

1 March 2005

**UN GLOBAL COMPACT CITIES PROGRAM THREE YEAR
AGREEMENT**

Division Sustainability & Innovation

Presenter John Tunney, Acting Manager Environmentally Sustainable Development

Purpose

To report on the current status of the United Nations Global Compact (“UNGC”) Cities Program and to seek Council’s support to ratify a three-year funding agreement for the International Secretariat hosted by the Committee for Melbourne for the financial years 2005/06 to 2007/08.

Time Frame

Should Council ratify the three-year agreement, then it is proposed that the agreement commence in July 2005.

Finance

Since 2001/02 Council has provided the Committee for Melbourne with a total of \$90,000 sponsorship to part fund a Cities Program project co-ordinator position. Should Council ratify the three-year agreement, the proposed annual funding of \$45,000 would be provided through the 2005/06 operational budget approval process and subsequent processes annually.

Legal

Section 3D of the *Local Government Act 1989* provides that the role of a Council includes –

“(b) providing leadership by establishing strategic objectives and monitoring their achievements;”

Legal advice will be provided on the terms and conditions of the Agreement at the appropriate time.

Sustainability

Sponsorship and participation in the UNGC Cities Program would contribute to Council's demonstration of leadership in triple bottom line activities.

The establishment of the UNGC Cities Program International Secretariat in Melbourne may benefit Council's innovation and economic development objectives in several ways including the forging of strong networks with at least six international cities and the attraction of relevant events, conferences and delegations. Additionally, the City of Melbourne's participation in the UNGC Cities Program should provide the Council with national and international recognition for its innovative approach to social, cultural, environmental, and economic urban issues.

The *Melbourne Model* methodology promotes a more inclusive and engaging approach to issues and the application of the framework should lead to better outcomes for the City.

Increasing the application of the *Melbourne Model* to urban environmental issues and, more broadly, the promotion of the UNGC to Melbourne businesses may result in environmental improvements in the longer term and also demonstrate leadership in environmental responsibility.

Recommendation

That the Planning and Environment Committee recommend Council:

- note the report on the United Nations Global Compact Cities Program activities;
- by instrument of delegation sealed by the Council under Section 98(1) of the *Local Government 1989* ("the Act") delegate to the Chief Executive, or the persons from time to time acting in that position, the authority to negotiate and enter into a three year agreement with the Committee of Melbourne to provide funding of \$45,000 per annum each year of the agreement;
- under Section 98(3) of the Act, authorise the instrument of delegation to the Chief Executive, or the persons from time to time acting in that position, to empower him or her to delegate any power, duty or function delegated to him or her under the paragraph above, to a member of Council staff; and
- resolve that the instrument of delegation referred to in the second dot point of the Management Report will cease and be of no further effect upon the agreement.

Attachments:

1. Melbourne Model article from Journal of Corporate Citizenship 11, Autumn 2003.
2. UNGC Cities Program Newsletter Issue 1

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Purpose

1. To report on the current status of the United Nations Global Compact Cities (“UNGC”) Program and to seek Council’s support to ratify a three-year funding agreement for the International Secretariat hosted by the Committee for Melbourne for the financial years 2005/06 to 2007/08.

Background

2. In 2001 Melbourne, through the City of Melbourne and the Committee for Melbourne, became the first city in the World to engage with the UNGC. Subsequently, several other cities sought to sign on to the Compact which led to the creation of a Cities Program within the Global Compact.
3. The Committee for Melbourne, with the support of the UN and Council, developed the *Melbourne Model* as the central component of the Cities Program. The *Melbourne Model* provides a simple framework that aims to “catalyse and combine the resources of government, business and civil society in order to find concrete solutions to seemingly intractable urban, social, economic and environmental issues”. The *Model* incorporates the *Melbourne Principles for Sustainable Cities* and Triple Bottom Line project evaluation and names Council’s *Zero Net Emissions by 2020* and *Total WaterMark* programs as model projects for other cities. Attachment 1 to this report contains an explanation of the *Melbourne Model*.
4. In 2003 the UNGC appointed the Committee for Melbourne as the International Secretariat for the Cities Program.
5. For several years Council has part funded a project coordinator role within the Committee for Melbourne. This role was responsible for developing the *Melbourne Model* and now fulfils the International Secretariat Programme Coordinator role.
6. The Committee for Melbourne is seeking a three-year agreement with Council to part fund the salary and overheads associated with the UNGC Cities Program International Secretariat Programme Coordinator role. The Programme Coordinator would be employed by the Committee for Melbourne and the funding amount would be \$45,000 per annum.

Issues

The UNGC Cities Program

7. Five cities worldwide have engaged the UNGC, these being Bath (UK), Melbourne (Australia), Nürnberg (Germany), Porto Alegre (Brazil) and Plock (Poland). San Francisco (USA) and Bogotá (Colombia) are set to engage the UNGC in early 2005.

8. Last year the Cities Program International Secretariat commenced a two-year international pilot designed to test the effectiveness of the Cities Program in different socioeconomic environments. The pilot involves the cities of Melbourne, PortoAlegre (Brazil), Jamshedpur (India), Tianjin (China), Nairobi (Kenya) and Chicago (USA). Each of these cities is required to engage the UNGC (if they have not done so already), identify a local 'neutral' partner, and conduct a project of benefit to their city using the *Melbourne Model* methodology. Attachment 2 to this report contains further information on the Cities Program activities.

