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# United Nations Global Compact Cities Programme

## The Melbourne Model: Solving Hard Urban Issues Together

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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.

- Melbourne
- Model
- Cities
- Committee
- Urban

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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 inter-sector 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.*

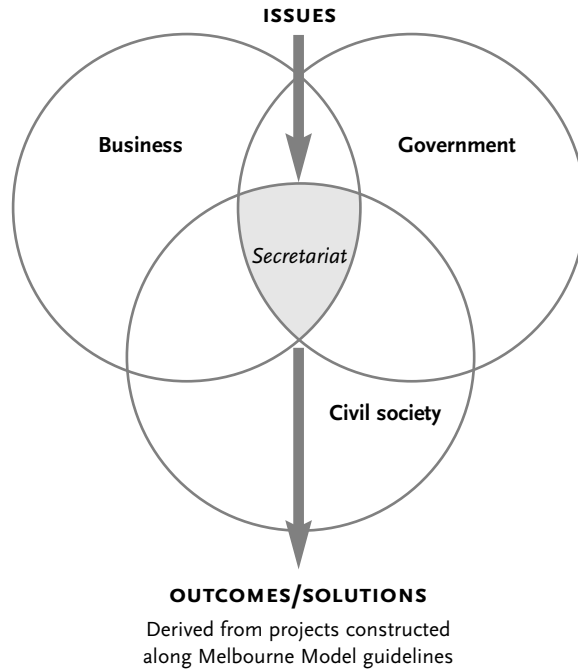
#### What is the Melbourne Model?

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, the Melbourne Model proposes to provide a new and effective mechanism to help resolve long-standing and intractable social, environmental and economic urban issues (Fig. 1). 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

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.

**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

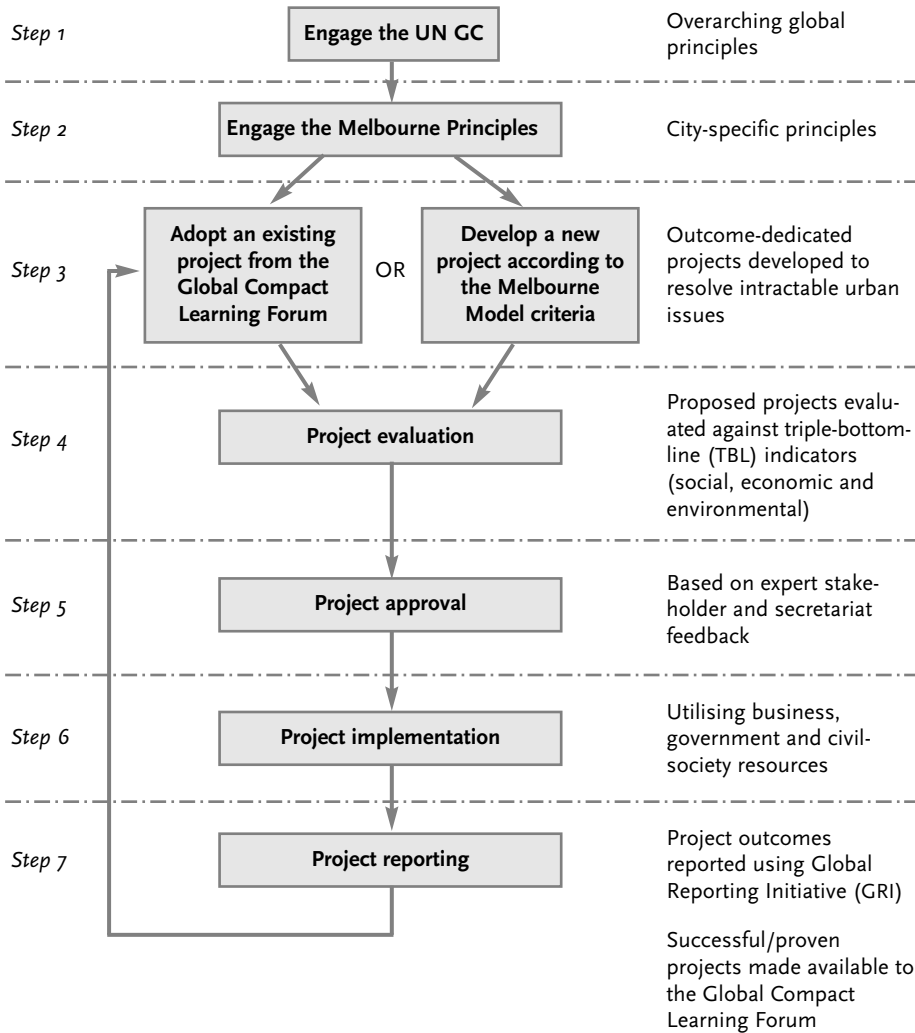


Figure 2 THE MELBOURNE MODEL

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).<sup>1</sup> It is proposed that the Melbourne

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

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

**Box 1** MELBOURNE PRINCIPLES

Source: [www.melbourne.vic.gov.au](http://www.melbourne.vic.gov.au)

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.

