



**THE IOE, THE UNDP AND SMES**

**Editorial**

The essential role that the private sector can play in development and poverty alleviation is increasingly being recognized; indeed this was a central component of the extremely well-received recent UNDP Report *‘Unleashing entrepreneurship: making business work for the Poor’*. In this respect we strongly believe that, if we are to try and capitalize and harness the private sector in development, then the role of IOE members is vital.

The IOE, ACT/EMP and the employment sector of the ILO have been working jointly in this area and a pilot study of the role of employers’ organizations in SME development in a number of countries has just been completed (the full report will be available mid-May). One of the key messages that has emerged from this pilot study is that it is the employers’ organization - *not government* – that has perhaps the most important role in creating the conditions for SMEs and entrepreneurs to thrive. It is the employers’ organizations that are central in creating the environment conducive to attracting foreign direct investment, developing an entrepreneurial culture and bringing the informal economy into the formal economy. These are the essential ingredients that would enable more developing countries to access the benefits of globalization.

We believe that an opportunity now exists to try and push forward this message and to see the realisation of tangible and practical programmes that utilise this key role of employers’ organizations. UNDP will receive proposals between now and September on how its recommendations can be fulfilled. At that point it will make decisions on what proposals it will proceed to implementation with (the IOE is currently working closely with the ILO in the formulation of joint proposals). Additionally, the Report presents a tangible opportunity to build on the Memorandum of Understanding between the IOE and UNDP, which was signed last year.


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<p>However, perhaps the most important thing that IOE members can do is to provide us with information on what they see as the principal ways the private sector can assist in national development, particularly in the context of SME and entrepreneurship development. <i>What are the barriers to development? What are the opportunities? Can multinational enterprises (MNEs) play a role? Are SME networks or SME-MNE networks important? Are there ways to link SMEs to markets in the North/South? Could public-private partnerships be utilized?</i> This information is simply invaluable if we are to actually address the problems with demand-driven rather than supply-driven solutions. Solutions that meet real needs and can address <i>your</i> problems in a sustainable way. I strongly encourage you to provide the IOE with any relevant information that would assist this process over the coming period.</p> <p style="text-align: center;"> Antonio Peñalosa Secretary-General</p>	
<b>International Labour Organization</b>	
<p>The next stages in the follow-up to the Report of the World Commission on the Social Dimension of Globalization are now a little clearer after the discussions during the March Governing Body. The Director-General will ‘explore’ avenues of follow-up, such as policy coherence initiatives with other international organizations over the coming period (importantly, he will do this in consultation with the Officers of the Governing Body). He will also prepare a report for the International Labour Conference containing initial reflections on the implications of the Commission’s report for the ILO which will be discussed, with his other reports, in a plenary debate. The results of the Conference debate will then come back to the Governing Body for consideration in November. A guide for employers will be prepared by the Secretariat for this discussion in June. IOE contact: <a href="#">Gary Rynhart</a>.</p> <p>The ILO would like to use this Report to raise its visibility and make it a more central player in the top tier of international organizations. This, if managed correctly, presents employers with many opportunities. It is the intention of the IOE to intensify its efforts in this process and it has already initiated contacts with the heads of the major international organizations, requesting a meeting with them to explore ways in which the IOE can work with them.</p>	<b>World Commission - The next steps</b>
<p>The previously postponed China Employment Forum, jointly organized by the ILO and the Chinese Ministry of Labour and Social Security, finally took place in April. Employers were well represented through the participation of the IOE, ACT/EMP and MEDEF, with the Chinese Employers Confederation (CEC) playing a prominent role.</p>	<b>China Employment Forum</b>

