**Trade Union – OECD-DAC Forum**

**29th and 30th October 2014, Paris**

During the 29th and 30th of October the Trade Union Development Cooperation Network (TUDCN) held several important sessions at the conference centre of the Organisation for Economic Cooperation and Development (OECD). During the first day a meeting was held between the members of the Network in order to analyse and draw up common positions on the reform of Official Development Assistance (ODA) and the coming conference on Financing for Development (FfD) that will take place in Addis (July 2015). The second day was the **Trade Union-OECD/DAC Forum** in which members of the TUDCN exchanged views with the Development Assistance Committee (DAC) country delegates around social dialogue, social protection and the role of the private sector in development.

**Wednesday 29th October**

**Official Development Aid (ODA) challenges and proposed reforms**

**Guillaume Delalande, DCD of the OECD** introduced the new concept that has been put forward revising the ODA definition, Total Official Support to Development (TOSD). The idea is to recognise all the resources in support of sustainable development, regardless of the terms under which they have been granted. At this stage many options have been put forward and now the political decision has to be taken. The hottest issue is that of the concessionality of loans. He argued that TOSD will stillrecognise ODA and will complement it.

The downward trend of aid to Least Developed Countries (LDCs) and the consensus that this trend needs to be reversed was also mentioned.

At the next High Level Meeting, in December 2014, it is expected to conclude on concessionality, to endorse the main features of TOSD, agree on an action plan to reverse the downward trend of aid towards the LDCs.

**Jeroen Kwakkenbos, EURODAD** underlined the elements of inflated aid in the new concept of TOSD, which cause an inclusion of resources that are not transferred to partner countries, such as: imputed student costs, refugee costs, debt relief, partially tied and fully tied aid, interest repayments. He emphasised the problems of concessional loans given: - the currently outdatedreporting system, the fact that interest repayments are not deducted from net figures, that they are mostly targeted to upper and lower middle income countries, and that debt sustainability considerations have not been taken into account.

The system should have poverty eradication as its main desired outcome, which it does not. More involvement with beneficiaries of ODA flows is therefore required and there is a need to ensure ODA meets the needs of the poor and marginalised.

**Discussion**

* In most points of the TOSD debate there seems to be no agreement between donor governments.
* TOSD seems to be a camouflage of lack of achievement on the side of governments of the 0.7% target.
* The issue of remittances is highly controversial. Remittances are workers’ income which is capitalised as ODA. There could be a potential conflict with the ILO convention on the protection of the salary when remittances are treated as TOSD/ODA
* The debate on TOSD seems to be a move towards at best “Policy Coherence” or at worst “policy alignment”.
* There is a worry about a new cycle and approach off tied aid.
* In the ODA reform debate there is no discussion on impact. There needs to be a connection between increases in the measure (TOSD) and increased impact (a more qualitative question).

**Financing for Development: challenge for the post 2015 development framework**

**Jesse Griffiths, EURODAD** emphasised the importance of Financing for Development taking into account its timing. The FfD conference in Addis Ababa will be followed by the post-2015 conference in September and the climate conference in Paris. If it is successful there will probably be higher success in the other two. He underlined four things we can push for in Addis Ababa:

* An intergovernmental committee on tax, which gives us a venue to push for higher issues.
* A debt workout mechanism.
* A warning on the risks of private sector leveraging.
* An increase in the quality of ODA.

By February there will be a first draft of the outcome documents and negotiations will start. The G77 will support some of the issues and others can be put forward with progressive governments in Europe.

**Matt Simonds, TUDCN** outlined the six pillars of the FfD debate and went over the themes that will come up in the next FfD conference: Domestic resource mobilisation; private and blended finance; enabling (private sector) environment; trade, technology transfer and capacity building; governance.

We should focus on how to promote the Decent Work Agenda (DWA) in the FfD process. This could be done by putting forward the financing of decent work, social protection, guaranteeing workers' rights, and the promotion of Human Rights Based accountability for the private sector.

The private sector has been involved in the FfD process since the beginning and Private Public Partnerships (PPPs) will likely be one of the instruments that governments will be promoting. One area that we want governments acting in is that of implementing social protection floors. The question that comes up is how do they finance this? We may also want to focus on global value chains.

