



A CHANGING GLOBAL COMPACT

Editorial

The UN Global Compact Summit held in New York on 24 June signalled a number of changes to the Global Compact, as well as provided an opportunity for a number of company, trade union and civil society organizations to express their views as to where they see the Global Compact going in the coming years. It is also clear that the Global Compact, as envisaged in UN Secretary General Kofi Annan’s speech at Davos in 2000, will not be the same Global Compact in the future. What is changing?

- First, a further Principle has been included on *Bribery and Corruption*, bringing the total of Principles to 10. This raises the question as to further Principles being progressively added in coming years.
- Integrity measures have been introduced to address the issue of concern to both NGOs and unions of companies failing to live up to the Principles to which they commit themselves. Also, measures are introduced for companies failing to meet the requirement of reporting, through their own means, on progress in implementing the Principles. The approach adopted has been criticized by some as being too weak and it can be expected that these critics will seek further accountability measures in the future. Some groups are keen to see the Global Compact participants moved towards full accountability.
- The oversight structure of the Global Compact previously established in the form of an Advisory Council has been disbanded and a small group will, over the coming months, consider what should replace it. The UN is keen to ensure that the Global Compact remains non-bureaucratic.
- The UN itself has undertaken to abide by the 10 Principles with regard to procurement, employee pension funds and personnel policies.

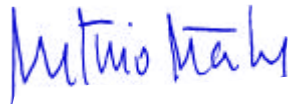
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<p><i>What are other groups saying?</i> The most persistent calls have been in the area of looking to push signatory companies towards greater performance and accountability, a call some companies also support. It is clear that those companies that do support the Global Compact will be the subject of increasing scrutiny by NGOs in particular, in order to address their concern that the voluntary engagement of companies is merely an exercise in UN “blue-washing”.</p> <p>Union Network International (UNI) a Global Trade Union has called on all of its affiliates to seek from Global Compact “signatory” companies International Framework Agreements (see page 9), a new form of industrial relations agreement anchored on the Principles of the Global Compact and incorporating a number of ILO labour standards.</p> <p>The changes that are occurring are important ones for members to have regard to when talking to their member companies considering an engagement with the Global Compact. It is important that the obligations and expectations of the Compact are well explained so as to ensure that, when a company does commit itself, it is fully aware of what it is that it is actually committing to.</p> <p>The IOE Management Board will discuss these changes at its next session (November 2004) and decide on the way forward.</p> <div style="text-align: center;">  <p><i>Antonio Peñalosa</i> Secretary-General</p> </div>	
<p>International Labour Organization</p>	
<p>The IOE and ACT/EMP started discussions with the <i>Job Creation and Enterprise</i> section of the ILO at the end of last summer with a view to developing areas of closer collaboration. It was decided at that time to commission a consultant to carry out some preliminary research on the role of employers’ organizations and SME development. Several different countries in Asia, West Africa and Europe were chosen for this research. A number of important and positive messages emerged from this exercise. Perhaps the most significant message was that further - and importantly <u>more specific</u> - work programmes between IOE member federations and the ILO’s <i>Job Creation and Enterprise</i> department was warranted. The IOE and ACT/EMP are currently working closely with this department in developing a joint work-plan. The Report (in English only) is currently being finalized.</p> <p>IOE Contact: Gary Rynhart.</p>	<p>SMEs and the ILO</p>