<p>Some of the key messages from the Forum included: the urban-rural divide; capital growth not being matched by employment growth; WTO accession and the challenges that has brought; FDI principally flowing to the coastal regions and not to the interior of the country (due to skills shortages, insufficient infrastructure, etc.); a growing informal economy that is increasingly part of more substantive supply chains; the massive task of restructuring state-owned enterprises; entrepreneurship as a major part of the Chinese governments employment polices. Major follow up to the forum is envisaged over the coming months. IOE Contact: <a href="#">Gary Rynhart</a>.</p>	
<p>Though the forthcoming General Discussion on migrant workers at the International Labour Conference might appear to be difficult, owing to the controversial nature of the issue, the Employers' Group is boking forward to a focused and meaningful discussion. Consultations are underway between the groups in order to agree on a number of key areas as a way forward for ILO activities. Apart from adapting ILO standards on migrant workers to current circumstances, other areas that need attention are: the impact of migration on origin and destination countries; ILO technical cooperation assistance to constituents to promote best practice in labour migration management; and the use of social dialogue to promote coherent and transparent policies that enjoy broad public support.</p> <p>The ILO has just released a background report (<a href="http://www.ilo.org/public/english/standards/relm/ilc/ilc92/pdf/rep-vi.pdf">http://www.ilo.org/public/english/standards/relm/ilc/ilc92/pdf/rep-vi.pdf</a>) which will form the basis of the discussion. Lastly, the Committee may need to give guidance to the ILO on how to facilitate a multilateral framework charged with the management of international labour migration. Currently, such issues are dealt with at a bilateral level or sub-regional level. As cross-border migration will continue to grow, it may be necessary to put in place a system that has the support of both origin and destination countries. IOE Contact: <a href="#">Frederick Muia</a>.</p>	<p><b>Making international labour migration a win-win situation for all</b></p>
<p>This June, the ILC will begin a two-year process to integrate the seven existing ILO instruments pertaining to the Fishing Sector (five Conventions and two Recommendations) into one Convention and one Recommendation better adapted to the modern fishing industry. One of the main characteristics of the industry is the diversity inherent in it, with fishing operations ranging from large commercial fishing operations to small family based and indigenous fishing operations. It is, therefore, important that any new instruments be able to recognize and accommodate this diversity if the results gain widespread support among governments and employers. IOE Contact: <a href="#">Jean Dejardin</a>.</p>	<p><b>ILC to start elaborating an integrated instrument for the Fishing Sector</b></p>
<p>The IOE continues to work closely with the ILO (and its Youth Employment Network partners, the World Bank and UN) in developing practical responses to this critical issue. This is now an issue that is high on the agenda of governments, employers and workers and, certainly, this was clear from an ILO tripartite meeting in Amman on developing national youth employment strategies for Arab countries. What was also clear from this meeting is that these countries need help in moving forward with the implementation of national action plans. In this respect, it is our intention to work closely with the employer specialist in the region at examining ways in which practical assistance can be provided to countries that are developing National Action Programmes in the region. IOE Contact: <a href="#">Gary Rynhart</a>.</p>	<p><b>Youth Employment in Arab Countries</b></p>

<b>IOE and Member Activities</b>	
<p>Following up on the joint HIV/AIDS policy statement of the International Organisation of Employers (IOE) and the International Confederation of Free Trade Unions (ICFTU), a bipartite meeting in the ILO saw the launch of a concrete programme of activities. National action plans to develop workplace responses to HIV/AIDS will now be developed, targeting eight of the worst-affected countries in Africa to start with. Progress, however, is already under way in a number of countries. For instance, in Ghana where the Ghana Employers Association is working closely with the Trade Union Congress to develop activities such as the training of peer educators, the development of joint training materials and development of guidelines for workplace policies. The participants also held discussions on resource mobilization with multilateral and national donors. Discussions on how to join efforts with multinational enterprises were also held with representatives from Merck, Lafarge, Nestle and the CFAO group from France. IOE contact: <a href="#">Frederick Muia</a>.</p>	<p><b>Workers and employers develop joint actions to fight HIV/AIDS</b></p>
<p>The Caribbean Employers Confederation (CEC) will hold a one-day seminar on Unity, Free Trade and the Caribbean Economy in May. The seminar will take place at Christ Church, Barbados, and will deal with the state of the Caribbean economy and negotiations on free trade. For further information, contact: <a href="mailto:cec@wow.net">cec@wow.net</a>.</p>	<p><b>Unity, Free Trade and the Caribbean Economy</b></p>
<p>This year's Jamaica Employers' Federation Annual Management Development Convention (20-23 May) has adopted the theme "Going Global... Transforming Local". The event will focus not just on the local HR issues and challenges within Jamaica, but will also explore Jamaica's place in the region and the world. The IOE will present the challenges associated with corporate social responsibility for business in Jamaica. Additional information can be obtained from: <a href="mailto:jef@cwjamaica.com">jef@cwjamaica.com</a>.</p>	<p><b>Jamaica Employers' Federation</b></p>
<p>The labour relations spokespersons of the Central American employers' organization met at the XVIII<sup>th</sup> Central American Employers Forum for Labour Relations, which was held in Managua (Nicaragua) during the last week of April, to discuss with the IOE and ILO the social dimension of regional integration, the role of this sub-region within the ILO and, especially, the consideration of a major trade and social initiative in the region called "Export Success in Central America Partnership".</p> <p>This initiative, introduced by Professor Richard Feinberg, has two main objectives: to improve labour standards and working conditions in the textile sector and to increase exports and employment.</p> <p>The most relevant features of the discussion on the initiatives were the potential role of the ILO and the appropriate involvement of the tripartite constituents. Given the relevance of the matter and the importance to unite efforts, the meeting decided to associate the Ministries of Economy and Labour of Central America, as well as other possible partners, in an in-depth regional discussion, before structuring a well-framed reference for a better regional integration, which enhances labour standards and develops business opportunities and exports in the textiles and apparel sector.</p>	<p><b>XVIII<sup>th</sup> Central American Employers Forum for Labour Relations</b></p>