Melbourne Model Projects for Melbourne

9. The Utility Debt Spiral Prevention Project was the first project to adopt the *Melbourne Model* methodology. The project aimed to "remove the non-payment of utility bills a direct cause of, or contributing factor to personal debt spirals as and the poverty trap". Over 30 Melbourne based companies, NGOs and government departments worked on the project including representatives from Council's Community Services Branch.
10. The following three issues will be the subject of *Melbourne Model* projects in 2005:
 - 10.1. Melbourne's Transport Future;
 - 10.2. Expansion Capital for Innovation; and
 - 10.3. Labour and Capital Partnerships.

Costs and benefits of sponsorship and participation

11. The hosting of the UNGC Cities Program International Secretariat in Melbourne presents the city with many opportunities including:
 - 11.1. being the international 'home' for a UN program focused on addressing issues associated with urbanisation;
 - 11.2. setting up a facility to run local programs that bring government, business and civil society together to address significant urban issues in a neutral and constructive forum;
 - 11.3. the ability to cost effectively forge strong networks with at least six international cities;
 - 11.4. gaining national and international recognition for its innovative approach to social, cultural, environmental, and economic urban issues;
 - 11.5. the ability to attract relevant events, conferences and delegations and forge relationships with organisations such as EAROPH, UN Habitat, UNDP, UNEP and ISBEE; and
 - 11.6. the promotion of the Melbourne brand to an international audience through the UNGC website, e-newsletters and international conferences and meetings.
12. The costs of supporting the UNGC Cities Program International Secretariat would include:
 - 12.1. an annual sponsorship of \$45,000; and
 - 12.2. the time of the Manager of Environmentally Sustainable Development and other key officers who participate in projects.

Relation to Council Policy

13. The program relates to a number of Council policies including *City Plan 2010* and the Corporate Plan 2003-2006, specifically the following strategic directions:
 - 13.1. build relationships at the local to international level that consolidate Melbourne's capital city role and promote social equity, environmental quality and economic prosperity;
 - 13.2. participate in and promote corporate citizenship; and
 - 13.3. enhance environmental leadership opportunities for Melbourne's business community.

Consultation

14. The Cities Program, and the *Melbourne Model* methodology in particular, promotes a consultative, inclusive and transparent approach to issues.

Government Relations

15. The CEO of the Committee for Melbourne has previously met and briefed the State Treasurer on the UNGC Cities Program.

Recommendation

16. That the Planning and Environment Committee recommend Council:
 - 16.1. note the report on the United Nations Global Compact Cities Program activities;
 - 16.2. by instrument of delegation sealed by the Council under Section 98(1) of the *Local Government 1989* ("the Act") delegate to the Chief Executive, or the persons from time to time acting in that position, the authority to negotiate and enter into a three year agreement with the Committee of Melbourne to provide funding of \$45,000 per annum each year of the agreement;
 - 16.3. under Section 98(3) of the Act, authorise the instrument of delegation to the Chief Executive, or the persons from time to time acting in that position, to empower him or her to delegate any power, duty or function delegated to him or her under the paragraph above, to a member of Council staff; and
 - 16.4. resolve that the instrument of delegation referred to in paragraph 16.2 of the Management Report will cease and be of no further effect upon the agreement.

United Nations Global Compact Cities Programme

The Melbourne Model: Solving Hard Urban Issues Together

David Teller

Committee for Melbourne, Melbourne, Australia

By 2010 over 50% of the world population will be living in cities. Urban populations are facing increasingly complex economic, social and environmental issues. It is proposed that the Cities Programme of the United Nations Global Compact be developed as an effective mechanism with which to develop blueprint solutions to tackle seemingly intractable urban problems. It is further proposed that the Melbourne Model be considered as a framework for the Cities Programme within which business, government and civil society combine resources to identify and respond to issues that, first, directly impact on all three sectors, and second, can only be resolved with direct input from all three sectors. Successful and proven solutions developed within this framework will then be placed in an international learning forum to be made available to other cities facing similar issues around the world.

● <Keywords
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IN 1999, AT THE WORLD ECONOMIC FORUM IN DAVOS, THE UN SECRETARY-General highlighted the critical role that business can and must play to ensure that globalisation develops as a force for positive change rather than as a catalyst for backlash and protectionism. Corporations were receptive to the warning and encouraged the Secretary-General to create a formal programme designed to include business in the traditional government/civil society nexus. As a result, the United Nations Global Compact, based on shared values and principles in the areas of human rights, labour standards and environmental practices, was officially launched at UN headquarters in New York on 26 July 2000 (Global Compact Office 2000). Since its inception, participation in the Global Compact has grown rapidly with several hundred companies, labour groups, academic institutions and civil organisations from around the world engaging the programme.

Proposed UN Global Compact Cities Programme

In early 2001 Melbourne developed the value proposition that cities should be allowed and encouraged to engage the Global Compact Programme. Melbourne argued that for a city to engage would make a clear statement of its civic, cultural and corporate character, as well as motivating positive change and participation in international dialogue. The Global Compact office generously accepted the proposal and Melbourne became the first city in the world to engage the Global Compact in June 2001. Having engaged, Melbourne subsequently recognised the need to develop a city-specific framework designed to underpin any theoretical basis on which a Global Compact Cities Programme was to be constructed.

The resulting Melbourne model, finalised in April 2003, addresses this issue by proposing a simple framework that *catalyses and combines the resources of government, business and civil society in order to find concrete solutions to seemingly intractable urban social, economic and environmental problems.*

The Case for a Cities Programme

The world today faces an unprecedented rate of urbanisation. In 2000, the world's urban population accounted for 47% of humanity or 2.9 billion people (UN Population Division 2002: 1). By 2030, this number is expected to grow to 60% representing 5 billion people (UN Population Division 2002: 1). Urbanisation is exacerbating existing difficulties as well as creating new urban environmental, economic and social problems. Including poverty, personal safety, illiteracy, drugs, and land, air and water pollution, urban issues impact far beyond the geographical limits of the city itself and, in many cases, become more intractable the longer they are left partially or entirely unaddressed.

