

A BREAKTHROUGH PLAN TO ACCELERATE PROGRESS IN ACHIEVING THE MILLENNIUM DEVELOPMENT GOALS BY 2015

Trade Union Statement to the 2010 Summit of the General Assembly on the Millennium Development Goals

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INTRODUCTION - MULTIPLE CRISES AND THEIR IMPACTS ON THE MDGS

- 1. As Member States of the United Nations focus on negotiations towards an Outcome Document of the up-coming September Summit on the Millennium Development Goals (MDGs), trade unions are coordinating their efforts to ensure that indeed their governments will commit decisively to the UN Secretary-General's call for "Keeping the Promise" of significantly reducing poverty, hunger, unemployment and underemployment, of addressing lack of access to education, health care and social protection, and of reversing environmental degradation by 2015. This is by no means an easy task given the series of crises that have shaken the foundations of social stability in the world community in recent years, while at the same time seriously undermining developing countries' efforts to achieve the MDGs. At the present moment it is vital that all governments maintain strong efforts to achieve a sustainable end to the economic crisis, rather than taking renewed growth for granted and ceasing their recovery efforts prematurely.
- 2. Trade unions had expressed serious concerns about the mixed results of progress towards attaining the MDGs even before the onset of the world's multiple crises (food, energy, financial, economic, employment and climate). Clearly, some developing countries were making progress on some MDGs and sub-targets, particularly job creation, education and health, while others were lagging far behind. The ITUC has drawn attention to the serious setbacks experienced since the onset of the crises, with poverty and hunger once more on the rise while unemployment and underemployment have reached unprecedented levels.
- 3. The ILO has cautioned about a veritable social recession, with particularly severe impacts on developing countries. Indeed, rising unemployment and increasing income inequality are among the most telling of signs that the world is not on track to meet the MDGs by 2015. Lack of household income is closely linked to the failure of families to meet their basic needs for food, shelter, health care, and access to education.
- 4. The ITUC, representing 176 million workers organised in 312 national trade union centres in 156 countries, emphasises that the priority result for the MDG Summit in September must be to agree to an action-oriented Outcome Document, aimed at overcoming these development challenges in a sustainable way and accelerating progress towards achieving the MDGs by 2015.

¹ **Keeping the Promise** – *A forward-looking review to promote an agreed agenda to achieve the MDGs by 2015* - Report of the Secretary General – Document A/64/665 of 12 February, 2010.





EMPLOYMENT PROSPECTS AND POVERTY ERADICATION

- 5. Key to a major breakthrough is recognition of the causal linkages between the decent work deficit and persistent poverty. The ranks of the working poor, those earning less than \$2 a day, have risen to over 200 million since the financial crisis began in 2008. Given the fact that employment growth typically lags behind economic growth, the jobs crisis is likely to persist for several years, even after growth picks up in the global economy. Social protection measures to cushion the shock of income loss due to unemployment are absent in many countries in the developing world, and certainly lacking for the majority of women and men working in precarious, low-income informal and unprotected jobs.
- 6. Women have been particularly hard-hit by the crisis, seeing their already underpaid work evaporate as a result of the economic downturn and often leaving them to shoulder the burden of household care activities without income or social compensation. Accelerating progress on MDG3, linked to the other MDGs must be a priority for the Outcome Document of the Summit. Youth employment is of particular concern, as tens of million of young people are about to enter a weak, depressed labour market with very poor prospects for finding decent work. Due to the economic crisis, youth unemployment increased by 10 million in 2009, and job growth has stagnated despite a supposed economic recovery.