The other players we should involve with are CSO groups, the ILO and other agencies such as UNCTAD, for example.

**Discussion**

* An emphasis has to be put on taxation and tax havens, to avoid a tax competition race to the bottom.
* Taxation is the basis of the funding of social protection, not aid. Aid won’t provide enough money for this. We have to maintain the support for social protection floors but have to articulate ways to guarantee that these are not just very minimal thresholds and are not taken advantage of to give the minimum to the people that are worst off.
* Sovereign debt resolution is an important issue.
* We should tackle the issue of global value chains, first seeing what’s already there (such as issues about responsible business and Multinational Enterprises (MNE) guidelines).
* We should take up the whole question of addressing inequality. We should talk about standards: human rights standards.

**TUDCN session on Trade Union - DAC engagement:**

Jan Dereymaeker highlighted the increased participation of trade unions in the debates and gaining space to put decent work, rights based approach, references to ILO standards etc. in the agenda. We have secured that trade unions are recognised as actors in their own right, not only as part of civil society as a whole.

A discussion followed this presentation to identify key messages to put forward at the Trade Union – OECD/DAC Forum. The key messages identified in the discussion were the following:

* Danger of the privatisation of development.
* Bring the debate on the limitations around PPPs.
* Social dialogue is a development agenda: it’s an ownership and accountability instrument. Take social dialogue as the way to move forward in the private sector debate.
* Social dialogue allows for in-country implementation of social clauses.
* The importance of social dialogue for the relevance of protection policies such as bolsa familia but also other policies put forward in countries of the Mercosur, social protection, minimum wages, etc.
* Importance of social protection floors, importance of income (income support for poor families), working conditions.
* Indonesia: social protection and the role of the trade unions. Put the accent on the need for a well remunerated employment.
* Put an emphasis on reducing inequality, and talk about inclusive growth, as well as on jobs and the quality of jobs, linked to the DWA.
* The MNE Guidelines are one of the instruments of special relevance to the trade union movement.

**Thursday 30th October**

The meeting started with the opening words of Erik Solheim, Chair of the DAC, and Marie-Louise Knuppert, Vice-president of TUAC. Erik Solheim highlighted the relevance of trade unions in development and remarked the importance of inclusive growth and the role of the private sector. Marie-Louise Knuppert introduced social dialogue as a tool for trade unions to be a drive in development. Social dialogue is not just about more wages, but also about how to create inclusive growth, how to fight climate change, etc.

**Addressing inequality and enhancing social security: National experiences and models, and their lessons for private sector engagement**

Charing the first session of the morning, Peter McAllister, Director of the Ethical Trade Initiative (ETI), introduced the work of the ETI. This initiative brings together companies, trade unions and NGOs to promote workers’ rights, mainly in supply chains, through the endorsement of codes of labour practice derived from ILO conventions.

**INDONESIA SOCIAL SECURITY PACT: Prof. Hasbullah Thabrany, University of Indonesia** explained the reform to strengthen the social security system, which started in 2000. The first achievement was the introduction of a minimum wage, followed by laws which aimed at health security for all. A “social security for all” scheme, including informal sector workers, was started and a Health Insurance Corporation was established. In July 2015 a “pension for all” scheme will start. He highlighted the important role of trade unions in the discussions and creating public pressure, to first install a minimum wage and then press forward for social security and pensions. This was a struggle of more than 12 years. The innovative and challenging aspect is the extension of the social security systems benefits to workers from the informal economy.

**Rana Plaza Accord: Joris Oldenziel, Head of Public Affairs and Stakeholder Engagement, Bangladesh Accord** introduced the situation of the garment sector in Bangladesh and presented the *Accord*: an independent voluntary but binding agreement between labour and the brands and garment sector. Through this agreement brands commit to a set of legally binding inspections in which the labour representatives participate. The binding aspect for the brands implies: to financially support the factory owners in the remediation of the factories. It also include incentives for the factory owners to undertake the changes, such as a clear commitment for the brand owners to stay in Bangladesh for at least five years and with the companies concerned for at least two. The creation of occupational health and safety committees with a continued monitoring role in the factories is also part of the measures. Another aspect is the empowerment of the workers to refuse unsafe work.

