during the course of the project, as well as organization of CSR training/learning events by emphasizing linkages with good international experience. Developing regional (covering more than one country involved) partnership projects is also one of the next priorities.

# Role, relationship/s, functions, effectiveness of regional UNDP office engagement and inputs

The regional model is seen as successful by the interviewed UNDP staff and GC team members. The regional project model allows different GC networks to exchange information and learning experience necessary for addressing challenges and opportunities which are similar across the region. The regional approach is an opportunity for establishment of relationships on regional level between countries that could lead to higher impact, larger scale partnership projects and initiatives.

The relationship with the Bratislava office and the project manager has been evaluated as very good by all interviewed GC teams and UN staff. The regional office has made valuable contributions through development of project guidelines, and coordination of the international meetings and collaboration and exchange among the regional partner projects. In the future, more is expected from the regional component of the project in terms of providing more options for trainings, especially technical trainings showing how in practice CSR can be implemented in the companies and how to integrate it into the core business strategies.

Some of the recommendations concerning strengthening the regional component of the project include:

* To maintain the regional linkages – need to develop system that would support the cooperation and information exchanges between the networks established in the 5 countries where the project took place.
* The question of national network’s sustainability should be a priority, but also the sustainability – financial and organizational - of the regional project network should be addressed and linked to the individual national GC network’s sustainability strategies.
* Development of regional PP can attract investment and attention and ensure funds for continuation of the regional interactions and collaboration and for the national networks. Cross border opportunities and companies should be explored and other players could be identified that are concerned about CSR issues, such as environment, corruption, and economic development in small towns for example
* Expand the participation of GC network members in GC Europe events – presentations should show the progress of GC regional and local networks. Very little information about the countries involved in the project is available within EU and development and distribution of information about the GC member companies and the network could be of great value for potential investors.
* Bratislava, UNDP country offices and networks in the 5 countries to collaborate on development of a strategy for continuation of the communications and information exchange through WWW and meetings.

For other similar projects or next stages in the program, the following issues should be taken into account:

* Capacity building for the network should be a priority. The design of the project should focus not just on putting together a network but also on building capacity for the network’s development.
* The GC is not equal to CSR – the principles are bringing together a more comprehensive agenda. To be able to unleash the power and whole potential of the GC values, UNDP/GC networks should make sure the companies, and also the other stakeholders GC members, are responsible through the organisation of their operations, products and services for the impacts of these operations, products and services on the environment, clients, employees, and the communities. The focus should be on the action they take and they should be expected to show how they progress toward their commitments and how they meet their responsibilities. This is important for protecting the UN and the GC reputation.
* Through the GC and CSR private sector should act upon its responsibilities to the GC principles and contribute to the development of the country. The focus of the partnership projects should shift from companies paying back/helping the society and the communities, to companies doing that while also act responsibly in regard with the impacts of their operations, services and products on the environment and the various stakeholders.
* The question of a network’s sustainability should be a priority. But also the sustainability – financial and organizational - of the regional network should be addressed and linked to the individual national GC network’s sustainability strategies. If the organizational and financial sustainability of the national and regional networks are not addressed at the earliest stages, there is a strong possibility the networks not to be sustainable by the closure of the project.

As a whole, the UNDP project *Fostering Multi-stakeholder partnerships to achieve MDGs in Western CIS and Caucasus in the framework of UN Global Compact* was undertaken in a environment with each of the five countries having a range ongoing and emerging economical and political challenges as the backdrop of raising awareness and promoting active CSR within the context the UN Global Compact. Despite these challenges the project as a whole has raised awareness of CSR beyond just a tool for philanthropy, and has established a budding GC network in each country to increase reach and depth of CSR with the private sector, government and society as a whole.

A number of good practices has occurred that can be replicated among countries within the project; and perhaps more importantly locally driven partnership project have emerged that provide concrete value to the communities and sector areas where these are undertaken, and further engage the GC network in practical action in CSR as well as local resource mobilization. This is an early indicator that the network may achieve a level of sustainability over time if provided with a combination of capacity building, network skills and a level of ongoing funding until sustainability plans and actions can be fully developed and undertaken.