<p>In current discussions on possible changes to the International Institute for Labour Studies (IILS) the following remark from a distinguished former head of a Central American employers' organization is telling "<i>I never looked upon the ILO as a resource</i>". This is odd because it should be. The IILS for instance could be providing employers' organizations with cutting edge information on strategies for SME development; developments in microfinance; innovative ways of bringing the informal economy operators into the formal economy, using employers' organizations for example. This list is far from exhaustive. Of course this works both ways and the ILO often fails to see the resources at its own doorstep. By tapping the global network of employers' organizations the IILS could access a whole range of information and research on a wide array of issues. This Institute could also be considered as another ILO missed opportunity.</p>	<p>International Institute for Labour Studies (IILS)</p>
<p>A meeting organized by the ILO and co-funded by the Friedrich Ebert Stiftung took place in Geneva on July 19 and 20 to discuss the issue of prison labour as it relates to the principle of forced labour under the ILO Declaration on Fundamental Principles and Rights at Work (the "Declaration"). The informal meeting was held with a view to educating the ILO on the issue so that it may be in a better position to address it in the next Global Report on forced labour. The Global Report is published every June and is part of the follow-up required under the Declaration.</p> <p>Among the participants at the two-day meeting were approximately 25 individuals with a variety of backgrounds and expertise including academics, labour lawyers, government specialists from different regions, as well as worker and employer representatives. Ed Potter from the USCIB, Lesley Roberts from Pentland, and Scott Barklamb from the Australian Chamber of Commerce and Industry were present for the employers. Also among the participants were approximately 15 ILO officials with varying levels of involvement in the issue of prison labour at the ILO.</p> <p>Six themes were discussed over the course of the two days, namely:</p> <ul style="list-style-type: none"> • The purposes of prison labour • International legal principles on prison labour • Securing minimum safeguards for prisoners: wages, benefits and other social safety mechanisms • Economic aspects of prison labour • Approaches to control and supervision • The way forward: the role of the ILO <p>Each theme was introduced by a lead discussant with expertise on the theme in question. Ms. Roberts presented on behalf of the employers in relation to the economic aspects of prison labour and Ed Potter spoke on the way forward and the role that the ILO could play.</p> <p>In her presentation, Ms. Roberts spoke eloquently about the experiences of Pentland with prison labour and the risks and resources that are associated with any such engagement. Through her examples, she helped to dispel the view that em-</p>	<p>Prison Labour Meeting in the ILO</p> <p>19-20 July 2004 Geneva</p>

<p>employers could easily achieve substantial gains by engaging prison labour either directly or through the supply chain. She highlighted the risks involved, including risks to reputation, as well as the resources required to obtain enough information about the conditions of work in the prisons. Ms. Roberts' comments were of great interest to practitioners of the field who all took the position that prison work is beneficial to prisoners and the prison systems in general. There was some useful discussion about the steps that could be taken to encourage business to engage in prison labour.</p> <p>In his comments relating to the way forward and the possible role of the ILO, Ed Potter made the clear point that, for the purposes of the Global Report, a very detailed legal and/or political analysis is not required as it might be in the interpretation of Convention N° 29. He reminded the participants that the purpose of the Declaration is not to establish a complex set of rules and guidelines but rather to promote the broad fundamental principles that should be universally applicable. Mr. Potter stated that, by virtue of its very complex nature, prison labour should not be the focus of the principle of forced labour. He further stated that it is only one aspect of forced labour and that undue focus should not be paid to it in light of the many other more rampant and serious issues included under the principle of forced labour, such as trafficking of persons, etc.</p> <p>To the extent that there is a role for the ILO to play in the debate, particularly in the specific context of Convention N° 29, Mr. Potter proposed a number of topics on which the ILO could engage in valuable research. He suggested that, though the information presented at the meeting was primarily anecdotal, it provided some clear direction as to areas for further research. Mr. Potter suggested that this would greatly increase the quality of the debate in relation to Convention N° 29.</p> <p>The two days of meetings served to bring out the complexities and the many factors at play, including labour rights for prison workers ("Decent Work" for prisoners was raised in this context), as well as the different economic and social aspects that must be considered when dealing with prison labour. In the context of the next Global Report, it is not clear what the ILO will derive from the two-day meeting and what it will choose to include in the Report. However, at the very least, it has gained a better understanding of the very complex nature of the issue.</p>	<p>→ <i>Prison Labour Meeting in the ILO</i></p>
<p>From 13 to 24 September next, the Preparatory Technical Maritime Conference (PTMC) will consider the draft consolidated maritime labour Convention, recommended by the High-Level Tripartite Working Group on Maritime Labour Standards, and propose a text with a view to its adoption by the 94th Session (Maritime) of the International Labour Conference scheduled for autumn 2005.</p> <p>The new Convention will consolidate around 60 existing ILO Maritime Conventions into a single simple to understand instrument which encompasses areas such as employment conditions, hours of work, accommodation at sea, food and catering, health protection, welfare, medical care and social security provision. This new instrument, while being comprehensive in coverage, is intended to be easier for governments to ratify, implement and enforce.</p>	<p>Preparatory Technical Maritime Conference</p> <p>13-24 September Geneva</p>