Positive achievements of the Accord are the large and growing number of more than 180 brands and retailers that have signed, the + 1500 factories and + 2 million workers covered as well as the concrete results concerning improved safety and working conditions.

**Bolsa Familia: Marina Carvalho de Lorenzo, Advisor Ministry of Social Development and Fight against Hunger** outlined the Bolsa Familia program and its components, a cash transfer scheme with three dimensions: immediate poverty alleviation, a break with the intergenerational poverty reproduction cycle and the development of the potentialities of families. In this presentation she also highlighted the positive outcomes of this program in terms of reduction of abandon ratios in education, reduction child mortality and improvement of child health conditions, the reduction in poverty levels, the reduction of inequality and the positive effects on economic opportunities.

**Debate and questions**

The main issues that came out of the debate and questions after the presentations were the following:

* The role for donors could be to facilitate prospection and mutual learning (cfr Indonesia with support of GTZ) on these innovative approaches and to support economically and politically the actions undertaken. In the case of the Accord: to ask companies from the donor countries to sign up to this agreement.
* Programmes such as the Bolsa Familia cannot be seen as isolated programmes, but are part of a general policy approach in the region. Other examples can be seen in countries like Uruguay and Argentina. These programmes conceived and implemented through social dialogue, have contributed to increase (minimum) wages, reduce unemployment, reduce inequalities, reduce informality, promote social protection, and increase schooling ratios.
* Trade unions have the capacity to strengthen local trade unions partners to prevent disasters such as the Rana Plaza. There are other initiatives sus as the Accord in the region: Cambodia on minimum wage, Indonesia around sportswear. There is an initiative to go into a regional minimum wage agreement between the private sector and unions.
* Social protection also enables people to take risk which is necessary for the private sector to develop.

**Instruments and strategies for working with the private sector for responsible business and enhancing private sector development impact**

**ILO Experience: Raymond Torres, Director of the International Institute for Labour Studies, ILO** introduced the importance of Decent Work to growth and development based on the three main aspects to which it contributes. First of all it contributes to improving the supply side of the economy, **by promoting policies that** **increase employment, especially of underrepresented groups like women and youth,** and tackling low productivity traps. Secondly it also contributes to boost the demand side of the economy, through social protection and the establishment of minimum wages. And finally it makes economic growth more socially inclusive and therefore more sustainable. He concluded that it is therefore necessary to put Decent Work at the core of policy-making to guarantee inclusive and sustainable growth.

**OECD Guidelines for Multinational Enterprises (MNE): Tihana Bule, Economist – Responsible Business Conduct, OECD** introduced the MNE Guidelines as a necessary tool for accountability,. The guidelines are one of the three instruments to provide an open and transparent business environment. The guidelines encourage the positive contributions of MNEs but set out the expectations that negative impacts should be avoided and reduced. The guidelines call on MNEs to provide the best possible wages and conditions of work, use the principle of equality and equal opportunity, non-discrimination, encourage human capital formation and local capacity building, respect for and avoid infringing on human rights. Responsible business conduct is relevant to development policies because working with the private sector will also depend on having the right policies in place.

**Innovations in private sector development - The Netherlands' policy and practice: Marcel Vernooij, Management Team, Sustainable Economic Development Department, Ministry of Foreign Affairs, The Netherlands** introduced the priorities of the Dutch Government : eradicate poverty, create sustainable and inclusive growth and guarantee the success of Dutch companies worldwide. Economic growth, if inclusive, is an engine for poverty reduction. There is a need to link markets to local production, not only to imports. He highlighted the mutual benefit of development cooperation and the prerequisites for private sector development engagements: effective national policies, conducive business climate and support for innovative business.

The philosophy of the Dutch Government is that through (social) dialogue, facilitation and making sure standards are in place, the public sector will stimulate and influence a private sector portfolio for responsible investments, inclusive markets and trade benefits.