Cities are also inherently dynamic and creative. As a focus of infrastructure, technology, political power, human resources and capital, they play a vital and strategic role in the development of the community's social, economic, environmental and cultural life. *They are a crucible for the creation of negative societal phenomena while containing the ingredients with which to tackle the very issues they have created.* The proposed Cities Programme therefore aims to harness the implicit experience, knowledge and intellectual capital present in cities in order to develop solutions to overcome the challenges of urbanisation. This process will be facilitated by the shared characteristics of cities that enable the efficient identification, qualification, quantification and development of projects and solutions around complex problems:

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

What is the added value of the Global Compact Cities Programme to cities?

A great variety of urban-based public and private programmes already exist to address issues of importance to the community. However, these programmes often maintain a narrow focus and are characterised by limited resources, differing agendas and the imperfect exchange of information between the various sectors involved. The Global Compact Cities Programme proposes a novel approach whereby traditional intersector silos will be broken down and scarce public and private resources harnessed and focused in order to bring business, local government and civil society together to develop action-oriented projects with concrete outcomes of clear benefit to the city. The programme also proposes to provide a rallying process with which to bring together disparate groups, projects, ideas, experience and information. It will constitute a clear message from city leaders to their populations regarding their vision for a sustainable future and will illustrate a collective willingness to adhere to a set of fundamental values and principles *over and beyond those stated and adhered to at a local and national level—the concept of global citizenship at its most constructive.*

What is the Melbourne model?

The Melbourne model is the central component of the proposed new Global Compact Cities Programme. It is designed to ensure that the programme is and will remain entirely focused on producing concrete outcomes for the urban societies that engage the programme. The Melbourne model aims to achieve this by providing a logical and effective framework within which solutions to specific issues can be developed, proven and communicated. The Melbourne model is purposely rigid in its approach to ensure that the process remains results-driven. Verification is built in to continually ensure that resources are used effectively and that stakeholders are engaged and working together.

The Melbourne model

The first city to engage the Global Compact in 2001, Melbourne has continued to develop the concept of ‘city as a neural hub’ by formulating the Melbourne model (Fig. 2). Designed as a city-specific subset of the business-oriented Global Compact (Fig. 1), the Melbourne model proposes to provide a new and effective mechanism to help resolve long-standing and intractable social, environmental and economic urban issues. It is proposed that this be achieved by business, government and civil society combining and co-ordinating their resources within narrowly defined and objective-oriented projects (Fig. 2). Project objectives will be to develop sustainable and effective blueprint solutions to long-standing intractable problems. Once proven to be effective in the city of origin, project solutions will be made available to other international cities facing similar issues by way of the Global Compact international learning forum.

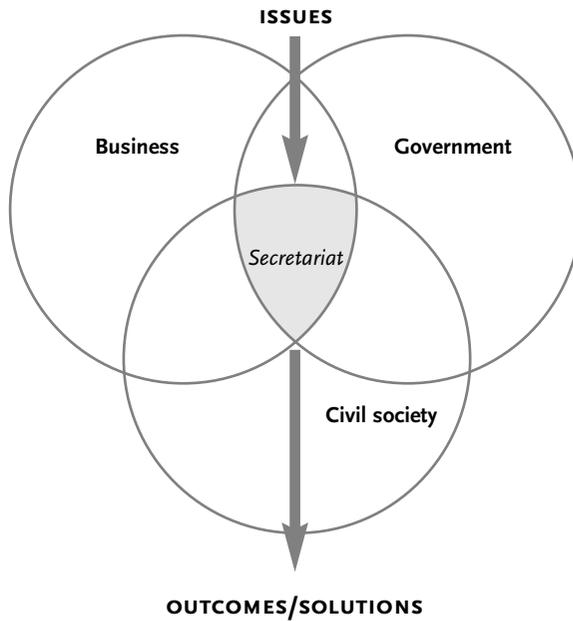


Figure 1 THE CITY

Source: Derived from projects constructed along Melbourne model guidelines

Process: from ideas to outcomes

The Melbourne model (Fig. 2) seeks to ensure concrete outcomes by ensuring stakeholder engagement by way of sustained involvement in objective-oriented projects. The model comprises seven steps ensuring engagement, evaluation, concept-testing and reporting.