As with any new innovation or approach brought into society, communication and raising awareness is essential to long term success. This requires a multi-level approach that reaches all stakeholders, in the case of the Global Compact, government, the small to medium enterprise sector and citizen/consumers particularly need to be aware of the benefits CSR can bring to national economic success that fosters social and environmental benefits and responsibilities. The *Fostering Multi-stakeholder partnerships to achieve MDGs in Western CIS and Caucasus in the framework of UN Global Compact* has made important steps in all these areas in its short time of implementation, and has developed a platform for CSR and the Global Compact to expand in each country if provided with technical and financial support to further implement planned activities to meet objectives.

1. The private sector’s efficiency, creativity, and capacity to mobilize financing have been recognized by the United Nations in a number of ways. Two of the most important are the Secretary General’s Global Compact initiative (www.unglobalcompact.org) and the report of the UN Commission on the Private Sector and Development: *Unleashing Entrepreneurship: Making Business Work for the Poor*. The report makes a number of recommendations on better engaging the private sector in addressing thedevelopment challenges through public private partnerships. [↑](#footnote-ref-1)
2. [↑](#footnote-ref-2)
3. According to Phase I Project document, Annex C. [↑](#footnote-ref-3)
4. Ibid. [↑](#footnote-ref-4)
5. Annex C. [↑](#footnote-ref-5)
6. The target is based on the original idea to have 7 countries taking part in the regional project. Without Azerbaijan’s participation, there were only 6 countries participating in the project so this target became irrelevant. This is taken into account when the progress made toward the targets and indicators is analyzed. [↑](#footnote-ref-6)
7. Ibid. [↑](#footnote-ref-7)
8. Ibid. [↑](#footnote-ref-8)
9. Ibid. [↑](#footnote-ref-9)
10. 2007 Project report, Annex D. [↑](#footnote-ref-10)
11. As presented in Phase II Project document, Annex E. [↑](#footnote-ref-11)
12. Phase II project document, Annex E. [↑](#footnote-ref-12)
13. As per Intended Results and Resources Framework, Phase II project document, Annex E. [↑](#footnote-ref-13)
14. This target was established for 6 countries, including Russia based on the fact that the total number signatories at the end of phase I for the 6 countries was 340, including 100 in Russia. In the new circumstances – 5 countries in phase II (Moldova, Georgia, Armenia, Belarus and Ukraine), this indicator should be adjusted to 400-100(Russia Phase I) =300 new companies signatories of GC at the end of Phase II. [↑](#footnote-ref-14)
15. This target was established for 6 countries, including Russia based on the fact that the total number signatories at the end of phase I for the 6 countries was 340, including 100 in Russia. In the new circumstances – 5 countries in phase II (Moldova, Georgia, Armenia, Belarus and Ukraine), this indicator should be adjusted to 400-100(Russia Phase I) =300 new companies signatories of GC at the end of Phase II. [↑](#footnote-ref-15)
16. Defined in the 2009 Guidance Note (Annex f) more specifically as follows:

	* *A model of the governance structure based on the steering committee (or similar) developed and in place;*
	* *Annual work plan of the GC Network formulated and endorsed by the GC Network governance structure;*
	* *Regular meetings of the governance body/bodies - at least 2 per year.* [↑](#footnote-ref-16)
17. Described in 2009 Guidance Note (Annex F) as follows:

	* *Strategy for 2010 and up financial support beyond UNDP project grant*
	* *Fundraising activities undertaken by UNDP/team*
	* *Financial support provided/to be provided by network* [↑](#footnote-ref-17)
18. The target is based on the original idea to have 7 countries taking part in the regional project. Without Azerbaijan’s participation, there were only 6 countries participating in the project so this target became irrelevant. This is taken into account when the progress made toward the targets and indicators is analyzed. [↑](#footnote-ref-18)
19. Annex C. [↑](#footnote-ref-19)