THE CASE FOR NEW DEVELOPMENT STRATEGIES

- 7. Prevailing macroeconomic policies as promoted by the International Financial Institutions (IFIs), and lacking a people-centred, rights-based approach that prioritises employment creation, will only serve to keep people trapped in poverty. Understanding the root causes of the crises, and the need to shift to alternative growth models with strong redistributive impacts, including with regard to the creation of decent jobs, are key to making accelerated progress toward the achievement of the MDGs.
- 8. Global policy makers need to recognise that the vectors of the crisis included the lax regulation of financial markets and instruments, allowing for huge concentrations of wealth in a financialised economy with only weak linkages with the real productive economy. Rapid liberalisation of trade and capital markets, unfair terms of trade, ill-advised export-led models of growth, tax evasion by multinational companies and weak taxation regimes, heavy debt burdens and severe shortfalls in financing available for development were all factors exacerbating the impacts of the crises on developing countries and affecting their capacity to realise the MDGs.
- 9. A new policy approach is needed, one that puts the emphasis on demand-led growth, the social dimensions of macro-economic policies, robust measures to ensure fair, redistributive growth with developing countries having the policy space to determine their development priorities, and the pace and sequencing of liberalisation.



DECENT WORK AND SOCIAL PROTECTION – CENTRAL TO POVERTY ERADICATION STRATEGIES

- 10. Achieving decent work is a development goal in its own right enshrined in MDG1, sub-target 1B and an important component of the redistributive growth strategies needed to achieve the MDGs. Trade unions underline their support to initiatives for the promotion of MDG 1 sub-target 1B which aims "to achieve full and productive employment and decent work for all, including women and young people." Decent jobs directly combat poverty and hunger by providing income to families and communities and by promoting women's employment, also relevant to the fulfilment of MDG 3.
- 11. Trade unions lend their full support to the ILO's initiative to strengthen the social protection component of the Decent Work Agenda, through the provision of a universal social protection floor. The objective is to provide basic, guaranteed income and social security coverage to needy households, allowing them to meet their basic needs for food, shelter, education and health care, through various measures such as cash transfers, employment guarantee schemes, and establishing social security schemes for workers currently in informal employment arrangements. Support for the meeting of health care needs is especially important for achieving MDG4 (reducing child mortality), MDG5 (improving maternal health), and MDG6 (combating HIV/AIDS).
- 12. Measures to support the purchasing power of low income earners, including single-earner households which are predominantly female-headed, can assist in the eradication of poverty and hunger while increasing gender equality simultaneously. Furthermore, providing income support through expanded unemployment benefits and other social protection measures and creating or strengthening automatic macroeconomic stabilisers and social insurance systems to help developing countries weather the crisis would create an effective backup mechanism to prevent future social catastrophes and ensure that the negative impacts of the current crises on the MDGs are not repeated. **The Outcome Document must commit to the scaling up of such best practice through the provision of a social protection floor.**

ADDRESSING VULNERABLE GROUPS AND SUPPORTING UNPROTECTED WORKERS

- 13. Focusing on the groups most affected by the crisis such as young, older and unskilled workers, temporary and part-time workers, women and migrants and assuring them the same rights as other citizens in recognition of the universality of human and trade union rights is a fundamental aspect of the decent work agenda. These groups are likely to be left behind if not targeted directly. **Those in informal economic arrangements must also be targeted, as they constitute the vast majority of the working poor, earning under \$1.25 a day.** Such workers comprise people in a variety of work situations, including casual urban labour, smallholder farmers, agricultural labourers and other rural workers.
- 14. As regards the design of stimulus packages in response to the ongoing crises, a key element is promoting social infrastructure investment that would generate employment opportunities, focusing on provision of quality public services in the social sectors: education, health, water and sanitation. This approach introduces an important gender dimension by freeing women from the burden of unpaid work in the care



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economy and often providing them with decent jobs. This alone addresses several of the Millennium Development Goals and acts as a cross purpose development mechanism.

- 15. **Environmentally-friendly and climate-resilient investments in infrastructure, as needed to achieve MDG7**, represent an opportunity for advancing development needs and the protection of the planet in a coherent manner. Deployment of renewable energies and public transportation are examples of job-intensive and environmentally-positive choices.
- 16. Schemes to provide support for retraining workers should be established or strengthened, thereby offering improved training opportunities, in order to facilitate the acquisition of new skills by workers of all ages, and enhancing their employability and income-earning ability.
- 17. Through engaging in a multi-pronged approach based on all the proposals outlined above, policy-makers can address several MDGs simultaneously. Root causes of poverty can effectively be addressed and eliminated. The MDGs do not exist in a vacuum. They are interconnected in nuanced ways, and need to be addressed by a comprehensive strategy that encompasses several social sectors at once.