<p>Despite tremendous progress to date, there are inevitably some differences of opinion, particularly around provisions governing social security and cabin accommodation.</p> <p>However, the Shipowners remain confident that the new Convention will be much better than the current plethora of ILO Maritime standards and that it will be seen in the same light by the maritime community as the IMO SOLAS (Safety of Life at Sea), MARPOL (Prevention of Pollution) and STCW (Standards for Training, Certification and Watch-keeping for Seafarers) Conventions which are all well ratified and supported. The debate in September will be challenging as there are still a few pinch points to resolve; but the International Shipping Federation (ISF), with the support of IOE, is confident that positive progress will be made at the PTMC.</p> <p>The current major activity of the ISF is to represent Shipowners' interests at the International Labour Organization in discussions on the proposed Consolidated International Maritime Labour Standards Convention to provide adequate employment conditions for the 1.25 million globally employed merchant seafarers.</p> <p>Should readers have any further specific questions please do not hesitate to contact Natalie Wiseman, Secretary ISF natalie.wiseman@marisec.org.</p>	<p>→ <i>Preparatory Technical Maritime Conference</i></p>
<p>IOE and Member Activities</p>	
<p>Since the beginning of the year, the IOE has decided to include the fight against corruption among areas of relevance. The fight against corruption should be understood in a global role of employers' organizations to improve the business environment and promote sound and good governance - which is on the agenda of the ILO through the Declaration, or the UN through the Global Compact.</p> <p>Corruption has huge consequences for society. These range from the distortion of access to public services to sustaining organized crime. In many countries in different regions of the world, anti-corruption voices are increasingly being heard. The different reports (World Bank, OECD) show the impact of corruption and bribery on activities and on economic growth and the negative impact on FDI-flows. Sectors of the economy and enterprises are the first victims of corruption.</p> <p>The IOE, with the support of the ILO, will organize a special session in Warsaw on 7/8 September on the role of employers' organizations in the fight against corruption for Central and Eastern European employers' organizations. The ILO, the UNDP, the World Bank, Transparency International as well as Shell Company and other European federations will participate in this session, which aims to increase the presence of employers in the fight against corruption through national activities. IOE Contact: Eric Oechslin</p>	<p>The IOE and the fight against Corruption</p>