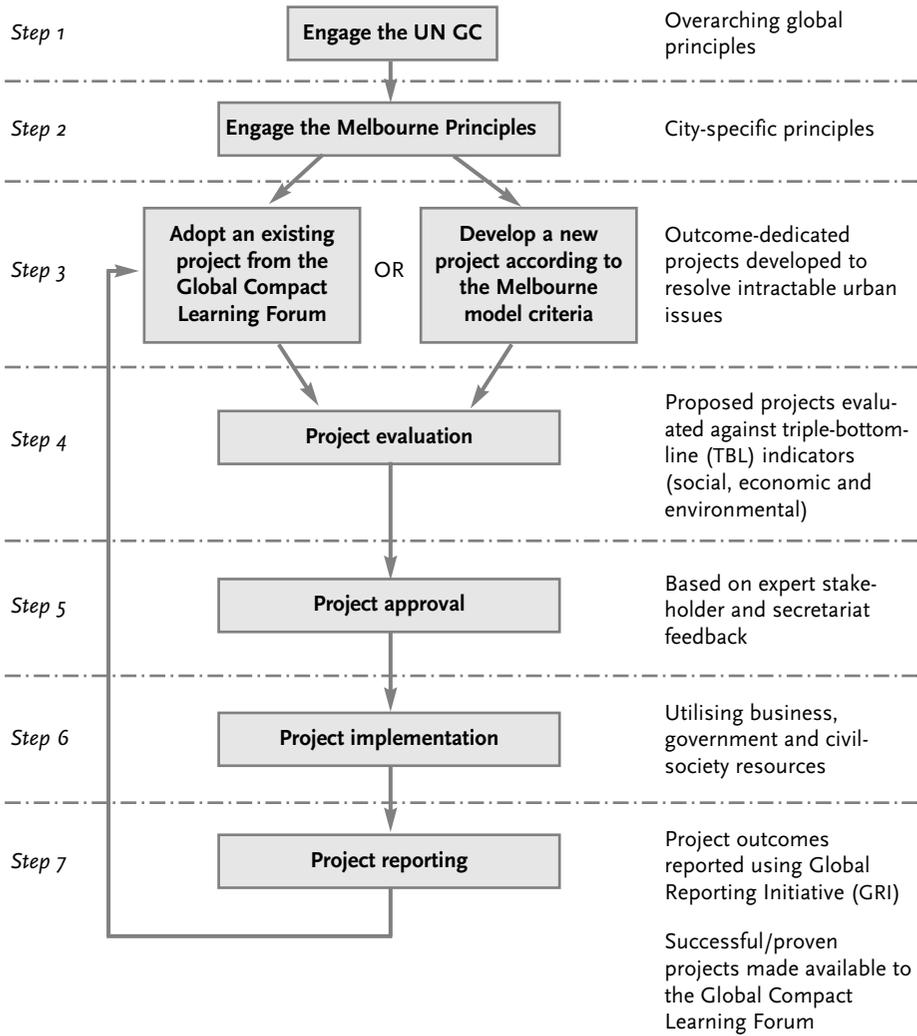


Figure 2 THE MELBOURNE MODEL

The seven steps of the Melbourne model

Step 1: Global Compact principles

The Global Compact principles are the overarching, universal principles under which all Business and Cities Programme activities take place. Cities and City Programme stakeholders will be asked to engage the Global Compact if they are to take part in any City Programme project. The engagement process for government and civil society organisations is the same as for businesses engaging the Global Compact: a letter is simply addressed to Kofi Annan stating the city or organisation’s support for the nine Global Compact principles. The letter is signed by the CEO or senior officer of the city.

Step 2: Melbourne Principles

Developed to assist cities that wish to achieve sustainable development objectives, the *Melbourne Principles for Sustainable Cities* lists ten urban-related social, economic, environmental and cultural value propositions (see Box 1).¹ It is proposed that the Melbourne Principles be positioned as a city-specific subset to the overarching principles embodied in the Global Compact itself. Companies, organisations and governments will be expected to engage both the Global Compact and Melbourne Principles if they wish to be involved in City Programme projects. In addition, all proposed Cities Programme projects will be measured against these values to ensure they fit within the desired outcome parameters.

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

Box 1 MELBOURNE PRINCIPLES

Source: www.melbourne.vic.gov.au

The *Melbourne Principles for Sustainable Cities* is the product of the UNEP international workshop on 'Building Urban Ecosystems' held in Melbourne. The Principles were launched by the Lord Mayor of Melbourne at the 2002 UN World Summit on Sustainable Development in Johannesburg, and were subsequently incorporated into *Local Action 21*, the international sustainable development implementation framework for local government.

Step 3: projects

The project component is the central platform of the City Programme. By combining resources from business, government and civil society, projects can be developed and solutions subsequently found to intractable social, economic and environmental issues.

¹ French, Spanish, Russian, Chinese and Arabic versions of the *Melbourne Principles for Sustainable Cities* can be downloaded at www.melbourne.vic.gov.au. A full English version is available at www.melbourne.vic.gov.au/upload/MelbourneprinciplesEnglish.pdf

The project opportunity

- ▶ Using minimal resources to co-operatively resolve long-standing and intractable economic, social and environmental issues.

Choosing a project

Option i: adopt an existing and proven project from the Global Compact international learning forum

It is proposed that successful city projects be placed within a Global Compact international learning forum database specifically set up for cities. This database will be run by and located at GC headquarters in New York. Participating cities will have the option of choosing projects from the database to apply in their own cities. Using the GC principles and the refined city-based principles (i.e. the Melbourne Principles), the adopted project will be tailored to suit the specific needs of the city.

Option ii: develop a new project according to Melbourne model project criteria

Cities will also have the option of developing new projects that target previously unaddressed (or unsuccessfully addressed) issues, or of promoting a new approach to sustainable development. New projects must conform to the New Project Criteria.

New project criteria

- ▶ Must be based around an issue which impacts directly on *all* of the following: business, government and civil society
- ▶ Where the problem can *only* be resolved efficiently and effectively by the involvement and implication of *all* three sectors
- ▶ Where the nature, scope and outcome of projects can be qualified or quantified, i.e. where the objectives of the project are SMART (sustainable, measurable, achievable, realistic and timely)
- ▶ Where the project is unique
- ▶ Where conclusions/lessons/outcomes can be directly applied to and of immediate benefit to first, the city of origin, and second, other cities facing similar issues

Note: Participants will be chosen for their specific relevance and expertise to a given project. Participants will be expected to engage the Global Compact before or during the project.

Project examples in Melbourne, Australia

Three examples are prevention of the debt cycle (social and economic), zero net emissions by 2020 (environmental) and a water campaign (environmental and economic).