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.

#### *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 that impacts directly on *all* of the following: business, government and civil society
- ▶ Where the problem can *only* be resolved efficiently and effectively by the involvement and implication of *all* three sectors
- ▶ Where the nature, scope and outcome of projects can be qualified or quantified, i.e. where the objectives of the 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.

#### ***Testing the project mechanism in Australia***

In 2003 three major socioeconomic and environmental projects are being developed utilising the Melbourne Model mechanism. These projects are the Debt Spiral Prevention Project (socioeconomic), Zero Net Emissions by 2020 Project (environmental/economic) and the Water Campaign Project (environmental/economic).

#### **Debt Spiral Prevention Project**

In Melbourne every month approximately 15% of customers are unable to pay, or have difficulty in paying, their utility bills. Of these people a great number represent the most fragile and vulnerable members of our society. These include pensioners, single parents, youth at risk and short- and long-term unemployed. The inability or difficulty of these individuals to pay utility bills can start or exacerbate the debt spiral that may lead, ultimately, 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 spiral 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'.<sup>2</sup> The evaluation process will take into account environmental, social and economic performance indicators.

### 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.

<sup>2</sup> Read more about the TBL at [www.sustainability.com/philosophy/triple-bottom/tbl-intro.asp](http://www.sustainability.com/philosophy/triple-bottom/tbl-intro.asp).



### Step 6: project implementation

Work will commence once the project is approved by stakeholders. Every attempt will be made to put in place time-lines, 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 Initiative<sup>3</sup> (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

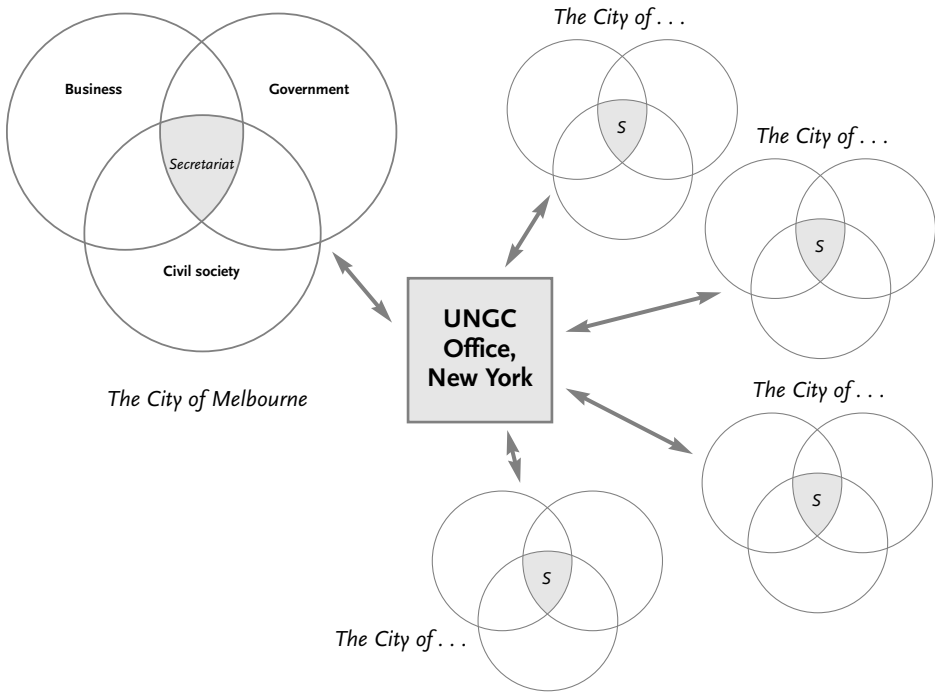
- ▶ Encouraging business, government, civil society and companies to engage the GC
- ▶ Disseminating information to all stakeholders
- ▶ Providing forums for debate around the Policy Dialogues and Learning Forums
- ▶ Centralising all local GC-related activities
- ▶ Disseminating condensed information 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

*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

<sup>3</sup> Read more about the GRI at [www.globalreporting.org](http://www.globalreporting.org).



**Figure 3** PROPOSED SECRETARIAT STRUCTURE

- ▶ 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

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## Conclusion

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A Cities Programme of the UN Global Compact presents an opportunity to develop and share concrete and sustainable solutions to intractable economic, social and environmental urban problems. It is proposed that this be achieved by harnessing, combining and focusing the inherent knowledge, energy, ideas and resources of business, government and civil society within an outcome-oriented project framework.

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## References

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