ACCOUNTABILITY FRAMEWORKS AND DECENT WORK INDICATORS

- 18. Strong accountability measures are needed to ensure that governments follow through with their development commitments. MDG8, a global partnership for development, should be promoted as a multi-stakeholder accountability mechanism to bolster acceleration of progress with the MDGs towards 2015.
- 19. Monitoring of targets and indicators should be stepped up. In that context, real progress must be made with monitoring the achievement of decent work objectives through the indicators developed for MDG1, Target 1B on decent work, namely:
 - 1. Growth rate of GDP per person employed
 - 2. Employment-to-population ratio
 - 3. Proportion of employed people living below \$1 (PPP) per day
 - 4. Proportion of own-account and contributing family workers in total employment,

and **for the employment-related indicator of MDG 3** (gender equality): Share of women in wage employment in the non-agricultural sector).

20. These indicators should be complemented by other ILO decent work indicators on social protection, social dialogue and workers' rights. Such monitoring will provide important feedback on whether poverty reduction really is taking place, as measured by increased incomes, access to social protection, and decent working conditions through trade union organising and collective bargaining.



A COMPREHENSIVE POLICY AND NORMATIVE FRAMEWORK FOR DECENT WORK AND SOCIAL PROTECTION

- 21. The implementation of the ILO Global Jobs Pact should be promoted in the Summit Outcome Document as a policy framework for achieving MDG1 and the other MDGs. The Pact was agreed to by 183 Member States of the ILO in June 2009, and endorsed by an ECOSOC Resolution of July 2009. It provides a framework of policies and measures that would serve to remove the "jobless growth" syndrome accompanying the economic recovery, providing decent jobs, social protection, skills training and micro-credit to enhance employability and employment, providing support to boost the agricultural and rural sectors and incorporate measures aimed at progressively formalising the informal economy. Multilateral agencies and bilateral donors should provide adequate financial and programmatic support for the implementation of the Global Jobs Pact at national level. Complementing the Global Jobs Pact with a gender dimension is the ILO Resolution on Gender Equality at the Heart of Decent Work of June 2009, and this should also be fully promoted and supported in the Summit Outcome Document.
- 22. Trade unions insist that the decent work dimensions of social dialogue and respect for fundamental principles and rights at work are critical components for achieving the Millennium Development Goals, and commend the ILO model of tripartite dialogue between governments, employers and workers' organisations as an effective institutional framework for promoting the decent work agenda and social protection measures.
- 23. Trade unions and other civil society organisations have a strong role to play as partners in a binding, accountable, and transparent development framework, including development cooperation, which should be enshrined in MDG8. Consultative arrangements should be put in place that are inclusive, ensuring the continuing engagement of trade unions and other representative civil society organisations at all levels, in the follow-up and implementation of measures for effective governance of the global economy, development effectiveness, restored global growth and shared prosperity, in order to fully achieve the MDGs by 2015.
- 24. Trade unions support the emphasis in the Draft Outcome Document of 18 July, 2010 (paragraph 54) on the importance of the Development Cooperation Forum of the Economic and Social Council (ECOSOC) as the focal point within the UN system for holistic consideration of issues of international development cooperation, with the participation of all stakeholders.

A RENEWED COMMITMENT TO EDUCATION FOR ALL

25. Setbacks on MDG2 and the goal of education for all have also been recorded. According to UNESCO's most recent Global Monitoring Report, Education for All (EFA), progress made over the last few years in providing quality education to the remaining 72 million children not in primary school is being reversed, due to severe drops in ODA funding as well as problems with the EFA Fast Track Initiative designed to accelerate progress in achieving MDG2. The tendency of governments to cut costs by staffing schools with untrained and unqualified teachers also undermines prospects for achieving quality education for all.