<p>As part of the Americas Process, the two Working Parties established by the Inter-American Conference of Ministers of Labour (ICML) will be meeting in Washington D.C. in the middle of May to discuss some preliminary reports prepared by the ILO on the social and labour dimensions of sub-regional integration (NAFTA, SICA, CAN, CARICOM and MERCOSUR). The meeting will be preceded by a Workshop on International Trade and Labour Standards, in which employer representatives will also participate. The purpose of this meeting is to prepare the input that the ICML will have in the Americas Process on the best way to address the social and labour challenges emerging from a possible Free Trade Area of the Americas.</p>	<p><b>CEATAL - IOE - Working Party meeting in Washington</b></p>
<p><b>UN and Other International Agencies</b></p>	
<p>The UN Commission on Human Rights met in Geneva during March and April. On its agenda were the Draft Norms on the Responsibilities of Transnational Corporations and other Business Enterprises. The IOE has spent the months leading up to this debate explaining to governments its concerns about the text that would look to shift to companies human rights obligations that currently rest only with governments. During their recent discussions, the UN Commission did not adopt or endorse the Draft Norms. Instead, the Commission asked the Office of the High Commissioner to, over the next twelve months in consultation with all interested parties including employers' organizations, investigate the current legal environment surrounding business and human rights so as to allow the Commission next April to identify other options that might be needed to strengthen standards in this area. They also expressly stated that the Draft Norms presented to them have no legal status.</p>	<p><b>UNHCHR Draft Norms for business</b></p>
<p>IOE President François Perigot met with the French Government last month as part of its preparations for the forthcoming G-8 Summit. The agenda set by the hosts of this year's G-8, the United States, corresponds in many areas with the IOE's agenda: the role of the private sector in development; good governance; tackling corruption; and the fight against HIV/AIDS. The IOE intends to submit a statement on behalf of the organization to the G8 in June. It is hoped that this statement will also be useful to individual members in G-8 countries in their discussions with their government. IOE Contact : <a href="#">Andrés Yurén</a>.</p>	<p><b>G-8</b></p>
<p>Employers from the Americas are invited to participate in a dialogue between the Ministers of Foreign Affairs, the heads of member State delegations and civil society representatives at the XXXIV Regular Session of the OAS General Assembly, in Quito, Ecuador (6 June). The dialogue will focus on social development, democracy and corruption and will generate recommendations for the consideration of the heads of the delegations and the general Secretariat during their discussions at the XXXIV General Assembly. IOE Contact <a href="#">Andrés Yurén</a>.</p>	<p><b>Business participation in the Organization of American States (OAS)</b></p>