<p>The 2004 Meeting of the IOE European Members, to be hosted by the Confederation of Polish Employers on the occasion of its 15th anniversary, will take place in Warsaw (Poland) from 8 to 11 September 2004. On this occasion, meetings with the President and Prime Minister of Poland will be organized.</p> <p>The key debates will focus on the next steps for employers in the CSR debate within the European and ILO context as well as the evolution of the UN Global Compact; the globalization debate in the ILO after the implementation of the Report of the World Commission and its consequences for employers; relations between employers' organizations and SMEs; and relations between the European Commission and the ILO. The meeting will be preceded by the above-mentioned special IOE/ILO session on the role of employers' organizations in the fight against corruption. IOE Contact: Eric Oechslin</p>	<p>Meeting of the IOE European Members</p> <p>8-11 September Warsaw (Poland)</p>
<p>The Costa Rican Employers' Organization (UCCAEP), together with the IOE and the Spanish Employers' Confederation (CEOE) will host this year's meeting of Presidents of Ibero-American Business Organizations in San José, Costa Rica (7 and 8 October 2004). The leaders of Latin American, Spanish and Portuguese business organizations will be debating the sustainable development aspects of globalization. High profile personalities - such as the Heads of State of the Central American countries, the Secretary-General of the Organization of American States (OAS) and the Managing Director of the International Monetary Fund - have been invited to the meeting as part of the programme of speakers. The main objective of the gathering is to discuss the political, economic and social dimension of regional integration and the role of employers' organizations in this process and adopt a common statement from the business community to the Ibero-American Summit of Heads of State and Government – to be held later this year. IOE Contact: Andrés Yurén</p>	<p>XV Meeting of Presidents of Ibero-American Business Organizations</p> <p>7-8 October 2004 San José (Costa Rica)</p>
<p>What is the potential of linking an employers' organization (and its members) in a developed country with one in a developing country in a developmental capacity, but also one of shared benefit? While the idea has never been tried to the best of our knowledge, the initiative may be worthy to be tried.</p> <p>This is one other area that the IOE is currently exploring (with the ILO and UNDP). Any experiences from member federations in this area would be very welcome. IOE Contact: Gary Rynhart</p>	<p>Linking Business Organizations - North to South</p>
<p>As the array of issues facing the Secretariat continues to broaden, consultation and feedback from member federations is becoming even more important. In order to better assist us we are starting to include a specific section in each IOE.net calling for information on specific areas. Currently some of these are:</p> <ul style="list-style-type: none"> • national experiences of minimum wages legislation and practices (positive and negative); • the Poverty Reduction Strategy Papers (PRSPs) – feedback on members' experiences in these national process; • cooperatives and possible linkage roles with employers' organizations; • national experiences of youth employment initiatives and national strategies. <p>IOE Contact: Gary Rynhart.</p>	<p>Feedback from Federations</p>

UN and Other International Agencies

The IOE participated in the recently concluded XV International AIDS Conference that was organized by UNAIDS and other UN Agencies and held in Bangkok. IOE Secretary-General Antonio Peñalosa was one of the speakers in the Conference session that focussed on the importance of leadership in the fight against HIV/AIDS. The session was aimed at bringing global attention to the role and contribution of leaders from all sectors and all levels. The Leadership Forum participants were drawn from governments, multilateral and international institutions, community, world of work, media, as well as political leaders, scientists and the entertainment industry. The leadership programme was structured to reinforce the need for leaders to increase commitment in five key areas:

- supportive policies
- scaled up programme in prevention, care and treatment
- increased human and financial resources
- mobilizing their peers in the response
- accountability

In his address, Mr. Peñalosa reiterated that no one group could win the war against AIDS alone and that collaboration both nationally and internationally was critical to an effective response. To illustrate the importance of joining efforts, he gave the example of the IOE/ICFTU joint programme for future engagements to fight against HIV/AIDS in the workplace. The initiative aims at bringing together IOE and ICFTU members at national level in order to develop joint programmes. He informed conference participants that employer organizations in many developing countries had taken up the fight against HIV/AIDS in the workplace as part of their agenda, as the pandemic represented a threat to their companies and national economy. He invited international development agencies to consider working with IOE members as partners.

He cautioned however that any effort at the national level must be fully integrated within the national strategy on HIV/AIDS. Companies could not be expected to replace government efforts. Efforts should be complementary and well coordinated, he added. (The text of his message is available on the IOE website).

The IOE was also represented in the Conference by Frederick Muia who chaired one of the Conference sessions on HIV/AIDS in the workplace. Panellists who represented Angloamerican, BMW and Chevron Texaco gave examples of concrete initiatives taken by multinational companies to mitigate the impact of HIV/AIDS at the workplace and to support efforts by surrounding communities.