Debt cycle prevention

In Melbourne every month approximately 15% of customers are unable or unwilling to pay their utility bills. Of those that are unable to pay their bills a great number represent the most fragile and vulnerable members of our society. These include pensioners, youth at risk, and short- and long-term unemployed. The inability of these individuals to pay utility bills often starts or exacerbates the debt cycle leading, potentially, into the poverty trap. Besides the obvious negative impact on the individuals and families concerned, the poverty trap also impacts directly on business, government and civil society:

1. The bottom line of business is negatively impacted due to costs incurred in write-offs, legal pursuit, servicing and counselling of affected individuals.

2. Government expends resources on related departments, projects and funding.
3. Multiple NGOs work in assisting those people who have fallen into the poverty trap.

The desired outcome of this project is therefore to remove non-payment of utility bills as a significant contributing factor to individuals falling first into the debt cycle and subsequently into the poverty trap. It is planned that this outcome will be achieved by catalysing the resources and expertise of utility companies, government and NGOs in order to develop sustainable solutions with local, national and international applicability.

Zero net emissions by 2020

The APEC (Asia–Pacific Economic Co-operation)-endorsed City of Melbourne *Zero Net Emissions by 2020* strategy seeks to unite government, commercial and residential interests to shift mainstream business investment in buildings, plant and power generation to superior energy-efficient design over the next two decades. This will be achieved by:

- ▶ Using market mechanisms and regulation
- ▶ Aligning with local, state and federal government programmes and policies
- ▶ Tapping the growing interest and support for green products and work practices

Global Compact signatories can contribute to the achievement of this target by participating in the proposed municipal carbon trading market; investing in the triple-bottom-line sequestration project; and by joining City-led buying consortia for renewable energy.

Water campaign

Through the water campaign the City of Melbourne aims to:

- ▶ Drive improvements in the efficiency of water consumption
- ▶ Seek alternative water supplies to replace potable water consumption where potable water is not required (e.g. irrigation)
- ▶ Maximise opportunities for water recycling

The Campaign will involve residential, industrial and commercial sectors of the municipality as well as City Council's own operations. Each sector will be assigned a reduction target relevant to the sector's water usage profile and its potential for efficiency gains.

Global Compact signatories can contribute to the achievement of the efficiency targets through participating in a City-led water efficiency programme.

Step 4: project evaluation

Once the nature and objectives of the project have been clearly identified, the process and implications of the project must be evaluated. It is proposed that the *triple bottom line* (TBL) toolkit be adopted as the official vetting mechanism for Global Compact Cities Programme projects. The TBL 'is used as a framework for measuring and reporting corporate performance against economic, social and environmental parameters'.² The evaluation process will take into account environmental, social and economic performance indicators.

2 Read more about the TBL at www.sustainability.com/philosophy/triple-bottom/tbl-intro.asp

Step 5: project approval

Based on the TBL evaluation report, the project is either approved by the stakeholders and secretariat to be implemented or is required to be reworked and submitted for another evaluation. This process continues until the evaluation panel is satisfied with the project.

Step 6: project implementation

Work will commence once the project is approved by stakeholders. Every attempt will be made to put in place timelines, responsibilities and clear project milestones.

Step 7: project reporting

A project will be developed and refined within the city of origin. *Only successful and completed projects will be placed on the Global Compact Cities Programme database.* It is proposed that, using the Global Reporting Initiative³ (GRI) guidelines, a full report be made upon completion of the project. In addition to being a partner organisation to the UN Global Compact, GRI is a common reporting framework that defines the guidelines for sustainable reporting.

Secretariat

The Global Compact secretariat is the ‘multi-function neural hub’ that plays a critical and central role in first, facilitating the engagement process of organisations, companies and cities, and second, translating Global Compact and Melbourne Principles into action.

It is proposed that the secretariat play a co-ordinating and communication role for all activities within the city, and an official linking role with Global Compact headquarters in New York (Fig. 3).

City secretariat role

- ▶ Encouraging business, government, civil society and companies to engage the GC
- ▶ Disseminating information to all stakeholders
- ▶ Providing forums for debate around the Policy Dialogues and Learning Forums
- ▶ Centralising all local GC-related activities
- ▶ Disseminating condensed information to external stakeholders
- ▶ Vetting project ideas
- ▶ Forming project groups
- ▶ Providing a forum to match GC-related projects with resources to implement them
- ▶ Facilitating the report-back mechanism to New York by way of the compilation and communication of project reports