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- Education International (EI), the 30-million member voice of educators worldwide, is 26. advocating an equitable system of quality public education for all, entailing the elimination of school fees, and the promotion of programmes containing appropriate school health and nutrition interventions, ensuring that children are healthy, well-nourished and ready to learn. El emphasises the need to remove all barriers to educational and transitioning opportunities at all levels.
- 27. El has joined concerned civil society organisations to advocate reform of the financing arm of the EFA Fast Track Initiative. El is also pressing developed country governments to meet their aid targets. The initiative to create a mutual accountability framework and an inclusive governance structure involving students, parents and teachers constitutes an important step on the path to achieving Education For All. It needs to be complemented by the creation of a multilateral, global fund for education, thereby ensuring the full financing of the \$16 billion needed to universalise basic education. premised on the fair share contribution of each donor with annual reporting on multiyear commitments. These proposals should be fully supported in the Outcome Document of the September Summit.

COMBATING HIV/AIDS

As regards accelerating progress on MDG6, "Combating HIV/AIDS", trade unions lend their full support to the ILO normative framework which emphasises the need to incorporate workplace approaches into national policies and programmes as an effective strategy to address the pandemic. Given the importance of the workplace as a locus for access to treatment and prevention measures including education and awareness programmes, testing and counselling, as well as measures to combat discrimination and stigmatisation, trade union access to Global Fund financing should be assured, and use of the relevant ILO instruments should be prioritised in national policies. Governments need to fully implement the new ILO Recommendation on "HIV and AIDS and the World of Work" adopted in June 2010.

OVERCOMING SHORTFALLS IN FINANCING

- A major issue that must be addressed is the net outflow of capital from the developing to the developed countries through various means including tax evasion, transfer pricing on the part of multinational companies, unfavourable terms of trade. collapse in commodity prices, and increased debt servicing. Illicit flows of capital from the developing to the developed world are estimated to be over one trillion dollars per year, leading to an annual tax revenue loss of at least 100 billion dollars per year that is vitally needed for the financing of the MDGs. While some of these illicit flows stem from corruption and crime, the vast majority comes from illegal commercial activities².
- 30. In general, the inadequacy of resources for development finance is a major issue. Developing countries must be assured of fair and sustainable access to international finance. Developing countries should be given access to credit lending, on terms that are commensurate with their needs. Measures should include activating the IMF

² Mr. Raymond W. Baker, Director, Global Financial Integrity (GFI); Leader, Task Force on Financial Integrity and Economic Development "International tax cooperation".



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Special Drawing Rights (SDRs) programme in a way that makes it accessible to developing country needs, accelerating regional currency cooperation, and mobilising resources from current account surplus countries, including their Sovereign Wealth Funds in order to fulfil development objectives, including the MDGs.

- 31. Although the IMF resource base has been substantially increased to allow it to support recovery strategies, these funds are being used primarily to address the problems of emerging economies and of some developed economies. This restricts the amount of funds available for developing countries most in need; hence the urgency of establishing a mechanism for channelling SDRs to core development priorities including the MDGs.
- 32. Moreover, the Outcome Document should support the implementation of a Financial Transactions Tax (FTT) at regional or global level. An FTT would free new resources for financing development (MDG1) as well as for the financing of mitigation and adaptation measures to address climate change (MDG7), as well as generate revenues needed to reduce government budget deficits and debts resulting from the crisis. It is estimated that the FTT could generate from \$200 billion to \$900 billion annually, depending on the specific types of taxes and the rates at which they are set.
- 33. Trade unions insist, however, that innovative financing mechanisms should be in addition to, and not constitute a substitute for core development financing through Official Development Assistance (ODA). They note, also, that ODA had risen only slightly in real terms in the pre-crisis period, and had remained inadequate in relation to increasing development needs. And ODA has actually been decreasing since the economic crisis began. Trade unions call on industrialised countries that have not yet reached the UN's target of 0.7% of gross national income to ODA to establish or reaffirm timetables for reaching this target in the five-year period leading up to 2015.