A question to ask is what the XV International AIDS Conference has achieved. Attended by about 20,000 delegates, the Conference was aimed at setting the global agenda in the war against AIDS for the next two years. The general view is that it has helped to put Asia on the map. A wake-up call was sounded by leaders that, if nothing is done to stop the spread of the pandemic, its scale in the continent could surpass what has been seen in Africa. Although infection rates

XV International AIDS Conference

11-16 July 2004,
Bangkok (Thailand)

<p>are still small in comparison, Asia has the two most densely populated lands (China and India) so even a small increase in infections could have the potential to spread rapidly.</p> <p>Although leadership was a key phrase throughout the Conference, access to drugs was a major theme. The prices of anti-retroviral drugs have been significantly reduced (up to 90 % in some countries) but still the big pharmaceutical companies continue to be portrayed as the bad guys. This is mainly due to the fact that the event has evolved over the years from a gathering of HIV/AIDS researchers and scientists to one driven by community groups and activists. Although this trend has helped to elevate AIDS up the political agenda in both developing and developed countries, it remains to be seen whether the marginalization of researchers and scientists is helpful. Perhaps the delegates may wish to take up this issue when they meet next in Toronto in 2006.</p> <p>One of the main conclusions of the Bangkok event is that there is need for closer working relationships between governments, the private sector and community groups to confront HIV/AIDS.</p>	<p>→ XV International AIDS Conference</p>
<p>The Global Fund To Fight AIDS, Tuberculosis and Malaria held its first biennial Partnership Forum. The IOE took part in this event which was held in Bangkok, Thailand. Over 400 participants drawn from government, private sector and civil society groups, including communities living with and affected by the diseases, programme implementers and academia, attended.</p> <p>The main objective of the forum was to give stakeholders a formal voice and the opportunity to review progress, discuss and debate current issues and send their recommendations to the Fund's Board for consideration.</p> <p>The Global Fund was created in January 2002 by the United Nations as a global public-private partnership dedicated to attracting and disbursing resources to prevent and treat AIDS, Tuberculosis and Malaria. The IOE has been holding discussions with the Fund in order to ensure IOE members in recipient countries are able to get financial backing for their HIV/AIDS activities. During the June 2004 International Labour Conference, the Executive Director of the Fund, Professor Richard Feachem, gave a talk to the Employers' Group on the need to work closely with its Country Coordinating Mechanisms (CCMs) at national level. The CCMs produce grant proposals and oversee implementation of programmes.</p> <p>The key recommendations of the Partnership Forum were: Ensure that there is a new call for grant proposals to fight AIDS, tuberculosis and malaria in early 2005; and, secondly, increase meaningful participation by stakeholders in recipient countries in programme design and implementation. Employers' and workers' organizations were particularly encouraged to take part in the process. It is our hope that IOE members, particularly in Africa, Caribbean and Asia who are actively involved in the fight against HIV/AIDS in the workplace, will soon be able to access the Global Fund's resources. IOE Contact : Frederick Muia.</p>	<p>IOE participation at Global Fund Partnership Forum</p> <p>7-8 July 2004, Bangkok (Thailand)</p>