3 Read more about the GRI at www.globalreporting.org

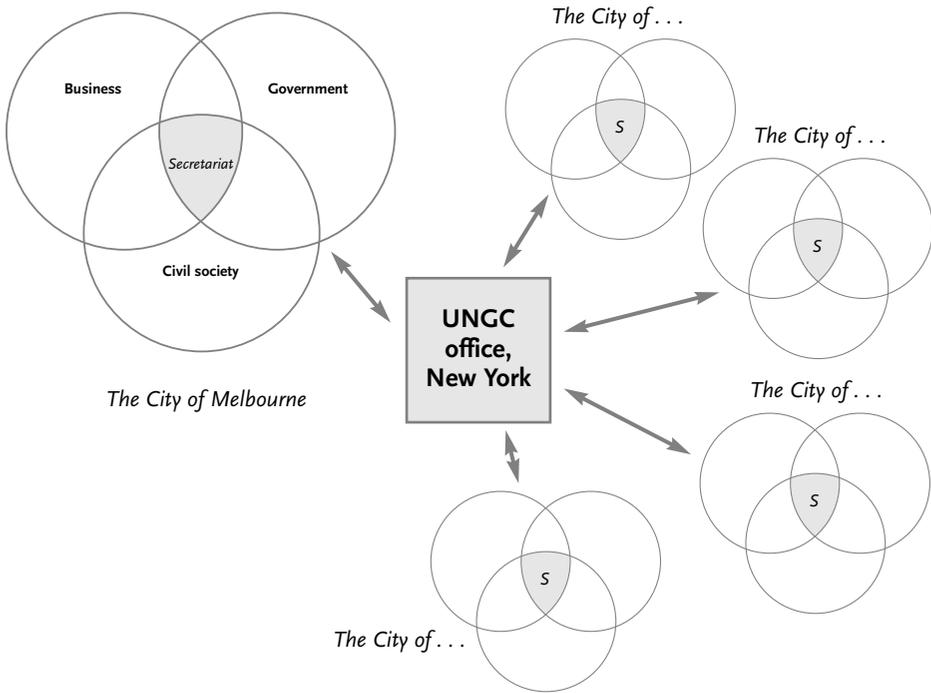


Figure 3 PROPOSED SECRETARIAT STRUCTURE

Note: It is important that an apolitical, independent organisation with strong networks within business, government and civil society be chosen in each city to hold this role.

Global Compact New York headquarters role

- ▶ Serve as the central co-ordination point between regional Cities Programme centres
- ▶ Maintain the Global Compact Learning Forum as a central repository of proven City projects
- ▶ Ensure communication of all new Global Compact Cities Programme policies and practices
- ▶ Develop the Cities Programme as an important and effective component of the United Nations Global Compact Programme

References

Global Compact Office (2000) *Guide to the Global Compact: A Practical Understanding of the Vision and Nine Principles*, www.unglobalcompact.org/Portal.
 UN (United Nations) Population Division (2002) *World Urbanization Prospects: The 2001 Revision* (New York: UN).





Cities Program

Issue 1

Special Interest Articles:

UN Secretary General to chair GC summit

Concrete solutions to urban problems

Five cities engage Global Compact

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Brought to you by the Committee for Melbourne – International Secretariat for the Cities Program - Contact: Program Coordinator - David Teller (dteller@melbourne.org.au).

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GC Cities Program gets the green light

George Kell, Executive Director of the Global Compact (GC) Office, formally launched the GC Cities Program during the third International Global Compact Learning Forum, held in Brazil in December 2003. The GC Cities Program is designed to engage business in concrete urban projects supporting the nine principles of the Global Compact. According to the Program Coordinator, David Teller, "This is

where principles become outcomes, where business can contribute its ideas, experience, energy and resources to the development of new solutions to intractable urban problems". The Cities Program is novel in its approach of encouraging cities (as opposed to companies) to engage the GC. Having engaged the Global Compact, the City works with a non-political organization in order to

coordinate projects designed to develop solutions to intractable urban issues. These solutions are proven to be effective through local trials before being placed in the GC Cities Learning Forum and made available to other cities around the world. The effectiveness of the GC Cities Program will be determined over the next two years through an international pilot program involving six international cities.

International Cities Program Pilot takes off

A two-year international pilot, designed to test the effectiveness of the Cities Program in different socio-economic environments, will run from 2004-2006. The pilot will include Melbourne (Australia), Porto Alegre (Brazil), Jamshedpur (India), Tianjin (PRC), Nairobi (Kenya) and Chicago (USA). Each of these cities will be asked to engage the Global Compact, identify a local 'neutral' partner, and conduct a project of benefit to their city using

the Melbourne Model project coordination and facilitation methodology. The objective of each project will be to develop concrete solutions to intractable economic, social or environmental issues of particular concern to the home city. Each city will determine the nature and scope of its own project and will communicate its results to the Cities Program International Secretariat. The role of the Secretariat will be to coordinate and facilitate the Pilot and to

monitor the development of each of the city-based projects. On completion of the Pilot Program in 2006, the Secretariat, in conjunction with the Global Compact Office in New York, will determine the viability of the Cities Program as an effective and ongoing means to engage and promote the Global Compact in an urban setting. For more information regarding the Pilot Program, contact David Teller, Program Coordinator <mailto:dteller@melbourne.org.au>

Porto Alegre, Brazil, engages GC and Cities Pilot



Mayor of Porto Alegre Joao Verle (right) meets with Cities Program Coordinator, David Teller

Porto Alegre became the first city in South America, and the second city in the world to join the Cities Pilot Program on December 8, 2003. Joao Verle, Mayor of Porto Alegre, formally agreed to take part in the pilot during a visit by Cities Program Coordinator David Teller. In order to fulfill the conditions required to take part in the Pilot Program, Mayor Verle further

announced Porto Alegre's intention to engage the Global Compact by sending a letter of 'engagement' to Secretary General Kofi Annan. With a population of 1.5 million inhabitants, Porto Alegre is the capital of the Brazilian state of Rio Grande de Sul (population 10 million). It is one of Brazil's most prosperous cities and is recognized internationally as being

the birthplace of innovative social policies including the World Social Forum and Participatory Budgeting. Porto Alegre businesses, local government and NGO's (including Instituto Ethos) are considering a Favela-based capacity building project as part of their obligations under the international GC Cities pilot program.

Committee for Melbourne (CfM) appointed Secretariat

George Kell, during a visit to Australia in October 2003, confirmed Committee for Melbourne's appointment as International Secretariat of the GC Cities Program. "I would like to recognise the valuable and innovative work conducted by the Committee for Melbourne that has placed Melbourne and Australia at the centre

of the international UN Global Compact Program" Mr Kell said. CfM, launched in 1995, is a private, not-for-profit and non-political network of leaders drawn from Melbourne's business, scientific, academic, community and government sectors. CfM initiated the concept of cities engaging the Global Compact and is the author

of the 'Melbourne Model' – a new methodology to tackle intractable urban issues by coordinating business, government and civil society. CfM is coordinating Australian-based urban projects and will provide a limited cities secretariat for both pilot cities and cities wishing to engage the GC without taking part in the Pilot Program.