<b>Other News</b>	
<p>As a follow-up to the Salvador Plan of Action adopted by the Inter-American Conference of Ministers of Labour (IACML) in September last year, the IACML has planned three high-level meetings. The first of these meetings on health and safety took place in San Salvador in April. The other two will take place in Washington in May, the first dealing with labour administrations and the second with the socio-labour dimension of regional integration and hemispheric free-trade. The IOE will participate in all three meetings. IOE Contact: <a href="#">Andrés Yurén</a>.</p>	<p><b>Inter-American Conference of Ministers of Labour</b></p>
<p>The National Competitiveness Council of Croatia, (a tripartite body) has just published a report on Croatian competitiveness. The report proposes 55 recommendations based on 7 chapters: education for growth and development; rule of law in compliance with EU standards; cost and price competitiveness; development of innovativeness and technology; strengthening small and medium-size enterprises; regional development and cluster development; and the creation of a positive mindset and leadership. This Report should be seen in light of Croatia's likely candidature to the European Union and could be a useful tool to other future EU Accession countries. The report is available at <a href="http://www.Konkurentnost.hr/nvk">www.Konkurentnost.hr/nvk</a>.</p>	<p><b>Report on competitiveness in Croatia</b></p>
<p>At a meeting in April of the International Textile and Clothing Bureau (an inter-governmental organization comprised of developing country exporters of textiles), high on the agenda were concerns over possible new forms of protectionism (such as anti-dumping measures) once the phase-out of the quota regime for textiles and clothing comes into force on 31 December this year. An initiative by a number of countries and industry associations on the creation of social corporate responsibility principles, including environmental standards and labour rights, was also discussed. Additionally, on the sidelines of the meeting, key members of the G-20 alliance on agricultural trade, including India, Brazil, South Africa, Mexico, Indonesia and Pakistan met to discuss future strategies. <a href="http://www.itcb.org">http://www.itcb.org</a></p>	<p><b>Textile Tariffs</b></p>
<p>In April, three of five Andean Community (CAN) members signed a free trade agreement with Mercosur (Brazil, Argentina, Paraguay, Uruguay) as well as associate members (Chile and Bolivia). The three members of CAN (Colombia, Ecuador and Venezuela) agreed on a gradual reduction of tariffs, starting next July and continuing over the next ten years. The agreement covers 80 percent of goods normally traded.</p>	<p><b>Trade ties deepen between Andean, Mercosur countries</b></p>
<p>Negotiators from the US, Canada, Mexico, Chile, the four South American Mercosur countries and Ecuador met informally from 31 March to 1 April in Buenos Aires, hoping to break a deadlock in trade negotiations. For the third time this year, a Trade Negotiations Committee (TNC) meeting on the Free Trade Area of the Americas (FTAA) was suspended because of parties' differences over farm subsidies.</p>	<p><b>FTAA talks hit impasse</b></p>
<p>The Clinton Foundation announced a new agreement that will make it possible for an increased number of developing countries - supported by <a href="#">UNICEF</a>, the World Bank and the Global Fund to Fight AIDS, Tuberculosis and Malaria - to make HIV/AIDS medicines and diagnostics available to their populations. Under the deal, the drugs will be purchased at half of their original price and now to 122 countries.</p>	<p><b>Cheaper AIDS Medication</b></p>

<p>The UK has published a CSR ‘draft global framework’. The intention of the framework is to promote CSR principles to all stakeholders through government departments, diplomatic missions, etc. <a href="http://www.dti.gov.uk/sustainability">www.dti.gov.uk/sustainability</a>.</p> <p>Fifteen European rating agencies have signalled their intention to create a voluntary standard on company assessments of social and environmental performances of companies. <a href="http://www.csrr-qs.org">www.csrr-qs.org</a></p> <p>Some see CSR as losing credibility because it is not seen as delivering results. They argue that business is not making, and will not make, significant progress on social responsibility through incremental changes delivered through CSR programmes. For more, see <a href="http://www.ebfonline.com/debate/debate.asp">www.ebfonline.com/debate/debate.asp</a>.</p> <p>The Italian Government has announced its intention to establish a CSR research and study centre modelled on the Danish Copenhagen centre.</p>	<p><b>CSR wrap-up</b></p>
<p>A summary of the transitional arrangements put in place by the EU 15 Countries regarding the free movement of the workers from the new EU member States can be found on the website of the “European Citizen Action Service: <a href="http://www.ecas.org">www.ecas.org</a>.</p>	<p><b>Transitional arrangements concerning the movement of workers</b></p>
<p><b>Publications</b></p>	
<p>As from the beginning of this year, the IOE Secretariat prepared the following publications/background papers which are available on publication section of our web page (password protected). Printed copies can be obtained from the IOE Secretariat.</p> <ul style="list-style-type: none"> <li>• Social dialogue and Tripartism: Rationale and Meaning (Background Paper) (English, French and Spanish).</li> <li>• The ILO World Commission on the Social Dimension of Globalizations – François Perigot and Daniel Funes de Rioja (English, French and Spanish).</li> <li>• Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy – An Employers’ Guide (English only).</li> <li>• The Sub-commission on Human Rights Draft Norms: Joint views of the IOE and ICC (English only).</li> <li>• International Framework Agreements: An Employers’ Guide (English</li> </ul>	<p><b>IOE Publications in 2004</b></p>
<p>Net capital flows to developing countries increased last year, although inflows were concentrated in a few nations according to the World Bank <i>Global Development Finance 2004</i>. Positive net private flows rose in all developing regions except the Middle East and North Africa. Capital increases, however, were concentrated in a few countries: Brazil, China, India, Mexico and Russia. The report also says that developing countries have taken advantage of an increase in global economic growth to improve their credit quality to private investors who are feeling more confident in investing in those countries.</p>	<p><b>Capital Flows to Developing Nations increase in 2003</b></p>