<p>The last few months have seen some concrete steps to build on the developing relationship between the IOE and UNDP. A Memorandum of Understanding (MOU) was signed in 2003. Most ostensibly the IOE, together with the ILO, has been in discussions with UNDP on follow up to its recent report “<i>Unleashing Entrepreneurship: Making business work for the Poor</i>”. The UNDP will also participate in the special session on the role of employers’ organizations in the forthcoming “corruption” meeting next September in Warsaw.</p> <p>The IOE is also examining with UNDP possible roles it could play at the five year review of the Millennium Development Goals next September. Additionally, the IOE is exploring how it could play a role in the Conference on the role of the private sector in development strategies envisaged by the G8 next year.</p>	<p>UNDP</p>
<p>As members will recall, the UNHCHR, in its meeting in April this year, decided to ask the Office of the High Commissioner to compile a report on “<i>the scope and legal status of existing initiatives and standards relating to the responsibility of transnational corporations and related business enterprises with regard to human rights</i>”. This report will be presented to the Commission at its next session in April 2005. The Office has requested information in particular on:</p> <ul style="list-style-type: none"> • Existing initiatives and standards relating to the responsibility of transnational corporations and related business enterprises with regard to human rights • The scope and legal status of these initiatives • Any outstanding issues. <p>The timeframe for responding to the request for information has been extended from mid August until the end of September. The Office is keen to gather information about what MNE and supply chain companies are doing with regard to human rights and the status such activity has, what employers regard as the human rights responsibilities of companies and what they do not. The Draft norms will also be considered in this exercise (the IOE papers on this are available on the IOE website). It is important that the voice of business in this debate is strong and consistent. We would urge members to contact the relevant national authority that handles human rights matters so as to ensure that their views are considered in their reply or, alternatively, make their own submission. The IOE will also be preparing a response.</p> <p>In order to have a clear view of the employer response, we would appreciate your advising the IOE Secretariat of any involvement member federations or individual companies have in this issue. Moreover, we are available to provide you with any guidance that may assist you in responding. IOE Contact: Brent Wilton.</p>	<p>UN High Commission for Human Rights</p>

Other News	
<p>As referred to in the editorial of this IOE.net Union Network International is urging its affiliates, in the context of the Global Compact, to press the major multinationals they deal with to sign International Framework Agreements (IFAs) with UNI. A circular to UNI affiliates signals that the ILO has a role to play in policing the labour rights in the Compact, as the UN's competent body on labour issues. UNI has developed a short code for its members, some of the key aspects include:</p> <ul style="list-style-type: none"> • For the unions in the home country of the company, an IFA means international questions become a legitimate subject of discussion and negotiation with the management. This can be crucial when, for example, a company wishes to outsource work to another country; • Some unions have negotiated their own globalization agreement with companies; • An IFA cannot substitute for direct negotiations between companies and workers at the national level; • These are voluntary agreements. In cases where subsidiary companies are found not to be respecting the agreement, the case has to be taken up with the parent multinational. • To get an IFA UNI encourages the formation of a trade union alliance to create links between unions in different countries with members in the same company. <p>http://www.union-network.org</p>	<p>Unions continue to push for International Framework Agreements</p>
<p>The International Organization for Standardization (ISO) hosted a two-day Conference in Stockholm in June as part of its process of considering the suitability of the development of ISO deliverables in the field of corporate social responsibility. IOE Executive Vice-President, Daniel Funes de Rioja, addressed the Conference as one of the key-note speakers representing the IOE and the ICC. (Speech available on the IOE website).</p> <p>The Conference issued the go-ahead to prepare a guidance document on social responsibility and to create a Working Group which will report for the first time to the ISO Technical Management Board meeting next September. In this latter regard IOE member federations are urged to speak to colleagues involved in ISO at the national level to make sure that the right people are nominated for positions on the Working Group.</p> <p>Thanks in a large part to a very active business voice in this process common-sense has prevailed. However, what was clear from Stockholm is that to remain effective this level of engagement needs to be maintained.</p> <p>Further information: http://www.iso.org/iso/en/info/Conferences/SRConference/home.htm</p>	<p>ISO Resolution on future steps on CSR</p>

Forthcoming Meetings

3-4 September	:	Employment summit - social partners meeting (Ouagadougou, Burkina Faso)
7-8 September	:	The Role of Employers' Organizations in the fight against Corruption (Warsaw, Poland)
9- 10 September	:	Meeting of the IOE European Members (Warsaw, Poland)
13-24 September	:	Preparatory Technical Maritime Conference
14-16 September	:	Cape Meeting on Competitiveness and Productivity (Kuala Lumpur)
6-8 October	:	Meeting of Presidents of Ibero-American Business Organizations (San José, Costa Rica)
13-15 October	:	Youth employment: the way forward (Geneva)
18-22 October	:	Tripartite Meeting on the Future of Work and Quality in the Information Society: the Media, Cultural, Graphical Sector (Geneva)