Q. Who will join the Cities Program?

A. "Cities in Kenya, India, PRC, UK, Brazil and the US have already expressed a strong interest in adopting the Cities Program in their own cities."

George Kell

UN Secretary General to chair GC Summit in NY

UN Secretary General Kofi Annan will convene a Global Compact Leaders Summit to be held in New York on June 24, 2004. The summit will bring together business, labour, civil society and government leaders to discuss the Global

Compact's overall progress and to shape its future. The summit will address three topics: Leadership and Principles; Working Together: The Power of Collective Action; and Shaping the Future. New GC Initiatives, including the

continued development of the Cities Program, will be discussed during the conference. For additional information on the Global Compact Summit, please see www.unglobalcompactsummit.org, or contact +44 (0) 207 375 7171.

Concrete solutions to pressing urban problems

The world today faces an unprecedented rate of urbanization. In 2000, the world's urban population accounted for 47 per cent of humanity or 2.9 billion people. By 2030, this number is expected to grow to 60 per cent, representing 5 billion people. Urbanization is exacerbating existing as well as creating new urban environmental, economic and social problems. These problems include the high cost and shortage of housing and food, shortage of potable

water, crumbling infrastructure, crime, illiteracy and pollution. These issues impact far beyond the geographical limits of the city and, in many cases, are becoming more intractable the longer they are left partially or entirely unaddressed. Conversely, as the focus of wealth, population, political power and human and physical infrastructure, cities are well placed to develop solutions to the very problems they have created. The nine principles of the Global

Compact present a high-level 'umbrella of principles' beneath which companies, NGOs and government can work together to develop concrete solutions to pressing urban problems. By engaging the Global Compact and working to align their activities with the Global Compact principles, cities and the companies and institutions they contain make a strong and public declaration of their civic and corporate character.



Courtesy UNEP

Utility Debt Spiral Prevention Project tests Model

In 2003, the Utility Debt Spiral Prevention Project became the first project in the world to adopt the Melbourne Model methodology. The aim of the project is to "remove the non-payment of utility bills as a direct cause of, or contributing factor to personal debt spirals and the poverty trap". The project is progressing well, with over 30 Melbourne-based companies, NGOs and government departments working together to explore and address the relationship between the impact of

utility bills (gas, water and electricity) and broader social issues. Adhering to the Melbourne Model methodology, all participants were peer-reviewed and peer-chosen in order to obtain the best possible combination of skills and backgrounds – irrespective of seniority and status. In addition, all participants were asked if they wished to be involved, as opposed to being assigned to the project by their company or organisation. This process has ensured that all participants are highly

motivated and form a cohesive group able to maintain a strong focus on the issues and the desired outcomes. With involvement from business, government and civil society, the process remains open and transparent and able to avoid being affected by sector-specific agendas. The next project milestone will be the release of a comprehensive study addressing fuel poverty and its implications in April 2004.

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- Q. What is the goal of the project?*
A. The aim of the project is to remove the non-payment of utility bills as a direct cause of, or contributing factor to personal debt spirals and the poverty trap.

Melbourne Model explained

Q. What is unique about the Melbourne Model?

A. The methodology proposes to effectively capture, combine and project the knowledge, ideas, resources, information and energy inherent in business, government and civil society.

The Melbourne Model is a new methodology designed to tackle intractable environmental, economic and social problems in the urban context. The methodology proposes to achieve this by unlocking and combining the ideas, resources, energy, information, knowledge and capabilities inherent in the key business,

governmental and civil-society sectors. Within the process, issues that impact directly upon, and require direct input from the three sectors will be considered. Solutions will be developed within a single city context and, if proven effective, will be made available to other cities around the world facing similar issues for them to adopt or adapt to

their own particular needs – *the process aims to effectively project the power of **local** urban capacity building.* The Model's strength lies in its capacity to avoid traditional agenda-driven multi-sectoral processes by providing a neutral organization to facilitate and coordinate the three sectors.

Urban Program to impact rural and regional issues

Although the Cities Program focuses on urban-centric solution-building, the process is nonetheless designed to enable these solutions to be tested and applied at the rural and regional level. This will be made possible through the increasing permeation of companies through wide

geographical areas within states and countries. An example is a project involving electricity companies. Although the project will be focused and developed within one city, the electricity companies taking part will have a country-wide presence including both rural and regional areas. Solutions

developed at an urban level may therefore be applicable or adaptable at a non-urban level. Obviously a number of issues are rural/regional-specific. The Cities Program does not claim to and was not designed to address these issues.

Cities Program and the Global Compact

Q. How does the Cities program fit with the GC?

A. The Cities Program is designed to complement and add another constructive dimension to the Global Compact program.

Concerns have been raised that the Cities Program detracts from the original brief of the Global Compact. It has been proposed that other UN bodies have the mandate and the capacity to focus on urban issues and that the GC should maintain its focus on encouraging corporate engagement, discussion and learning. The Cities Program is not at odds with the Global

Compact, but rather is designed to complement and add another constructive dimension to the Global Compact program. When Kofi Annan challenged the corporate sector to “reconcile the creative forces of private entrepreneurship with the needs of the disadvantaged and the requirements of future generations”, he was

recognising the need and capacity for the private sector to do so. The Cities Program is simply another method to leverage the Nine Principles of the Global Compact and to translate them into concrete and transferable actions of benefit to all stakeholders.