ADDRESSING THE DEBT CRISIS

- 34. Another key area for reforms is debt relief. Without substantial debt reduction and debt-exit strategies, many heavily indebted poor countries (HIPCs) will be unable to implement counter-cyclical policies. The ITUC has supported the proposal of the international Jubilee campaign that all the poorest member countries of the IMF and World Bank (the "IDA-only" countries), as well as some other countries with unsustainable debt burdens, should be eligible for cancellation of 100 per cent of their debts owed to the IFIs. Donor country agencies should similarly write off debts that are due to them from these countries. Low income countries should be able to use scarce resources to make up lost ground in achievement of the MDGs rather than making loan payments to the IFIs or donor countries.
- 35. Moreover, to avoid future debt crises among the Least Developed Countries (LDCs), stimulus packages for financing the MDGs should be concessionary in nature, relying on ODA and other grant arrangements as far as possible, rather than on IMF-backed debt-creating loans. Without all of these reforms and special measures outlined above, the developing world will be unable to reach the MDGs by 2015.
- 36. Furthermore, a Sovereign Debt Restructuring Mechanism (SDRM) is needed to provide a framework for fair and transparent debt workout, led by a neutral arbiter or



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ombudsperson that is not the creditor, thereby avoiding conflicts of interest. In countries where severe debt overhangs are compromising the capacity to introduce counter-cyclical measures, and in those countries burdened by illegitimate and odious debt, measures such as debt moratoria and debt cancellation should be pursued. The SDRM framework should also serve to protect countries from predatory practices such as vulture funds.

37. Government leaders must accelerate international cooperation to combat tax evasion and bring tax havens, offshore financial centres (OFCs) and bank secrecy jurisdictions in line with international standards. They should also deepen international cooperation on the role of taxation in development and poverty reduction strategies. Such international cooperation on tax matters helps preserve and protect government tax bases and contributes to better public governance. It could serve to mobilise resources for financing the MDGs. The Outcome Document of the Summit should support the call made in the Doha Declaration for the establishment of an international mechanism for addressing all matters related to tax cooperation, through upgrading of the UN Committee of Experts on International Co-operation in Tax Matters to an intergovernmental body. This new body should work in close cooperation with the International Tax Dialogue initiative covering all taxation including development issues, the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes, and the Financial Action Task Force (FATF) with its strong mandate from the G20 to enforce measures against encouragement of tax evasion by non-complying jurisdictions such as tax havens.

CONCLUSION: A BREAKTHROUGH PLAN TO ACCELERATE PROGRESS IN ACHIEVING THE MDGS BY 2015

- 38. Trade unions support the recommendation of the draft Outcome Document of 18 July 2010 which designates ECOSOC as the implementing body for follow-up of the conclusions of the Final Outcome Document. However, they assert the need for global, coordinated, coherent strategies that take the needs and capacities of all countries into account. The internationally coordinated actions through the G20 over 2008-10 showed that major countries were able to cooperate and provided a start towards better global governance, but the divisions apparent at the Toronto G20 Summit (June 2010) demonstrated the limits to the G20's cooperative efforts. Therefore, the establishment of enhanced truly global economic cooperation needs to be supported. **Trade unions call for the Outcome Document to give full support to the proposal for a Global Economic Council of the UN General Assembly, as an inclusive Forum for the establishment of policy coherence, and for deliberations and decision-making on global economic and financial questions and their development impacts**, as recommended by the Stiglitz Commission Report of June 2009.
- 39. Trade unions call on Member States to show the necessary political will to agree to a strong Outcome Document of the Summit, grounded in an alternative development policy paradigm that seeks to challenge and overcome the many constraints that have hindered sustainable development, and the achievement of the MDGs. The trade union proposals outlined in this ITUC Statement provide a set of recommendations that constitutes A Breakthrough Plan to accelerate progress in achieving the MDGs by 2015, and should be taken fully into account in the MDG Summit's deliberative processes.