**Debate and questions**

Following the different presentations a debate and questions session took place in which the main points put forward were:

* As social dialogue is an instrument for inclusive development it is important to have strong social partners.
* Germany wants to put forward future work on equal conditions for women in the labour market which will be done through vocational training for women and girls to improve their opportunities in the labour market. They would like the trade unions to participate in this.
* It is important to keep on challenging the institutions on policy coherence for development.
* Working for the private sector or with the private sector? How to avoid going into traps of tied aid?
* Tax evasion is a problem. What companies really demand is a proper legal framework, not tax incentives. The tax level in OECD nations is double that of developing nations. If we could increase the percentage level of taxes just by 1% in developing countries, this would be a great increase of funds that could be used for education.
* The MNE Guidelines do cover supply chains and business relations, but awareness and knowledge about them is not very good.
* In many developing countries the high incidence of the informal economy is due to the problem of small businesses to development. This has to do with issues of governance, finance, rational taxation.
* Some countries have been able to reduce the informal economy thanks to social protection. A credible and sustainable social protection system is an incentive to formalise work and thus contributions. This brings us back to taxation.

Social Dialogue as a governance instrument for development, can give more ownership to people, can help to increase accountability, and can contribute to better redistribution policy.

It is a forceful instrument for reconciliation and reconstruction, and facilitates social peace. Social dialogue can help strengthening domestic policies.

Creating a “partnership on social dialogue” as a relevant governance instrument of economic and social development policies, especially with regard to private sector development, was felt to be a proposal that could be explored further both in the TU-DAC dialogue as well as within the framework of the Global Partnership for Development Effectiveness.

Erik Solheim concluded that investment in the next years has to be channelled into investment for the poor to be able to fund the future Sustainable Development Goals. Trade unions should keep up the pressure on the governments and companies and speak to the hearts of people in the streets. Poverty alleviation has been by and large a by-product of growth, but we still need to provide growth for many. The private sector is crucial, time has come not only from naming and shaming harmful corporative behaviour but also to naming and praising companies who do well.

**Global evaluation of the meetings**

In the afternoon of the second day an evaluation on the meetings was done in which the main conclusions and recommendations were:

* Financing for Development (FfD): the priorities proposed by the TUDCN secretariat[[1]](#footnote-1) for trade union advocacy on the FfD process are generally recognized by participants. We need now to follow up with a structured trade union policy position. Synergies should be built with likeminded CSOs i.e. Eurodad was highlighted especially for their work on taxation. Furthermore, we will need to build up our advocacy vis-à-vis the G77, having progressive positions around FfD and on global financial architecture. Trade Union regional organisations have a crucial role in this respect, and the newly constituted BRICS trade union forum represents a useful channel to be explored;

* Official Development Assistance (ODA) reform: at the moment there is no common position within the DAC on how to reform the definition/criteria on ODA. We will need to draft a trade union position to be advocated at both DAC and national levels;
* TU-DAC forum: in terms of achievements, participants highlighted that the meeting was successful in providing a proactive view around trade unions and their role in development, and that development policies have to include social policies at national level. This is certainly promising for the future in order to give continuity of the TU-DAC forum. In this respect, the proposal on launching a ‘partnership on social dialogue for development’ seems to be catchy, although we should reflect upon and propose specific initiatives, based on concrete cases (possibly linked to the evidence-based research on social dialogue, in the current TUDCN work plan)[[2]](#footnote-2). At the same time, participants remarked that the trade unions role could have been more prominent in terms of speakers (i.e. regarding the ‘Accord’ case) and that for the future we should present cases that have a direct link with trade unions activities. Concerns have been also raised on the degree of openness with which DAC members intend to debate on private sector accountability. It was suggested that keeping some time to have informal talks with delegates would be helpful in this respect. Finally, it was announced that a shared TU-DAC summary report will be published in the next weeks, including conclusive recommendations.

1. Promoting the Decent Work Agenda across the FfD pillars; Human rights based accountability for the Private sector; Dispelling the myth of Public Private Partnerships; Means to implement social protection floors around the world; New frontiers in globalization – global value chains and MNE accountability. [↑](#footnote-ref-1)
2. [Discussion Paper: social dialogue for development - ToR for evidence oriented research](http://www.ituc-csi.org/IMG/docx/tors_social_dialogue_note_final.docx) [↑](#footnote-ref-2)