Nine principles of the Global Compact

The Cities Program is a sub-program of the UN Global Compact and proposes to promulgate and encourage the adoption of the nine principles in the context of individual cities and the companies and organisations that function within them. At the core of the Global Compact the Nine Principles provide a framework for developing a more sustainable and inclusive global economy.

The Global Compact is a voluntary corporate citizenship initiative with two objectives:

- a. Mainstream the nine principles in business activities around the world,
- b. Catalyse actions in support of UN goals.

The Global Compact's nine principles in the areas of human rights, labour and the environment enjoy

universal consensus being derived from:

[The Universal Declaration of Human Rights](#), [The International Labour Organization's Declaration on Fundamental Principles and Rights at Work](#) and [The Rio Declaration on Environment and Development](#)

The nine principles consist of:

Human Rights

Principle 1:
Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence; and

Principle 2: Make sure that they are not complicit in human rights abuses.

Labour Standards

Principle 3:
Businesses should uphold the freedom of association and the

effective recognition of the right to collective bargaining;

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

Principle 5: The effective abolition of child labour; and

Principle 6: Eliminate discrimination in respect of employment and occupation.

Environment

Principle 7:
Businesses should support a precautionary approach to environmental challenges;

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

Principle 9:
Encourage the development and diffusion of environmentally friendly technologies



*Mr Georg Kell,
Executive Head of the
Global Compact*

Benefits for companies engaging the Global Compact

There are numerous benefits to participating in the Global Compact. These include:

- Producing practical solutions to contemporary problems related to globalisation, sustainable development and corporate responsibility in a multi-stakeholder context;
- Rallying around universal principles and responsible corporate citizenship to make the global economy more sustainable and inclusive;
- Leveraging the UN's global reach and convening power with governments, business, civil society and other stakeholders;
- Sharing good practices and learnings; and
- Accessing the UN's broad knowledge in development issues and its practical reach worldwide.



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Five cities engage Global Compact

In March 2004, Jamshedpur became the latest city to engage the Global Compact. It now joins Melbourne (Australia), Porto Alegre, (Brazil), Nuremburg (Germany), Bath (United Kingdom) and San Francisco (USA) in the growing group of cities which have engaged the GC. The process for a city to engage is similar to that of a company engaging. The chief executive, or mayor of the city is required to write a letter of engagement to the Secretary General, accompanied by the standard description of the company or city in question. Further details about how to engage can be found on the Global Compact website at <http://www.unglobalcompact.org/Portal/Default.aspx>

Depending on the structure of the city's government, councilors will normally officially approve the process and determine how best to implement the Global Compact principles in their own city environment. In the same way that individual companies respect the nine principles in their own way, so too will individual cities have differing approaches as to how best to uphold the principles in their own urban setting. It is important to reiterate that the Cities Pilot Program is distinct from the general engagement process. The Pilot Program is facilitated by the Committee for Melbourne and seeks to validate the Melbourne Model in six cities with differing socioeconomic and

cultural environments. Questions or comments regarding the Cities Pilot Program can be sent to the program coordinator David Teller on: dteller@melbourne.org.au Cities not participating in the Pilot Program are welcome to engage the Global Compact in their own right. They are encouraged to implement the Nine Principles according to their own policies and procedures and to seek to encourage companies within their geographic borders to also engage. Cities interested in engaging the Global Compact should send any questions or comments to the Global Compact office: globalcompact@un.org

About Our Organisation...



The Committee for Melbourne is a private, independent, non-political and membership-based organisation. Counting more than 170 members, the Committee brings together leaders from Melbourne's business, science, academic and community sectors. As a

think-tank, the Committee identifies issues and opportunities for Melbourne and, working with its members, develops outcomes of long-term local, national and international benefit. The Committee is privileged to be associated with the office

of the UN Global Compact and looks forward to assisting other cities engaging the Global Compact as a city, or participating in the Cities Pilot Program.

FINANCE ATTACHMENT

UN GLOBAL COMPACT CITIES PROGRAM THREE YEAR AGREEMENT

Since 2001/02 Council has provided the Committee for Melbourne with a total of \$90,000 sponsorship to part fund a Cities Program project co-ordinator position. Should Council ratify the three-year agreement, and then the proposed annual funding of \$45,000 would be through the 2005/06 operational budget approval process and subsequent processes annually.

Joe Groher
Manager Finance Services

LEGAL ATTACHMENT

UN GLOBAL COMPACT CITIES PROGRAM THREE YEAR AGREEMENT

There are no direct legal implications arising from the recommendation of this report.

Section 3C of the *Local Government Act 1989* (“the Act”) provides that the primary objective of a Council:

“is to endeavour to achieve the best outcomes for the local community having regard to the long term and cumulative effects of decisions.”

Section 3C of the Act goes on to state that in seeking to achieve its primary objective, a Council must have regard to facilitating objectives, including —

“(a) to promote the social, economic and environmental viability and sustainability of the municipal district;”

Section 3D of the Act provides that the role of a Council includes –

“(b) providing leadership by establishing strategic objectives and monitoring their achievements;”

Under section 3F of the Act, Council also has the power to do all things necessary and convenient to be done in connection with the achievement of its objectives and performance of its functions.

The recommendation is therefore made in accordance with the Council's functions and powers as set out in the Act.

Instrument of Delegation

On 16 December 2004 the Council resolved to delegate to the Planning and Environment Committee the power, duties and functions directly relating or ancillary to Strategic Planning.

Alison Lyon
Manager Legal & Governance